宏信建設發展有限公司

HORIZON CONSTRUCTION DEVELOPMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9930)

CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO COOPERATION FRAMEWORK AGREEMENT

COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that, on 8 May 2025, the Company and Far East Horizon entered into the Cooperation Framework Agreement, pursuant to which the Group agreed to provide the Far East Horizon Connected Persons with engineering and technical services and equipment operating lease services and the Far East Horizon Connected Persons agreed to provide the Group with advisory services for the period from 8 May 2025 to 31 December 2027.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Far East Horizon is the controlling shareholder of the Company, directly holding approximately 41.70% of the total issued Shares, and entitled to control the exercise of voting rights in respect of the Shares held by Farsighted Wit Limited, representing approximately 5.52% of the total issued Shares, at the general meetings of the Company, and is therefore a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for each transaction contemplated under the Cooperation Framework Agreement exceeds 0.1% but is less than 5%, the Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 8 May 2025, the Company and Far East Horizon entered into the Cooperation Framework Agreement, pursuant to which the Group agreed to provide the Far East Horizon Connected Persons with engineering and technical services and equipment operating lease services and the Far East Horizon Connected Persons agreed to provide the Group with advisory services for the period from 8 May 2025 to 31 December 2027.

COOPERATION FRAMEWORK AGREEMENT

The principal terms of the Cooperation Framework Agreement are set out below:

Date

8 May 2025

Parties

(1) The Company; and

(2) Far East Horizon

Term

8 May 2025 to 31 December 2027

Description of the transactions

For the period from 8 May 2025 to 31 December 2027, the Group agreed to provide the Far East Horizon Connected Persons with (i) engineering and technical services, including but not limited to foundation and excavation support projects, formwork installation and disassembly projects, geotechnical engineering design services, labor services and services related to electric power engineering services; and (ii) equipment operating lease services, including but not limited to leasing of products such as aerial work platforms, neo-excavation support systems, neo-formwork systems and other equipment. The Far East Horizon Connected Persons also agreed to provide the Group with advisory services recommending resources related to the Group's business and/or within the scope of the Group's business, including but not limited to resources related to engineering and technical services and equipment operating lease services.

Price determination

The fees receivable by the Group for the provision of engineering and technical services and equipment operating lease services to the Far East Horizon Connected Persons shall be agreed at arm's length negotiation between the parties in the following order:

(1) The prices prescribed or authorized by the regulatory authority of the country or region where the services are provided;

(2) The reasonable prices under industry guidelines or self-regulation;

(3) In the absence of the foregoing, the price shall be the comparable local market prices (the comparable local market prices shall be determined by agreement between the parties; in determining the comparable local market prices, primary consideration shall be given to the prevailing market prices charged by third parties providing the same or similar products or services in the locality);

(4) In the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time. The profit margin shall be determined by the parties with reference to: (i) the prices of services of similar nature provided by the Group to other independent third parties in recent years; (ii) the expected competition in the market during the term of the Cooperation Framework Agreement; and (iii) the market practice generally adopted by market participants, including the pricing model and the range of profit);

(5) If the above price determination methods are not applicable, the price shall be negotiated between the parties, taking into account (including but not limited to) (i) the complexity, duration, type, the costs of basic materials and the market prices involved in the cooperation projects, and, in respect of the equipment operating lease services, the specifications, technical requirements, models and the lease period of the leased equipment; and (ii) the current market prices of similar projects in cooperation with independent third parties.

The fees receivable by the Far East Horizon Connected Persons for the provision of advisory services to the Group shall be agreed at arm's length negotiation between the parties in the following order:

(1) Comparable local market prices for transactions of the same type or similar transactions (comparable local market prices shall be determined by agreement between the parties; in determining comparable local market prices, primary consideration shall be given to the prevailing market prices charged by third parties providing the same or similar products or services in the locality);

(2) In the absence of comparable local market prices, the price shall be the presumptive prices (the presumptive price is the price consisting of actual costs, which are determined in accordance with the relevant accounting standards applicable from time to time, plus a certain profit margin at that time. The profit margin shall be determined by the parties with reference to: (i) the prices of services of similar nature provided by the Far East Horizon Connected Persons to other independent third parties in recent years; (ii) the expected competition in the market during the term of the Cooperation Framework Agreement; and (iii) the market practice generally adopted by market participants, including the pricing model and the range of profit);

(3) If the above price determination methods are not applicable, the price shall be negotiated between the parties, taking into account (including but not limited to) (i) the major factors that affect the prices including but not limited to the content of the relevant resources provided, the service duration and costs; (ii) the current market prices of similar projects in cooperation with independent third parties.

Payment

The specific payment terms (including time and method of payment) for the provision of engineering and technical services and equipment operating lease services by the Group to the Far East Horizon Connected Persons and for the provision of advisory services by the Far East Horizon Connected Persons to the Group will be agreed by the parties in the specific contracts to be entered into by them with reference to the payment terms of similar services in the market and the payment terms offered by independent third parties.

Separate contracts

The Group and the Far East Horizon Connected Persons shall enter into a separate contract for each cooperation project. The terms of each separate contract will be consistent in material respects with the terms of the Cooperation Framework Agreement and will only be enforceable while the Cooperation Framework Agreement remains in force.

Proposed annual caps and basis for determination

The fees receivable by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services shall not exceeded RMB141 million and the fees payable by the Group to the Far East Horizon Connected Persons for the provision of advisory services shall not exceed RMB25 million for each financial year ending 31 December during the term of the Agreement.

In estimating the proposed annual caps in respect of the fees receivable by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services under the Cooperation Framework Agreement, the Company has mainly taken into account the following factors: (i) the demand for engineering and technical services and equipment operating lease services of the Far East Horizon Connected Persons based on their business development plans; (ii) the estimated fees for engineering and technical services and equipment operating lease services in respect of existing projects and the currently foreseeable potential projects; (iii) the prevailing market prices of engineering and technical services, and the specifications, technical requirements, models and the lease period of the leased equipment and products, as well as the prevailing market rents of the equipment and products of the same type; (iv) the current supply capacity in respect of engineering and technical services and the leased equipment and products of the Group; and (v) a buffer of approximately 15% for the unexpected business demand of the Far East Horizon Connected Persons in the future and the rising trend of operating costs of the Group.

In estimating the proposed annual caps in respect of the fees payable by the Group to the Far East Horizon Connected Persons for the provision of advisory services under the Cooperation Framework Agreement, the Company has mainly taken into account the following factors: (i) the demand for advisory services of the Group based on its business development plans; (ii) the estimated fees for advisory services in respect of existing projects and the currently foreseeable potential projects; (iii) the prevailing market prices of comparable advisory services in the industry; (iv) the existing resources of the Far East Horizon Connected Persons related to engineering and technical services and equipment operating lease services; (v) a buffer of approximately 15% for the unexpected business demand of the Group arising from cooperation projects in the future.

The Company confirms that, from 1 January 2025 to the date of this announcement, the actual fees received by the Group from the Far East Horizon Connected Persons for the provision of engineering and technical services and equipment operating lease services and those paid by the Group to the Far East Horizon Connected Persons for the procurement of advisory services fall within the de minimis threshold under the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under the Cooperation Framework Agreement are fair and reasonable, and no less favorable than terms available from the independent third parties, and the transactions are carried out on normal commercial terms, the Company has adopted the following internal control measures:

(1) the Company has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's internal policies and the Listing Rules in respect of the above continuing connected transactions. In addition, the Audit Committee, the Board and various other internal departments of the Company (including but not limited to the finance department and legal department) are jointly responsible for evaluating the terms under the Cooperation Framework Agreement for continuing connected transactions, in particular, with respect to the fairness of the pricing policies and annual caps under the Cooperation Framework Agreement;

(2) the Audit Committee, the Board and various other internal departments of the Company also regularly monitor the transaction amounts and annual caps under the Cooperation Framework Agreement. In addition, the management of the Company also regularly reviews the pricing policies under the Cooperation Framework Agreement through the following review procedures:

    (i) if there are market prices available, they will compare the proposed price with the market price to ensure that the proposed price is equivalent to or no less favorable to the Group than the price offered by the independent third parties providing similar services. The Company will make enquiries from certain independent third party service providers for their prices and conduct internal assessments;

    (ii) if no market price is available, they will take into consideration of several factors such as regulatory requirements, actual needs of the Group and the industry position of the service provider in determining whether the pricing is fair and reasonable; and

    (iii) review the proposed price to ensure it is consistent with the pricing terms under the Cooperation Framework Agreement, and that the terms offered by the Far East Horizon Connected Persons and the Group are no less favorable than those offered by the independent third parties;

(3) the independent non-executive Directors and the Company's external auditors will conduct annual reviews of the continuing connected transactions under the Cooperation Framework Agreement and provide annual confirmations to ensure that, pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the transactions are conducted in accordance with the terms of the such agreement, on normal commercial terms and in accordance with the relevant pricing policies;

(4) when considering pricing for the above continuing connected transactions, the Group will constantly research prevailing market conditions and practices and make reference to the pricing and terms between the Group and the independent third parties for similar transactions, to ensure that the pricing and terms offered by the Far East Horizon Connected Persons and the Group are fair, reasonable and no less favorable than those offered by the independent third parties; and

(5) when considering any renewal or revisions to the Cooperation Framework Agreement, the interested Directors and shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings and general meetings (as the case may be).

The Directors are of the view that the above methods and procedures will ensure that the transactions will be entered into on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a leading equipment operation service provider in China, the Company is committed to providing one-stop comprehensive solutions of "product + service", including equipment operating lease services and engineering and technical services, for domestic and overseas clients in the construction and industrial sectors. Far East Horizon focuses on the Chinese fundamental industries. Its subsidiaries and associates have certain demand for equipment leasing and engineering and technical services in their asset management operation, which is aligned and coordinated with the main business of the Company, including but not limited to aerial work platform leasing, neo-excavation support system projects, and neo-formwork system projects. Based on the Group's established strengths in equipment operating lease and engineering and technical services, the Group is able to provide the required equipment operating lease services and engineering and technical services for the projects undertaken by the Far East Horizon Connected Persons in the PRC and overseas. In addition, the Far East Horizon Connected Persons have extensive experience and customer resources in engineering construction projects. Their recommendations on the resources related to the Group's business and/or within the scope of the Group's business will facilitate the Group to expand its business and customer base, and serve as an effective component of Far East Horizon's "finance + industry" comprehensive services to its customers. The Directors are of the view that under the prevailing complex and volatile macro-economic environment, the cooperation between the parties can enhance the Group's resilience in development and improve the efficiency of the Group's asset utilization, thereby further strengthening its market competitiveness, which is conducive to the Group's operations and development.

Having considered the above factors, the Board (including the independent non-executive Directors but excluding the Director who shall abstain from voting on the relevant Board resolution) is of the view that the above continuing connected transactions are conducted in the ordinary and usual course of business of the Company, entered into on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Far East Horizon is the controlling shareholder of the Company, directly holding approximately 41.70% of the total issued Shares, and entitled to control the exercise of voting rights in respect of the Shares held by Farsighted Wit Limited, representing approximately 5.52% of the total issued Shares, at the general meetings of the Company, and is therefore a connected person of the Company under the Listing Rules. As such, the transactions contemplated under the Cooperation Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for each transaction contemplated under the Cooperation Framework Agreement exceeds 0.1% but is less than 5%, the Cooperation Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DIRECTOR'S CONFIRMATION

As at the date of this announcement, Mr. KONG Fanxing, Mr. XU Huibin, Ms. GUO Lina and Mr. LIU Jialin, the Directors, concurrently hold directorships or other positions in Far East Horizon, and are therefore deemed to have material interests in the above continuing connected transactions and have abstained from voting on the relevant Board resolution. Save for such Directors, none of the other Directors has or is deemed to have material interests in the above continuing connected transactions and shall abstain from voting on the relevant Board resolution.

GENERAL INFORMATION

The Company

The Company is one of the leading equipment operation service providers in China, as well as one of the leaders in aerial work platform, neo-excavation support system and neo-formwork system equipment operation service market. It provides comprehensive and multi-dimensional services covering the full cycle of projects.

Far East Horizon

Far East Horizon, together with its subsidiaries, is one of China's leading innovative financial companies focusing on the Chinese fundamental industries and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing and enormous economy in China. It provides integrated finance, investment, trade, advisory and engineering services in healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics, urban public utility as well as other fundamental sectors.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of the Company
"Company"	Horizon Construction Development Limited (宏信建設發展有限公司), a company incorporated with limited liability in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Cooperation Framework Agreement"	the cooperation framework agreement dated 8 May 2025 entered into between the Company and Far East Horizon

"Director(s)"	the director(s) of the Company
"Far East Horizon"	Far East Horizon Limited, a company incorporated with limited liability in Hong Kong, and listed on the Main Board of the Stock Exchange (stock code: 3360)
"Far East Horizon Connected Persons"	Far East Horizon and/or its associates, excluding the Group
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC" or "China"	the People's Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Horizon Construction Development Limited
KONG Fanxing
Chairman

Hong Kong, 8 May 2025

As at the date of this announcement, the executive directors of the Company are Mr. ZHAN Jing (Chief Executive Officer) and Mr. TANG Li, the non-executive directors of the Company are Mr. KONG Fanxing (Chairman), Mr. XU Huibin, Mr. HE Ziming, Mr. YUAN Shaozhen and Ms. GUO Lina, and the independent non-executive directors of the Company are Mr. LIU Jialin, Mr. XU Min, Ms. JIN Jinping and Mr. SUM Siu Kei.