



# 河北建設集團股份有限公司

## HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

STOCK CODE: 1727



# 2024

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

### OVERVIEW

This is the eighth Environmental, Social and Governance (the “**ESG**”) Report issued by Hebei Construction Group Corporation Limited (the “**Company**”). It focuses on the disclosure of relevant information on the ESG aspects of the Company. The Report covers the works for the financial year from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”).

### BASIS OF PREPARATION

This Report is prepared based on the Environmental, Social and Governance Reporting Guide (the “**Guide**”) in the Appendix C2 of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The content of this Report is determined based on a set of systematic rules. The relevant procedures include identifying and ranking important stakeholders and the important issues relating to ESG, determining the scope of the ESG Report, collecting relevant materials and data, preparing the report based on related information and reviewing the information contained in the Report.

### SCOPE OF THE REPORT

The policies, statements and data in this Report cover Hebei Construction Group Corporation Limited and its subsidiaries (“**we**”, the “**Group**” or “**Hebei Construction Group**”). Unless otherwise specified, all currencies referred to in this report is RMB.

### DATA SOURCE AND RELIABILITY ASSURANCE

The data and cases of this Report are mainly derived from the Group’s statistical reports and related documents. The Group undertakes that there is no false record or misleading statement in this Report and is responsible for the authenticity, accuracy and completeness of the contents hereof in all material respects.

### CONFIRMATION AND APPROVAL

Upon confirmation by the management, this Report was approved by the Board of Directors on 31 March 2025.



### CHAIRMAN'S MESSAGE

2024 marks a pivotal year for Hebei Construction Group in advancing its sustainable development strategy. Against the backdrop of a sluggish global economic recovery and intensifying industry competition, we have upheld our corporate mission of “Creating a space full of love”, driving sustainable development through innovative, green and intelligent construction technologies. We have made significant progress in the areas of environment, society and governance (ESG).

#### Strengthening Foundations for Sustainable Growth with Compliance

The Group has continued to optimize its ESG governance framework by establishing a three-tier management system and reinforcing the supervisory role of the Board of directors. Through the Internal Control Manual and the “Three Lines of Defense” risk prevention mechanism, we ensure robust support for sustainable development. In 2024, the Company's market structure continued to improve, safety production remained stable and orderly with outstanding quality and technological achievements, and profitability showed sustained growth, maintaining a strong momentum of steady operations.

#### Technology-Led, Green-Driven

Following the approach of “keeping pace with trends, embracing innovation, creating benchmarks and promoting application”, the Group has actively responded to the national “dual carbon” strategy by driving green transformation through technological innovation. Capitalizing on Baoding City's designation as a national pilot city for intelligent construction, we have focused on R&D in intelligent construction technologies, enhanced digital design capabilities, and vigorously promoted the application of energy-saving, low-carbon technologies and green intelligent equipment. Throughout the year, we implemented 12 prefabricated construction projects with a total construction area of 730,000 square meters. Through the deployment of intelligent construction technologies such as the BIM management platform and photovoltaic lighting systems, energy utilization efficiency significantly improved.

## People-Centric, Giving Back to Society

We have always regarded our employees as the core driving force of the Company's development. In 2024, the Group invested over RMB700,000 in employee training and career development, benefiting 26,949 participants. Across the Group, we actively organized popular cultural and sports activities such as basketball, table tennis and badminton to showcase employee talent. We also continued to advance livelihood projects, improving education and healthcare environments, and fostering harmonious families. Employee satisfaction reached 87.4% during the year. The labor union of our Seventh Branch Company was honored with the national title of "Model Workers' Home," and one employee was named a Labor Model of Hebei Province.

Looking ahead, guided by our vision of becoming a "people-oriented happy enterprise with vibrant and long-lasting business", Hebei Construction Group will continue to join hands with partners and stakeholders from all sectors. With high-quality development as our focus, we will embark on a new journey with determination and vigor, injecting stronger momentum into the preservation of green mountains and rivers and the promotion of social harmony!



### ABOUT US

Hebei Construction Group Corporation Limited was successfully listed on the Main Board of the Hong Kong Stock Exchange (H-share) on 15 December 2017, with a registered capital of RMB1,761,383,500. As a top-tier, cross-industry enterprise primarily engaged in general contracting for construction projects, Hebei Construction Group boasts a broad and diversified business portfolio. We are actively involved in the general contracting, engineering procurement construction (EPC) and project management of various types of projects, including residential buildings, highways, railways, municipal utilities, landscaping, ports and waterways, and water conservancy and hydropower. Additionally, the Group holds Grade A qualifications in architectural engineering design and civil defense engineering design, as well as Grade B qualifications in municipal industry specialties (water supply, drainage, roads and bridges). We are also licensed for foreign aid projects and overseas labor cooperation, forming a comprehensive and multi-layered business system.

In 2024, amidst a complex economic environment and severe market challenges, and in the face of downward economic pressure, the Group adhered to its strategic goals of “risk control, structural adjustment and debt reduction”. We actively implemented a market strategy of “strengthening headquarters market presence, intensifying coverage within the province, and pursuing clustered development outside the province.” Throughout the year, we won 406 bids with a total contract value of approximately RMB22.7 billion, demonstrating strong market competitiveness. Building on our established presence in mature regions/counties such as Qingyuan, Jingxiu, Lianchi, Gaoyang, Fuping and Wanquan, we successfully expanded into new county-level markets such as Huailai, Neiqiu and Ningjin, further enlarging our market footprint.

Leveraging favorable national policies, the Group vigorously developed its business in renewable energy and water conservancy and hydropower sectors. In 2024, we undertook water conservancy and hydropower projects worth RMB1.854 billion and secured renewable energy projects in wind, photovoltaics and energy storage totaling RMB2.479 billion. Together, renewable energy and water conservancy projects accounted for 20% of the total contract value, demonstrating notable achievements in business structure transformation and upgrading.

In 2024, the Group was recognized as a “Key Enterprise for Intelligent Construction in Hebei Province,” marking a significant breakthrough in the Group’s efforts to drive intelligent development in the construction industry. On 9 December, the Engineering News-Record (ENR) in the US and China Construction Times jointly released the “Top 80 Chinese Contractors and Top 60 Engineering Design Firms” rankings, where the Group was ranked 28th among the “Top 80 Chinese Contractors,” reflecting its leading position and outstanding strength in the industry. At the 9th Wisdom Investor Capital Market Annual Conference and Listed Companies Award Ceremony, the Group was honored with the “Best Infrastructure and Public Utility Company” award, showcasing the capital market’s recognition of its performance and development potential.

Hebei Construction Group's mission: **Creating a space full of love.**

Hebei Construction Group's vision: **People-oriented happy enterprise with vibrant and long-lasting business.**

Hebei Construction Group's future outlook:

### **1. Focus on Industrial Resource Integration and County-Level Economic Development**

By consolidating internal and external resources, the Group aims to establish an industry resource pool encompassing renewable energy development, agricultural planting, and healthcare and wellness industries. While striving to secure projects, we will introduce complementary upstream and downstream industries to achieve coordinated development in untapped county-level markets and contribute to local economic growth.

### **2. Breakthrough in the Provincial Capital Market**

By concentrating and integrating advantageous resources, the Group has formulated targeted market strategies to achieve multi-disciplinary and differentiated breakthroughs in provincial capital markets, thereby enhancing the Group's influence and market share in these regions.

## 1 OPTIMIZE CORPORATE GOVERNANCE

Amid the wave of sustainable development, the Group has consistently regarded corporate governance as a core driving force, committed to building a transparent, efficient and responsible governance system. We deeply understand that excellent governance is not only the cornerstone of stable corporate development but also the key to achieving long-term value creation. By enhancing ESG governance, strengthening risk prevention and control and promoting compliance operations, we continuously explore and implement forward-thinking management models to create sustainable social and economic value for stakeholders.

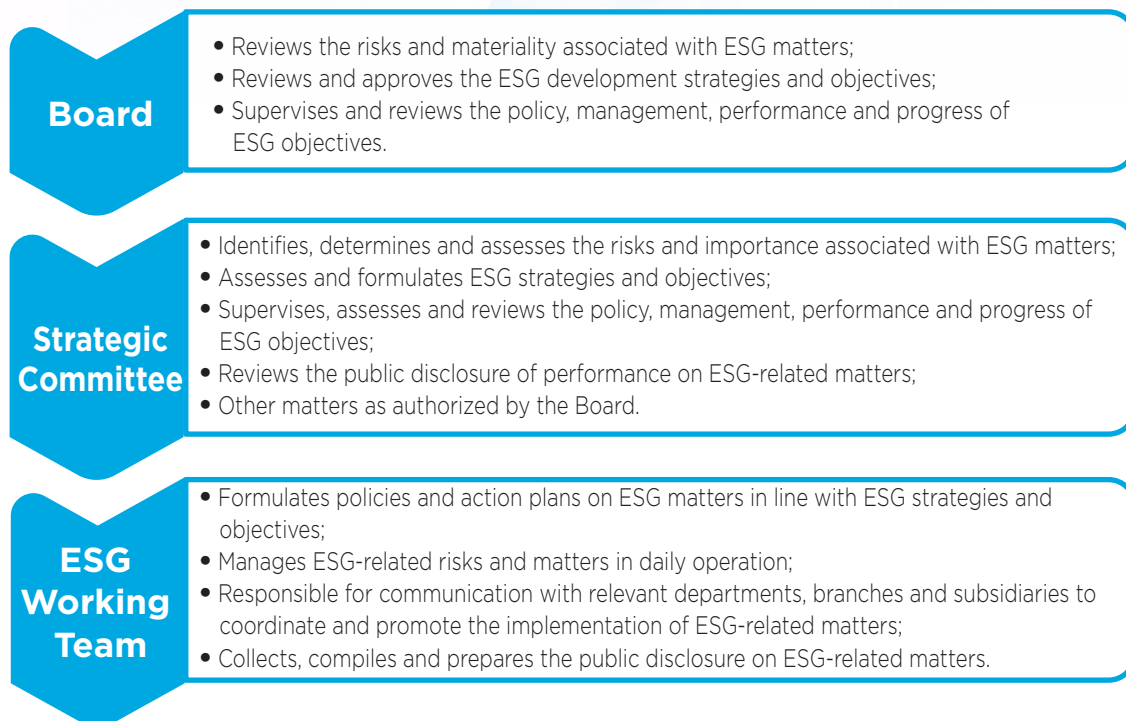
### 1.1 ESG Governance System

In exploring ESG (Environmental, Social, and Governance) governance, the Group integrates environmental, social and governance considerations into the core of its development strategy with a forward-looking perspective, striving to become a model for sustainable development. We recognize that ESG is not only a responsibility but also an opportunity. By building a three-tier governance structure, optimizing decision-making mechanisms and promoting practical implementation, we persistently transform ESG concepts into tangible actions and outcomes, setting a benchmark for the industry.

#### *ESG Governance Framework*

To ensure the effectiveness of sustainable development and deeply integrate ESG concepts with our corporate development strategy, we have divided our ESG management framework into three levels, adopting a vertical management model of “decision-making level – management level – execution level” with clear responsibilities and well-defined roles. The board of directors (the “Board”) serves as the first level, responsible for overall coordination, decision-making and oversight. The Strategic Committee, as the second level, oversees the Group’s various ESG management matters and drives the implementation of the Board’s decisions. The ESG Working Group, as the third level, is tasked with the practical execution of ESG initiatives. Through this framework, we have achieved a deep integration of ESG concepts with our corporate strategy.





## ESG Governance Structure

### STATEMENT OF THE BOARD

The Board assumes the ultimate responsibility for the operation management and sustainable development of the Group, serving as the highest governing body of the Group's ESG work. As the core decision-making body, the Board is responsible for approving, supervising and evaluating ESG-related strategies and actions. We regularly review reports from the strategic committee and the ESG working group to ensure effective progress and implementation of ESG-related work across the Group.

In the course of reviewing and examining ESG issues, the Board conducts regular reviews of identified ESG risks and engages in in-depth discussions and evaluations of potential ESG risks submitted by the strategic committee and the ESG working group. We prioritize these risks based on the level of concern expressed by various stakeholders and develop corresponding strategies to ensure the Group's continuous progress and leadership in the ESG field. At the same time, based on the operational findings of the strategic committee and the ESG working group regarding potential ESG risks, the Board provides improvement suggestions and management plans in alignment with the Group's long-term development strategy.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group actively carried out work in six areas, namely strengthening corporate governance, quality delivery assurance, promoting industry prosperity, advocating for a low-carbon future, fostering employee growth and contributing to the community service. We are committed to demonstrating our comprehensive value to our customers, partners, employees, communities and other stakeholders, and will continue to optimize our strategies and actions to achieve long-term sustainable social and economic value.

### **1.2 Risk Prevention and Control Measures**

In a complex and ever-changing market environment, the Group consistently regards risk prevention and control as the lifeline of stable operations. By establishing a multi-layered risk identification and assessment system, optimizing internal control mechanisms and strengthening dynamic management, we continuously turn risks into drivers of corporate development, providing more reliable safeguards for stakeholders.

#### ***Risk Identification and Assessment***

The Group is committed to continuously improving its internal control system, identifying and managing internal operational risks through multiple channels such as internal audits, inspections and internal control evaluations. Particularly in internal control management, we leverage information technology to conduct ongoing internal control assessments, achieving positive results and providing strong support for the further optimization and enhancement of the Group's internal control mechanisms. We consistently adopt the "Three Lines of Defense" approach as the primary strategy for implementing internal control management with clear designation of risk control responsibilities and position-specific duties to enhance the effectiveness of our corporate risk and internal control management, thereby ensuring the safe and efficient operation of corporate assets.

The Group places great emphasis on risk prevention and control in safety production. Following the mainline of “preliminary planning → process control → performance evaluation,” we fulfill our responsibilities comprehensively, addressing both symptoms and root causes. We prioritize safety, environmental protection and fire prevention efforts to prevent various risks. A grid-based risk management system has been built vertically and horizontally, which incorporates dual responsibilities for each position. During this reporting period, in accordance with the Ministry of Housing and Urban-Rural Development’s Criteria for Identifying Major Safety Hazards in Housing and Municipal Engineering Projects (2022 Edition) 《房屋市政工程生產安全重大事故隱患判定標準(2022版)》, Hebei Province’s Guidance Manual for Safety Risk Control and Hazard Investigation in Construction (Hebei Construction Quality and Safety Letter [2024] No. 3) 《建築施工安全風險管控與隱患排查治理指導手冊》(冀建質安函〔2024〕3號) and other relevant laws, regulations and standards, as well as the Group’s internal rules, management system documents and requirements, we revised the Safety Production Risk Classification Control and Hazard Investigation Management System 《安全生產風險分級管控與隱患排查治理管理制度》. We re-identified and evaluated significant environmental factors and major hazards/risk sources (unacceptable risks), compiling a list of significant environmental factors (13 items, including 1 new addition) and a list of major hazard sources and their control plans (195 items, including 10 new additions and 34 reclassified items). Corresponding targets, indicators and management plans were formulated to ensure the effective operation and continuous improvement of the system.

### **Risk Control Management**

Based on actual operational conditions, the Group has developed and applied the Internal Control Manual and the Implementation Plan for Establishing the “Three Lines of Defense” in Internal Control to guide internal control management efforts. The first line of defense consists of the Group’s various business departments and fundamental organizations at all levels; the second line comprises the enterprise risk management departments (including the Supervision and Audit Department (internal control function) and the Legal and Risk Control Department); and the third line includes the Discipline Inspection Commission, the Supervision and Audit Department (oversight and audit functions) and the Corporate Rights and Interests Department. Through close coordination among the three lines of defense, we effectively prevent and control potential risks and deviations in business activities, ensuring stable operations and continuously enhancing the effectiveness of enterprise risk and internal control management.



**Hebei Construction of Internal Control System of Three Lines of Defense**



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To effectively manage operational risks, we follow a risk control process of “pre-bid review (risk pre-control) → contract review (risk prevention)” to minimize operational risks arising from contract signing.

### 1. *Pre-Bid Review*

- Graded Review: residential building-related projects exceeding RMB300 million for or other projects exceeding RMB200 million are subject to escalated review and approval by the Group’s Chief Operating Officer.
- Tender Document Review: contract terms in tender documents are subject to review, with a focus on the source of the construction entity’s funding, advance payment terms, progress payment terms, penalties and related terms. We compare the terms against the Group’s “Twenty Contract Risk Points” for a preliminary contract risk prevention assessment. Identified terms are promptly passed on to the contract review stage to secure favorable conditions during contract negotiations.

### 2 *Contract Review*

- For risk clauses identified during the pre-bid review stage, subsidiaries are required to prepare risk control reports during the contract signing phase, including but not limited to risk point identification and response measures.
- Upon the signing of contract, the contract will be delivered in a timely manner and feedback on contractual risk points will be provided during the construction performance process.
- Electronic contract files are periodically archived, contract risk points are dynamically summarized and handover training is conducted.
- Annual contract management training is provided to relevant personnel in subsidiaries via the internal training platform to enhance their contract negotiation skills and improve the quality of contract execution.

## ***Risk Control Measures***

### *1. Project Internal Control Evaluation*

The Group employs information technology and adheres to the principle of “thorough vertical coverage” to focus on key parts, building a closed internal control chain to elevate project risk management capabilities. Through objective, accurate and regular evaluations conducted by each unit, the Group dynamically monitors the actual operational status of evaluated projects. This provides critical support for the second line of defense to predict, avoid or transfer risks in a timely manner.

In 2024, we carried out project internal control evaluations, continuously optimizing the risk management module and its contents. We established key control points for risk assessment across six dimensions, including market, contracts, operations, production, finance, and legal, combined with the results of “project operational dynamic evaluations”. A total of 106 projects classified as “red”, “yellow” and “green” were sampled and evaluated in batches. Based on self-assessment results, a list of medium-to-high-risk projects was created. Verification of the authenticity and accuracy of self-assessments across business systems was conducted through on-site visits, document reviews and telephone communications. Additionally, we assessed the execution of processes and systems in the actual management practices of projects and subsidiaries. High-risk projects were selected for inspection to identify solutions, mitigate losses promptly and assist subsidiaries in strengthening risk management for problematic projects.

### *2. Annual Internal Control Work*

According to the annual internal control plan and the principle of materiality, we have identified five key risk management control parts: fixed asset inventory and disposal, project fund utilization status and measures, project economic analysis meetings, project accounting and the matching with operational data. Through interviews with relevant responsible persons, sampling and other methods, we analyzed and evaluated five subsidiaries and their projects, delving into the root causes of typical issues, proposing improvement suggestions and establishing a rectification mechanism. An annual internal control report will be ultimately prepared and submitted to the Board for review.

### *3. Optimization of Internal Control Management Systems*

To strengthen project operation management within the Group, we revised the original “Workflow for Mandatory Inspection of Loss-Making Projects” and renamed it the “Management Measures for Mandatory Inspection of Loss-Making Projects”, such revisions enable better supervision and review of the entire project operation process at all fronts.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 4. *Management Supervision*

To ensure the effective implementation of the Group's systems at fundamental business units and dynamically identify project management risks, the Supervision Department conducted multi-dimensional and in-depth management inspections of various projects. In 2024, we completed two rounds of operational management inspections for subsidiaries, covering a total of 249 projects under full operational supervision, accounting for 31.88% of ongoing projects (781 projects in progress as of December). Additionally, 136 projects underwent specialized inspections, 32 projects were subject to surprise inspections, 55 projects received follow-up inspections and 12 key regions underwent comprehensive inspections, fulfilling the annual supervision plan as scheduled.

Throughout the year, we issued 318 supervision records of various types and 2 hazard rectification notices; sent 5 supervision notices to subsidiaries; issued 5 work coordination notices to relevant departments within the Group; prepared and submitted 50 specialized supervision reports to the Group's management; and published 11 issues of the Supervision Bulletin on the Group's information platform.

Through a year of diligent efforts, the Company's internal control and risk management capabilities continued to improve. The content of internal controls and evaluations comprehensively and accurately reflected actual conditions, effectively safeguarding and promoting the Company's sustained compliant operations.

### ***Risk Knowledge Training***

For major hazard sources, the Group dynamically updates major hazard based on production progress, signs responsibility agreements at all levels, and formulates corresponding control targets and measures assigned to specific individuals. These are publicized on the information system, in prominent on-site locations and at areas where major hazard sources exist.

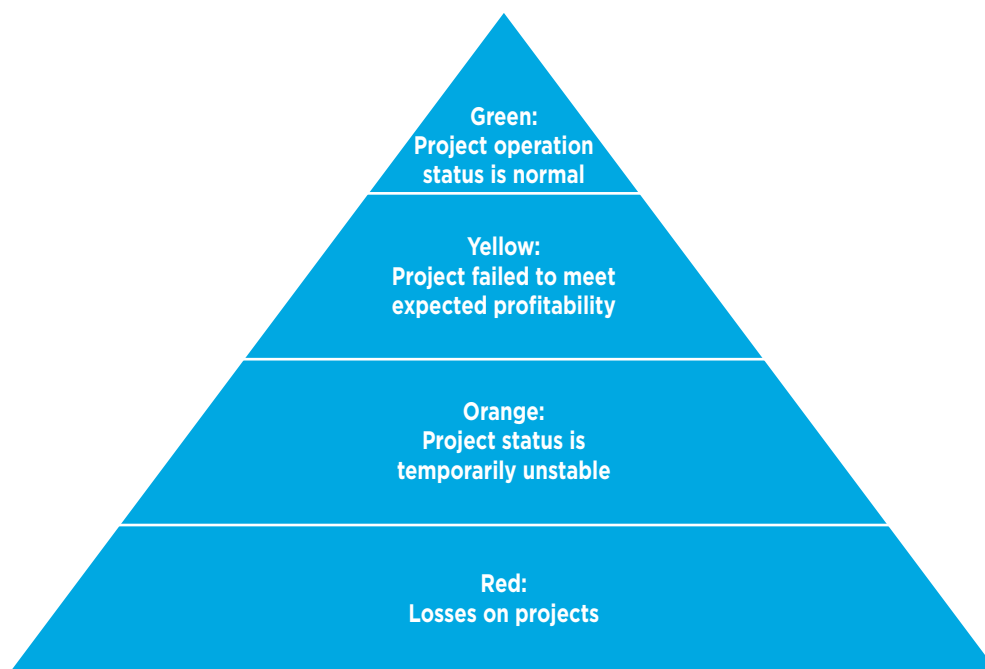
The Group re-identifies, screens and compiles major hazard sources initially identified by project teams and subsidiaries from the bottom up, establishing company-level pre-controlled major hazard sources. These are published monthly on the Group's information system, allowing each unit to refine and supplement their own major hazard sources for publication. Such initiative fosters collective oversight across all levels, with the Company tracking hazard sources weekly and implementing graded prevention and control. This creates a multi-dimensional, multi-layered comprehensive management system, ensuring clear visibility of data, precise measures and effective prevention. Over the year, a total of 3,973 Group-level major hazard sources were identified and published. Through internal improvements and external defenses, we uphold the bottom line of safety production and maintain a stable safety production environment through concerted efforts within the Group.



### 1.3 Compliant Operation Management

In the practice of business ethics and compliant operations, the Group upholds its core values of “be a thoughtful enterprise and credible corporation” and is committed to building a fair, transparent and honest business culture. We are fully aware that compliance is not only the bottom line, but also the key to earning trust and respect. By refining business ethics standards, establishing a whistleblowing mechanism, and strengthening anti-corruption culture, we continue to incorporate the concept of compliance into every aspect of our business operations, setting an example for the industry.

We have established a dynamic project evaluation system, collecting project indicators every two months and assigning ratings to projects:



Through evaluating project statuses, we gain timely insights into the operational conditions of projects, enabling early intervention, understanding profit and loss situations and urging project teams to generate revenue.

### ***Code of Business Ethics***

The Group strictly adheres to the ethical boundaries of business conduct and complies with the “Law of the People’s Republic of China for Countering Unfair Competition” (《中華人民共和國反不正當競爭法》), “Interim Provisions on Prohibition of Commercial Bribery” (《關於禁止商業賄賂行為的暫行規定》), “Opinions on Several Issues Concerning the Application of Law in Handling Criminal Cases of Commercial Bribery” (《關於辦理商業賄賂刑事案件適用法律若干問題的意見》) and other relevant laws and regulations. We actively promote and protect a fair competitive market environment, striving to foster the healthy development of the market and stimulate industry vitality. We have accordingly formulated “Internal Audit Management Regulations” (《內部審計管理規定》), “Code of Business Ethics and Code of Conduct” (《商業道德規範與行為準則》), “Code of Conduct for Organ Staff” (《機關工作人員行為守則》) and other internal codes of conduct. We highly prioritize and continuously cultivate a culture of integrity, requiring every employee to adhere to the code of business conduct. In conducting our business operations, professionalism, impartiality, integrity and ethical behavior are expected. Any form of corruption or bribery is strictly prohibited.

### ***Reporting channels and handling mechanisms***

The Group has a variety of reporting channels such as dedicated reporting line, email, mailbox and online feedback. Upon receipt of the report, the Group’s supervision and audit department will promptly organise relevant handling teams to verify the reported content and take serious actions against confirmed illegal or non-compliant activities in accordance with applicable laws and regulations. We continue to improve the whistleblower protection mechanism and keep whistleblowers’ information strictly confidential. We strongly condemn and take severe actions against any retaliation directed towards whistleblowers, aiming to safeguard their legitimate rights and interests.

Telephone for reporting: 0312-3311119

E-mail for reporting: hbjsjtygz@hebjs.com.cn

By courier or in-person delivery to the Discipline Inspection Department or Inspectorate Audit Department: Mailing Address: Party and Government Office of Hebei Construction Group Corporation Limited at No. 125 Lugang Road, Baoding City, Hebei Province

The Inspectorate Audit Department has set up an online information feedback channel, which is valid for a long period. Scan the QR code to feedback and requests.

## Anti-corruption culture construction

The Group has always attached great importance to integrity building, continuously strengthened its awareness of anti-corruption and anti-corruption, and insisted on the initiative of “investigating losses whenever they occur” in order to guard the bottom line of anti-corruption and integrity promotion, and to safeguard the corporate culture of the Group which is characterized by “honesty, integrity and integrity”. During the Reporting Period, we carried out anti-commercial bribery and anti-corruption training in the online + offline mode. This training was delivered to all senior executives and key personnel, covering the concept of commercial bribery and the legal responsibilities involved. We also make clear the severe consequences of bribery, corruption, embezzlement and the boundaries and guidelines to enhance the Company’s compliance level. The Group provided anti-commercial bribery and anti-corruption training to a total of 230 employees, with directors and employees.



Anti-commercial bribery and anti-corruption training 2024

## 1.4 Analysis of Materiality Issues

We emphasize the importance of maintaining sincere communications and exchanges with customers, employees, investors and other stakeholders. Through normalized communication mechanism and various communication channels, we actively listen to the demands and opinions of stakeholders so as to continuously adjust our focus on sustainable development and create more value for our stakeholders.



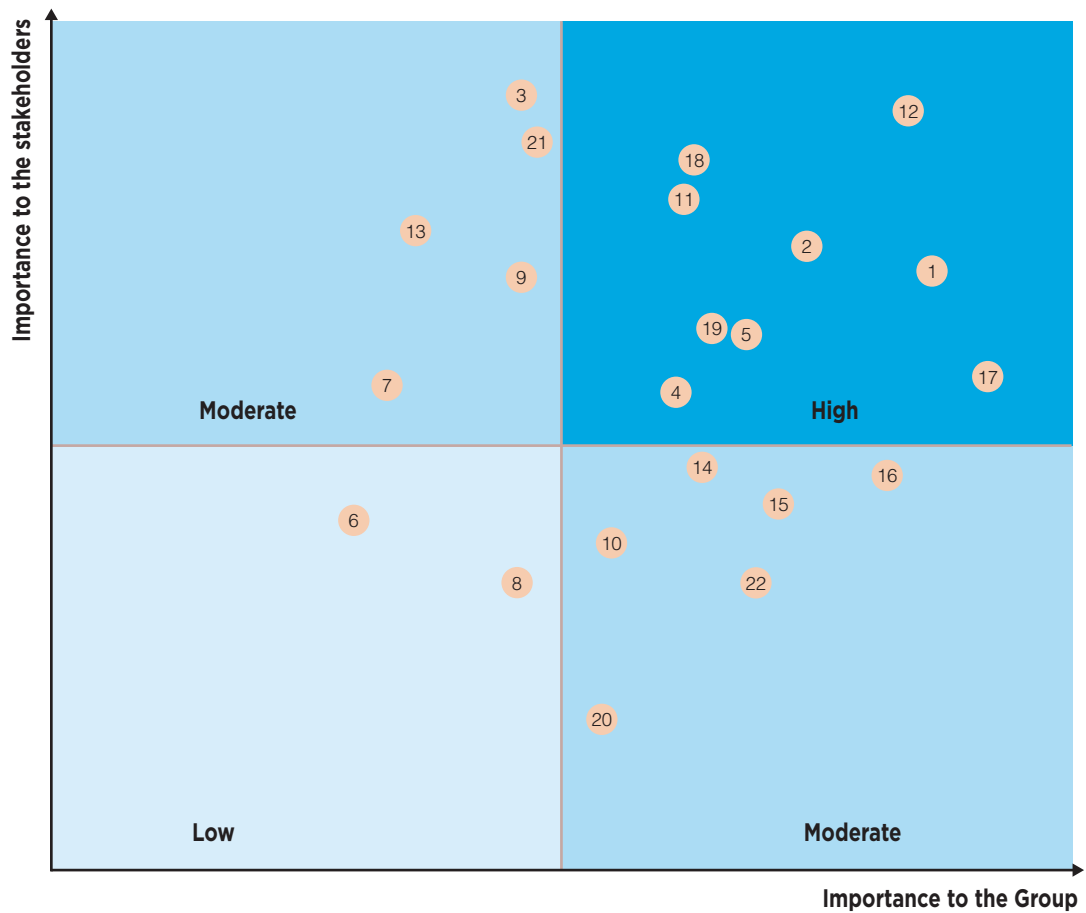
## Stakeholder communication

We continuously optimise our communication mechanism with stakeholders and enhance communication channels to gain a deeper understanding of their exceptions and requirements, and actively respond to various stakeholders. The following table sets out the key issues of concern to different stakeholder groups during the Reporting Period:

Stakeholder categories	Issues that stakeholders are particularly concerned about	Communication or response methods
Employees	Health and safety Remuneration and benefits Career training and development Internal communication and feedback channels	Young employees symposium Annual meeting Survey on employees' satisfaction
Shareholders/Investors	Anti-corruption Compliant operation Compliant risk responses Business opportunity and technological innovation	Shareholders' general meeting Regular and temporary announcements Roadshow
Government authorities	Compliant operation Promote local employment and economic and social development	Communication through meetings Participate in government projects Standard formulation and idea exchange
Clients/Proprietors	Project quality Customer experience Protection of commercial information	Purchase and sales of commercial houses Customer satisfaction survey Communication of sales and inspection
Suppliers/Subcontractors	Project quality Supply chain management Environmental impact of construction work Requirements of suppliers on ESG	Daily transactions Annual recognition Qualification review Communication throughout the tender and bidding process
Environment	Green office The utilization of water resources Resource recycling Environmental impact of construction work Application of clean technology and energy Emissions and waste disposal	Green management Resources management Information disclosure
Communities	Charity Environmental impact of construction work Promote local employment and economic and social development	Charity activities Activities to promote community's development

### Materiality Matrix

During the Reporting Period, the Group reviewed and identified ESG-related issues in 2024 based on the results of the 2023 materiality assessment, combined with the Stock Exchange's ESG Guidelines, peer benchmarking and the actual development of the Company during the year. A total of 9 issues of high importance, 11 issues of medium importance and 2 issues of low importance were identified.



Hebei Construction Group's ESG Materiality Matrix of 2024

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

List of Material Topics of Hebei Construction Group in 2024					
No.	Category	Topics	No.	Category	Topics
1	Corporate governance and development	Compliant operation	12	Labor and Community	Employees' health and safety
2		Anti-corruption	13		Training and career development
3		Compliant risk responses	14		Caring about employees
4		Business opportunity and technological innovation	15		Channels for employees to conduct internal communication, lodge complaints and give feedback
5	Environment	Application of clean technology and energy	16		Charity
6		The utilization of water resources	17	Business operations	Promote industry and local economic and social development
7		Emissions and waste disposal	18		Project quality assurance
8		Resource recycling	19		Customer experience
9		Environmental impact of construction work	20		Protection of the commercial information of the Company and customers
10		Green office	21		Quality management of the supply chain
11	Labor and community	Remuneration and benefits	22		Requirements of suppliers on ESG

## 2 ENSURING QUALITY DELIVERY

Amid the era of high-quality development, the Group consistently regards quality delivery as our lifeline, dedicated to providing customers with exceptional products and services. We deeply understand that quality is not only the core competitiveness of an enterprise, but also the foundation for earning customer trust and market reputation. By refining the quality management system, optimizing project management processes and enhancing customer service levels, we continue to explore and implement forward-looking quality delivery models, setting a benchmark for the industry.

### 2.1 Enhancing Quality Management

In the practice of quality management, the Group adheres to the core philosophy of “A Century-long Pursuit with Quality First,” committed to delivering high-quality engineering projects. We actively implement the Outline for Building a Quality-Strong Nation (《質量強國綱要》), maintaining the overarching principle of “steady progress for long-term success”. Guided by the pursuit of outstanding performance, we aim to “strictly adhere to the baseline with no penalties, elevate general projects to a higher standard and enhance the quality of premium projects”. Using institutionalization, informatization and standardization as tools, we further refine management systems, clarify post responsibilities, strengthen personnel training and assessments, solidify the foundation of quality management, strictly enforce quality accountability, fully promote standardized quality management, thoroughly address common quality issues, actively develop green construction, prefabricated construction and intelligent construction demonstration projects, and reinforced graded inspection and supervision. All these efforts drive project quality management from “qualified” to “high-quality,” further polishing the Group’s quality brand.

#### *Quality Management Standards*

At the beginning of each year, the Group organizes the formulation and issuance of annual quality management priorities, setting clear quality goals for the year, establishing measures to achieve these goals, and supervising all units and projects to implement them rigorously to ensure project quality. We continuously supplement and enrich the quality knowledge base within the Group’s comprehensive management information system, updating standards in a timely manner. We also keep improving the training materials and question bank for the quality and technology system on the Construction Intelligence Academy platform, incorporating quality management systems and related document requirements into the question bank. Quality and technical personnel make full use of the learning platform, downloading and studying knowledge from the quality knowledge base, promoting the application of sophisticated technologies and gradually enhancing their professional technical capabilities. During the construction process, we strictly adhere to relevant laws, regulations and industry standards to ensure that project quality meets requirements.

### **Quality Enhancement Mechanisms**

In 2024, the Group implemented multiple measures to comprehensively elevate project quality levels in quality management, as detailed below:

1. Establishment of a Training and Assessment Mechanism for Project Technical Leaders: We ensured that newly appointed project technical leaders must pass an assessment before taking up their posts. Each unit tracks the onboarding status of new project technical leaders monthly and reports it in the quality monthly report. This has further enhanced the project teams' ability to manage engineering quality and reduced quality and technical management risks. Throughout the year, a total of 18 newly appointed project technical leaders were assessed and approved for their positions.
2. Assessment of Quality and Technical System Personnel: To stimulate enthusiasm among quality and technical personnel for learning regulations and standards, foster innovation, pursue awards, as well as to enhance their professional technical capabilities, we conducted assessments for quality and technical system personnel. These efforts have created a positive atmosphere of proactive responsibility fulfillment and elevated the Group's overall quality and technical management level. The assessment results provided insights into current deficiencies among system personnel, offering a basis for formulating subsequent improvement measures.
3. Promotion of Standardized Quality Management: All units identified standardized quality management model projects as required, totaling 21 model projects. Each unit prepared implementation plans for these model projects, establishing standardized work standards, operating procedures and acceptance processes for regulating quality behavior and controlling physical project quality. These efforts played a leading and exemplary role in quality management within each unit.
4. Continuous and In-Depth Resolution of Common Quality Issues: The Group organized subsidiaries to conduct specialized governance of common quality issues, minimizing rework and repairs to reduce quality costs. Each unit identified demonstration projects for common issue governance, totaling 22 demonstration projects. This point-to-area approach significantly contributed to elevating the overall quality level across the Company.
5. Strengthening Process Quality Inspections: The Group intensified process quality inspections, focusing on the implementation of systems, governance of common quality issues, control of special and critical processes, physical project quality and inspection and testing. We supervised projects to rectify identified quality issues. Specialized quality inspections were conducted for steel structure projects, residential projects and water conservancy projects, resulting in significant improvements in the quality of specialized engineering.



6. Implementation of the Quality Monthly Report System: The Group diligently implemented the quality monthly report system to stay informed of the quality changes of each project in a timely manner. During project construction, we deliberately followed the model-led approach and the three-inspection system (self-inspection, mutual inspection and handover inspection), comprehensively promoting visualized handovers and QR code-based handovers. Quality inspection planning was conducted in advance, with inspections carried out according to the plan and detailed records maintained. For issues identified during inspections, responsible parties were required to implement rectifications, while the resolution of quality issues was verified promptly to prevent unqualified products from proceeding to the next stage. This PDCA (Plan-Do-Check-Act) cycle ensured a continuous improvement in the quality of projects.

### **Quality Supervision Process**

In 2024, the Group, in alignment with the supervision plans of its subsidiaries, conducted random inspections of projects in different construction stages, taking into account factors such as project significance, inspection priorities and frequency. One week prior to the inspections, we issued a Supervision Notice (《督查通知單》) to the selected projects, requiring them to prepare self-assessment materials in strict accordance with the Project Operation Management Supervision Self-Assessment Material Template (《項目運營管理督查自評材料模板》).

The supervision team familiarized themselves with the project self-assessment materials in advance. Upon arriving at the project site, team members, based on their assigned roles, conducted random checks on both the construction project and internal documentation. The inspection focused on key areas, including the implementation of relevant Group policies and documents, staffing and duty fulfillment, VIS (Visual Identification System) arrangements at critical locations and the identification and rectification of quality and safety hazards. Finally, we summarized prominent management issues, compiled a Supervision Record, presented feedback during the project summary meeting, and required rectification within a specified timeframe with follow-up responses.

### **Quality Culture Development**

To fully implement the deployment of the Outline for Building a Quality-Strong Nation (《質量強國建設綱要》), as well as the Notice on Launching the 2024 National ‘Quality Month’ Activities (《關於開展2024年全國“質量月”活動的通知》) issued by the State Administration for Market Regulation and 27 other departments, along with requirements from local authorities for “Quality Month” activities, the Group organized its units to actively carry out “Quality Month” activities in September. The activities included: conducting quality-themed publicity to enhance quality awareness among all employees; implementing in-depth quality improvement initiatives to further elevate project quality; promoting and enforcing the Quality and Safety Manual to advance standardized quality management; continuing to address common quality issues thoroughly; strengthening personnel training and assessments to improve system personnel capabilities; and organizing on-site observation events. After the Quality Month activities concluded, each unit promptly summarized the activities, analyzed shortcomings and formulated improvement measures.

During Quality Month, the Group held the finals of the 2024 Quality Knowledge Competition, with 66 teams from five participating professional categories, including housing construction, electrical, heating and ventilation (HVAC), municipal transportation and water conservancy. The top three performers in each category were awarded prizes. By organizing the Quality Knowledge Competition, we encouraged quality and technical system personnel to deeply study current standards, as well as the Company’s quality management systems, enhancing their quality awareness and professional technical skills. This initiative eliminated quality-related administrative penalties and elevated the overall level of project quality management.



**2024 Quality Knowledge Competition**

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of organizing quality observation events, on 2 July, the Housing and Urban-Rural Development Bureau of Baoding City held a construction quality on-site observation meeting at the Third Branch Company's Hebei University Affiliated Hospital Inpatient Complex project. Subsequently, the Group organized key personnel from its subsidiaries to visit the same project for a systematic quality observation. In September, subsidiaries arranged for their quality and technical system personnel to observe demonstration projects addressing common quality issues and standardized quality management model projects within their units, achieving positive results. These initiatives not only enhanced employees' professional skills but also fostered a Group-wide atmosphere of valuing quality and pursuing excellence.



**On-site quality observation in 2024**

Quality Award Honors

In 2024, the Group won a number of quality awards and honors, including 2 national awards, 102 provincial quality projects and 4 design project achievement awards, which demonstrated our excellence in project quality management and standardization.

Award Categories	Number of Awards	Name of specific awards
National Awards	2	1 China Steel Structure Gold Award, 1 Second Class Award of Construction Project Quality Management Standardization of China Construction Association
Provincial Quality Project	102	1 Golden Award of Anji Cup, 29 Anji Cup, 6 outstanding municipal projects in Hebei Province, 39 High-Quality Structural Projects in Hebei Province, 7 Hebei Province Landscaping and Greening Quality Projects 2 Hebei Province Architectural Engineering Decoration Awards, 1 Beijing Construction (Great Wall) Structural Excellence Project, 1 Guangdong Province Quality Structure, 1 Tianjin “Quality Structure Evaluation” Project 3 Inner Mongolia Quality Structure Silver Awards, 1 Quality Project in Inner Mongolia, 1 Inner Mongolia Grassland Cup, 1 Jiangxi Province Quality Engineering Award, 1 Jiangxi Province Landscape and Greening Quality Project Gold Award 1 Jiangxi Province quality management standardization demonstration project, 6 Liaoning Province Quality Structure Award, 1 Shaanxi Province Construction Quality Structural Engineering
Design Project Achievement Award	4	2 Second Class Achievements of Engineering Design Projects in Hebei Province, 2 Third Class Achievements



Second Class Award of Construction Project Quality Management Standardization of China Construction Association



## 2.2 Stringent project management

In the exploration of project management, the Group adheres to the core concept of “planning first, execution strong” and is committed to ensuring the smooth progress and timely delivery of projects. By optimizing the deployment of resources, strengthening progress tracking and perfecting risk control, we transform project management into a driving force for corporate development and provide customers with more reliable delivery guarantees.

The Group continues to improve its operational risk management throughout the entire project process, forming a closed-loop management from the construction budget stage to the construction process, and to the completion of the project:

- **Construction budget stage:** As a prerequisite for project cost control, the construction budget is the basis for the development of the project team’s responsible costs and target costs, as well as a comparative tool for actual cost audit. We require that the construction budget be prepared scientifically and accurately to guide cost control throughout the project cycle.
- **During the construction process:** The project team is required to conduct regular project economic analysis meetings to ensure the timeliness of cost attribution and the matching of revenue recognition, which truly reflect the current operating status of the project and provide a reliable basis for project decision-making.
- **Upon completion of the project:** For completed projects, we emphasize on post-project evaluation to review and summarize lessons learned in a timely manner. Successful management measures will be promoted in a timely manner to provide experience in managing efficiency for subsequent projects. At the same time, we emphasize the accumulation of data for each completed project, which not only provides guidance for future construction budgets, but also forms a complete closed-loop management system.



### ***Project Planning and Execution***

The Group ensures that there are clear objectives and implementation paths for each step in the whole process of project management from planning to execution. Through detailed preliminary research and reasonable allocation of resources, we ensure that projects are carried out smoothly in accordance with plan. Relevant initiatives are set out below:

1. **Regulate market behavior and build up risk prevention.** In order to safeguard the good brand image of the Group companies, further regulate market behavior, and effectively prevent risks in tendering work, it was clearly required that each unit must carry out tendering work in accordance with law and regulations. It was strictly prohibited to sign pre-tender agreements in the name of the branch or the Group, so as to eliminate potential risks at source and lay a foundation for the smooth commencement of the project.
2. **Strictly control risky projects and adhere to the bottom line of quality and safety.** We continue to strictly enforce the requirements of 20 market risk measures (市場風險二十條) and “Ten Don’ts” (《十不接》) and conduct stringent assessment of risky projects. From the source of project undertaking, we comprehensively control external market risks to ensure the quality and safety of projects undertaken by the Group. At the project selection stage, scientific risk assessment is applied to analyze all aspects of the projects to nip potential risks in the bud.
3. **Establish a systematic think-tank exchange platform to gather wisdom and strength.** In order to integrate resources and give full play to the supporting role of the backbone of the marketing system in the market area and the reference value of the think-tank, the Group has established a systematic think-tank exchange platform. The platform gathers experts and scholars in the industry to provide professional analysis and advice to the Group in key areas such as market layout planning, policy formulation and project bidding, providing comprehensive intellectual support for the Group’s market decisions.
4. **Implement the pre-bid evaluation system to provide a scientific basis for decision-making.** The operation and management department is responsible for implementing the pre-bid evaluation system. Through a rigorous evaluation process, it conducts a comprehensive assessment of the feasibility, economic benefits and potential risks of the project, and analyzes the project from multiple dimensions to ensure scientific and accurate decision-making of the project. Specific measures include:
  - **Preliminary research:** Detailed analysis of market demand, competitors and policy environment to ensure accurate project positioning.

- **Resources allocation:** Reasonable allocation of human, material and financial resources according to project needs, maximizing the use of existing resources.
- **Risk Assessment:** leveraging scientific risk assessment tools to identify and quantify potential risks in the project and formulate countermeasures in advance.
- **Evaluation process:** A strict pre-bid evaluation mechanism is established to ensure that each project undergoes multiple rounds of evaluation and ultimately forms a scientific basis for decision-making.

Through the aforesaid measures, the Group not only enhances the management level of project planning and execution, but also effectively reduces various risks in the course of project implementation to ensure that the projects can be completed on time and with high quality, thus providing customers with a more reliable and efficient delivery guarantee. Our goal is to further enhance project quality and customer satisfaction through continuous optimization of the project management process to achieve sustainable corporate development.

### ***Resources Scheduling***

All projects that the Group is responsible for are planned on a full-cycle basis in advance according to the project requirements. The overall progress plan is broken down into monthly and weekly control nodes through the WBS (Work Breakdown Structure) method. A three-tier resources coordination mechanism is established at the project execution stage:

1. Implement a dynamic team deployment system at the labor level and allocate personnel for each type of work based on BIM construction simulation data;
2. Material management adopts the “three-color early warning” system, combined with the ERP material module to generate accurate purchase orders;
3. Fund management implements the “dual-line control” model and establishes a project emergency working capital pool based on the construction unit’s appropriation. Process control is implemented through the “PDCA cycle”: daily morning meetings are held to check progress deviations; weekly cost analysis meetings are held to audit fund flows; and monthly resources coordination meetings are held to balance the needs of each bidding section.

### ***Progress Tracking***

The Group achieves efficient progress control through the establishment of a digital management system:

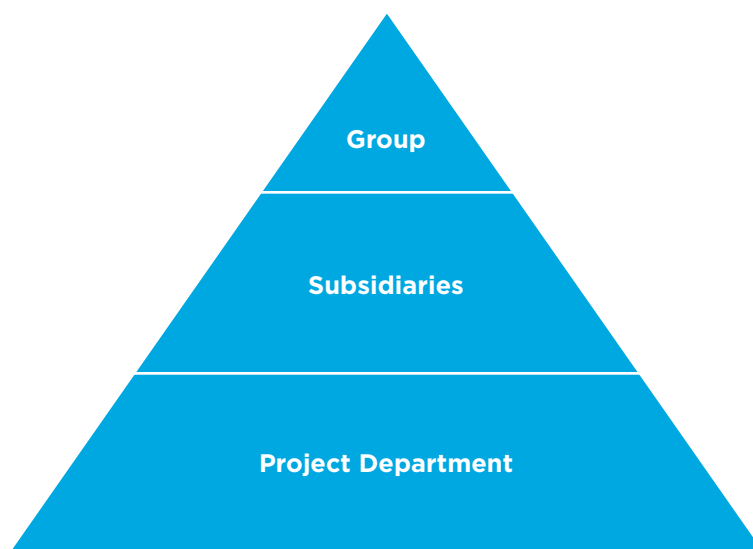
1. In terms of integration of technical tools, we have built a cloud-based project management platform, BIM technology system, mobile terminal application and remote video monitoring system. We synchronize the establishment of WeChat groups for hierarchical project progress management to open up cross-level information channels;
2. At the dynamic control and implementation level, the Company relies on information technology system to collect real-time data on the progress of works in progress. Through full-cycle information sharing and dynamic analysis, we optimize resources allocation scheme and adjust the interface logic of critical processes based on data feedback, and follow up on the progress of the construction through classification and control mechanism in a differentiated manner;
3. For decision support upgrade section, the management utilizes the automated reporting system to monitor the project status in a panoramic view, so as to reduce human errors and cross-departmental communication barriers and promote systematic upgrading of the progress control process, which ultimately ensures the project's high-quality and on-schedule delivery.

## 2.3 Customer Services Optimization

Guided by customer-first service philosophy, the Group has always regarded customer experience and satisfaction as the core driving force for corporate development. We understand that quality service is not only the key to winning trust, but also the cornerstone for long-term cooperation and mutual growth of the Company. By establishing a three-tier service system, optimizing customer communication mechanisms, strengthening privacy protection and responsible marketing, we continue to explore and implement a more warm and valuable service model to create a more outstanding experience for customers.

### *Three-tier service system*

In the practice of customer service, the Group adheres to a people-centered and customer-oriented approach. We have established a comprehensive three-tier service management organization system through the formulation of the “Implementation Rules for Key Account Management” (《大客戶管理實施細則》), with a view to continuously optimizing customer service mechanism, improving the quality of customer service and enhancing customer experience and satisfaction.



**Three-tier Service Management Organisation System**

### *1. Customer Classification and Dynamic Management:*

In market development, we attach great importance to the development and maintenance of major customers. By strictly enforcing customer classification and management system, each branch (sub) company is responsible for classifying and counting customers. Relying on the Group's integrated management information system, we have carried out process-oriented filing and management of newly-entered customers. We regularly update the major customer list, establish a mechanism for daily visits and an all-round communication system with major customers, understand individualized needs of major customers, provide customized services, and establish long-term and stable strategic cooperative relationships with major customers. At the same time, we pay close attention to the development trend and operating conditions of major customers, comprehensively and in-depth assess the stability of major customers' capital chains, their ability to fulfill their contracts and potential social risks. We prepare risk warnings in advance to ensure sustainability of cooperation.

### *2. High-level interaction and return visits to projects:*

With respect to major customers at the Group level, we require subsidiaries (branch) companies to proactively conduct return visits to projects and strengthen exchanges of high-level visits. When necessary, the Group's leaders will meet with each other to show that they attach great importance to major customers. Through high-level interactions, problems arising in the course of cooperation can be resolved in a timely manner, thereby increasing mutual trust and understanding and promoting cooperation to a deeper level of development.

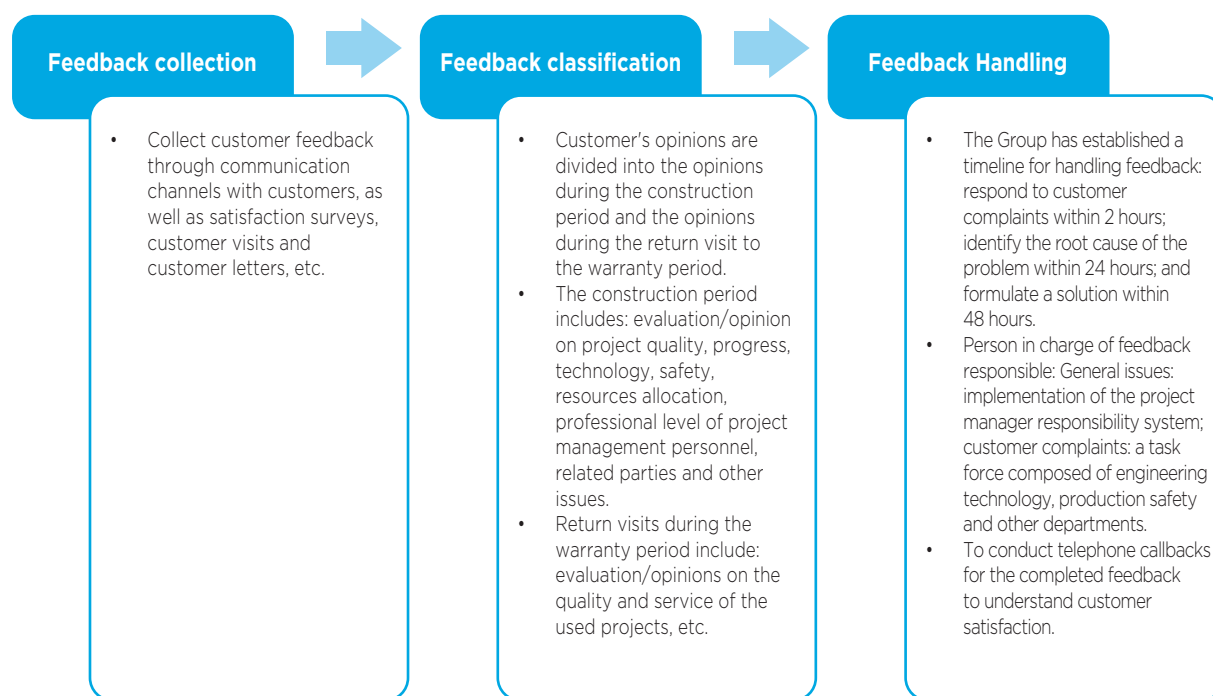
### *3. Strategic cooperation expansion:*

We actively enter into strategic cooperation agreements with government departments and enterprises at all levels, such as Lixian People's Government, Dingzhou City People's Government, Agricultural and Rural Bureau of Mancheng District of Baoding City, Baoding National High-tech Industrial Development Zone Management Committee, Taihang Urban and Rural Construction Group, Beijing Capital Langyuan Culture Development Co., Ltd. and Sichuan Daoge Urban Planning and Design Co., Ltd., etc. We will take this opportunity to develop long-term, multi-disciplinary, comprehensive and in-depth cooperation to achieve mutual benefits, win-win cooperation and synergistic development, and to provide customers with better and more comprehensive services and value. Although no new strategic cooperation was entered into in 2024, the partnership established in the past will continue to deepen and expand.



### Feedback on customer communication

We always adhere to quality of service. In accordance with the “Customer Complaint Management Process” (《顧客投訴管理流程》), we continue to establish and improve long-term communication mechanism with customers. Through the complaint hotline, corporate mailbox, office phone, dedicated receptionist for incoming correspondence and visitors and other diversified channels, we listen to the voice of customers and suggestions, and timely resolve and feedback on issues raised by customers. We are committed to bringing a satisfactory service experience to customers.



#### Customer Complaint and Feedback Processing Process

In 2024, we continued to focus on customer satisfaction by conducting customer satisfaction surveys for all works in progress and warranty period works. During the Reporting Period, the number of customer complaints of the Group was zero and the customer satisfaction rating was 93.3 points.

### **Customer privacy protection**

While continuing to enhance the level of customer service, the Group attaches great importance to the protection of customer privacy and information. We strictly comply with the “Law of the People’s Republic of China on the Protection of Rights and Interests of Consumers” (《中華人民共和國消費者權益保護法》), the “Law of the People’s Republic of China on Data Security” (《中華人民共和國數據安全法》) and the “Law of the People’s Republic of China on Network Security” (《中華人民共和國網絡安全法》) and other relevant laws and regulations. The Group has also formulated the “Code of Business Ethics and Code of Conduct of Hebei Construction Group Corporation Limited” (《河北建設集團股份有限公司商業道德規範及行為準則》) in order to ensure that the security and privacy of customers’ information are fully protected.

The Group recognizes the importance of customer privacy and therefore strictly enforces relevant laws and regulations and internal rules in its daily operations. We have clearly defined the authority and management responsibilities of each employee in each position in relation to customer information to ensure that each employee clearly understands and strictly complies with relevant regulations on information protection. Through these measures, we are committed to providing a safe and reliable environment for customers and fully protecting customers’ information and privacy.

We will continue to strengthen mechanism for protecting the security of customer information and continuously optimize and improve existing protection measures to ensure that customer information is properly handled and protected in all aspects. Our goal is to further enhance customers’ trust in our services through strict privacy protection measures to realize a win-win situation for the Company and customers.

## ***Responsible Sales and Marketing***

In 2024, we continued to focus on the Company's production and development. With "truthfulness, compliance and accountability" as the core philosophy, we strived to provide transparent and reliable promotional information to customers. We are determined to eliminate false advertising and exaggerated publicity and always focus on the interests of customers. We emphasize the social impact of marketing activities and build up a good corporate image to create more trustworthy brand value for customers. The following are our core practices in the field of responsible sales and marketing:

- **Self-media platform:** Through the self-media platforms such as the Company's public account, video account and Douyin, etc., we pushed out nearly a hundred issues of public account, produced more than 100 issues of weekly news bulletins and features, published 15 issues of video and more than 50 issues of Douyin throughout the year. These contents not only showcased the Group's key livelihood projects, important awards, large-scale conferences and cultural activities, but also publicized the Company's brand image and development dynamics in an all-round and multi-angle manner.
- **Traditional media:** 12 issues of the Group's newspaper were published. Through the traditional media channel of newspapers, the coverage and influence of the Company's information was further expanded to ensure that all kinds of favorable news could be conveyed to a wider audience in a timely manner.

Through the above diversified publicity methods, we have not only effectively enhanced the visibility and reputation of the Company, but also gathered positive energy for the development of the Company. Specific results are as follows:

- **Demonstration of key livelihood projects:** Through detailed coverage and demonstration of the Group's key livelihood projects, the Company's contribution to social responsibility was highlighted and public recognition and support for the Company was enhanced.
- **Important awards and honors:** Timely publicity of important awards and honors won by the Company demonstrated the Company's leading position and technical strength in the industry and further enhanced the brand value.
- **Large-scale meetings and cultural activities:** By reporting large-scale meetings and cultural activities, the Company demonstrated its corporate culture and sense of social responsibility and strengthened employees' sense of belonging and pride.

Through responsible sales and marketing strategies, Hebei Construction Group has not only built up an honest and reliable corporate image, but also provided strong support for the Company's high-quality development. We will continue to adhere to the principles of compliant and transparent publicity to continuously enhance brand influence and sense of social responsibility and to promote the Company's steady progress in market competition.

### 3 INNOVATION LEADS TO WIN-WIN SITUATION

In the wave of changes in the construction industry, the Group has always been using innovation as an engine, and is committed to promoting sustainable development and win-win situation in the industry through technological innovation, responsible supply system and industry collaboration. We are fully aware that innovation is not only the driving force of enterprise development, but also the key to lead the industry to progress. By building a technological innovation system, practicing prefabricated construction and perfecting intellectual property protection, we continue to explore and practice a more forward-looking development model, contributing more value to the industry and society.

#### 3.1 Technology driven innovation

In the exploration of technological innovation, the Group takes “innovation-driven, technology-led” as its core concept, and devotes itself to promoting the transformation and application of scientific and technological achievements through the construction of technological innovation system and the practice of prefabricated construction. We are fully aware that technology is not only the source of corporate competitiveness, but also the cornerstone of industry progress. By setting up “six technology platforms” such as National Enterprise Technology Center, post-doctoral workstation, academician workstation, optimizing the research and development process, and encouraging innovative activities, we have achieved hundreds of awards and honors represented by the Second Prize of National Science and Technology Progress Award and Zhan Tianyou Prize, which have provided strong scientific and technological support for the Company’s high quality development, and continuously transformed scientific and technological innovation into a powerful driving force for the Company’s high quality development.

#### *Technology and Innovation Management*

The Group always adheres to driving technological development with innovation and attaches great importance to the construction of a technological innovation system. We have formulated internal system documents such as “Science and Technology and Research and Development Project Management Workflow” (《科技研發項目管理工作流程》), “Project Management Measures for Enterprise’s Science and Technology Research Plan” (《企業科技研究計劃項目管理辦法》), “Management Measures for Enterprise’s Science and Technology Research and Development Expenses” (《企業科技研發費用管理辦法》) and “Science and Technology Progress Management System” (《科技進步管理制度》). Focusing on technology process construction, research and development organisation construction and project innovation capacity construction, we continuously improve the technological innovation system, stimulate the role of management in promoting scientific and technological innovation, and promote the deep integration of scientific and technological innovation and industrial development.

Based on the above-mentioned internal systems, during the Reporting Period, the Group issued notices such as “Highlights of Science and Technology Management Work in 2024” (《2024年度科技管理工作要點》) and “Enterprise Science and Technology Research Plan Projects in 2024” (《2024年度企業科技研究計劃項目》) to lay out the annual scientific and technological work priorities and to put forward requirements for the plan projects above the provincial level and the enterprises’ science and technology research plan projects. Based on the above, the Group set targets for technological innovation work in 2024, which were all successfully achieved during the Reporting Period.

### ***Prefabricated Construction***

Since the approval of the national prefabricated construction industry base, the Group has actively undertaken more than 90 prefabricated construction projects, with a total construction area of more than 7 million square meters, completing the development target; actively undertaking prefabricated construction design projects with a construction area of more than 1.03 million square meters; vigorously launching the research on prefabricated construction related technologies, and obtaining the approval of the Department of Science and Technology of Hebei Province for the establishment of the “Hebei Provincial Technical Innovation Center for Prefabricated Construction”, establishing 50 provincial, ministerial and enterprise self-selected scientific research projects, forming 63 provincial and enterprise-level work methods, authorizing 75 patents for invention and utility model, and 13 main standards, and obtaining various awards such as the first prize of Baoding Municipal Government Science and Technology Progress Award, etc.; and investing in the construction of Hebei Green Building Industrial Park, which has been in good operation.

In 2024, Hebei Construction Group undertook a total of 12 prefabricated construction projects with a construction area of about 730,000 square meters, including trussed floor slabs, prefabricated wall panels, prefabricated beams, steel beams, steel columns, prefabricated staircases, etc.; structure types including frames, shear walls, steel frames, etc.; and construction types including civil buildings, public buildings and industrial buildings. The Company was authorized with 9 patents related to prefabricated construction, 1 provincial work method, 1 first-class award and 1 second-class award of the Provincial Construction Association Promotion Value Patent Competition.



### *Innovative incentive mechanisms*

During the Reporting Period, the Group was approved as the exclusive postgraduate workstation for the construction industry in Hebei Province, and was awarded 5 patents of high promotional value by China Construction Association, 1 first prize of Hebei Green Building Innovation Award, 28 scientific and technological progress awards for the construction industry in Hebei Province, 21 provincial work methods, 17 scientific and technological awards of the Construction Association of Hebei Province, 18 patents of high promotional value, and 16 work method competitions; and the projects of key research and development programs of the Science and Technology Department of Hebei Province, namely “The key technological research and development and application of ultra-low energy consumption of assembled steel structure housing (20376201D)” and ‘Emergency water purification and water quality rapid identification of integrated device research and development (226Z3902G)’ which passed the acceptance of the Provincial Department of Science and Technology; 15 new technology application demonstration projects, 1 green construction technology demonstration project, 6 science and technology research and development projects passed the acceptance of the Provincial Department of Housing and Construction. 8 new science and technology projects and 15 new technology application demonstration projects were submitted to the Provincial Department of Housing and Construction. 2 green construction level evaluations by the Provincial Construction Association were completed, and 5 new science and technology projects were submitted to the Provincial Construction Association. With 81 newly applied patents and 175 newly authorized patents (including 17 invention patents), the Group’s total number of valid patents reached 1,445.

1. **Science and Technology Incentive:** In order to implement the Group’s strategy of developing the enterprise through science and technology, the Group has established a technology incentive mechanism and mobilized its employees to take an active role in the development of “Quality, Safety, Science and Technology Incentive Fund Management Methods” (《質量、安全、科技獎勵基金管理辦法》) and “Scientific and Technological Advancement Management System” (《科技進步管理制度》). The main sources of the incentive fund: the incentive fund will be withdrawn from the participating units according to the determined withdrawal base of 5/10,000 of the total amount of the fund. In accordance with the mode of two lines of income and expenditure, the incentive fund is used to reward the research and development results, authorized patents, approved workmanships, and scientific and technological progress awards, etc., and is cleared once a year without rolling over.

2. **Enhance training:** On 23 December, BIM skill competition was organized and 70 BIM models participated in the competition. Steel Structure Branch won the first prize in Steel-Mixed Structure Node and Masonry Group, and Tianchen Company won the first prize in Pipeline Comprehensive Layout Group. The Company organized and launched the BIM technology level assessment and 319 people passed the assessment. Among the existing 1,447 quality technicians, 791 of them passed the BIM assessment, accounting for 55%, which satisfactorily accomplished 50% of the scheduled target. On 27 September, the Company organized a quality and knowledge competition, in which 66 groups and 190 people from 5 professions, namely, building, electric, heating and ventilation, municipal transportation and water conservancy, participated in the knowledge competition. In May, the Company organized a monthly training on science and technology, inviting a professor from Hebei Agricultural University to give an in-depth lecture on the topic of scientific research and the declaration of incentives. From 16-18 August, the Company organized a training on Midas structural finite element analysis, which invited experienced teachers from universities to give lectures, and more than 80 technicians participated in the on-site training.



Quality and knowledge competition

## Intellectual property protection

We attach great importance to the protection of innovative achievements, continuously develop our technological competitiveness and strictly abide by laws and regulations such as the “Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》), the “Patent Law of the People’s Republic of China” (《中華人民共和國專利法》), and the “Copyright Law of the People’s Republic of China” (《中華人民共和國著作權法》) and other laws and regulations. We have formulated a number of internal management systems and a sound intellectual property protection system, continuously improving the standardised management and control process from creation, application and protection to the attribution of property rights and results. In 2024, the Group successfully passed the intellectual property management system certification.



## Intellectual property management system certification

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to implement the intellectual property protection system thoroughly and continuously enhance the awareness of intellectual property protection among all employees, the Group participated in a number of exchange and training activities relating to intellectual property protection during the Reporting Period.

No.	Training content	Date	Training Units
1	2024 Overseas Intellectual Property Protection Training for Export Enterprises	12 October 2024	Baoding Municipal Market Supervision Administration
2	Lecture on Intellectual Property Management of Enterprises	2 November 2024	Baoding Municipal Market Supervision Administration
3	Lecture on Diversified Settlement of Intellectual Property Disputes	8 November 2024	Baoding Municipal Market Supervision Administration
4	Special training on the Implementation of Patent Open Licencing System and Patent Conversion	28 November 2024	Baoding Municipal Market Supervision Administration
5	Lecture on Intellectual Property Management of Enterprises (Phase II) Intellectual Property Infringement Dispute Mediation Strategies and Interpretation	1 December 2024	Hebei Biao Zheng Information Technology Co., Ltd.* (河北標證信息科技有限公司)
6	Hebei University High-value Patent Cultivation and Patent Achievements Release Press Conference	13 December 2024	Baoding Municipal Market Supervision Administration

### 3.2 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

In the practice of supply chain management, the Group always takes “responsibility first, cooperation and win-win” as its core concept, and is committed to building a stable and sustainable supply chain system. We are fully aware that the supply chain is not only the lifeline of enterprise operation, but also an important guarantee for realizing high-quality development. By standardizing supplier management, optimizing the operation of the cloud purchasing platform and promoting modernization of the supply chain, we have been exploring and practicing a more responsible supply chain management model, setting an example for the industry.

#### *Supplier Admission and Assessment*

For the admission of suppliers, apart from requiring suppliers to submit quality, environmental and safety-related qualification base information, we will also conduct detailed investigation and evaluation of suppliers’ product quality, safety, energy saving and environmental protection-related technical performance. In addition, we will audit the relevant information filled in by suppliers to ensure its truthfulness and accuracy. In particular, we will give priority to suppliers with excellent ESG (Environmental, Social and Governance) performance. At the same time, all suppliers are required to sign anti-corruption and anti-corruption clauses to ensure the integrity and transparency of the relationship.

To ensure efficient operation of the supply chain, the Group implements active rating management for suppliers. We rate our suppliers in four dimensions, namely, performance capability, quality of supply, service capability and price level, and categorize them into three grades, namely, probationary, qualified and strategic. Suppliers with a composite score of 80 points or above may be issued with a qualified upgrade application by the projects department, while suppliers with a composite score of less than 60 points may be issued with a downgrade application. Unqualified suppliers will be suspended and blacklisted. This stringent assessment mechanism not only helps to screen out quality suppliers, but also effectively enhances the overall supply chain management.

In order to safeguard the interests of the Company and the healthy development of the supply chain, the Group strictly prohibits suppliers from engaging in commercial bribery, falsification of qualifications, jeopardizing the interests of the Company and obtaining improper benefits. Once verified, these suppliers will be blacklisted and prohibited from participating in the Group’s procurement business in accordance with the Measures for the Administration of Blacklist (《黑名單管理辦法》). Through this stringent elimination mechanism, we are able to effectively prevent potential risks and ensure the safety and stability of supply chain.



### ***Supplier communication and exchange***

During the year, we continued to have in-depth exchanges with suppliers and visited a number of suppliers on site to understand their business model, safety management, production processes and innovations, etc. In addition, we also conducted audits of suppliers' qualifications through on-site inspections and question-and-answer sessions, which included product quality, ability to guarantee supply, brand grade, past performance, workflow, quality management, environmental management and occupational health and safety management, etc. In this way, we not only identify possible problems in the supply chain, but also collect suggestions for improvement, enhance mutual understanding and strengthen the foundation of cooperation. These efforts not only ensure the quality of purchased materials, but also significantly reduce supply chain risks.

Through the above measures, the Group has not only established a sound supplier management system, but also enhanced the overall efficiency and reliability of the supply chain, providing strong support for the Company's high-quality development. Our goal is to ensure that each and every supplier becomes a solid partner in driving the Company's development through strict admission, scientific evaluation and effective elimination mechanism.



**Supplier networking events**

### **Management of centralized procurement suppliers**

In accordance with the relevant requirements of the Group's "Material Management System" (《物资管理制度》) and "Management Measures for Centralized Procurement Suppliers" (《集采供应商管理办法》), the Group implements the management principles of "centralized management, dynamic assessment and selection of the best and elimination of the worst" in respect of its centralized procurement suppliers. We adhere to stringent standards and processes, strict admission and real-time evaluation. Through the establishment of the "Supplier Directory" (《供应商名录》), daily management and regular assessment, we ensure that all partners meet the requirements of high quality, environmental friendliness, safety and reliability.

In the course of cooperation, we conducted assessments based on four dimensions, namely, "contract fulfillment capability, supply quality, service capability and price level", and based on the assessment results, we classified our centralized procurement suppliers into three grades, namely, probationary, qualified and strategic. At the same time, the corresponding rights and interests of each level are divided: in the process of centralized procurement tendering, priority will be given to successful bids from suppliers with higher ratings.

During the year, the Group conducted a total of 949 supplier evaluations and 308 supplier upgrades. Up to now, there are 22 strategic suppliers, 4,930 qualified suppliers and 68,020 trial suppliers.



**2024 excellent centralized procurement partners exchange seminar**

### **Cloud Procurement Platform Operation**

In 2024, the “Cloud Procurement Platform” of Hebei Construction showed remarkable operational results, covering a wide range of aspects such as transaction turnover, member registration, mall purchasing and cost control, fully demonstrating the advantages and highlights of centralized procurement.

During the Reporting Period, the total transaction value of Cloud Procurement Platform amounted to RMB8,924.4 million, including RMB6,706.77 million for material procurement, RMB1,157.22 million for equipment leasing, RMB246.89 million for labor subcontracting, and RMB813.52 million for professional subcontracting. These figures not only reflected the extensive coverage of the platform in various business areas, but also its strong ability to drive the Group’s procurement efficiency and effectiveness.

At the same time, Cloud Procurement Platform has also made significant progress in supplier registration. In 2024, there were a total of 6,192 newly registered suppliers, including 5,029 material suppliers, 727 equipment suppliers, 37 labor subcontractors, and 399 professional subcontractors. This growth not only enlarged the platform’s pool of supplier resources, but also provided more choices and support for the smooth implementation of various projects.

In terms of mall procurement, there were a total of 32 project departments participated in mall procurement in 2024, placing a total of 269 orders with a total amount of over RMB12 million. This convenient and efficient procurement method not only enhanced the efficiency of the project departments, but also ensured the timeliness and accuracy of supplies.

The Cloud Procurement Platform ‘s continuous enhancement of digitalization and intelligent construction has gradually improved the overall procurement efficiency and saved a lot of time and cost. Through an open and sunny procurement model, the platform attracts active participation of various suppliers, forming an effective and healthy competition environment. This competition not only helps optimize procurement costs, but also promotes in-depth cooperation and innovation among suppliers. For example, in a number of projects, the active participation of suppliers in the platform has not only improved their own service level, but also established a long-term and stable relationship with the Group.

In addition, the successful operation of Cloud Procurement Platform is also reflected in the effective control of procurement costs. By optimizing the procurement process, enhancing transparency and strengthening cooperation with suppliers, the platform has successfully achieved a significant reduction in procurement costs and improved overall operational efficiency. This efficient procurement management model has not only brought direct economic benefits to the Group, but also enhanced the competitiveness of the enterprise in the market.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In summary, the operation of the Cloud Procurement Platform in 2024 fully demonstrated its outstanding performance in terms of transaction volume, membership registration, mall procurement and cost control. Through continuous enhancement of digitalization and intelligence, the platform not only improved procurement efficiency, but also optimized supply chain management, providing strong support for the Group's high-quality development. In the future, we will continue to devote ourselves to the construction and optimization of the platform to further enhance the level of procurement management and facilitate sustainable and healthy development of the Group.

### **Supply Chain Modernization**

In terms of supply chain management, the Group is committed to enhancing its modernization, digitization and intelligence. Through the introduction of e-commerce platforms, the implementation of dedicated procurement interface with leading enterprises in the industry and the online operation of the entire process, the Group has significantly enhanced the efficiency and transparency of the overall supply chain.

First, by combining the industry's vertical e-commerce operation model, we accelerated the introduction of third-party MRO (maintenance, repair and operation) procurement platforms, such as Xinfangsheng and Zhenkunxing, to create a one-stop procurement e-mall. This not only fully utilizes the advantages of the mall in terms of price, quality and billing period, but also further enhances the procurement efficiency of the project through the order-based procurement business. The project team can quickly obtain the required materials through the platform to ensure that the progress of the project will not be affected.

In addition, relying on the e-commerce platform, we have built a centralized procurement special platform, realizing professional market connection. By gradually increasing and improving the mall building materials categories, we not only enrich the product line, but also improve the flexibility of procurement and response speed. At present, we have completed cooperation negotiations with Hisense, Sankeshu, Kailun and more than 10 industry-leading enterprises and manufacturers stationed in the work, with cumulative shelves of waterproofing, insulation, electrical and other ten categories totaling more than 800 items of goods. These collaborations have not only enhanced our digitization level, but also provided the Group with more quality choices.

In respect of tendering and procurement, the Group has fully implemented online operation. From the issuance of tender notices to the announcement of results, all processes, including suppliers' tender registration and quotation, have been online. This full-process digital management mode not only improves work efficiency, but also enhances the transparency and fairness of the procurement process. In this way, we are able to better monitor the procurement process and ensure that each step complies with the Company's regulations and legal requirements.



In the future, we will continue to devote ourselves to the modernization of supply chain by exploring and applying new technologies and methodologies to further enhance the intelligence of supply chain and ensure the Group's competitiveness and sustainability in the global market.

### 3.3 INDUSTRY COLLABORATION FOR WIN-WIN

In the journey of high-quality development of the construction industry, Hebei Construction always takes "win-win cooperation and innovation drive" as the core concept, and is committed to promoting the common progress and sustainable development of the industry by participating in the formulation of standards, deepening the cooperation between industry, academia and research, and active exchanges with associations.

In 2024, the Group participated in the compilation of 11 national, industrial and local standards, thus enhancing the voice of the industry.

No.	Standard name	Standard No.	Date of implementation	Compilation
1	Pervious Bituminous Concrete	JC/T 2749-2023	2024/7/1	Co-editor
2	Technical regulations for the application of premixed mortar	DB11/T696-2023	2024/4/1	Co-editor
3	Technical Standard for Composite Foundation with Hydraulic Pile	DB13(J)/T8581-2024	2024/8/1	Co-editor
4	Pre-assembled thermal insulation structure integration - CMS self-temperature insulation wall panel application technical standards	T/JSXX010-2023	2023/10/26	Co-editor
5	Technical Guidelines for Design and Construction of Long-Life Asphalt Pavement for Xiongan New Area Highway	T_CHTS 10141-2024	2024/4/22	Co-editor
6	Highway Concrete Bridge Rubber Asphalt Bridge Decking Technical Guidelines	T_CHTS 10073-2022	2022/12/20	Co-editor
7	Technical Guidelines for the Construction of Two Areas of the Xiongan New Area Expressway Project	T_CHTS 10097-2023	2023/5/12	Co-editor



No.	Standard name	Standard No.	Date of implementation	Compilation
8	Xiongan New Area Highway Intelligent Service Area Construction Guidelines	T_CHTS 10118-2023	2023/12/22	Co-editor
9	Environmental Management Guidelines for Highway Construction in Xiongan New Area	T_CHTS 10119-2023	2023/12/22	Co-editor
10	Determination method of hydration heat of cement	GB/T 12959-2024	2024/11/1	Co-editor
11	Technical Specification for Application of Non-demolition Composite Thermal Insulation Boards for Construction Use	JC/T 60016-2022	2023/4/1	Co-editor

### **Industry-Academia-Research Collaboration**

The Group focuses on cooperation with higher institutions. We have established good collaborative relationships with Tsinghua University, Tianjin University, Harbin Institute of Technology, Wuhan University, Railway University and other renowned institutions in China to build a platform for technological innovation, including the establishment of the Baoding Construction Waste Recycling Technology Innovation Center with the Hebei University of Agriculture, the establishment of the exclusive postgraduate workstations of the construction industry in Hebei Province, the establishment of off-campus internship bases with Hebei University of Agriculture and Hebei University; and cooperation with a number of universities to report on scientific and technological projects, emphasizing on the cultivation of professional and technical talents as well as postgraduates.

In addition, the Group works closely with national research institutes such as the China Academy of Building Research and the China Academy of Building Research in Building Materials, combining research and development with engineering practice, and continuously accumulating and innovating technology. In this way, we are able to better transform scientific and technological achievements into productivity, support the implementation of projects and enhance economic benefits.

In order to further enhance our professional and technical strength, the Group has signed external expert cooperation agreements with renowned professors, researchers, engineers and technicians in the industry to carry out technical consultation and cooperative research and development. This mode of cooperation has not only strengthened our technological research and development capabilities, but also promoted a one-stop research and development model of industry, academia, research and utilization, ensuring continuous innovation and application of technology.

In recent years, we conduct project studies on large-scale complex projects by using theoretical and experimental advantages of universities and research institutes to jointly implement projects and achieve significant practical results:

- (1) **Underground space research:** The Company reached a commissioning agreement with Hebei University of Science and Technology on “Key Technology Research on the Mechanism of Frost and Inflation Causing Disasters and Frost Hazard Removal and Treatment of Tunnels in Frozen Areas”, and through technical research and development, the Company has realized the authorization of 5 patents for inventions and 5 patents for utility models, published 27 academic papers, and won the 2022 Hebei Provincial Government Science and Technology Progress Award. The technology has been successfully applied in the Jilin Baishan Tunnel Project, which has achieved significant economic and social benefits.
- (2) **School-enterprise joint agreement:** we signed a school-enterprise joint agreement with Hebei Institute of Water Conservancy and Electric Power. Three executives of the Company were employed as part-time professors; we reached a talent training agreement with Hebei Institute of Transportation Vocational and Technical College, vigorously promoting training of BIM talents and setting up a platform for growth and learning for the backbone of BIM technicians.
- (3) **Research and development of specialized technology and cultivation of high-end talents:** The Group cooperates with Hebei University, Hebei Agricultural University, Shijiazhuang Railway University and other universities in the province to jointly carry out research and development of specialized technology and cultivation of high-end talents. Through such cooperation, the Group has gradually accumulated its own development strength and improved its technological content, which in turn has enhanced the Company’s competitiveness and economic efficiency, and strongly promoted high-quality development.

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- (4) **Research on ecological purification wetland buffer zone technology:** The project “Research and Demonstration on Ecological Purification Wetland Buffer Zone Technology for Baiyangdian Precipitation Water Body” was developed in cooperation with Tongji University, which researched the solutions for the application of artificial wetland in the northern region (low-temperature environment). The project has been completed and received municipal incentive funds of RMB500,000.
- (5) **Key technology for ultra-low energy consumption of assembled steel structure residence:** The project of “Research and Development and Application of Key Technology for Ultra-low Energy Consumption of Assembled Steel Structure Residence” was jointly researched and developed with the Hebei Academy of Building Research, which has been completed and has received RMB400,000 of government funding support.
- (6) **Post-doctoral Workstation:** The Group’s post-doctoral research station is actively engaged in cooperation and research projects.

Through the above industry-academia-research cooperation, Hebei Construction Group has not only enhanced its own scientific research capability and technology level, but also effectively promoted the transformation and application of scientific and technological achievements, laying a solid foundation for the high-quality development of the Company. In the future, we will continue to deepen our cooperation with universities and research institutes and explore new technologies and methods to further enhance our core competitiveness.

### *Association Exchange and Sharing*

During the Reporting Period, the Group actively participated in the activities of industry associations to promote technological advancement and healthy development of the industry through extensive association exchanges and resource sharing. The Company was deeply involved in the activities of a number of national and provincial industry associations, including the China Civil Engineering Society, China Construction Industry Association, China Association of Construction Enterprise Manage, China Association for Quality, Hebei Provincial Society of Civil Engineering and Architecture, Hebei Construction Industry Association and Quality Association of Hebei Province.

#### **Hebei Provincial Society of Civil Engineering and Architecture:**

The Group actively applied for and participated in various activities organized by the Hebei Provincial Society of Civil Engineering and Architecture, such as the evaluation of the Provincial Construction Industry Science and Technology Progress Award and the application of provincial workmanship. These activities not only promoted the Company’s progress in technological innovation, but also earned the Company a number of honors and enhanced its visibility and technical level in the industry.

**Hebei Construction Industry Association:**

As an important member of the Hebei Construction Industry Association, the Group actively participates in various activities organized by the association, including the establishment of projects under the Science and Technology Plan for the Construction Industry in Hebei Province and the application for the Science and Technology Award. In addition, the Company also actively participated in green construction level evaluation activities, high value patent competitions, enterprise construction method competitions and project management achievement evaluation activities. These activities not only demonstrated the Company's technical strength and innovation ability, but also provided valuable learning and exchange opportunities for the Company.

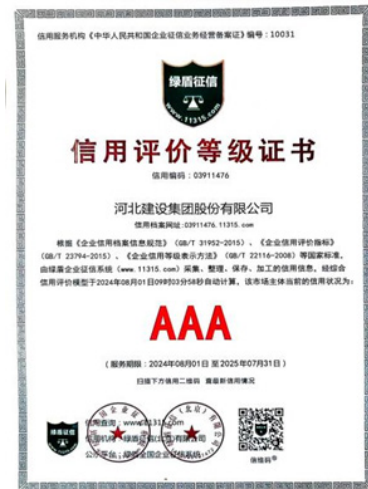
**Hebei Construction Engineering Tenders and Bidding Association:**

During the financial year 2024, the Group, as an important member of the Hebei Construction Engineering Tenders and Bidding Association, participated in various seminars, training activities and industry surveys organized by the association. In particular, the Group shared its mature experience in tender and bidding management and learned from the advanced ideas of other enterprises during the research and study on hot issues in the tender and bidding industry, so as to jointly explore new paths of development in the industry. Such exchanges and interactions greatly facilitated the flow of information and sharing of experience in the field of tendering, and promoted the healthy development of the industry as a whole.

In terms of corporate credit construction, Hebei Construction has also achieved remarkable results. The Company actively participated in the credit evaluation work and successfully obtained the certificate of credit evaluation level by virtue of its standardized operation and management, good performance record and fulfillment of social responsibility. We were awarded "the People's Republic of China Enterprise Credit Collection Business Operation Registration Certificate" No. 10031 (《中華人民共和國企業徵信業務經營備案證》), of a credit service organization. This achievement is a strong proof of the Company's outstanding performance in integrity management, and further enhances the Company's credibility and competitiveness in the market. The good credit image not only wins more cooperation opportunities for the Company, but also creates a good atmosphere of honest operation for the construction industry.

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By actively participating in the activities of the association and further promoting credit construction, Hebei Construction has strengthened its close ties with industry partners, realized efficient sharing of technology and resources, contributed to the healthy and orderly development of the construction industry, and helped to create a more prosperous and harmonious ecological environment for the industry.





## 4 DRIVING THE FUTURE WITH GREEN

In the era of low-carbon development, the Group has always taken “green driving and sustainable development” as its core concept, and is committed to responding to the national “dual-carbon” goal and building a green future through a green operation mode and multi-pronged energy saving and emission reduction measures. We understand that green is not only a corporate responsibility, but also the direction of the future. By identifying the risks of climate change, promoting energy-saving technologies and optimizing emission control, we continue to explore and implement a more forward-looking green development model, contributing more value to the industry and society.

### 4.1 CLIMATE RESPONSE

In response to climate change, the Group actively explores economic opportunities and challenges that climate change may bring to enterprises, incorporates climate change issues into its overall corporate strategy, increases low-carbon investments and implements emission reduction initiatives, actively responding to the national call for “carbon peak and carbon neutral”. While adhering to the green and low-carbon development of the Company, the Company also actively participates in the global mission of coping with climate change, undertakes corporate responsibility, and actively contributes to the realization of the country’s “dual-carbon” goal.

We have incorporated the response to climate change as an important part of the Group’s green management, and responded to the long-term expectation of environmental compliance through forward-looking risk management in accordance with the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In this regard, we establish and continue to improve our climate change risk management framework, and clearly define the responsibilities of climate change management at all levels to ensure that climate change management is put into practice.

In order to better understand the impact of climate change on the Group’s operations, we identified climate issues relevant to the Group’s operations by searching and reviewing government plans and policies as well as historical records of extreme weather events. Taking into account the characteristics of the construction industry and the Group’s specific operating conditions, we launched a comprehensive climate risk identification and analysis process, focusing on both physical risks and transition risks, and formulated corresponding countermeasures.

- **Physical risks:** In a high emissions scenario (RCP8.5), physical risks such as extreme weather events pose a greater threat to the Group’s operations. We are enhancing the ability to withstand natural disasters by strengthening infrastructure and contingency planning.

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- **Transition risks:** Under the strong control scenario (RCP2.6), transition risks such as policy changes and changes in market demand have a more significant impact on the Group. We are actively adapting to market changes by optimizing business structure and investing more in low-carbon technologies and products.

Risk type		Risk factors	Risk description	Responses
Physical risks	Acute	Extreme weather events such as typhoons, floods, droughts, extreme heat and cold weather	The frequent extreme weather events will result in inconvenient commutes for employees, project suspension/delay in construction and disruptions in supply chain transportation, which will affect the continuity of production operations and increase the cost burden.	1 Enhance the monitoring of weather forecasts to be well prepared for extreme weather events; 2 Formulate contingency plans for extreme weather (strong typhoons, heavy rainfall and flooding, sleet and snow, etc.), issue work notices to deal with extreme weather, and prepare emergency facilities;
	Chronic	Impact from changes in temperature and precipitation	Gradual changes in temperature and precipitation may result in the relocation of some of the potentially affected operating sites, increasing operating costs.	3 Arrange designated staff to monitor the weather forecast on a daily basis. In case of extreme weather, the emergency plan will be activated in a timely manner, and the post-event review will be carried out to summarise and accumulate experience; 4 Reserve sufficient emergency supplies (such as lighting, generators, water belts, baffles, snow tools, rain gear, etc.), and regularly check and inspection to ensure the backup force for emergency treatment; 5. By reviewing the hydrogeological data and surveyed water level data of the area, the relevant chronic risks were incorporated into the consideration of the project parameters.

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Risk type		Risk factors	Risk description	Responses
Transition risks	Policies and laws	More stringent emissions reporting obligations and compliance requirements	With the introduction of national policies related to carbon emission reduction, the Group will face increasing requirements from regulatory and investment bodies for disclosure of corporate emission reduction targets, measures and results and failure to disclose corresponding environmental information in a timely manner in accordance with the relevant laws, regulations and policies issued will expose the Group to compliance risks.	<ol style="list-style-type: none"> <li>1 Keep abreast of and comply with the laws and regulations issued by the relevant regulatory bodies, and regularly identify the policies applicable to the Group in relation to carbon emissions;</li> <li>2 Actively study relevant policies and regulations, strengthen communication with various regulatory authorities and stakeholders, and actively respond to the demands of various stakeholders;</li> <li>3 Strengthen internal carbon accounting management, enhance accounting of carbon emissions in the construction process and conduct comprehensive and continuous disclosure of greenhouse gas emissions;</li> <li>4 Make use of the energy management system, continue to promote various energy conservation and emission reduction tasks, carry out refined energy management, and manage building energy quota and long-term carbon emission targets.</li> </ol>
	Technologies	Low carbon technology transition and application of low carbon building materials	To address climate change, low-emission products will gradually replace existing products, and designs such as green buildings and ultra-low energy buildings will gain wider market attention and policy support. As a result, the Group is exposed to risks such as: reduced liquidity of existing product assets and increased costs for transition to low-emission products.	<ol style="list-style-type: none"> <li>1 Promote green construction management to reduce building energy consumption in terms of raw material production and component processing, construction site management, subsequent building maintenance and technological innovation, and to improve the overall energy efficiency and environmental performance of buildings;</li> <li>2 Continuously promote ultra-low energy buildings and promote the implementation and application of green building concepts in the construction process.</li> </ol>

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Risk type		Risk factors	Risk description	Responses
	Market	Customer preference for green construction	As customers become more aware of and inclined towards green buildings, the Group will face risks such as increased budgets due to the need to accelerate the progress of the low carbon transition, reduced market share due to the threat of competitors offering low emission products and increased costs for research and development, design and development of green technologies.	1 Closely monitor and pay more attention to changes in customer demand for green buildings and disclosure requirements for sustainable development; 2 Promote the wide application of new green construction technologies and actively improve the certification level and coverage ratio of green construction labels.
		Rising raw material costs	The prices of resources such as energy, water and building materials will increase as a result of climate change, which in turn will affect the cost of purchasing raw materials for products and lead to disruptions in the project construction schedule.	1 Strictly implement resource-saving measures in the use of raw materials and recycle construction waste; 2 Collaborate with industry partners to promote green supply chain development and reduce procurement costs.
	Reputation	Growing concern from stakeholders about negative feedback	As a general contractor, the Group needs to closely follow up on feedback from clients and other stakeholders on requirements related to addressing climate change to enhance confidence among investors and other stakeholders. Failure to meet investors' expectations will result in lower ESG and climate change related index ratings in the capital markets.	1 Increase attention to the disclosure requirements related to sustainable development and climate change to ensure compliance; 2 Incorporate environmental impact and climate change risk reduction into the Group's strategic level and formulation of corresponding measures; 3 Continuous focus on and active participation in green certifications and initiatives (e.g. green building) to enhance the competitiveness in the industry.

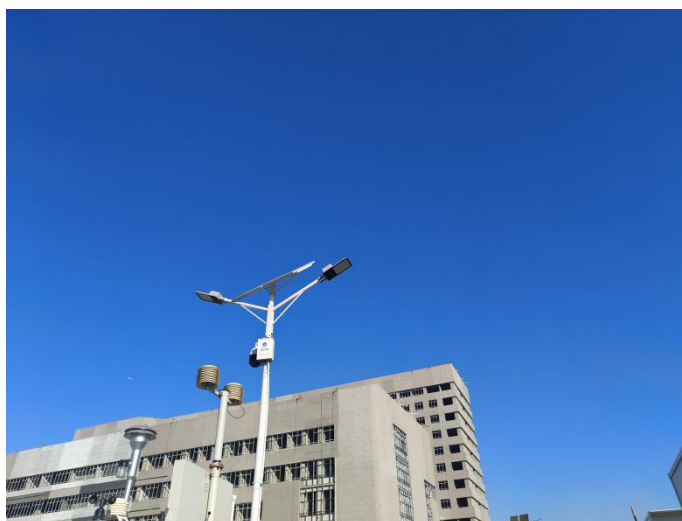
In the future, we will continue to enhance comprehensive strength of the Company, promote the Company to move forward on the road of high-quality development, and make greater contributions to the country to realize the goal of “double carbon”. At the same time, we will enhance the staff’s risk awareness and ability to cope with climate change through systematic inspections, specialized inspections and emergency drills to ensure that the Company is more resilient and adaptable in the face of climate change.

### Energy Saving Technology

The Group strictly complies with the “Energy Conservation Law of the People’s Republic of China” (《中華人民共和國節約能源法》) and other laws and regulations, and is committed to enhancing the efficiency of energy utilization, encouraging the use of renewable resources such as solar energy in its projects, and deeply integrating energy conservation and consumption reduction into the Group’s production and operation, thereby contributing to low-carbon development.

#### Guang’anmen Hospital project and Dacheng County Hospital relocation project adopted solar street lamps

The Group’s third branch upgraded their lighting equipment for the Guang’anmen Hospital project by adopting solar street lamps and using photovoltaic power generation to save on-site electricity consumption. For the Dacheng County Hospital relocation project constructed by the Jian’an Branch, solar street lamps were used for outdoor street lamp lighting. Solar street lamps utilize natural light to reduce the consumption of electricity, which saves energy and protects the environment and also reduces the cost of use. Solar street lamps, which rely on natural light for charging, have a long service life and low maintenance costs. They are not affected by external factors such as grid outages and can work normally in all kinds of adverse weather conditions to provide continuous and stable lighting services. Solar street lamps use safe voltage, which will not cause any risk of electric shock to employees, and at the same time reduce the safety hazards caused by aging materials and power supply malfunction, etc.



#### Concrete branch adopts electric tank trucks

In response to the environmental protection policy and the requirements of leading enterprise rating, the concrete branch leased 17 electric tank trucks instead of fuel tank trucks. During the year, the electric tank trucks transported a total of 133,674 cubic meters of concrete, consumed 691,094 kWh of electricity and reduced fuel usage by 267,348 liters which has significantly reduced carbon emissions and improved energy efficiency in the transportation process.



## Emissions control

In terms of greenhouse gas emissions management, the Group has adopted a series of standardized practices to ensure effective control of greenhouse gas and energy consumption. Below are the relevant data on greenhouse gas and energy consumption during the Reporting Period:

Type		Unit	2022	2023	2024
Direct energy consumption	Gasoline	Litre	4,291,165	3,051,030	2,249,688
	Diesel	Litre	18,677,386	11,321,790	8,119,242
	LPG	Tonne	4,567	658	483
	LNG	m <sup>3</sup>	741,043	1,040,735	364,402
Indirect energy consumption	Purchased electricity	kWh	116,013,412	94,161,653	66,555,536
	Purchased thermal power	Million kJ	16,864	17,014	6,893
Total energy consumption <sup>1</sup>	Tonne standard coal		51,087	31,778	21,346
Total energy consumption intensity	Tonne standard coal/RMB10,000 total revenue		0.01	0.01	0.01
GHG emission <sup>2</sup>	Scope 1 GHG emissions	tCO <sub>2</sub> -eq	75,042	41,527	39,476
	Scope 2 GHG emissions	tCO <sub>2</sub> -eq	68,018	55,572	42,553
	Total GHG emissions	tCO <sub>2</sub> -eq	143,060	97,099	82,029
	GHG emissions intensity	tCO <sub>2</sub> -eq/RMB10,000	0.04	0.03	0.03

1 Total energy consumption was calculated according to the “General Rules for Total Energy Consumption Calculation” (GB/T 2589-2020) (《綜合能耗計算通則》(GB/T 2589-2020)).

2 During the Reporting Period, the Group’s Scope 1 GHG emissions mainly generated from direct energy consumption – mainly including natural gas, diesel and gasoline; Scope 2 GHG generated from indirect energy consumption – mainly including purchased electricity and purchased steam; GHG emissions were calculated with reference to the “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Enterprises (Trial)” (《工業其他行業企業溫室氣體排放核算方法與報告指南(試行)》) issued by the National Development and Reform Commission of the People’s Republic of China.

3 During the Reporting Period, the calculation of the electricity emission factors was made with reference to the “Announcement on the Release of CO<sub>2</sub> Emission Factors for Electricity in 2022” (《關於發佈2022年電力二氧化碳排放因子的公告》) issued by the Ministry of Ecology and Environment of the People’s Republic of China, pursuant to which we made adjustments to the relevant grid emission factors.

Through the above measures, the Group has not only improved its energy efficiency, but also significantly reduced greenhouse gas emissions, contributing to the realization of the national goal of “Carbon Peak and Carbon Neutrality”. In the future, we will continue to deepen the application of energy-saving technologies and emission control, and drive the Group to move forward on the path of green development. At the same time, the Group will continue to strengthen cooperation with industry associations, share experience and practices, and facilitate information flow and experience sharing within the industry, with a view to jointly promoting the healthy and orderly development of the construction industry.

## 4.2 RESOURCES MANAGEMENT

The Group is committed to practicing sustainable resources management, continuously improving its resources management system, and optimizing its water resources management and construction material conservation practices on an ongoing basis.

### *Water Resources Management*

The Group is fully aware of the importance of water resources and strictly complies with the Water Law of the People's Republic of China (《中華人民共和國水法》) and other relevant laws and regulations as well as the requirements of its internal water management system. The Group is committed to regulating the use of water resources and effectively controlling the risks of water resources, so as to mitigate the impacts of the shortage of water resources on the environment and the Group's operations at source.

Our water sources are primarily municipal. During the Reporting Period, we established a system for collecting and utilizing rainwater, reclaimed water and other available water resources, and recycled water resources as much as possible through measures such as reclaimed water reuse and rainwater recycling. At the same time, water consumption quotas were set according to the characteristics of the construction; energy-saving taps were used for domestic water in the office and living areas of the construction site and the rate of allocation of water-saving appliances reached 100%; domestic water used in the construction site was counted separately from that used in the construction; advanced water-saving construction techniques were used in the construction; water descending from the foundation pits was stored for use to wash on-site machineries, equipment and vehicles and recycling devices were installed. Rainwater collection and utilization facilities are installed on site. In addition, we further reduced water resources risks by taking measures to actively protect the construction site and the surrounding water environment to minimize groundwater extraction and avoid soil and water pollution at the construction site.

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During the Reporting Period, the Group's consumption of water resources was as follows:

Type		Unit	2022	2023	2024
Water consumption	Total volume	Tonne	7,805,411	6,218,492	4,334,301
	Intensity	Tonne/ RMB10,000 total revenue	1.87	1.86	1.73

### Construction Materials Management

The Group adheres to the concept of green development and the principle of conservation management throughout the construction process, and strives to achieve cost reduction and efficiency enhancement and effective waste reduction in three aspects, namely material selection, connection technology and material conservation, contributing to the sustainable development of the construction industry.

1. **Material selection:** use of high-performance concrete, use of waterproof material, high strength reinforcement materials, new energy-saving rebar application technology and assembled components, etc.
2. **Connection technology:** mechanical connection technology for large diameter rebars, heat shrink cable connection and common plate flange connection for galvanized air ducts.
3. **Material conservation:** use of straight threaded joints for connections as far as possible, use rebar scraps to make bar support to improve the utilization rate of rebars; strict control of formwork and scrap woods, recycling of waste formwork used for hole protection; for cables, pipes, etc., we have adopted centralized material placement and optimized cutting solutions to reduce material wastage.

In addition, the Group strictly adheres to various national land use standards and actively conducts research on land-saving technologies and land-saving models, realizing the concept of sustainable development of land resources. Through the investigation and assessment of construction projects and land environmental quality, we implement land resources conservation from three perspectives: design refinement, optimisation of construction solutions and technology application and innovation, under the condition of fulfilling local policy requirements. We actively assume our corporate social responsibility in the construction industry and strive to maximise the value of land resources and ecology. Major tasks include:

1. **Design refinement:** Reasonable design of the pit support process to reduce the amount of earth excavation; take measures to reduce soil loss and transport distance to prepare for backfilling and other uses.
2. **Optimisation of construction solutions:** Optimize the layout of temporary facilities (e.g. office areas, material yards, etc.) at construction sites to reduce land occupation; timely restore the land to its original function after completion of construction to protect the land.
3. **Technology application and innovation:** Use a combination of temporary roads and permanent roads to make full use of existing roads, reduce additional investment and contribute to land conservation.

### **Pollution control**

The Group has implemented the concept of green construction throughout the entire production and operation process. The Group has resolutely adhered to the national laws and regulations relating to the discharge of pollutants and formulated the Group's management systems such as the "Environmental Protection Management Policy" (《環境保護管理制度》) and the "Green Construction Implementation Rules (Trial)" (《綠色施工實施細則（試行）》) to continue to improve its internal emission management system.

By taking active measures to standardize the management of wastewater, waste, exhaust gas, dust and noise, we minimize the impact of emissions from production and operation processes and achieve a harmonious coexistence between the Group and the natural environment.

### **Waste Management**

The Group strictly complies with the Law of the People's Republic of China on Prevention and Control of Solid Waste Environmental Pollution (《中華人民共和國固體廢物污染環境防治法》) and other relevant laws and regulations. The Group has formulated the "Environmental Targets, Indicators and Management Programs of the Group Companies" (《集團公司環境目標、指標及管理方案》) and carried out standardized management of waste generated during the course of construction and operation in various aspects, including classification, collection, storage, transfer and treatment. Specific measures include:

- Establish waste reduction targets:
  - Realize construction waste reduction at source, process control and recycling.
  - The amount of construction waste generated is controlled to be no more than 300 tons per 10,000 cubic meters of cast-in-place concrete structures and no more than 200 tons per 10,000 square meters of prefabricated construction.
- Multi-purpose initiatives for waste minimization:
  - Steel main structure: The active use of steel as the main structure of the site, compared with traditional concrete structure, greatly reduces the construction waste such as formwork, reinforcement and concrete, and reduces the generation of construction waste from the source. The steel structure can reduce the generation of construction waste by 70%.
  - Reinforced truss floor joist technology: Adopting reinforced truss floor joist technology can increase the frequency of rotation by 2-3 times compared with the traditional formwork support method. As prefabricated construction, the components are uniformly processed in the processing plant, and the steel reinforcement and floor joist are integrated and installed, which fully reduces the use of formwork and steel reinforcement, and reduces the generation of construction waste such as formwork and steel reinforcement.
  - ALC wall panel installation process: The exterior and interior walls of the building adopt the ALC wall panel installation process. ALC wall panels are factory processed, which saves materials and reduces the amount of construction waste generated compared to traditional structures.



- Waste recycling and reuse:
  - For recyclable waste, priority will be given to reusable treatment. Waste separation collection bins will be set up at the construction site and specialized personnel will be responsible for collection and cleaning to ensure that waste will be effectively managed and reused.
  - For non-recyclable hazardous waste, sorting and management are encouraged to increase the recycling rate. At the same time, fuels used on the premises are required to be kept in sealed containers to prevent polluting emissions caused by the escape of energy and fuel.



### Hazardous Waste Management Measures

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's waste generation was as follows:

Type		Unit	2022	2023	2024
Waste generated	Non-hazardous waste	Tonne	585,381	480,012	356,927
	Hazardous waste	Tonne	20	15	10
	Total volume	Tonne	585,401	480,027	356,937
Waste intensity		Tonne/ RMB10,000 total revenue	0.15	0.15	0.14

### Noise Management

The Group has strictly implemented noise management and control and, in accordance with national standards, has resolutely implemented the requirement that noise emissions from construction sites shall not exceed the Standards for Environmental Noise Emission in Construction Sites (《建築施工場所環境噪聲排放標準》) and has specified the Group's management requirements in respect of operating hours and environmental noise monitoring in the "Environmental Protection Management Policy" (《環境保護管理制度》).

We give priority to the use of low-noise construction facilities and techniques. We set up noise monitoring points at the sound source and conduct real-time dynamic monitoring. Once found to have exceeded the noise limit values stipulated by the local government, we immediately stop the work, and at the same time, we prohibit construction at night. Construction vehicles are prohibited from sounding horns when entering and leaving the site. We are determined not to affect the rights and interests of the residents in the surrounding area.

### 4.3 GREEN CONSTRUCTION

The Group has always regarded green construction as an important strategy for the sustainable development of the enterprise. Through stringent environmental management and the application of innovative technologies, we ensure that the construction process complies with national laws and regulations and actively realize environmental objectives. We are committed to reducing resources consumption and environmental pollution throughout the construction process, and promoting the transformation of the construction industry into a green, low-carbon and environmentally friendly one.

#### Environmental Protection System

The Group strictly complies with the “Law of the People’s Republic of China on Environmental Protection”(《中華人民共和國環境保護法》), the “Law of the People’s Republic of China on the Assessment of Environmental Affects”(《中華人民共和國環境影響評價法》) and the “Environmental Protection Tax Law of the People’s Republic of China”(《中華人民共和國環境保護稅法》) and other laws and regulations, and has formulated internal environmental management policies, such as the “Environmental Protection Management Policy”(《環境保護管理制度》) and the “Green Construction Implementation Rules (Trial)” (《綠色施工實施細則（試行）》) which were updated and revised in 2024. At present, we have passed the ISO14001 environmental management system certification, covering 23 branches (subsidiaries) including construction engineering, municipal utility engineering, electrical and mechanical engineering, foundation, airport track, steel structure, ready-mixed concrete and engineering design related professions in the construction industry within the scope of qualification.



### **Environmental Management Objectives**

The Group regards green development as its guiding principle and implements the environmental management concept of “saving resources and protecting the environment”. We have set environmental targets (carbon emission, energy use, waste emission and water efficiency targets) for 2024 to promote closed-loop management of environmental protection. For the identification of important environmental impact factors and target management program, the Group has specially formulated the “List of Important Environmental Factors” (《重要環境因素清單》), “List of Significant Hazardous Sources and their Control Plans” (《重大危險源及其控制計劃清單》) and “Environmental Target Indicators and Management Programs” (《環境目標指標及管理方案》) to further pinpoint the environmental management responsibilities to individuals in order to strengthen the control of environmental factors.

During the Reporting Period, we conducted a phased review of environmental management targets and facilitated the achievement of these targets through active promotion of green building-related work.

#### **Carbon Emission Targets**

- Gradually establish a carbon emission management system and strive to realize a year-on-year reduction in carbon emission

#### **Energy use targets**

- Promote the refinement of energy management and gradually control the use of natural gas, electricity and other energy consumption
- Vigorously developing green building technologies and expanding the share of clean energy

#### **Waste Emission Targets**

- Commitment to a 30% reduction in hazardous waste intensity by 2025, using 2020 as a baseline
- Commitment to a 20% reduction in the intensity of non-hazardous waste use by 2025, based on a 2020 baseline

#### **Water efficiency targets**

- On a 2020 basis, the Group is committed to a 18% reduction in water use intensity by 2025

### **Hebei Construction Group environmental objectives**

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Actions of emission reduction

- Specific details of carbon emission management for each operational segment
- Increase the share of renewable energy

### Energy Efficiency Enhancement

- Expand the use of new energy sources such as photovoltaics
- Increase the proportion of energy-saving equipment and investment in clean technologies
- Energy Saving Technology Retrofit

### Waste Reduction Initiatives

- Improvement of technological processes to reduce waste generation
- Increase research on recycling technology

### Enhanced water efficiency

- Enhancement of water treatment technology
- Expand the use of water-saving devices
- Active promotion of water conservation

### Progress of environmental targets



### **Construction Technology Innovation**

The Group has applied various new technologies, equipment, materials and processes in green construction to improve construction efficiency, reduce environmental impact and promote sustainable development.

#### **Green assembled soil nail wall support construction**

The Group's Konggang Branch adopted GRF01 (a new type of green assembled support protection technology product that can fully replace the traditional sprayed protection surface layer) in the foundation pit support of the No. 1 underpass project of the section construction of the Hohhot New Airport flight path project (FXQ-CD-03). On the basis of the soil-nailed wall support mechanism, the design of the slope protection surface layer is improved, with the surface layer adopting green assembled recyclable surface layer instead of sprayed mixed surface layer, while realizing assembled installation. We reduce the consumption of resources during the construction period and alleviates the impact on the ecological environment, having the characteristics of energy-saving, emission reduction, convenience, and recyclability.

#### **A type of spraying dust-reducing and temperature-reducing device for construction work surfaces**

The spray volume is adjusted by the adjusting component according to different spray volume requirements, so that the spray volume can be increased or decreased according to the usage environment, which can make the device more adjustable when used. The spray height of the sprinkler pipe can be adjusted by the movable component, so that the spray distance of the sprinkler pipe can be increased.

#### **A type of construction waste treatment device**

Through mutual cooperation of the lifting plate, the transmission bar, the adjusting lever and the loading plate, the device can realize semi-automatic loading of the construction waste, reduce the labor intensity of the workers and improve the speed of loading and transporting the construction waste which provides the required power for loading the construction waste to avoid the failure of loading due to insufficiency of power and improves working efficiency and reliability of the device.

#### **A type of noise control equipment for construction**

Through the development and use of noise prevention equipment, it is possible to effectively reduce on-site noise.

### **Green Construction Training**

In respect of green construction training, the Group actively organized project personnel to participate in observation and training activities organized internally and externally to enhance their learning, to continuously improve their business capabilities and to improve the overall level of on-site management and control.



Meanwhile, the Group conducted training programmes such as systematic training, special training and training for safety management personnel through a combination of online and offline channels. Taking the “Safety Production Month” as a carrier, through various forms of publicity, education and training, we cultivated a life first safety culture under the corporate theme culture “Family • People”.

### **Announcement of The Emergency Response Plan for Heavily Polluted Weather in Hebei Province**

Focusing on the “Emergency Response Plan for Heavily Polluted Weather in Hebei Province”(《河北省重污染天氣應急預案》)(Ji zheng ban zi [2024] No. 17) document dated 7 March 2024 issued by the provincial government, the Group responded quickly, studied seriously and produced interpretation courseware to be announced and shared within the system group. 66 people were trained for 4 hours, which improved the system staff’s understanding of the “Emergency Response Plan for Heavily Polluted Weather in Hebei Province” and helped them to actively cope with weather with heavy pollution.

### **Hebei Province Construction Safety Production, Dust Pollution Prevention and Intelligent Site On-site Observation Meeting**

The Group hosted the 2024 “Safety Production Month” public welfare activities and on-site safety, civilization and green observation activities organized by Hebei Provincial Construction Association at the 101 Medical Complex of Zhengding New District Hospital (North District Phase I) of the Second Hospital of Hebei Medical University, with more than 260 people observing the project.

In respect of the Group’s Hengbai International Project, we held Hebei Province’s housing and municipal construction safety on-site observation and exchange activities. More than 120 people participated in the activity, including the deputy director of the Provincial Department of Housing and Construction, the deputy director of Hengshui City Bureau of Housing and Construction, and the comrades in charge of construction safety of the Housing and Urban-Rural Development Bureau of each city and the personnel in charge of the Construction and Traffic Management Bureau of the Management Committee of Xiong’an New District, of which the application of intelligent construction technology and the sharing of the project’s experience in safety management were unanimously praised by the observers, polishing the brand image of the Group.

The Group organized 21 persons from relevant units to participate in the 2024 Hebei province construction safety production, dust pollution prevention and intelligent site on-site observation meeting, where they received 4 hours of training and learned advanced management experience from other units.

## 4.4 GREEN OFFICE

The Group integrates the concept of energy conservation and environmental protection into every aspect of its daily operations and reduces resources consumption and environmental burden through the implementation of green office initiatives. We are committed to creating a low-carbon and efficient office environment and practicing the concept of sustainable development in order to set an example of green office for employees and the community.

### *Paperless Office*

The Group has been actively advocating paperless office, minimizing the use of paper by strictly enforcing the Company's paper management regulations and promoting the development of office environment in the direction of greening and low-carbonization. Relevant measures are set out below:

- Advocate paperless office, print after finalizing the document
- Single-sided printed paper should be reused
- Refuse excessive packaging items
- Do not use or reduce the use of non-reusable paper products such as disposable water cups and laminated paper
- Centralized recycling and reuse of waste paper, waste books and newspapers

### ***Conservation of water and electricity***

The Group has formulated a detailed water and electricity conservation plan and assessed the savings or over-expenditure in utilization through regular statistical analysis to promote the realization of energy saving and consumption reduction targets in all aspects. Relevant measures are set out below:

- Use nationally certified energy-saving products and energy-efficient appliances
- Develop a habit of saving electricity. For example, turn off the power at any time to avoid phenomena such as “eternal lights” and “daylights”. The temperature of the air conditioner is not lower than 26° C in summer and not higher than 20° C in winter. When the air conditioner is turned on, the doors and windows should not be opened. Do not turn on the air conditioner when the air conditioner is not in use
- Turn off all electrical equipment after work
- Advocate green travel and provide employees with charging piles for new energy vehicles



## 5 PEOPLE-ORIENTED DEVELOPMENT

The Group always regards employees as the most valuable wealth of enterprises. Adhering to the development concept of “people-oriented”, the Group is committed to providing employees with a safe, healthy and fair working environment, protecting their legitimate rights and interests, and creating diversified career development space for them. Through perfect management system and humane care measures, we strive to realize the common growth of the staff and the Company and build harmonious labor relations.

### 5.1 COMPLIANCE EMPLOYMENT

The Group strictly complies with national laws and regulations and has established a comprehensive employee protection management system to ensure equal employment and eliminate any form of discriminatory behavior. Through the formulation of a series of systems such as the “Human Resources Management System” (《人力資源管理制度》) and the “Recruitment Standard Process” (《招聘標準流程》), we conduct talent recruitment based on the principles of fairness and openness to fully protect the basic rights and interests of employees and create a diversified and inclusive workplace environment.

#### *Legal Compliance and Institutional Building*

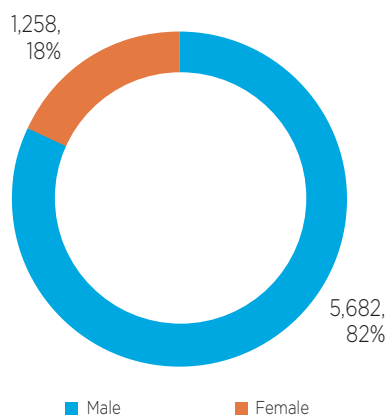
We adhere to the principle of equal employment, and strictly comply with national and local laws and regulations such as the “Labour Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labour Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》), the “Law of the People’s Republic of China on the Promotion of Employment” (《中華人民共和國就業促進法》), the “Social Insurance Law of the People’s Republic of China” (《中華人民共和國社會保險法》) and the “Provisions on the Prohibition of Using Child Labour” (《禁止使用童工規定》). We have established a series of systems and processes such as the “Human Resources Management System” (《人力資源管理制度》) and the “Recruitment Standard Process” (《招聘標準流程》), to carry out talent recruitment based on the principles of fairness and openness. We resolutely eliminate discrimination based on age, gender, region, ethnicity, religion, and other factors, while protecting the basic rights and interests of employees on all fronts.

Within the Group, any use of child labour, forced labour, or biased discrimination is strictly prohibited. Furthermore, we strictly require suppliers and contractors to standardise their employment, and prohibit illegal laws and discrimination. During the Reporting Period, the Group was not involved in any incidents of child labour or forced labour.

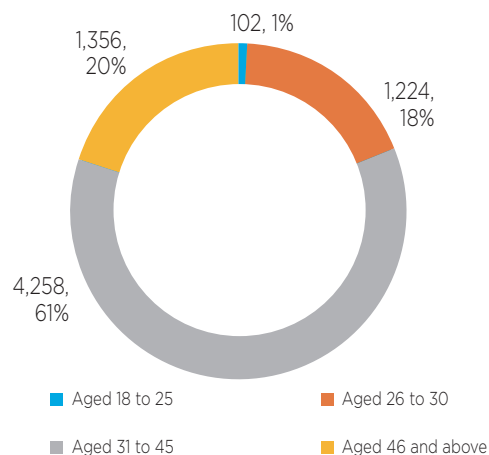
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group had a total of 6,940 employees. The breakdown by gender, age, employee type and region are as follows:

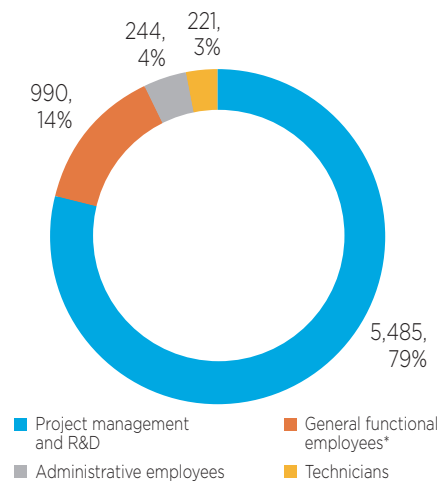
**Proportion of number of employees by gender**



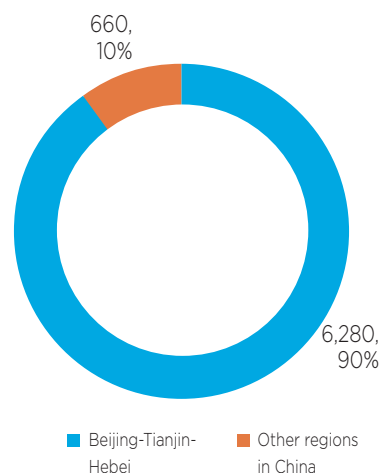
**Number of employees by age**



**Number of employees by category**



**Number of employees by region**

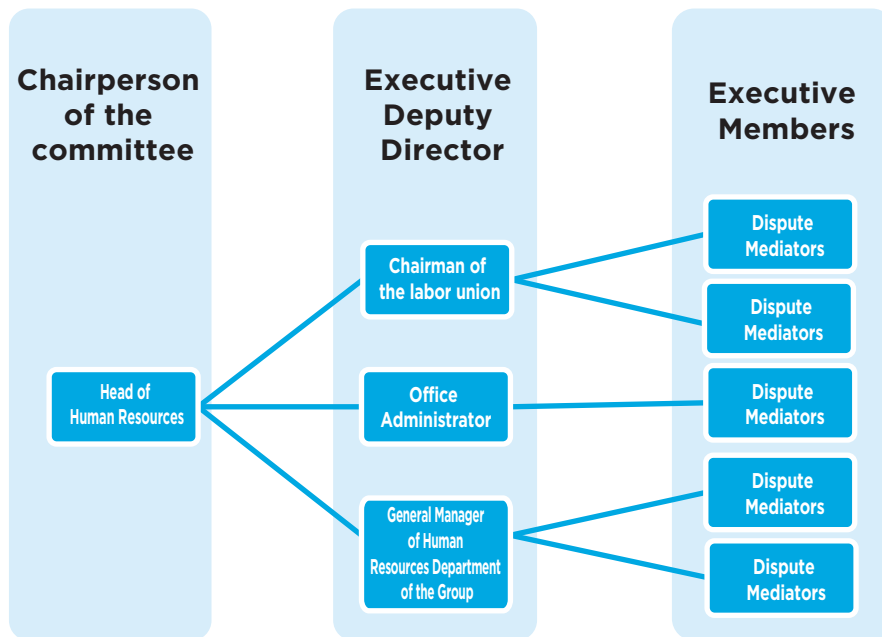


\*: General Functional Employees refer to: human resources department, legal affairs, audit finance, operation and marketing employees

### *Protection of rights and interests*

The Group has established a Labour Dispute Mediation Committee to help solve labour disputes in branches (subsidiaries). We conduct promotional and educational activities on labour laws and regulations for branches (subsidiaries), proactively work on preventing labour disputes, receive business guidance from the labour dispute arbitration committee of the competent government department, and handle relevant matters entrusted by the arbitration committee, aiming to protect the legitimate rights and interests of employees.

During the Reporting Period, all units of the Group initiated employment inspections, and formulated separate solutions for employees who were not assigned to specific positions. We achieve a win-win situation by maintaining the legitimate rights and interests of the workers while safeguarding the interests of enterprises. The Labour Dispute Mediation Committee of Hebei Construction Group Corporation Limited is concerned about the rights of the employees, so that employees can feel at ease, work with peace of mind and confidence.



**Structure of the Labour Dispute Mediation Committee**

### 5.2 SAFETY GUARD

The Group has firmly established the concept of safety development and is committed to providing a safe and healthy workplace for all employees. We strictly comply with the “Law of the People’s Republic of China on Production Safety” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》) and other national laws and regulations. We revise the “Management System for Safe Production, Civilized Construction and Environmental Protection” (《安全生產、文明施工、環境保護管理制度》) in accordance with the latest laws and regulations, standards and norms and seasonal policies of the state authorities and the industry, with the addition of 20 new systems. At present, there are 43 management systems centered on the “production responsibility system”, with a total of 670 management entries. As a result of the Group’s sound production safety management system and the importance attached to safe construction, we did not experience any major production safety incidents during the Reporting Period.

#### *Safety Production Management*

During the Reporting Period, the Group continued to deepen its safety management initiatives through the promotion of production safety standardization, project observation activities and application of safety information management. The Group was committed to preventing and resolving safety risks at source.

##### **Promote Safety Production Standardization**

- During the Reporting Period, the Group deployed the Group’s project management standardization manual and the new VIS image manual in a unified manner, and combined them with the creation of smart construction sites to form a reproducible standardized site.
- The inpatient complex project of Hebei University Hospital, the third branch, is based on the rules and regulations related to the standardization of production safety, and through the meticulous planning of the Group Company, the project is able to give full play to its management advantages such as process control and careful guidance. We consolidated management foundation in the areas of safe and civilised construction, scaffolding, foundation pit works, large machinery, temporary power management, moulding system and intelligent site construction, and carried out on-site construction in strict compliance with various management requirements. We obtained the National Construction Project Safety Production Standardization Site Learning and Exchange Program.

##### **Carry out Observation and Improvement**

- According to designated model projects, we actively organised internal and external observation and learning at all levels to demonstrate and lead the Group to comprehensively improve the overall level of safety, civilisation and green standardisation.
- During the Reporting Period, we successively undertook 18 internal and external observations with competent authorities and internal and external parties.

##### **Application Information Management**

- The Group incorporated information management systems into project safety management measures. We optimised and upgraded the ERP-Safety Management Information System module to manage the management requirements of the Group company’s provincial-level safety and civilisation construction sites, safety technologies and safety inspections through the “Safety Management” section.

The Group's continuous pursuit of safe and civilized construction has been recognized by various regulatory bodies and industry associations. During the Reporting Period, we received the following awards related to safe and civilized construction:



### Safe and Civilized Construction Award

#### ***Construction of Safety Culture***

During the Reporting Period, we conducted training programmes such as systematic training, special training and training for safety management personnel through a combination of online and offline channels, with a total of 11,003 participants. Taking the "Safety Production Month" of the Group as a carrier, we launched a series of safety production system activities with the theme of "Everyone Stresses Safety, Everyone Knows Emergency- Smooth Life Channels". Through various forms of publicity, education and training, we cultivated a life first safety culture under the corporate theme culture "Family • People".



## Group-wide safety production month series activities

During the Reporting Period, in order to comprehensively raise the safety responsibility awareness of employees, we focused on carrying out the following activities:

The Group and the Group Office produced the 23rd “Safety Production Month” themed promotional videos, safety month activity highlights and public service videos, etc., which were circulated in the Group’s first-floor lobby LCD screen and stairwell media center; On 7 June, the Company organized the “Safety Production Month Launching Ceremony and Consultation and Safety Lecture Series Activities”, which was attended by a total of 791 people online + offline; On 31 May, the construction site of the general contracting of the inpatient complex project of Hebei University Affiliated Hospital of the third branch held the launching meeting of “Safety Production Month” in 2024, which was attended by more than 50 people from Lianchi District Housing and Urban-Rural Development Bureau, construction units, supervisory units, and relevant personnel of construction units; Qinhuangdao Branch launched the launching ceremony and oath-taking activity of Safety Production Month of Daiheyuan Project in the afternoon of 21 June.



**Launching Ceremony of the Inpatient Complex Project of Hebei University Affiliated Hospital of the Third Branch**



**Qinhuangdao Daiheyuan Project Safety Production Month Signing Activity**

## **Occupational Health Protection**

We are committed to practicing the concept of safe development and providing a safe and healthy workplace for all employees, while effectively balancing safety and development.

We strictly abide by the “Law of the People’s Republic of China on Production Safety” (《中華人民共和國安全生產法》), the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases” (《中華人民共和國職業病防治法》) and other national laws and regulations, and have formulated the “Safe Production Reporting Incentive System” (《安全生產舉報獎勵制度》) and the “Management System of Highly Dangerous Sub-contracting Projects” (《危險性較大的分部分項工程管理制度》) within the Group, forming 43 safety production management systems with the “Safe Production Responsibility System” (安全生產責任制) as the core, with a total of 670 management items.

We regularly revise our internal rules and regulations in accordance with the requirements of relevant national laws, regulations and relevant provisions on quality, occupational health and safety and environmental protection, while taking into account the actual circumstances of the Group. During the Reporting Period, we revised the Group’s “Emergency Plan” (《應急預案》) to further improve the Group’s emergency rescue and response capabilities for production safety and environmental protection incidents. Our goal is to organise emergency rescue work in a scientific, rapid and orderly manner, minimise casualties, property losses and impact on the environment, and ensure the sustainable, healthy, stable and benign development of the Group while maintaining social harmony and stability.

The Group organizes annual medical checkups for all employees (fresh graduates must be on probation for at least one year) and selects suitable medical checkup packages according to different ages and fertility conditions to provide health protection. The declaration and arrangement of medical checkups are carried out in accordance with the “Employee Health Management System” (《員工健康管理工作制度》) and relevant notices of the Company.

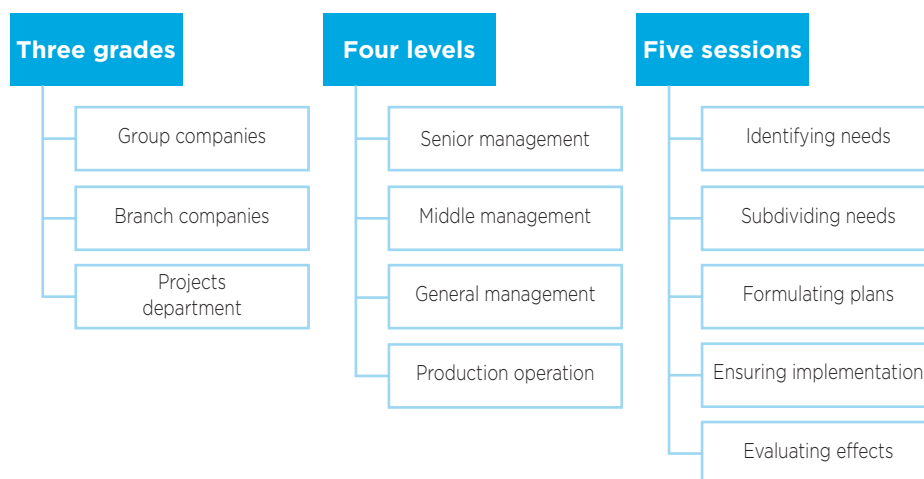
In addition, we have formulated the “Specialized Collective Contract for the Protection of the Rights and Interests of Female Workers of Hebei Construction Group” (《河北建設集團女職工權益保護專項集體合同》) entered into by the chairman of the labor union on behalf of the workers and the chairman of the board of directors. The special rights and interests of female workers are clearly defined. Special protection of female workers, equal pay for equal work, and maternity leave provisions are included in the special contract. In general, the term of the contract is three years. If there is any adjustment in the national policy, we will consult with relevant departments as soon as possible, and revise, improve and renew the contract in a timely manner.

### 5.3 TALENT CULTIVATION

The Group has always regarded talent cultivation as the core driving force of enterprise development and is committed to providing employees with a fair and equitable career development platform to help them grow in their careers. Through a comprehensive training system and clear promotion paths, we stimulate the potential of employees and build a high-quality talent team to provide solid talent protection for the sustainable development of the Company.

#### *Training of Employees*

We conduct employee training in strict accordance with the “three-grade, four-level and five-session” employee education and training system, and has established a three-level training network by formulating the “Annual Employee Education and Training Plan” (《年度員工教育培訓計劃》) at three grades: group companies, branch companies and project departments. The Group organises and implements employee training at four levels: senior management, middle management, general management and production operation, so that there are plans and implementation at each level; training is implemented through five sessions, including “identifying needs, subdividing needs, formulating plans, ensuring implementation and evaluating effects”.



#### **“Three-grade, Four-level and Five-session” Employee Training Management System**

Based on the above-mentioned training system and the “Annual Training Plan” (《年度培訓計劃》), during the Reporting Period, we actively launched key training projects, such as training for on-site construction professionals (the eight major personnel), training of Hebei Construction Group’s Business School, training of project chief engineer’s business ability, training of performance excellence, training of supervision management, training of industry, finance and tax integration, specialized training of commercial staff, specialized training of financial staff, training of market development business, and specialized training of safety, etc., which have been well received by employees. We are committed to building a comprehensive pool of high-quality talents to promote the sustainable development of the Company.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group provides an open learning platform for all employees through the “Construction Intelligent Academy”, which currently offers more than 3,600 training courses (with more than 380 new courses to be uploaded in 2024) and more than 145,000 examination questions covering more than 6,900 employees, fully meeting the needs of all employees for self-directed learning. It provides strong support for the Company to develop a learning-oriented organization and helps employees grow with the Company.



### Training Case Studies

In order to implement the Group’s “14th Five-Year Plan” development plan, we organized a three-day training course on water conservancy projects, with each day lasting six hours. The training focused on core contents such as technical key points and risk prevention and control of river remediation projects, cost control of water conservancy projects and budget management practices, by adopting a combination of theoretical lectures, interactive discussions and online learning to ensure that trainees fully mastered the relevant knowledge. At the end of the training, 371 trainees took the offline theoretical knowledge examination, in which 90% of the trainees scored more than 70 points, fully reflecting the high efficiency of the training and the effectiveness of the trainees’ learning. The training has significantly improved the professional ability of the team and provided a solid guarantee for the smooth implementation of the subsequent water conservancy projects.

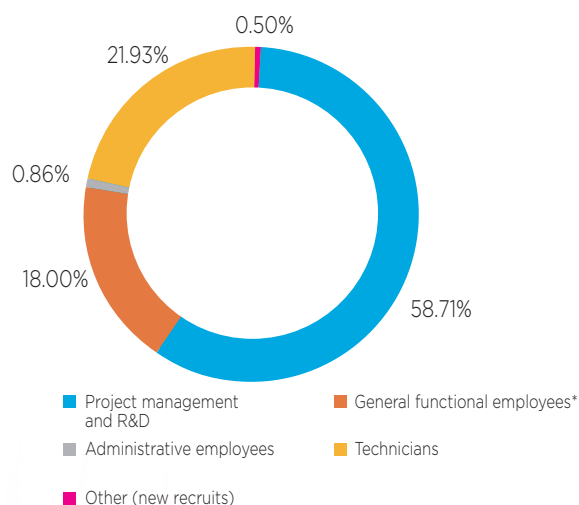




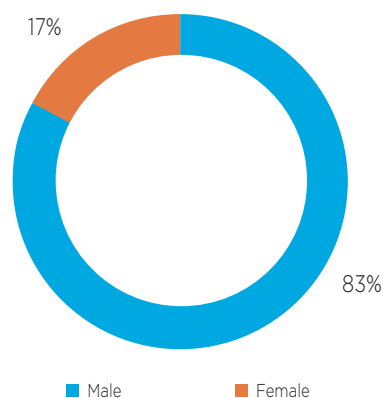
**Specialized Training of Water Conservancy Project of Hebei Construction Group and Zhongming Zhiye in 2024**

During the Reporting Period, each unit of the Group planned to arrange 688 training sessions, with a total number of 26,949 training participants and a total of 61,771 days, representing a 100% coverage rate of employee training. The breakdown of training by employee type and gender are as follows:

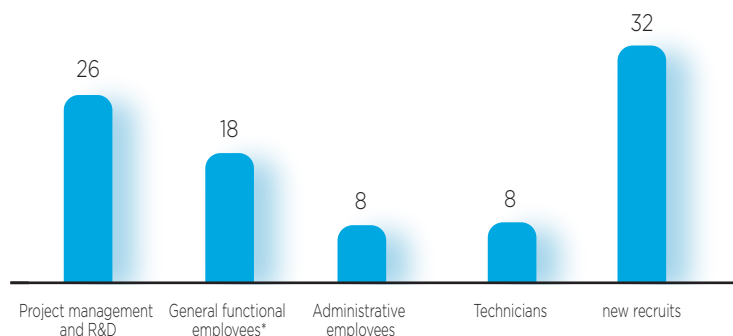
**Proportion of training by employee type**



**Proportion of training by gender**





**Training hours for employees  
by gender****Training hours by employee type**

\*: General functional employees refer to: human resources department, legal affairs, audit finance, operation and marketing employees

## Promotional Development

We continue to improve promotion and management systems to provide employees with promotion channels with fairness, impartiality and transparency. During the Reporting Period, the Group, in accordance with the three-tier and three-level classification management (three-tier refers to company level, branch (sub) company level and project department level; three-level refers to senior management, middle management and general management), reorganized and sorted out position system, job duties and responsibilities of functional departments, and duties and responsibilities of positions. In conjunction with adjustments to the organizational structure and the setting up of positions, we issued a new version of the “Job Descriptions” (《職位說明書》). At the same time, in order to realize good performance of responsible projects, the “Management Measures for Responsible Project Managers” (《責任型項目經理管理辦法》) was issued, specifying the principles and procedures for the management and appointment of responsible project managers, pre-service and regular training methods, interviews and performance appraisals, results audits and rewards and punishments, etc., so as to promote the development of responsible project managers towards professionalization and specialization.

### 5.4 EMPLOYEE CARE

With “family – people” as the core employment culture, the Group is committed to creating a harmonious and friendly workplace atmosphere, providing employees with decent benefits and compensation, listening to employees’ voices and enhancing employee satisfaction. Through a diversified welfare system and rich cultural activities, we strive to enhance the sense of belonging and loyalty of employees and build a warm corporate family.

#### ***Remuneration guarantee***

We adopt a fair and equitable remuneration management system. During the Reporting Period, in order to optimize the Company’s remuneration distribution structure and clarify the incentive and benefit policies, the “Management System for Employee Remuneration and Benefits” (《員工薪酬、福利管理工作制度》) was issued and approved by the staff representatives of the Group’s companies after scrutiny and discussion, further refining the incentive and constraint mechanisms of the Group’s remuneration and benefit policies.

#### ***Employee Benefits***

We have formulated standards for payment of holiday benefits and required all subordinate units to comply with them, such as the Mid-Autumn Festival and Spring Festival, as well as summer heat-prevention and cooling benefits, birthday benefits for employees, women’s day benefits for female employees, and other communication subsidies, clothing subsidies, and labor insurance products, etc.

In order to alleviate the financial difficulties of female workers’ families caused by major illnesses, and to build an additional protective barrier for female workers, the Company has enrolled all female workers in the “Female Workers’ Well-being Group Critical Disease Insurance” and has assisted sick female workers in making insurance claims, helping them to solve their practical problems.

In conjunction with the characteristics of construction enterprises, the Group selects “Outstanding Spouse” (賢內助) every two years to set up examples of filial piety and respect for parents, harmony with neighbors and harmony between husband and wife to carry forward the traditional virtues of Chinese women, to build up a warm “small family” and to promote harmony in the “big family”.

## Employee Activities

The Group's labor union actively promoted the corporate culture and enriched the life of employees through activities. On the eve of the Spring Festival, the union went to the front line of the project to launch the "Send Ten Thousand Fortunes to Ten Thousand Families" Spring Festival Couplet Delivery and Sympathy Program and to convey warmth and care. During the International Women's Day, the Company organized a series of activities such as tie-dyeing, flower arranging, tea art popularization, baking, picking, movie-watching and health lectures, and gave out holiday souvenirs to show its care for female workers. From April to October, the Company held basketball, swimming, badminton and table-tennis competitions for the employees, which stimulated the team's vitality. At the same time, the Company went into the project departments of its branch offices and launched activities such as "Harvest Festival" celebration, "sending coolness and warmth" and thematic education to console the frontline employees and gather people's hearts. The "Road to Development", a quick-play video created by the employees, made a brilliant appearance at the special council meeting of China Construction Association, showcasing the style of the Company. At the end of the year, the Company held a staff council and working meeting and organized a New Year's Eve cultural performance for the employees, which brought the year's work to a successful conclusion. In addition, a one-week volunteer health clinic was jointly organized with the Beijing Institute of Chinese Medicine, attracting more than 110 employees to pay attention to the physical and mental health of the employees.



**2024 Baoding City Federation of Trade Unions "Send Ten Thousand Fortunes to Ten Thousand Families" Calligraphy Activity**



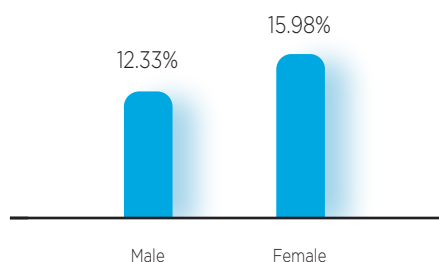
**Hebei Construction Group Employee Badminton Tournament 2024**

## Employee communication

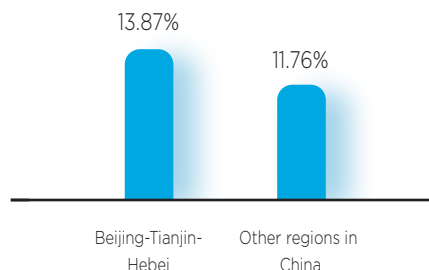
We set up various communication channels, such as the Chairman's mailbox for employee voice, staff representative meetings and the Eagle Symposium to understand the voices and needs of employees and to provide timely feedback and improvements. During the Reporting Period, we conducted employee satisfaction surveys by means of questionnaires on the Integrated Management Information Platform, providing employees with satisfaction feedback and suggestions on corporate culture, job returns, work environment, interpersonal relationships and work management, so as to truly understand the needs and concerns of employees.

During the Reporting Period, the total employee turnover rate of the Group was 15.38%. Information on the turnover rate by gender, region and age is as follows:

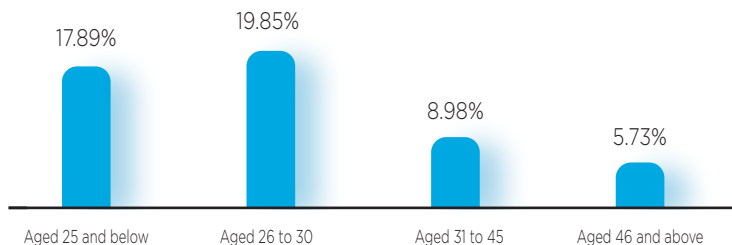
**Employee turnover rate by gender**



**Employee turnover rate by region**



**Employee turnover rate by age**



## 6 CONTRIBUTION TO SOCIAL WELFARE

The Group has always regarded the fulfillment of social responsibility as an important part of its corporate mission and has actively participated in social welfare projects by joining hands with the government, customers and other stakeholders to contribute to the enhancement of people's well-being and the promotion of social prosperity and development. Through education support, charitable donations, and village revitalization, we have taken practical actions to repay society and fulfill corporate responsibility.

### 6.1 EDUCATIONAL SUPPORT

We attach great importance to education and children's growth. Through donations to schools, care for children's welfare and other public welfare activities, we help children and young people obtain better education resources and development opportunities. The Group has launched a number of initiatives in the areas of special education, rural education, children's welfare and quality education, and is committed to creating a better future for the next generation.

#### *Donation of funds to support education*

During the Reporting Period, the Group's installation company joined hands with the Baoding City Love and Respect for the Elderly Association to launch the activity of "Revitalizing New Rural Areas - Sending Warmth in Winter to Help the Disabled and Help the Needy", and presented a fund for helping the disabled and helping the needy to Wang Mengbei, a person with third-degree physical disability from Xiaolin Village in Quyang County.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's Tianchen company actively fulfilled its social responsibility by generously donating a total of 12,500 books to the People's Government of Beiqijia Township, Changping District, Beijing, aiming to strongly support the flourishing development of education and cultural undertakings in the township, and to assist in the construction of local spiritual civilization and the development of children and teenagers.



The first branch of the Group also made a public donation to the labor practice base of Xiong County No. 2 Higher Secondary School to support the school's development of students' quality education.



### Care for Children with Disabilities Concern for Special Education

The first branch of the Group visited Baoding Children's Welfare Institution to express condolences and donated milk, fruits, snacks and toiletries to it.



The Group's third subsidiary donated RMB20,000 to Baoding Special Education Center for school supplies and students' uniforms.



## 6.2 CHARITABLE CONTRIBUTIONS

Through various forms of public welfare activities, the Group cares for the elderly and the disabled, and conveys warmth and care. At the same time, we actively participate in the revitalization of villages, improving the rural environment and promoting the economic development of villages through specific projects, contributing to the construction of a harmonious society.

### *Helping the Disabled with Love*

On the eve of Mid-Autumn Festival, employees of the Group's installation company accompanied a delegation from Baoding City Love and Respect for the Elderly Association to Dongxiaozihuang Village, Nandayuan Township, Liantai District, to console disabled families and send them Mid-Autumn Festival mooncakes, fruits, grains, oil, milk and other festive consolations as well as sincere greetings.





### ***Village Revitalization***

The Group actively participated in post-disaster reconstruction projects and completed the construction of a number of flood-damaged projects. Among them, the infrastructure branch successfully completed the restoration and reconstruction of the flood-damaged highway in Shunping County (Longtan-Liujiaying Highway), with a total length of approximately 16.427km, including the main route to the scenic area and the branch routes within the scenic area.



Eco-Environment company has taken the responsibility to actively participate in a number of post-disaster reconstruction projects in the province, such as the post-flood prevention and rehabilitation project of Qushui River in Xushui District, Baoding City and the comprehensive management project of Tang River in Tang County. The picture below shows the Tang River comprehensive management project in Tang County, which was constructed by the Company.



### 6.3 SOCIAL WELFARE

While maintaining its high-quality development, the Group has been actively contributing to the community by undertaking various livelihood services and regional strategic projects, enhancing the well-being of community residents with high-quality projects, and contributing to the prosperous development of the local economy. By promoting livelihood projects, improving infrastructure facilities and upgrading public services, we endeavor to satisfy the public's pursuit of a high quality of life and build up a responsible corporate image.

#### *Enhancement of well-being of residents*

Based on our advantages of the industry, we are fully committed to promoting various livelihood projects, improving community infrastructure, upgrading medical services and education, and satisfying the public's pursuit of a high quality of life.

##### *(i) Livelihood projects: improving educational environment*



In 2024, the Group won the tender of the “Huailai Vocational Education Industry-Teaching Integration Park Project” with a total amount of RMB1,083,911,900, which was financed by local government bonds. The project covers a series of buildings including 5 teaching buildings, 1 training building, 2 libraries, supporting facilities and equipment procurement. Upon completion, it will deepen the integration of industry and education in Huai Lai County, improve the vocational education and training system, alleviate the shortage of professional and skilled personnel, and provide talent support for the development of the real economy.





In 2024, the Group won the tender of the construction of a teaching laboratory building and apartments for postgraduate students at Hebei University, with a winning bid of approximately RMB318 million and a total gross floor area of nearly 70,000 square meters. The newly constructed postgraduate teaching laboratory building, 1# apartment, 2# apartment and power substation will greatly improve the learning and living environment of postgraduates and upgrade the hardware facilities of the university.



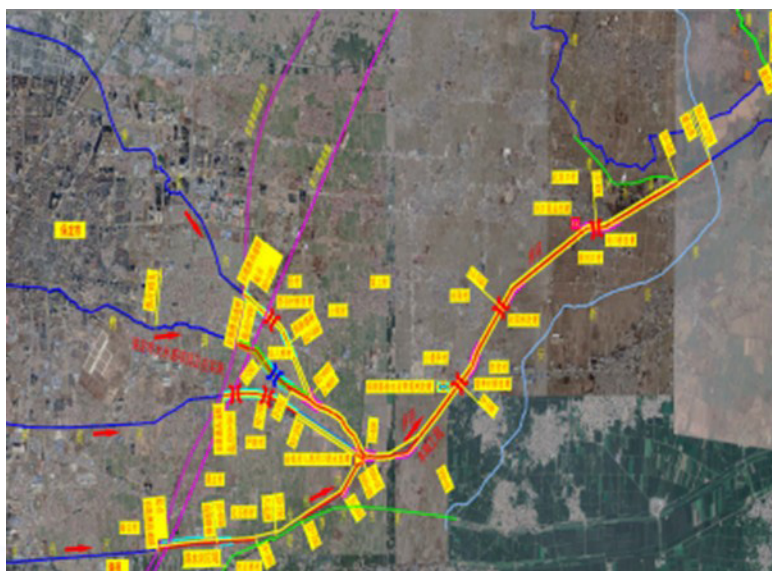
In 2024, the Group won the tender of the new project of Quzhou No. 4 Secondary School – Teaching Area Project, with a total gross floor area of 88,000 square meters, covering facilities such as teaching building and swimming pool. As a key investment project of the Quzhou municipal government, the project will enrich the local education resources upon completion.

### *(ii) Livelihood projects: upgrading healthcare services*



In 2024, the Group won the tender of the infrastructure and ancillary facilities project of the International Medical Park (West District) in Baoding National Hi-Tech Zone. Through construction of various pipeline networks, the Group helps Baoding City implement synergistic development of Beijing-Tianjin-Hebei and strategies of healthy China to enhance the standard of medical services in the region.

### *(iii) Water Conservancy Project*



In 2024, the Group won the tender of the “Construction of Fuhe Regulation Project” with a winning bid of RMB804 million. As a special planning and construction task for flood control in Xiong’an new area, the project, upon completion, will improve the flood control system of the Daqing River Basin, safeguard the safety of flood control in Xiong’an new area, and meet the drainage needs of Baoding urban area.





In 2024, the Group won the bidding of the Gaobeidian city water damage reconstruction of rainwater pipe network project with a contract price of RMB147 million. With the construction of 13.8 kilometers of new rainwater main pipe and an integrated rainwater pumping station, the implementation of the project will effectively improve the efficiency of urban rainwater and wastewater treatment and enhance urban drainage capacity.



In 2024, the Group won the tender of the “Xindu District Highway Flood Damage Rehabilitation and Reconstruction Project of Jiangshui Township Rural Roads and Village Roads Project” and the “Xindu District Highway Flood Damage Rehabilitation and Reconstruction Project of Luluo Township (Rural Roads) Project”, with a total tender amount of RMB104 million. We restored 24 roads in Luluo Township and 17 water-damaged roads in Jiangshui Township. The implementation of the project will effectively improve the quality and capacity of local roads and reduce the impact of natural disasters on the economy and society.

### *(iv) New energy projects*



In 2024, the Group won the EPC general contracting of the 200MW/400MWh shared storage power station project in Cixian, with a tender amount of approximately RMB570 million for the construction of a 200MW/400MWh shared storage power station, which will have an annual charging and discharging capacity of approximately 216,000MW upon completion.



In 2024, the Group won the EPC general contracting of the new 100MW/200MWh standalone energy storage power station project of Antai (Baoding) New Energy Technology Co., Ltd. with a bid amount of approximately RMB357 million for the construction of a 100MW/200MWh lithium iron phosphate energy storage battery system.

Since the beginning of this year, the Group has been actively exploring new energy markets such as wind power, photovoltaic and energy storage. We won a number of tenders of energy storage power stations, wind power and photovoltaic projects, with cumulative total amount of successful bids exceeding RMB2 billion. We accumulate experience in the development of new energy sources, which has become a new point of economic growth.



*(v) Infrastructure*

In 2024, the Group won the tender of the upgrading project of the ancillary infrastructure of the Bianque Temple in Neiqiu County to carry out the upgrading and intelligent construction of the ancillary infrastructure of the Bianque Temple. We built new facilities such as Bianque cultural courier station so as to enhance the culture and tourism ecology of Neiqiu, and to help build the brand of “city of sleeping in tranquil Neiqiu”.



In 2024, the Group won the bid of the second section of the general contracting of the pipeline network and ancillary municipal infrastructure project (Phase II) in Baoding City (Jingxiu District), with a contract sum of RMB244 million. The construction works cover a wide range of projects such as roads, transportation and water supply, etc., which will safeguard the normal operation of the city, enhance the quality of life and sense of well-being of the residents, and strengthen the risk-resistant capability of the city.





In 2024, the Group won the bid of the flood prevention and drainage project – Baoding City (Jingxiu District) pipeline network and ancillary municipal infrastructure project with a contract sum of RMB329,448,000, which involves the construction of 10 roads and water accumulation points to enhance the economic radiation and attraction effect of Baoding City, and to drive the socio-economic development and development and construction along the roads.



In 2024, the Group won the tender of approximately RMB214 million for the construction of road network and ancillary facilities in Lujiawan Rural Area, Wanquan District, Zhangjiakou City, covering roads, pipelines and lighting. Upon completion of the project, it will improve the traffic condition of Lujiawan area, enhance the quality of life of residents, and improve local infrastructural facilities.

## 7 APPENDIX: CONTENT INDEX OF STOCK EXCHANGE ESG REPORTING GUIDE

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>A. Environment</b>			
<b>Aspect A1</b>	<b>Emissions</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.1 Climate Response 4.2 Resources Management	
KPI A1.1	The types of emissions and respective emissions data.	4.1 Climate Response	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Climate Response	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Resources Management	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Resources Management	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.3 Green Construction	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4 Driving the Future with Green	
<b>Aspect A2</b>	<b>Use of Resources</b>		
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	4.2 Resources Management	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000 s) and intensity (e.g. per unit of production volume, per facility).	4.1 Climate Response	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Resources Management	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.3 Green Construction 4.4 Green Office	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.3 Green Construction 4.4 Green Office	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	/	The operation of the Group does not involve product packaging
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.1 Climate Response	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.1 Climate Response 4.2 Resources Management	
<b>Aspect A4</b>	<b>Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.1 Climate Response	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.1 Climate Response	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1</b>	<b>Employment</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Employee Employment	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	5.1 Employee Employment	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.3 Employee Care	



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>Aspect B2</b>	<b>Health and Safety</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.2 Safety Guard	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.2 Safety Guard	
KPI B2.2	Lost days due to work injury.	5.2 Safety Guard	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2 Safety Guard	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>Aspect B3</b>	<b>Development and Training</b>		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	5.3 Employee Care	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Employee Care	
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.3 Employee Care	
<b>Aspect B4</b>	<b>Labour Standards</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</p>	5.1 Employee Employment	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1 Employee Employment	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Employee Employment	
<b>Operating Practices</b>			
<b>Aspect B5</b>	<b>Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.2 Responsible Supply Chain Management	
KPI B5.1	Number of suppliers by geographical region.	3.2 Responsible Supply Chain Management	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.2 Responsible Supply Chain Management	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.2 Responsible Supply Chain Management	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.2 Responsible Supply Chain Management	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>Aspect B6</b>	<b>Product Responsibility</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality Assurance 2.2 Dedicated Services	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		The Group's operations do not involve product recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Dedicated Services	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.1 Technological Innovation	
KPI B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Assurance	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.2 Dedicated Services	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Scope, Aspect, General Disclosures and KPIs		Disclosure Sections	Remarks
<b>Aspect B7</b>	<b>Anti-corruption</b>		
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Business Ethics	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	1.3 Business Ethics	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.3 Business Ethics	
KPI B7.3	Description of anti-corruption training provided to Directors and staff.	1.3 Business Ethics	
<b>Community</b>			
<b>Aspect B8</b>	<b>Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6 Creating a Warm Community	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6 Creating a Warm Community	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6 Creating a Warm Community	



## 8 APPENDIX: LIST OF LAWS AND REGULATIONS

Civil Code of the People's Republic of China (《中華人民共和國民法典》)

Law of the People's Republic of China for Countering Unfair Competition (《中華人民共和國反不正當競爭法》)

Construction Law of the People's Republic of China (《中華人民共和國建築法》)

Patent Law of the People's Republic of China (《中華人民共和國專利法》)

Trademark Law of the People's Republic of China (《中華人民共和國商標法》)

Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》)

Law of the People's Republic of China on Assessment of Environmental Affects (《中華人民共和國環境影響評價法》)

Law of the People's Republic of China on Prevention and Control of Solid Waste Environmental Pollution (《中華人民共和國固體廢物污染環境防治法》)

Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》)

Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)

Labor Law of the People's Republic of China (《中華人民共和國勞動法》)

Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)

Law of the People's Republic of China on the Promotion of Employment (《中華人民共和國就業促進法》)

Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)

Law of the Peoples Republic of China on Production Safety (《中華人民共和國安全生產法》)

Law of the People's Republic of China on Response to Emergencies (《中華人民共和國突發事件應對法》)

Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》)

Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》)

Regulations on the Administration of Work Safety of Construction Works (《建設工程安全生產管理條例》)

Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》)

Regulations on Work-Related Injury Insurance (《工傷保險條例》)

Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》)

Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》)

Measures for the Administration of Occupational Health Examination (《職業健康檢查管理辦法》)