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河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

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

(Stock Code: 1727)

**PROPOSED ADOPTION OF THE CHINESE ACCOUNTING STANDARDS FOR
BUSINESS ENTERPRISES TO PREPARE FINANCIAL STATEMENTS
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
PROPOSED NON-REAPPOINTMENT OF OVERSEAS AUDITOR AND
PROPOSED APPOINTMENT OF DOMESTIC AUDITOR FOR 2019 AND
DETERMINATION OF ITS REMUNERATIONS**

The board of directors (the “**Board**”) of Hebei Construction Group Corporation Limited (the “**Company**”) hereby announces that the Board held on 25 March 2019 will consider and approve, among other things, the proposal in respect of proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements, the proposal in respect of proposed amendments to the Articles of Association of Hebei Construction Group Corporation Limited (the “**Articles of Association**”), the proposal in respect of ceasing to re-appoint overseas auditor and the proposal to appoint domestic auditor for 2019 and determine its remunerations.

**PROPOSED ADOPTION OF THE CHINESE ACCOUNTING STANDARDS FOR BUSINESS
ENTERPRISES TO PREPARE FINANCIAL STATEMENTS**

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》)” published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in December 2010 and the “Experimental Working Scheme for Accounting Firms Involved in Auditing Services to H Share Companies (《會計師事務所從事H股企業審計業務試點工作方案》)” issued by the Ministry of Finance of the People’s Republic of China (the “**MOF of PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”), since 15 December 2010, companies listed in Hong Kong and incorporated in the PRC have been approved to adopt the Chinese Accounting Standards to prepare their financial statements. Domestic accounting firms in the PRC recognized by the MOF of PRC and the CSRC are permitted to provide audit-related services to these companies by adopting the Chinese Accounting Standards for Business Enterprises.

According to the prevailing Articles of Association, in addition to preparing the Company’s financial statements in accordance with the Chinese Accounting Standards for Business Enterprises and regulations of the PRC, the Company’s financial statements are also prepared in accordance with the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas. In view of the above policy, in order to simplify work process, improve work efficiency, reduce disclosure costs and audit fees, the Board proposed that, since the accounting year from 1 January 2019, the Company will change to only adopt and comply with the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company.

In view of the proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company, the interim results of the Company for the six months ending 30 June 2019 will only be prepared in accordance with the Chinese Accounting Standards for Business Enterprises. The Board believes that only adopting the Chinese Accounting Standards for Business Enterprises will not have any material and adverse impact on the publication of the Company’s interim results for the six months ending 30 June 2019.

The above proposals are subject to consideration and approval of amendments to relevant terms of the Articles of Association by the shareholders of the Company (the “Shareholders”) at the Company’s 2018 annual general meeting (the “AGM”).

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company, the Board proposed to amend certain articles of the Articles of Association. Details of the proposed amendments are as follows:

Current Articles of Association	Proposed amendments
<p>Article 202 The Company shall prepare its financial statements in accordance with the Chinese Accounting Standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.</p>	<p>Article 202 The Company shall prepare its financial statements in accordance with the Chinese Accounting Standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.</p>
<p>Article 203 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the Chinese Accounting Standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas.</p>	<p>Article 203 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the Chinese Accounting Standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company’s shares are listed overseas.</p>

In respect of the proposed amendment to the Articles of Association, two articles are amended, and no article is added or deleted. The number of the articles of the amended Articles of Association remains the same.

The above proposals are subject to consideration and approval of the Shareholders at the AGM. The amended Articles of Association shall become effective on the date of passing the relevant resolution at the AGM. Prior to the passing of the relevant resolution at the AGM, the prevailing Articles of Association shall remain valid.

PROPOSED NON-REAPPOINTMENT OF OVERSEAS AUDITOR AND PROPOSED APPOINTMENT OF DOMESTIC AUDITOR AND DETERMINATION OF ITS REMUNERATIONS

Ernst & Young and Ernst & Young Hua Ming LLP are the Company's overseas and domestic auditors, respectively. In view of the proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company only, the Board proposed not to re-appoint Ernst & Young as the overseas auditor of the Company for the year of 2019. The above proposals are subject to consideration and approval of the Shareholders at the AGM.

Ernst & Young confirmed that there is no matter in relation to the proposed non-reappointment of overseas auditor that needs to be brought to the attention of the Shareholders or the Stock Exchange. The Board and the Audit Committee of the Board of the Company confirmed that the Company had no disagreement with Ernst & Young regarding the proposed non-reappointment of overseas auditor.

The Board considers that non-reappointment of overseas auditor will not have any material and adverse impact on the publication of the Company's interim results for the six months ending 30 June 2019.

According to the domestic and overseas regulation and information disclosure requirements of the Company, taking into account the continuity and integrity of the Company's financial audit business and in view of the good credibility and influence of Ernst & Young Hua Ming LLP in the capital market and its familiarity with the regulatory requirements of the capital market, and considering that it provided professional services for the Company for the year of 2018 and established a good cooperating relationship with the Company, the Board proposed to re-appoint Ernst & Young Hua Ming LLP as the Company's domestic auditor for the year of 2019. The above auditor will perform audits on the financial statements prepared by the Company in accordance with the Chinese Accounting Standards for Business Enterprises and undertake the duties of the overseas auditor in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for a term of office until the end of the 2019 annual general meeting of the Company. At the same time, it will be proposed at the AGM the authorization to the Board, and the further authorization by the Board to the president of the Company, to determine the remunerations of appointment of the above-mentioned auditor. The above proposals are subject to consideration and approval of the Shareholders at the AGM. Ernst & Young Hua Ming LLP is a certified public accounting firm accredited by the MOF of PRC and the CSRC and is qualified to provide auditing services by adopting the Chinese Standards on Auditing for issuers listed in Hong Kong and incorporated in the PRC.

SHAREHOLDER'S APPROVAL AND GENERAL INFORMATION

The Company will propose to the Shareholders at the AGM to consider and approve, among other things, the proposal in respect of amendments to the Articles of Association, the proposal in respect of ceasing to re-appoint overseas auditor and the proposal to appoint domestic auditor for the year of 2019 and determine its remunerations. A circular containing, among other things, details of the above proposals and notice of the AGM will be dispatched to the Shareholders in due course.

By Order of the Board
Hebei Construction Group Corporation Limited
LI Baozhong
Chairman and Executive Director

Hebei, the PRC, 25 March 2019

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