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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 A SHARE OFFERING AND RELATED MATTERS

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The Board is pleased to announce that, on 19 July 2019, the Board and the Board of Supervisors resolved to approve, among other things, the resolutions in relation to the proposed plan for the A Share Offering and related matters. The resolutions are conditional upon and are subject to the market conditions and/or (as the case may be) approval by the Shareholders at the EGM and/or the Class Meetings by way of special resolutions or ordinary resolutions and necessary approval of the CSRC and other relevant regulatory authorities.

SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION

The Company will convene the EGM and the Class Meetings to propose the consideration and approval of, among other things, the resolutions regarding the proposed plan for the A Share Offering and related matters, by the Shareholders. A circular containing, among other things, details on the relevant resolutions, together with the notice of the EGM and the notice of the H Shareholders Class Meeting will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules. Please note that in addition to the approval by the Shareholders, the A Share Offering is also subject to the approval of the CSRC and other relevant regulatory authorities.

As the A Share Offering is subject to approval at the EGM and the Class Meetings and by the CSRC and other relevant regulatory authorities and may or may not proceed, Shareholders and investors should exercise caution when dealing in the H Shares of the Company. Further announcement(s) will be made to disclose any major updates and developments in respect of the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Reference is made to the announcement of the Company dated 30 April 2019 in relation to the contemplation of the A Share Offering plan. The Board is pleased to announce that, on 19 July 2019, the Board and the Board of Supervisors resolved to approve the resolutions in relation to the proposed plan for the A Share Offering and related matters. Such resolutions are conditional upon and are subject to the market conditions and/or (as the case may be) approval by the Shareholders at the EGM and/or the Class Meetings by way of special resolutions or ordinary resolutions and necessary approval of the CSRC and other relevant regulatory authorities.

PROPOSED A SHARE OFFERING

Proposed Plan for the A Share Offering

Due to the needs of the A Share Offering and Listing, according to the relevant laws, regulations and rules including the Company Law of the PRC, the Securities Law of the PRC and the Administrative Measures on Initial Public Offering and Listing (《首次公開發行股票並上市管理辦法》), and upon negotiation with the sponsor institution(s), the proposed plan for the A Share Offering and Listing is further detailed as follows:

- (1) Type of shares to be issued and par value : Renminbi ordinary shares (A Share), with a par value of RMB1.00 each
- (2) Number of A Shares to be issued : It is proposed that the size of the A Shares to be issued shall not exceed 25% of the total share capital of the Company upon completion of the offering, being 587,127,833 shares. The specific number of the offering will be negotiated by the Board as authorized by the EGM and the Class Meetings with the sponsor institution(s) in accordance with the price consultation results and the capital needs of the investment projects to be funded by proceeds from the offering. The ultimate number of the offering shall be subject to the approval of the CSRC
- (3) Target subscribers : Inquiry targets who meet the requirements under the national laws and regulations and the provisions of the CSRC and other regulatory authorities, and domestic natural persons, legal persons and other investors who have maintained accounts at the SSE (other than those prohibited by the national laws and regulations). The Company shall take appropriate steps to ascertain the eligibility of the A Share subscribers and to ensure that no A Shares will be allotted and issued to its connected persons and/or their associates
- (4) Methods of offering : A combination of offline placement to inquiry targets and offering by way of online subscription, or any other methods as specified by the CSRC

- (5) Offer price of the shares : The price range will be determined first by the Board and the sponsor institution(s) through promotion and preliminary price consultation as authorized by the EGM and the Class Meetings, and the offer price will then be determined in accordance with laws and regulations and the relevant requirements of the CSRC
- (6) Place of listing of the shares : SSE
- (7) Use of proceeds from the A Share Offering : The Company intends to invest the proceeds from the A Share Offering in PPP projects, BOT projects and other investment projects
- In the event that the actual proceeds from the A Share Offering, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for such projects, the shortfall shall be eased by the self-raised funds of the Company. If initial investment is required for the aforesaid investment projects to be funded by proceeds before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will initially fund the projects by way of its self-owned funds, bank loans or financing leases, etc. Once the proceeds from the offering are available, the Company will replace its initial investment of self-owned funds in relevant investment projects and/or repay bank loans and/or financing leases with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid investment projects to be funded by proceeds, the surplus will be applied to replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the CSRC
- (8) Undertaking of offering expenses : All the shares to be offered in the public offering are new shares and all the offering expenses incurred thereof shall be borne by the Company
- (9) Underwriting method : Standby commitment
- (10) Conversion into a joint stock limited liability company with shares issued and listed domestically and overseas : After the approval of the A Share Offering and Listing by the CSRC, the Company will apply for the conversion into a joint stock limited liability company with shares issued and listed domestically and overseas

- (11) Valid period of the resolutions : The relevant resolutions of the A Share Offering and Listing shall be valid for 12 months from the date of the approval at the EGM and the Class Meetings

Proposing to the EGM and the Class Meetings to Authorize the Board to Deal with Relevant Matters Concerning the A Share Offering and Listing at its Absolute Discretion

To smoothly promote relevant matters concerning the A Share Offering, it is proposed to submit to the EGM and the Class Meetings to authorize the Board to deal with specific matters concerning the A Share Offering and Listing, including but not limited to:

- (1) According to the principles approved by the EGM and the Class Meetings, to the extent as permitted by laws, regulations and the Articles of Association, in accordance with the requirements of the securities issuance supervision department and taking into account the actual situation of the Company, the Board shall negotiate with the sponsor institution(s) to determine and implement the specific plan for the A Share Offering and Listing, including but not limited to: the scale of offering, offer price, method of offering, time of offering, target subscribers and place of listing, etc.;
- (2) Issuing, reviewing, revising and/or signing legal documents related to the A Share Offering and Listing, including but not limited to major contracts of investment projects to be funded by proceeds thereof, prospectus and its abstracts, letter of intent, offering announcement and other relevant documents;
- (3) Formulating the application materials for the A Share Offering and Listing;
- (4) Upon the A Share Offering and Listing, amending the Articles of Association considered and approved by the EGM according to the Company's actual situation after the offering;
- (5) Handling the capital verification and registration procedures for industrial and commercial change in registered capital following the completion of the A Share Offering;
- (6) According to the requirements of the CSRC, the actual situation of the Company and the market conditions, making appropriate amendments to the specific arrangements for the use of proceeds from the A Share Offering and the investment projects to be funded by proceeds thereof as approved by the EGM;
- (7) Determining the special account for the proceeds before the A Share Offering as and when appropriate;
- (8) Upon completion of the A Share Offering, handling the equity registration and settlement related matters with CSDC according to the undertaking(s) of all Shareholders, including but not limited to equity trusteeship registration, stock circulation lock-up and other matters;

- (9) Drafting, modifying and executing the applications, memoranda, reply to feedback, relevant reports or materials relating to the A Share Offering and submitting the same to government agencies and regulatory authorities in connection with the A Share Offering (including but not limited to the CSRC, the SSE, Hebei Regulatory Bureau of the CSRC, CSDC Shanghai Branch), handling the procedures relating to the A Share Offering including review and examination, registration, filing, approval and consent and issuing statements and undertakings relating to the A Share Offering, and performing such acts as it deems necessary, expedient or appropriate with respect to the A Share Offering;
- (10) Except for matters to be re-approved by the general meeting as stipulated by relevant laws, regulations and the Articles of Association, adjusting the Company's A Share price stabilization plan, remedial measures for the dilution of immediate returns, corresponding undertakings issued by the Company for the public offering and listing and the restraint measures thereof in accordance with the requirements of regulatory authorities;
- (11) The Board may delegate the authorization to other Directors or related persons to deal with matters related to the A Share Offering and Listing separately or jointly as and when appropriate;
- (12) Engaging and appointing relevant agencies for the A Share Offering, determining service fees, and signing the employment or appointment agreements;
- (13) Handling other matters related to the A Share Offering and Listing that are not contained herein but are necessary for the A Share Offering and Listing.

The above authorization shall take effect from the date of approval at the EGM and the Class Meetings and shall be valid for a term of 12 months.

Feasibility of Investment Projects to be Funded by Proceeds from the A Share Offering and Listing

The Company intends to use the proceeds from the A Share Offering and Listing (after deduction of offering expenses) to invest in PPP projects, BOT projects and other projects. It is estimated that approximately RMB3,955 million out of the proceeds will be used in such projects.

In the event that the actual proceeds, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for such projects, the shortfall shall be eased by the self-raised funds of the Company. If initial investment is required for the aforesaid investment projects to be funded by proceeds before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will initially fund the projects by way of its self-owned funds, bank loans or financing leases, etc. Once the proceeds from the offering are available, the Company will replace its initial investment of self-owned funds in relevant investment projects and/or repay bank loans and/or financing leases with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid investment projects to be funded by proceeds, the surplus will be applied to replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the CSRC. Where there is any deviation from the above-mentioned proposed use of proceeds from the A Share Offering, the corresponding disclosures in the prospectus officially published by the Company in relation to the A Share Offering shall prevail.

Details of the investment projects to be funded by proceeds from the A Share Offering and Listing and the summarized feasibility research report shall be set out in the circular to be despatched to the Shareholders in due course.

Proposed Amendments to the Articles of Association

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Company proposes to make modifications and improvements to certain clauses in the Articles of Association. The numbering of the clauses of the original Articles of Association is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Articles of Association will be implemented after the A Share Offering and Listing. Prior to that, the current Articles of Association of the Company shall remain in force. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board also proposes to the EGM to approve the general and unconditional authorization to the Board, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Articles of Association to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and The CSRC and other relevant regulatory authorities taking into account the actual condition of the A Share Offering, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board.

Proposed Amendments to the Rules of Procedure for General Meetings

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the Articles of Association, the Company proposes to make modifications and improvements to certain clauses in the Rules of Procedure for General Meetings of Hebei Construction Group Corporation Limited (the “**Rules of Procedure for General Meetings**”). The numbering of the clauses of the original Rules of Procedure for General Meetings is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Rules of Procedure for General Meetings will be implemented after the A Share Offering and Listing. Prior to that, the current Rules of Procedure for General Meetings of the Company shall remain in force. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board also proposes to the EGM to approve the general and unconditional authorization to the Board, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Rules of Procedure for General Meetings to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and the CSRC and other relevant regulatory authorities, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board.

Proposed Amendments to the Rules of Procedure for the Board

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the Articles of Association, the Company proposes to make modifications and improvements to certain clauses in the Rules of Procedure for the Board of Hebei Construction Group Corporation Limited (the “**Rules of Procedure for the Board**”). The numbering of the clauses of the original Rules of Procedure for the Board is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Rules of Procedure for the Board will be implemented after the A Share Offering and Listing. Prior to that, the current Rules of Procedure for the Board shall remain in force. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board also proposes to the EGM to approve the general and unconditional authorization to the Board, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Rules of Procedure for the Board to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and the CSRC and other relevant regulatory authorities, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board.

Proposed Amendments to the Rules of Procedure for the Board of Supervisors

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) and the Articles of Association, the Company proposes to make modifications and improvements to certain clauses in the Rules of Procedure for the Board of Supervisors of Hebei Construction Group Corporation Limited (the “**Rules of Procedure for the Board of Supervisors**”). The numbering of the clauses of the original Rules of Procedure for the Board of Supervisors is respectively amended due to the addition of one clause by the proposed amendments. The revised Rules of Procedure for the Board of Supervisors will be implemented after the A Share Offering and Listing. Prior to that, the current Rules of Procedure for the Board of Supervisors shall remain in force. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board of Supervisors also proposes to the EGM to approve the general and unconditional authorization to the Board of Supervisors, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Rules of Procedure for the Board of Supervisors to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and the CSRC and other relevant regulatory authorities, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board of Supervisors.

The Distribution Plan of Accumulated Profits before the A Share Offering and Listing

Prior to completion of the A Share Offering and Listing, the Company will conduct profit distribution in accordance with resolution of the relevant general meeting; if the initial public offering and listing in the SSE is implemented after approved by the CSRC and the SSE, the undistributed profit of the Company before the A Share Offering and Listing will be shared by all the new Shareholders and existing Shareholders according to their respective shareholding percentage after the offering.

Report on the Use of Proceeds Raised from the Previous Offering

According to the Regulations on the Report of the Use of Proceeds Raised from the Previous Offering (Zheng Jian Fa Xing Zi [2007] No. 500) (《關於前次募集資金使用情況報告的規定》(證監發行字[2007]500號)) announced by the CSRC, where a listed company has applied for the issuance of securities and a period of five accounting years has yet to lapse since its receipt of proceeds raised from the previous offering, its board of directors shall prepare a report on the use of proceeds raised from the previous offering in accordance with the provisions hereunder, providing a detailed description of the actual use of proceeds raised most recently (whether domestic or overseas) prior to the date up to which the latest audited financial report contained in the issue application documents is prepared, and shall formulate a resolution in respect of the report on the use of proceeds raised from the previous offering before proposing to the general meeting for approval.

In view of the A Share Offering and Listing, the Board has prepared the Report on the Use of Proceeds Raised from the Previous Offering of Hebei Construction Group Corporation Limited (《河北建設集團股份有限公司前次募集資金使用情況報告》), stating the amount, time for receipt of proceeds and the deposit of proceeds with the special account and Ernst & Young Hua Ming LLP has issued an authentication report thereon.

Details of the Report on the Use of Proceeds Raised from the Previous Offering shall be set out in the circular to be despatched to the Shareholders in due course.

A Share Price Stabilization Plan

In order to maintain the stability of A Share price upon the A Share Offering and Listing of the Company, and in accordance with the Opinions on Further Promoting the Reform of the IPO System (《關於進一步推進新股發行體制改革的意見》) issued by the CSRC, the Company has prepared the A Share Price Stabilization Plan of Hebei Construction Group Corporation Limited (《河北建設集團股份有限公司A股股價穩定預案》) based on its actual situation, details of which shall be set out in the circular to be despatched to the Shareholders in due course.

The Dividend Distribution Plan within the Three Years after the A Share Offering and Listing

In accordance with the No.3 Guideline on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies (《上市公司監管指引第3號—上市公司現金分紅》) issued by the CSRC, the Guidelines of Cash Dividend of Listed Companies of the SSE (《上海證券交易所上市公司現金分紅指引》) and other requirements, the Company has formulated the Dividend Distribution Plan within the Three Years Upon the Listing of A Shares of Hebei Construction Group Corporation Limited (《河北建設集團股份有限公司A股上市後三年內分紅回報規劃》) based on its actual situation, details of which shall be set out in the circular to be despatched to the Shareholders in due course.

Remedial Measures for the Dilution of Immediate Returns by the A Share Offering and Listing and the Relevant Undertakings

In accordance with the requirements of relevant laws, administrative regulations, department rules and regulatory documents including the Company Law of the PRC, the Securities Law of the PRC, the Administrative Measures on Initial Public Offering and Listing (《首次公開發行股票並上市管理辦法》), the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), and the Guiding Opinions on Matters Relating to Dilution of Immediate Returns in Initial Public Offering, Refinancing and Major Assets Restructuring (CSRC Announcement [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報事項的指導意見》(中國證監會公告[2015]31號)) of the CSRC, in order to protect the interests of minority investors, as a company proposed to apply for the initial public offering of shares (A Shares), if the offering is expected to dilute the Company's immediate returns, the Company needs to implement specific remedial measures according to its own operating characteristics, while the Directors and senior management of the Company shall make relevant undertakings to the practical implementation of the Company's remedial measures.

In order to address risks from dilution of immediate returns, the Company has prepared the Remedial Measures for the Dilution of Immediate Returns by the Initial Public Offering of A Shares of Hebei Construction Group Corporation Limited (《關於河北建設集團股份有限公司首次公開發行A股股票攤薄即期回報的填補措施》) and the Directors and the senior management of the Company have made the Relevant Undertakings on the Practical Implementation of the Remedial Measures for the Dilution of Immediate Returns by the Initial Public Offering of A Shares of Hebei Construction Group Corporation Limited (《關於河北建設集團股份有限公司首次公開發行股票攤薄即期回報填補措施切實履行的承諾》), details of which shall be set out in the circular to be despatched to the Shareholders in due course.

Proposed Formulation of the Working Rules of the Independent Directors

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC, the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Guidelines for Establishment of Independent Directors System of Listed Companies (《關於在上市公司建立獨立董事制度的指導意見》) and the Articles of Association, the Company proposes to formulate the Working Rules of the Independent Directors of Hebei Construction Group Corporation Limited (the “**Working Rules of the Independent Directors**”), which will be implemented after the A Share Offering and Listing of the Company. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board also proposes to the EGM to approve the general and unconditional authorization to the Board, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Working Rules of the Independent Directors to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and the CSRC and other relevant regulatory authorities taking into account the actual condition of the A Share Offering, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board.

Proposed Formulation of the Rules for the Management of External Guarantees

In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law of the PRC and the Notice on Regulating the External Guarantee Provided by Listed Companies (《關於規範上市公司對外擔保行為的通知》) and the Articles of Association, the Company proposes to formulate the Rules for the Management of External Guarantees of Hebei Construction Group Corporation Limited (the “**Rules for the Management of External Guarantees**”), which will be implemented after the A Share Offering and Listing of the Company. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

The Board also proposes to the EGM to approve the general and unconditional authorization to the Board, to make necessary adjustments and modifications (including but not limited to adjustments and modifications to wording, chapters and clauses) to the Rules for the Management of External Guarantees to the extent that the interests of the Shareholders are not prejudiced and in accordance with laws and regulations as well as regulatory documents and requirements and advice from relevant national government departments and the CSRC and other relevant regulatory authorities taking into account the actual condition of the A Share Offering, and proposes to the EGM to further delegate the aforementioned authorization to the chairman of the Board.

Establishment and Adjustment of the Special Committees under the Board and Their Composition

In accordance with the Articles of Association, in order to further refine the governance structure of the Company to be in compliance with requirements for A share listed companies, the Board resolved to approve the establishment of the Strategic Committee under the Board and Mr. LI Baozhong was appointed as the chairman of the Strategic Committee and Mr. CAO Qingshe and Mr. SHANG Jinfeng were appointed as the members of the Strategic Committee; Ms. CHEN Xin was appointed as the chairwoman of the Nomination Committee under the Board and Mr. LI Baozhong, Mr. SHANG Jinfeng, Ms. SHEN Lifeng and Mr. CHAN Ngai Sang Kenny were appointed as the members of the Nomination Committee while the composition of the Remuneration and Appraisal Committee and the Audit Committee under the Board remains unchanged. The above-mentioned establishment and adjustment shall take effect from the date of approval by the Board.

Proposed Issuance of Relevant Undertakings for the A Share Offering and Listing

In accordance with requirements of relevant laws, regulations and regulatory documents, including the Opinions on Further Promoting the Reform of the IPO System (《關於進一步推進新股發行體制改革的意見》) issued by the CSRC, companies shall issue relevant letters of undertakings in the public offering and listing documents. The Company shall undertake that actions will be taken to stabilize the A Share price following the three years after listing and that the prospectus is free from any false records, misleading statements or material omissions and shall formulate restraint measures for each undertaking. The relevant details shall be set out in the circular to be despatched to the Shareholders in due course.

OTHER INFORMATION RELATED TO THE A SHARE OFFERING

Impact of the A Share Offering on the Shareholding Structure of the Company

The 1,300,000,000 existing Domestic Shares in issue of the Company will be converted into A Shares on the date of completion of the A Share Offering. For reference and illustration purposes only, assuming that all the 587,127,833 A Shares under the A Share Offering are approved and issued, and all are issued to non-connected persons of the Company and there are no changes in the share capital of the Company prior to the completion of the A Share Offering, the shareholding structure of the Company as at the date of this announcement and immediately after the completion of the A Share Offering is set out as follows:

	As at the date of this announcement		Immediately after the completion of the A Share Offering	
	Number of Shares	Approximate percentage of the Company's issued share capital	Number of Shares	Approximate percentage of the Company's issued share capital
Domestic Shares	1,300,000,000	73.81%	–	–
A Shares (at maximum)	–	–	1,887,127,833	80.35%
A Shares to be converted from Domestic Shares in issue ⁽¹⁾	–	–	1,300,000,000	55.35%
A Shares to be newly issued under the A Share Offering ⁽²⁾	–	–	587,127,833	25.00%
H Shares ⁽³⁾	461,383,500	26.19%	461,383,500	19.65%
Total	1,761,383,500	100.00%	2,348,511,333	100.00%

Notes:

- (1) As at the date of this announcement, according to the information publicly available to the Company and to the knowledge of the Directors, Mr. LI Baoyuan, Zhongru Investment and Qianbao Investment, controlling shareholders of the Company, held 1,300,000,000 Domestic Shares of the Company in aggregate, representing approximately 73.81% of the Company's issued share capital. All of these Domestic Shares will be converted into A Shares after the completion of the A Share Offering;
- (2) As at the date of this announcement, according to the information publicly available to the Company and to the knowledge of the Directors, A Shares to be newly issued under the A Share Offering will be fully held by the public;
- (3) As at the date of this announcement, according to the information publicly available to the Company and to the knowledge of the Directors, all H Shares were held by the public.

As at the date of this announcement, according to the information publicly available to the Company and to the knowledge of the Directors as at the date of this announcement, 26.19% of the total issued Shares of the Company are held by the public, which is in compliance with the requirements under Rule 8.08(1) of the Listing Rules regarding public float. Assuming that all the 587,127,833 A Shares under the A Share Offering are approved to be issued to non-connected persons of the Company, the number of A Shares held by the public will account for approximately 25.00% of the total issued shares of the Company, the number of H Shares held by the public will account for approximately 19.65% of the total issued shares of the Company and the number of Shares (including H Shares and A Shares) held by the public will account for approximately 44.65% of the total issued shares of the Company.

As at the date of this announcement, the Company had not entered or proposed to enter into any agreement in relation to subscription of A Shares with any connected persons of the Company.

Fund Raising Activities in the Past 12 Months

The Company has not conducted any fund raising activities in connection with the issue of share capital within the 12 months immediately prior to the date of this announcement.

As of the date of this announcement, the Company has no other specific fund-raising plan in connection with the issue of share capital (excluding the proposed A Share Offering) in the next 12 months from the date of this announcement.

Reasons for the A Share Offering

The Board considers that the A Share Offering is favorable to further enhance the Company's capital strength, optimize its capital structure, provide capital support to future development plan (including investment projects); increase the liquidity of shares held by Domestic Shareholders and significantly enhance the Company's brand image. The above factors will contribute to boosting the comprehensive competitiveness of the Company and strengthening its sustainable development.

The Board is of the opinion that, the A Share Offering is in the interests of the Company and its Shareholders as a whole.

SHAREHOLDERS' APPROVAL AND GENERAL INFORMATION

The Company will convene the EGM and the Class Meetings to propose the consideration and approval of, among other things, the resolutions regarding the proposed plan for A Share Offering and related matters, by the Shareholders. A circular containing, among other things, details on the relevant resolutions, together with the notice of the EGM and the notice of the H Shareholders Class Meeting will be despatched to the Shareholders as soon as practicable in accordance with the requirements under the Listing Rules. Please note that in addition to the approval by the Shareholders, the A Share Offering is also subject to the approval of the CSRC and other relevant regulatory authorities.

As the A Share Offering is subject to approval at the EGM and the Class Meetings and by the CSRC and other relevant regulatory authorities and may or may not proceed, Shareholders and investors should exercise caution when dealing in the H Shares of the Company. Further announcement(s) will be made to disclose any major updates and developments in respect of the A Share Offering in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

DEFINITIONS

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

“A Share(s)”	ordinary shares proposed to be issued by the Company under the A Share Offering and subscribed for in Renminbi, which will be listed on the main board of the SSE and traded in Renminbi
“A Share Offering” or “A Share Offering and Listing”	the proposed initial public offering of no more than 587,127,833 A Shares by the Company, which will be listed on the main board of the SSE
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“BOT”	Build-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the rights to undertake the financing, design, construction, operation and certain of wastewater treatment or water supply facilities in a concession period, during which the enterprise can charge service fees based on the service to cover its costs of investment, operation and maintenance and obtain reasonable returns, while, upon the expiration of the concession period, the relevant facilities will be transferred back to the government at nil consideration
“Class Meetings”	collectively, the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting
“Company”	Hebei Construction Group Corporation Limited
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi
“Domestic Shareholders Class Meeting”	the 2019 first Domestic Shareholders class meeting of the Company to be convened and held immediately after the conclusion of the EGM (or any adjournment thereof)
“EGM”	the 2019 second extraordinary general meeting of the Company to be convened and held in due course
“Hong Kong Dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“H Shares”	overseas-listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Stock Exchange
“H Shareholders Class Meeting”	the 2019 first H Shareholders class meeting of the Company to be convened and held immediately after the conclusion of the EGM and the Domestic Shareholders Class Meeting (or any adjournment thereof)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PPP”	public-private partnership, a partner relationship based on a framework agreement and formed between the government and private organizations for co-construction of infrastructure projects or providing certain public goods and services

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qianbao Investment”	Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As at the date of this announcement, Qianbao Investment directly and indirectly through Zhongru Investment holds approximately 73.8% equity interests of the Company in aggregate and is a controlling shareholder of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“SSE”	the Shanghai Stock Exchange
“Zhongru Investment”	Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010. As at the date of this announcement, Zhongru Investment directly holds approximately 68.3% equity interests of the Company and is a controlling shareholder of the Company
“%”	per cent

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

Hebei, the PRC
19 July 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.