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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)**

## **VOLUNTARY CLARIFICATION ANNOUNCEMENT**

This announcement is made by Hebei Construction Group Corporation Limited (the “**Company**”) on a voluntary basis.

The Company noticed that on 25 November and 26 November 2019, certain media published news reports headed “With Unfinished Projects and Temperamental Decisions, PPP Business of Hebei Construction is Paradoxical (項目爛尾、決策反復 河北建設PPP業務讓人疑惑不解)” and “Is Zhongming Zhiye the Profit Modifier of Hebei Construction? (中明置業：河北建設的利潤調節器?)”, respectively (the “**Reports**”).

The Company has carefully verified the contents of the Reports in a timely manner and found that the contents of the Reports are not based on rigorous investigation and demonstration and are inconsistent with the actual situation. In order to avoid misleading investors, the relevant information is hereby clarified as follows:

1. References are made to the Company’s announcement dated 8 January 2019 and the circular dated 14 January 2019 regarding the Company’s change of use of the net proceeds from the Global Offering. Unless otherwise defined, the terms used in this announcement shall have the same meanings as those defined in the aforementioned announcement and circular. The change in the use of the net proceeds from the Global Offering was made based on the Company’s research and judgment of the then actual situation of PPP projects and the actual needs in the Company’s ordinary course of business and operation at that time, and was for the purpose of improving the efficiency and flexibility of the use of the proceeds. The change was in accordance with the provisions of the Listing Rules, relevant laws and regulations and the Articles of Association, and the Company has fulfilled necessary approval procedures and satisfied relevant disclosure requirements.
2. The investment projects to be funded by proceeds from the proposed A share offering of the Company is determined based on the changes in the current business environment and the actual needs of the Company for newly added PPP project pipelines. The Feasibility Research Report on Investment Projects to be Funded by Proceeds from the A Share Offering prepared by the Company and the feasibility study reports issued by third-party engineering consulting agencies have fully demonstrated the necessity and reasonableness of PPP and BOT investment projects.

3. The Company hereby clarifies that at present, the PPP projects of the Company are running steadily in general with smooth construction progress and positive development trend. As for the three PPP projects mentioned in the Reports, (i) the Company has won the biddings of Anhui Dangshan Airport Facilities PPP Project (安徽省蕪山通航機場設施PPP項目), Guangdong Jieyang Sino-German Metal Eco City to Jieyang Chaoshan International Airport PPP Project (廣東省揭陽市中德金屬生態城至揭陽潮汕國際機場大道PPP項目). Such projects are currently pending for environment assessment and land issues; and (ii) the Company has won the bidding of Auxiliary Infrastructure Construction PPP Project for Shangdong Yantai Haiyang Automobile Industrial Innovation Park (山東省煙臺市海陽市汽車產業創新園配套基礎設施建設PPP項目). However, the project failed to progress smoothly due to force majeure reasons including changes in national policies and laws. Both parties have reached agreement to termination such project after negotiation at arm's length, and have established a special coordination group for negotiation over the project termination.
4. References are made to the Company's announcement dated 17 May 2019 and the circular dated 31 May 2019 in relation to, among others, the entering into of the Equity Swap and Transfer Agreement. Unless otherwise defined, the terms used in this paragraph shall have the same meanings as those defined in the aforementioned announcement and circular. The Company disposed of certain real estate-related businesses in order to reasonably control the management and control risks of the Chinese government and China's securities regulatory authorities and to streamline the principal business, thereby focusing on the development of the Company's advantages and capabilities in the construction business. The Company's acquisition of HCG Garden Engineering is based on its synergy with the Company's construction business in terms of business scope. It is expected that the Company's business scope and the construction industry chain will be further improved, which will be conducive to the Company's diversified project portfolio in future bidding and ensure the Company's long-term sustainable development. The Equity Swap and Transfer Agreement entered into between the Company and Zhongming Zhiye conformed to the provisions of the Listing Rules, relevant laws and regulations and the Articles of Association, and the Company has fulfilled necessary approval procedures and satisfied relevant disclosure requirements.
5. Regarding the business relationship between HCG Installment Engineering Co., Ltd. ("**HCG Installment Engineering**"), a subsidiary of the Company, and Sanhe Baolan Heat Co., Ltd. ("**Baolan Heat**"), the Company hereby clarifies that the heat supply facilities construction services provided by HCG Installment Engineering to Baolan Heat fulfilled the bidding procedures required by relevant laws and regulations, and there are no illegal contract awarding or other acts. In addition, the Company disclosed the related-party transactions between HCG Installment Engineering and Baolan Heat in its interim report of 2019 to satisfy the latest requirements of the modified accounting standards for business enterprises. The Company has strictly complied with the Listing Rules, relevant laws and regulations and the Articles of Association to continuously manage connected transactions and related-party transactions to ensure that the terms and conditions of transactions are fair and reasonable, necessary approval procedures have been performed and relevant disclosure requirements have been satisfied.

6. Regarding a series of equity transfers of the Company prior to the initial public offering and listing (the “**Listing**”), the Company hereby clarifies that the purpose of such equity transfers and reorganization is to focus on and stress the principal business, improve the corporate structure and improve the use of resources in core business. The pricing of relevant equity transfers is based on the reasonable book value and is determined by third-party evaluation agencies. The transfers complied with the provisions of relevant laws and regulations in force at the time and the Articles of Association, and the necessary approval procedures have been fulfilled. For further details of the Company’s pre-Listing reorganization, please refer to the Company’s Listing prospectus dated 5 December 2017. The Company’s past and current transactions with Zhongming Zhiye Co., Ltd. (中明置業有限公司), a controlling shareholder of the Company from time to time have been subject to the necessary approval procedures and satisfied the relevant disclosure requirements, are fair and reasonable and the interests of the Company and shareholders as a whole are not prejudiced.

The Company would like to draw the attention of the shareholders and potential investors to treat news reports or articles that are not authorized by the Company with caution.

**Shareholders and investors of the Company are advised to exercise caution while dealing in the shares of the Company.**

By order of the board of directors  
**Hebei Construction Group Corporation Limited**  
**LI Baozhong**  
*Chairman and Executive Director*

Hebei, the PRC  
26 November 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.*