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If you have sold or transferred all your shares in Hebei Construction Group Corporation Limited, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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)

(1) APPOINTMENT OF EXECUTIVE DIRECTOR
(2) CHANGE IN USE OF NET PROCEEDS FROM THE GLOBAL OFFERING
AND
(3) NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 3 to 9 of this circular.

A notice of EGM of the Company to be held at 10:00 a.m. on Monday, 25 February 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC is set out on pages 10 to 11 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of HKExnews of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hebjs.com.cn).

Whether or not you are able to attend the EGM, holders of Shares of the Company are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and lodge it to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company) or the Company's PRC registered office at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), as soon as possible, but in any event, not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (i.e., not later than 10:00 a.m. on Sunday, 24 February 2019). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if you so wish. If you intend to attend the EGM in person or by proxy, you are required to complete and return the accompanying reply slip in accordance with the instructions printed thereon on or before Tuesday, 5 February 2019.

14 January 2019

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DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board” or “Board of Directors”	the board of Directors of the Company
“Company”	Hebei Construction Group Corporation Limited
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
“EGM”	the 2019 first extraordinary general meeting of the Company to be convened and held at 10:00 a.m. on Monday, 25 February 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC
“Global Offering”	The Company’s H Shares in the Hong Kong public offering and the international offering listed on the Main Board of the Stock Exchange, details of which are set out in the Prospectus
“Group”	the Company and its subsidiaries
“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 HK dollars and listed on the Stock Exchange
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	8 January 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 construction projects or providing certain public goods and services

DEFINITIONS

“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	The Prospectus of the Company dated 5 December 2017
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholders(s)”	holder(s) of the Share(s) of the Company
“Share(s)”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LI Baozhong (*Chairman*)
Mr. SHANG Jinfeng (*President*)
Mr. LIU Yongjian

Non-executive Directors:

Mr. LI Baoyuan (*Honorary Chairman*)
Mr. CAO Qingshe (*Vice Chairman*)

Independent non-executive Directors:

Mr. XIAO Xuwen
Ms. SHEN Lifeng
Ms. CHEN Xin
Mr. CHAN Ngai Sang Kenny

Registered Office:

No. 125 Lugang Road
Jingxiu District
Baoding City, Hebei Province
The PRC

*Headquarters and Principal Place of
Business in the PRC:*

No. 125 Lugang Road
Jingxiu District
Baoding City, Hebei Province
The PRC

*Principal Place of Business
in Hong Kong:*

40/F, Sunlight Tower
248 Queen's Road East
Wanchai
Hong Kong

14 January 2019

To the Shareholders

Dear Sir or Madam,

**(1) APPOINTMENT OF EXECUTIVE DIRECTOR
AND**

(2) CHANGE IN USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

I. INTRODUCTION

The Company plans to convene the EGM at 10:00 a.m. on Monday, 25 February 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC. The notice convening the EGM is set out on page 10 to page 11 of this circular.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with details regarding the resolutions to be proposed at the EGM for your consideration and approval as ordinary resolutions at the EGM, and to provide relevant information to enable you to make an informed decision on whether to vote for or against or abstain from voting on the resolutions. The resolutions and relevant details are set out in the letter from the Board.

II. MATTERS TO BE RESOLVED AT THE EGM

Ordinary Resolutions

1. Appointment of executive Director

An ordinary resolution will be proposed at the EGM to approve the appointment of executive Director of the Company.

Reference is made to the announcement of the Company dated 8 January 2019 in relation to the proposed change of executive Director. Ms. Liu Shuzhen resigned as an executive Director, a vice president and the chief economic officer of the first session of the Board of the Company from 8 January 2019. As nominated by Zhongru Investment Co., Ltd. (中儒投資股份有限公司), a controlling Shareholder of the Company, Mr. Zhao Wensheng was proposed to be elected as an executive Director of the first session of the Board, for a term commencing from the date of approval at the EGM to the expiration of the term of the current session of the Board. Mr. Zhao Wensheng shall be eligible for re-election upon expiry of the term in accordance with the Articles of Association.

The biographical details of Mr. Zhao Wensheng, which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, are set out as follows:

Mr. Zhao Wensheng, aged 49, is the chief accountant and the director of finance of the Company since 23 January 2013. Mr. Zhao also serves as the chairman of the board of supervisors of HCG Zhuocheng Road and Bridge Engineering Co., Ltd. (河北建設集團卓誠路橋工程有限公司), HCG Installment Engineering Co., Ltd. (河北建設集團安裝工程有限公司), HCG Decoration Engineering Co., Ltd. (河北建設集團裝飾工程有限公司) and Zhongji United Investment Holdings Co., Ltd. (中冀聯合投資控股有限公司), and a supervisor of HCG Tianchen Construction Engineering Co., Ltd. (河北建設集團天辰建築工程有限公司), Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), Baoding Mancheng Zhongbao Investment Co., Ltd. (保定市滿城區中寶投資有限公司), Hebei Lvjian Investment Company (河北綠建投資股份公司) and Hebei Construction Group Qianqiu Management Co., Ltd. (河北建設集團千秋管業有限公司) respectively. Mr. Zhao is also a standing member of China Construction Accounting Institute (中國建設會計學會) and a vice president of Hebei Institute of Construction Accounting (河北省建設會計協會). Mr. Zhao's previous primary work experience includes: serving as an accountant of No. 1 Construction Engineering Company of Hebei Province (河北省第一建築工程公司) from July 1989 to January 1997; the head of finance department of HCG Decoration Engineering Co., Ltd. from January 1997 to July 2005; a deputy head of the Financial Audit Department of the Company from June 2005 to April 2006; and the head of Financial Management Department of the Company from April 2006 to January 2013.

LETTER FROM THE BOARD

Mr. Zhao obtained a bachelor's degree in management majoring in accounting (self-study) from Hebei University of Economics and Business in Shijiazhuang, the PRC in June 2004. Mr. Zhao obtained the qualification of senior accountant from Qualification Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in June 2009.

As of the Latest Practicable Date, Mr. Zhao Wensheng held 1,000,000 shares of Zhongru Investment Co., Ltd., which is a controlling Shareholder of the Company.

During his term of office as an executive Director of the Company, Mr. Zhao Wensheng will be entitled to a remuneration determined based on the overall remuneration structure of the Company. Upon approval of the appointment of Mr. Zhao Wensheng at the EGM, he will enter into the director's service contract with the Company for a term commencing from the date of approval at the EGM to the expiration of the first session of the Board.

Save for the above, as of the Latest Practicable Date, Mr. Zhao Wensheng has confirmed that: (i) he did not hold other directorships in any public companies listed in Hong Kong or overseas in the last three years or other positions in the Group; (ii) he did not have any relationships with any Directors, supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company; (iii) he was not interested in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)); and (iv) there were no any other matters with respect to his appointment that are required to be notified to the Shareholders and there was no information that is required to be disclosed pursuant to the provisions of Rule 13.51(2) of the Listing Rules or any other matters that need to be brought to the attention of the Shareholders or the Stock Exchange.

2. Change in use of net proceeds from the Global Offering

An ordinary resolution will be proposed at the EGM to approve the change in use of net proceeds from the Global Offering.

Reference is made to the section headed "Future Plans and Use of Proceeds" of the Prospectus, which contained the proposed use of net proceeds from the Global Offering of the Company and the announcement of the Company dated 8 January 2019 in relation to the proposed change in use of net proceeds from the Global Offering. Unless otherwise stated, capitalised terms used in this section shall have the same meaning as those defined in the Prospectus.

The net proceeds (net of Stock Exchange trading fee, SFC transaction levy, registration fee and fees charged by the receiving banks) from the Company's initial public offering of new Shares for the purpose of its listing on the Stock Exchange and issue of new Shares upon partial exercise of the Over-allotment Option amounted to approximately HK\$1,971.8 million (equivalent to approximately RMB1,577.4 million*). As of the Latest Practicable Date, the Company had utilized approximately RMB1,023.8 million out of the net proceeds, and the remaining balance of the net proceeds is approximately RMB553.6 million.

* The applicable exchange rate is RMB0.800 to HK\$1.000.

LETTER FROM THE BOARD

Use of net proceeds from the Global Offering set out in the Prospectus

As disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, each of the proposed use of net proceeds from the Global Offering of the Company are set out below:

- Approximately 40% to be used to undertake the construction of certain construction contracting projects remain to be completed;
- Approximately 40% to be used to fund the Group’s equity investment commitments under existing and future PPP projects;
- Approximately 10% to be used to repay the principal of and interest on the Group’s loans on or before their respective maturity dates. The interest rates charged to these bank loans range from 4.79% to 11.85% and the maturity dates of these bank loans range from January 2018 to April 2018. These bank loans were used as working capital on the Group’s construction projects;
- Approximately 10% for general corporate purposes.

As of the Latest Practicable Date, the use of net proceeds from the Global Offering of the Company is as follows:

The use of net proceeds set out in the Prospectus	Original allocation of the net proceeds		Amount of net proceeds used as of the Latest Practicable Date		Remaining net proceeds as of the Latest Practicable Date	
	Approximate amount (RMB million)	Approximate percentage (%)	Approximate amount (RMB million)	Approximate percentage of original net proceeds (%)	Approximate amount (RMB million)	Approximate percentage of original net proceeds (%)
Proceeds used to undertake the construction of certain construction contracting projects remain to be completed	631.0	40.00	624.3	39.58	6.7	0.42
To fund the Group’s equity investment commitments under existing and future PPP projects	631.0	40.00	100.0	6.34	531.0	33.66
To repay the principal of and interest on the Group’s loans on or before their respective maturity dates	157.7	10.00	144.0	9.13	13.7	0.87
General corporate purposes	157.7	10.00	155.5	9.86	2.2	0.14
Total[#]	1,577.4	100.00	1,023.8	64.91	553.6	35.09

[#] The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

LETTER FROM THE BOARD

Proposed change in use of net proceeds from the Global Offering

On 8 January 2019, the Board resolved to change the use of net proceeds from the Global Offering (the “**Proposed Change**”). Details in relation to the Proposed Change are as follows:

Use of net proceeds upon the Proposed Change	Remaining net proceeds as of the Latest Practicable Date		Remaining net proceeds upon the Proposed Change	
	Approximate amount <i>(RMB million)</i>	Approximate percentage of original net proceeds <i>(%)</i>	Approximate amount <i>(RMB million)</i>	Approximate percentage of original net proceeds <i>(%)</i>
Proceeds used to undertake the construction of certain construction contracting projects remain to be completed	6.7	0.42	6.7	0.42
To fund the Group’s existing and future equity investment commitments	531.0	33.66	373.2	23.66
To repay the principal of and interest on the Group’s loans on or before their respective maturity dates	13.7	0.87	13.7	0.87
General corporate purposes	2.2	0.14	160.0	10.14
Total[#]	553.6	35.09	553.6	35.09

[#] The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

LETTER FROM THE BOARD

Reasons for the proposed change in use of net proceeds from the Global Offering

Pursuant to recent market conditions and business and operational needs of the Group, the equity investment funds originally used by the Group under existing and future PPP projects have not been fully utilized. Considering that the Group's demand of equity investment capital for PPP project is less than initial expectation and in order to improve the efficiency of the use of the net proceeds from the Global Offering of the Company, the Board proposed that: (1) the equity investment amount initially to be used under the Group's existing and future PPP projects be adjusted to be used to fund the Group's existing and future equity investment; (2) certain net proceeds initially to be used to fund the Group's equity investment commitments under existing and future PPP projects (approximately RMB157.7 million) be allocated to be used for general corporate purposes of the Group, including but not limited to payment of office rent, maintenance costs, employee costs, professional expenses and other expenses in the daily operation of the Company. The Proposed Change will enable the Company to deploy its financial resources more effectively, which will be more in line with current operational needs of the Company and will facilitate the Group to flexibly adjust its business development strategies and investment plans in accordance with market conditions, so as to promote the Group's sustainable and rapid development and strengthen the overall market position of the Group. There are no other changes in the use of net proceeds from the Global Offering of the Company other than the Proposed Change.

The Board confirms that there is no material change in the nature of the Group's business as set out in the Prospectus and that the Proposed Change is in the best interests of the Company and its Shareholders as a whole.

III. EGM AND METHODS OF VOTING

A notice convening the EGM of the Company to be held at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC at 10:00 a.m. on Monday, 25 February 2019 is set out on pages 10 to 11 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of HKExnews of the Stock Exchange and the website of the Company.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and lodge the same to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), as soon as practicable and in any event not later than 24 hours before the time appointed for holding the EGM or any adjournment thereof (i.e. no later than 10:00 am on Sunday, 24 February 2019). Completion and return of the form of proxy will not preclude you from attending in person and voting at the EGM or any adjourned meeting should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked. Shareholders who intend to attend the EGM in person or by proxy shall complete the reply slip and lodge the same by hand, fax or mail to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax number: (852) 2861 1465 (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC, fax number: (86) 312 301 9434 (for holders of Domestic Shares of the Company), on or before Tuesday, 5 February 2019.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions set out in the notice of EGM will be taken by way of poll. Vote can be cast in person or by proxy.

IV. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 26 January 2019 to Monday, 25 February 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, holders of H Shares of the Company shall lodge all duly completed and signed transfer documents together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 25 January 2019.

V. RECOMMENDATION

The Board considers that the above resolutions are in the interests of the Company and the Shareholders as a whole, and therefore, recommends the Shareholders to vote in favor of such resolutions at the EGM.

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

NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 first extraordinary general meeting (the “**EGM**”) of Hebei Construction Group Corporation Limited (the “**Company**”) will be held at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the People’s Republic of China (the “**PRC**”) at 10:00 a.m. on Monday, 25 February 2019 to consider and, if thought fit, approve the following resolutions (with or without modification).

ORDINARY RESOLUTIONS

1. Appointment of executive director
2. Change in use of net proceeds from the Global Offering

By order of the Board

Hebei Construction Group Corporation Limited

LI Baozhong

Chairman and Executive Director

Hebei, the PRC, 9 January 2019

NOTICE OF 2019 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

- (1) The register of members of the Company will be closed from Saturday, 26 January 2019 to Monday, 25 February 2019 (both days inclusive), during which period no transfer of Shares of the Company will be registered. In order to qualify for attending and voting at the EGM, holders of H Shares of the Company shall deliver all duly completed and signed transfer documents together with the relevant share certificates to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 25 January 2019.
- (2) Shareholders who intend to attend the EGM should complete the reply slip for the EGM and return the same by hand, fax or mail to the Company's H Share Registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax number: (852) 2861 1465 (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC, fax number: (86) 312 301 9434 (for holders of Domestic Shares of the Company), on or before Tuesday, 5 February 2019.
- (3) Shareholder entitled to attend and vote at the EGM can complete the proxy form provided by the Company to appoint one or more person to attend and vote on his/her/its behalf at the EGM. A proxy need not be a shareholder of the Company. For Shareholder who appoints more than one proxy, his/her/its proxies can only exercise their voting right in a poll.
- (4) A Shareholder shall appoint his/her/its proxy by an instrument in writing under the hand of the Shareholder or of his/her/its attorney duly authorized in writing. If the Shareholder is a corporation, the instrument in writing shall be either under its common seal or under the hand of its authorized representative or an attorney duly authorized. If the instrument in writing is signed by an attorney of the Shareholder, the power of attorney authorizing the attorney to sign, or other authorization documents must be notarized.
- (5) In order to be valid, the proxy form and the related notarized power of attorney (if any) and other authorization documents (if any) referred in note (4) above must be lodged to the Company's H Share Registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be) (i.e. no later than 10:00 a.m. on Sunday, 24 February 2019). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.
- (6) Shareholders or their proxy(ies) should produce his/her identification document when attending the EGM. If the Shareholder is a corporation, its authorized representative or the person authorized by its board of directors or other authorities shall produce the copy of the authorization documents appointing him/her to attend the meeting issued by the board of directors or other authorities of such corporate Shareholder.
- (7) The EGM is expected to last for no more than half day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.