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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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) 2017 Annual Report**
- (2) 2017 Final Accounts Report**
- (3) Work Report of the Board for 2017**
- (4) Work Report of the Board of Supervisors for 2017**
- (5) Profit Distribution Proposal for 2017**
- (6) Remuneration of Directors for 2017**
- (7) Remuneration of Supervisors for 2017**
- (8) Financing Plan for 2018**
- (9) Guarantee Arrangement for 2018**
- (10) Appointment of Domestic and Overseas Auditors for 2018 and
Determination of Remuneration**
- (11) Appointment of Supervisor**
- (12) Amendments to Articles of Association and Rules of Procedures for the Board**
- (13) Issuance of Debt Financing Instruments in 2018**
- (14) General Mandate to Issue Shares
and**
- (15) Notice of 2017 Annual General Meeting**

A letter from the Board is set out on pages 3 to 19 of this circular.

A notice of AGM of the Company to be held at 9:00 a.m. on Monday, 25 June 2018 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC is set out on pages 20 to 22 of this circular. A form of proxy for use at the AGM is enclosed. Such form of proxy is also published on the website 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 AGM, holders of Shares of the Company are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return 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 AGM or any adjournment thereof (i.e., not later than 9:00 a.m. on Sunday, 24 June 2018). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof if you so wish. If you intend to attend the AGM 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 June 2018.

11 May 2018

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DEFINITIONS

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

| | |
|---------------------------------|--|
| “AGM” | the 2017 annual general meeting of the Company to be convened and held at 9:00 a.m. on Monday, 25 June 2018 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC |
| “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 |
| “Board of Supervisors” | the board of Supervisors 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 |
| “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 |
| “Latest Practicable Date” | 8 May 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “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 |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “Rules of Procedures for the Board” | the Rules of Procedures for the Board of the Company |
| “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 |
| “Supervisor(s)” | supervisors of the Company |
| “%” | 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*)
Ms. LIU Shuzhen
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:*

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

11 May 2018

To the Shareholders

Dear Sir or Madam,

- (1) 2017 Annual Report
- (2) 2017 Final Accounts Report
- (3) Work Report of the Board for 2017
- (4) Work Report of the Board of Supervisors for 2017
- (5) Profit Distribution Proposal for 2017
- (6) Remuneration of Directors for 2017
- (7) Remuneration of Supervisors for 2017
- (8) Financing Plan for 2018
- (9) Guarantee Arrangement for 2018
- (10) Appointment of Domestic and Overseas Auditors for 2018
and Determination of Remuneration
- (11) Appointment of Supervisor
- (12) Amendments to Articles of Association and Rules of Procedures for the Board
- (13) Issuance of Debt Financing Instruments in 2018
and
- (14) General Mandate to Issue Shares

I. INTRODUCTION

The Company plans to convene the AGM at 9:00 a.m. on Monday, 25 June 2018 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC. The notice convening the AGM is set out on page 20 to page 22 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 AGM for your consideration and approval as ordinary resolutions or special resolutions, as the case may be, at the AGM, 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 those resolutions. Such resolutions and relevant details are set out in the letter from the Board.

II. MATTERS TO BE RESOLVED AT THE AGM

Ordinary Resolutions

1. 2017 Annual Report

An ordinary resolution will be proposed at the AGM to approve the 2017 Annual Report. For the full text of the report, please refer to the annual report of the Company for the year ended 31 December 2017, which was published on the website of the Company and the HKExnews website of the Stock Exchange on 24 April 2018 (“**2017 Annual Report**”).

2. 2017 Final Accounts Report

An ordinary resolution will be proposed at the AGM to approve the 2017 Final Accounts Report. For the full text of the report, please refer to the 2017 Annual Report.

3. Work Report of the Board for 2017

An ordinary resolution will be proposed at the AGM to approve the Report of the Board for 2017. For the full text of the report, please refer to the 2017 Annual Report.

4. Work Report of the Board of Supervisors for 2017

An ordinary resolution will be proposed at the AGM to approve the Report of the Board of Supervisors for 2017. For the full text of the report, please refer to the 2017 Annual Report.

5. Profit Distribution Proposal for 2017

An ordinary resolution will be proposed at the AGM to approve the Profit Distribution Proposal of the Company. Taking into account the actual circumstances and the long-term sustainable development needs of the Company, the Board does not recommend the payment of final dividend to the Shareholders for the year ended 31 December 2017 out of consideration for the long-term interests of the Shareholders.

6. Remuneration of Directors for 2017

An ordinary resolution will be proposed at the AGM to approve the remuneration of Directors for 2017.

LETTER FROM THE BOARD

Pursuant to relevant provisions under the Articles of Association and the related contracts entered into between the Company and the Directors, details of remuneration of Directors for 2017 are as follow:

| Name | Title | Total remuneration (RMB'0,000) |
|----------------------|--|---|
| Li Baozhong | Chairman and Executive Director | 91.41 |
| Shang Jinfeng | Executive Director and President | 147.4 |
| Liu Shuzhen | Executive Director, Vice President and Chief Economic Officer | 63.06 |
| Liu Yongjian | Executive Director and Vice President | 63.06 |
| Li Baoyuan | Honorary Chairman and Non-executive Director | 81.06 |
| Cao Qingshe | Vice Chairman and Non-executive Director | 75.33 |
| Xiao Xuwen | Independent Non-executive Director | 0 |
| Shen Lifeng | Independent Non-executive Director | 0 |
| Chen Xin | Independent Non-executive Director | 0 |
| Chan Ngai Sang Kenny | Independent Non-executive Director | 0 |

Note: Given that the term of office of independent non-executive Directors commenced from the listing of the Company on the Stock Exchange (i.e., 15 December 2017), the Company did not pay remuneration to independent non-executive Directors for 2017.

7. Remuneration of Supervisors for 2017

An ordinary resolution will be proposed at the AGM to approve the remuneration of Supervisors for 2017.

Pursuant to relevant provisions under the Articles of Association and the related contracts entered into between the Company and the Supervisors, details of remuneration of Supervisors for 2017 are as follow:

| Name | Title | Total remuneration (RMB'0,000) |
|--------------|--|---|
| Mao Yuanli | Chairman of the Board of Supervisors and Shareholder Supervisor | 63.06 |
| Liu Jingqiao | Employee Supervisor | 25.89 |
| Feng Xiujian | Shareholder Supervisor | 25.56 |
| Yue Jianming | Employee Supervisor | 25.89 |
| Wang Feng | Shareholder Supervisor | 25.11 |

LETTER FROM THE BOARD

8. Financing Plan for 2018

An ordinary resolution will be proposed at the AGM to approve the Financing Plan for 2018.

According to the 2018 Financial Budget of the Company and taking into account the capital requirements out of comprehensive consideration for the development plan and the status of business development of the Company, the Company has the following arrangements regarding the Financing Plan for 2018:

I. Overall Financing Plan

The financing facilities for working capital loan, bill financing, development borrowings and borrowings of PPP project companies of the Company (including wholly-owned and holding subsidiaries and joint-stock PPP project companies) are expected to be RMB17.6 billion for 2018. Of which, the planned financing facilities of the Company (including the branches) amount to RMB4.8 billion, the planned financing facilities of its wholly-owned and holding subsidiaries amount to RMB2.8 billion, and the financing facilities of PPP project companies (including those that were undertaken and planned to undertake) amount to RMB10.0 billion.

II. Credit Facility Plan

The Group intends to obtain total credit facilities of RMB15.1 billion from various financial institutions for 2018. The Company plans to obtain total credit facilities of up to RMB12.5 billion from various financial institutions, with no more than RMB2.6 billion of total credit facilities for subsidiaries.

9. Guarantee Arrangement for 2018

An ordinary resolution will be proposed at the AGM to approve the Guarantee Arrangement for 2018. It is proposed that the AGM authorises the Board, which may further delegate such authority to the Chairman and the management to make decisions on the grant of guarantee of the Company in 2018 within the framework of the Financing Plan for 2018.

In order to meet its production and operational needs, the Company has formulated the guarantee plan for 2018 taking into account the actual capital flow and the Financing Plan for 2018. Details of which are as follows:

The guarantee plan for 2018 was developed based on the actual circumstances of the Company and its branches and subsidiaries, and with reference to the capital requirements as reported by the business units of the Company. To ensure steady development of the Company, it will provide new investment for continued project construction and finance the loans granted in the original projects. For risk control purpose, the Company will strictly review new projects, so that project financing and guarantee will be in compliance with relevant requirements of the Company Law of the PRC and the approval procedures.

LETTER FROM THE BOARD

The total amount of various guarantees of the Company, its branches and subsidiaries are estimated to be RMB13.3 billion for 2018. Of which, the Company will provide external guarantees, including various guarantees for an amount of RMB2.7 billion for holding subsidiaries, joint-stock subsidiaries or third parties to provide working capital, bill financing and letter of guarantee, and guarantees for a total amount of RMB8.8 billion for PPP project companies; the holding subsidiaries will provide external guarantees for a total amount of RMB1.8 billion for the Company, other consolidated subsidiaries of the Group, joint-stock companies or third parties.

Breakdown of the Guarantee Plan

Unit: RMB'00 million

| Guaranteed Business | Amount of Guarantee | Terms of Guarantee |
|---|----------------------------|---------------------------|
| Provided by the Company to joint-stock and holding subsidiaries | 27 | 1 to 3 years |
| Provided to PPP project companies | 88 | 2 to 10 years |
| External guarantees of holding subsidiaries | <u>18</u> | 1 to 3 years |
| Total | <u><u>133</u></u> | |

10. Appointment of Domestic and Overseas Auditors for 2018 and Determination of Remuneration

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young and Ernst & Young Hua Ming LLP as the overseas and domestic auditors of the Company for 2018 respectively, with a term ending upon the conclusion of the next annual general meeting. It is also proposed that the AGM authorises the Board, which may further delegate such authority to the President of the Company, to determine the remuneration of the auditors.

11. Appointment of Supervisor

An ordinary resolution will be proposed at the AGM to approve the appointment of Supervisor.

Reference is made to the announcement of the Company dated 26 March 2018 in relation to the proposed change of Supervisor. As nominated by the Board of Supervisors, Mr. Yu Xuefeng was proposed to be elected as a Supervisor of the first session of the Board of Supervisors, for a term commencing from the date of approval at the AGM to the expiration of the term of the current session of the Board of Supervisors. Mr. Yu Xuefeng shall be eligible for re-election upon expiry of the term in accordance with the Articles of Association. Mr. Mao Yuanli has tendered his resignation as a Supervisor and the chairman of the first session of the Board of Supervisors due to reaching his retirement age. The resignation of Mr. Mao Yuanli shall be effective from the commencement of the term of office of Mr. Yu Xuefeng.

LETTER FROM THE BOARD

Mr. Mao Yuanli has confirmed that he has no disagreement with the Board of Supervisors and there are no other matters in relation to his resignation that need to be brought to the attention of the Shareholders or the Stock Exchange. Mr. Yu Xuefeng has confirmed that he has no disagreement in regard to the nomination.

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

Mr. Yu Xuefeng, aged 55, is the deputy secretary of the Party Committee, secretary of the discipline committee and chairman of the trade union of the Company. Mr. Yu's previous primary work experience includes: serving as the deputy chief of the industry section of Baoding Economic and Trade Commission from August 1984 to July 1998; the assistant to the President of the Company from August 1998 to July 2001; the vice President of the Company from August 2001 to April 2017; the chief accountant of Baoding Taihang Heyi Cement Co., Ltd. from September 2002 to November 2004; the chief accountant of Hebei Baocang Expressway Co., Ltd from December 2004 to October 2011; the general manager, chief accountant, vice chairman and secretary of the party committee of Zhongcheng Real Estate Development Co., Ltd. from November 2011 to September 2017.

Mr. Yu graduated from Hebei College of Engineering, majoring in automation in July 1984, and graduated from Hebei University, majoring in economics in July 1997. Mr. Yu is a senior economist.

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

During his term of office as a Supervisor, Mr. Yu Xuefeng will be entitled to a remuneration determined based on the overall remuneration structure of the Company. Upon Shareholders' approval of the appointment of Mr. Yu Xuefeng, he will enter into the supervisor's service contract with the Company for a term commencing from the date of approval at the AGM to the expiration of the term of the first session of the Board of Supervisors.

Save for the above, as at the Latest Practicable Date, Mr. Yu Xuefeng 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.

LETTER FROM THE BOARD

Special Resolutions

12. Amendments to Articles of Association and Rules of Procedures for the Board

Two special resolutions will be proposed at the AGM to approve the Amendments to Articles of Association and Rules of Procedures for the Board.

12.1 Amendments to Articles of Association

Reference is made to the announcement of the Company dated 26 March 2018. To (1) better meet the Company's financing needs in its ordinary course of business and (2) optimize the allocation of the powers of establishment of the Company's internal management bodies, the proposed amendment to the Articles of Association are mainly the amendment to the terms in relation to the function and power of the Board on external financing and establishment of internal management bodies as set out in the Articles of Association, details of which are as follows:

| Existing Articles | Proposed Amendments |
|---|---|
| <p>Article 134 The board of directors shall be accountable to the general meetings and exercise the following functions and powers:</p> <p>(I) to convene general meetings and report its work to the general meetings;</p> <p>(II) to implement the resolutions of the general meetings;</p> <p>(III) to decide on the Company's business plans and investment plans;</p> <p>(IV) to formulate the Company's annual financial budgets and final accounts;</p> <p>(V) to formulate the Company's profit distribution plan and the plan for making up losses;</p> <p>(VI) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of shares, debentures or other securities and the listing project of the Company;</p> | <p>Article 134 The board of directors shall be accountable to the general meetings and exercise the following functions and powers:</p> <p>(I) to convene general meetings and report its work to the general meetings;</p> <p>(II) to implement the resolutions of the general meetings;</p> <p>(III) to decide on the Company's business plans and investment plans;</p> <p>(IV) to formulate the Company's annual financial budgets and final accounts;</p> <p>(V) to formulate the Company's profit distribution plan and the plan for making up losses;</p> <p>(VI) to formulate proposals for the increase or reduction of the Company's registered capital and the issuance of shares, debentures or other securities and the listing project of the Company;</p> |

LETTER FROM THE BOARD

| Existing Articles | Proposed Amendments |
|--|--|
| (VII) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company; | (VII) to formulate plans for major acquisition, repurchase of the shares of the Company or the merger, division, dissolution or change of the nature of incorporation of the Company; |
| (VIII) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, the provision of security for third parties, entrustment of financial services, connected transactions, etc., to the extent authorized by the general meeting; | (VIII) to decide on such matters as the Company's investments in third parties, purchase and sale of assets, asset mortgages, the provision of security for third parties, entrustment of financial services, connected transactions, <u>banking facilities, loans (including but not limited to working capital loans, commercial bank acceptance, letter of guarantee, and letter of credit)</u> , etc., to the extent authorized by the general meeting <u>except those required to be considered by the general meeting in accordance with the relevant laws and regulations and the Articles of Association</u> ; |
| (IX) to determine on the establishment of the Company's internal management bodies and on the establishment or closing of the Company's branches or representative offices; | (IX) to determine on the establishment of the Company's internal management bodies and on the establishment or closing of the Company's branches or representative offices ; |
| (X) to engage or dismiss the Company's president and secretary to the board of directors; to engage or dismiss such senior management members as vice president, head of Financial Management Department and etc, as proposed by the president, and decide on matters relating to their remuneration, rewards and punishments; | (X) to engage or dismiss the Company's president and secretary to the board of directors; to engage or dismiss such senior management members as vice president, head of Financial Management Department and etc, as proposed by the president, and decide on matters relating to their remuneration, rewards and punishments; |
| (XI) to formulate the basic management systems of the Company; | (XI) to formulate the basic management systems of the Company; |
| (XII) to formulate proposals for amendments to the Articles of Association; | (XII) to formulate proposals for amendments to the Articles of Association; |
| (XIII) to manage the information disclosure of the Company; | (XIII) to manage the information disclosure of the Company; |

LETTER FROM THE BOARD

| Existing Articles | Proposed Amendments |
|---|---|
| (XIV) to propose to the general meeting the appointment or replacement of an accounting firm that provides audit service of annual financial statement to the Company and decide the audit fee; | (XIV) to propose to the general meeting the appointment or replacement of an accounting firm that provides audit service of annual financial statement to the Company and decide the audit fee; |
| (XV) to listen to the work reports of the Company's president and inspect his or her work; | (XV) to listen to the work reports of the Company's president and inspect his or her work; |
| (XVI) to decide the establishment of special committees and their compositions; | (XVI) to decide the establishment of special committees and their compositions; |
| (XVII) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles. | (XVII) to exercise other functions and powers conferred by the laws, regulations and the listing rules of the stock exchange on which the shares of the Company are listed, at general meetings and these Articles. |
| Resolutions relating to the above, with the exception of items (VI), (VII) and (XII) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors. | Resolutions relating to the above, with the exception of items (VI), (VII) and (XII) above which shall be approved by more than two thirds of the directors, shall be approved by more than half of the directors. |

In respect of the proposed amendment to the Articles of Association, one article is amended, and no article is added or deleted. The number of articles of the amended Articles of Association remains the same. The revised Articles of Association shall become effective from the date of the passing of the relevant resolution at the AGM. Prior to the passing of the relevant resolution at the AGM, the prevailing Articles of Association of the Company shall remain valid.

LETTER FROM THE BOARD

12.2 Amendments to Rules of Procedures for the Board

The Company proposed the following amendments to certain provisions of the Rules of Procedures for the Board based on its actual operation and management and taking into account its business nature:

| Existing Rules | Proposed Amendments |
|--|---|
| <p>Rule 9 (VII) The Board authorises the chairman to decide on the following matters:</p> <ol style="list-style-type: none"> 1. Charge on assets and external investment with a transaction amount of up to 10% of the latest audited net assets of the Company; 2. Entrusted wealth management with a transaction amount of up to 3% of the latest audited net assets of the Company; 3. Bank facilities and loans (including but not limited to liquidity loan, commercial bank acceptance bills, letter of guarantee, letter of credit etc.) with an amount of up to 10% of the latest audited net assets of the Company; 4. Any donation with a single amount of up to RMB3 million and donations with a total amount of up to RMB10 million within a year, provided that the donation received by any single recipient shall not exceed RMB3 million during the same year; | <p>Rule 9 (VII) The Board authorises the chairman to decide on the following matters:</p> <ol style="list-style-type: none"> 1. Charge on assets and external investment with a transaction amount of up to 10% of the latest audited net assets of the Company; 2. Entrusted wealth management with a transaction amount of up to 3% of the latest audited net assets of the Company; 3. Bank facilities and loans (including but not limited to liquidity loan, commercial bank acceptance bills, letter of guarantee, letter of credit etc., <u>but excluding construction projects under PPP model</u>) with an amount of up to 10% of the latest audited net assets of the Company; <u>4. Project tender, public-private partnership (PPP) project, build-transfer (BT) project with a single amount of up to 30% of the latest audited total assets of the Company;</u> <u>54.</u> Any donation with a single amount of up to RMB3 million and donations with a total amount of up to RMB10 million within a year, provided that the donation received by any single recipient shall not exceed RMB3 million during the same year; |

LETTER FROM THE BOARD

| Existing Rules | Proposed Amendments |
|---|---|
| 5. Purchase, sales and disposal of material assets with an amount of up to 10% of the latest audited net assets of the Company within a year; | <u>65.</u> Purchase, sales and disposal of material assets with an amount of up to 10% of the latest audited net assets of the Company within a year; |
| 6. Other contractual transaction or arrangement with an amount of up to 10% of the latest audited net assets of the Company. | <u>76.</u> Other contractual transaction or arrangement with an amount of up to 10% of the latest audited net assets of the Company; |
| | <u>8. To determine the establishment or closing of the Company's branches or representative offices.</u> |

In respect of the proposed amendments to the Rules of Procedures for the Board, one rule is amended (including two sub-rules are added). The total number of rules of the amended Rules of Procedures for the Board remains the same. The revised Rules of Procedures for the Board shall become effective from the date of the passing of the relevant resolution at the AGM. Prior to the passing of the relevant resolution at the AGM, the prevailing Rules of Procedures for the Board of the Company shall remain valid.

13. Issuance of Debt Financing Instruments in 2018

A special resolution will be proposed at the AGM to approve the issuance of debt financing instruments in 2018.

In order to meet the needs for the Company's business operation, adjust the debt structure, replenish the liquidity and lower the financing costs, the Company intends to propose at the AGM to authorize the Board and persons authorized by the Board to consider and approve, subject to the relevant laws and regulations and the prevailing market conditions, the issuance of debt financing instruments within the framework and limit approved at the AGM:

I. Issuer

The Company is the issuer of the RMB debt financing instruments. The Company or the foreign wholly-owned subsidiaries of the Company is the issuer of the offshore debt financing instruments.

II. Type of Debt Financing Instruments

The onshore debt financing instruments proposed to be issued by the Company include but not limited to: RMB financing instruments, such as corporate bonds, medium-term notes, short-term commercial papers and super short-term commercial papers. The offshore debt financing instruments proposed to be issued by the Company include but not limited to: USD bonds, offshore RMB bonds, etc. The aforementioned onshore and offshore debt financing instruments do not contain any provision for conversion into Shares.

LETTER FROM THE BOARD

The Board and persons authorized by the Board will determine the type of onshore and offshore debt financing instruments based on the relevant requirements and the market conditions at the time of issue.

III. Issue Size and Issue Method

The issue size of any single type of bonds, which could be issued on an one-off or multiple issuances or multi-tranche issuances bases, shall not exceed the approved limit of issue for that class under the relevant laws, regulations and regulatory documents. Subject to the relevant laws, regulations and regulatory documents, the specific issue size will be determined based on our needs for funding and the market conditions, provided that the aggregate size for various classes of bonds applied for registration shall not exceed RMB1.5 billion equivalent.

The specific issue size will be determined by the Board and persons authorized by the Board based on the relevant requirements and the market conditions at the time of issue.

IV. Term of Debt Financing Instruments

The terms of the onshore and offshore debt financing instruments shall be no longer than 10 years, with a single term or a hybrid type with multiple terms. The specific term and each type with different terms will be determined by the Board and persons authorized by the Board based on the relevant requirements and the market conditions at the time of issue.

V. Use of Proceeds

The proceeds from onshore and offshore debt financing instruments shall be used to meet the needs for business operation, adjust the debt structure, replenish the liquidity and/or for project investment of the Company. The specific usage will be determined by the Board and persons authorized by the Board based on the funding needs of the Company.

VI. Other Matters Related to the Issuance

The interest rates and interest payment method, guarantee, listing and trading of the instruments, whether it will be placed to the Shareholders and other related matters will be determined by the Board or persons authorized by the Board based on the relevant requirements and the type of onshore and offshore debt financing instruments proposed to be issued.

LETTER FROM THE BOARD

VII. Authorization Given to the Board

To ensure effective coordination of the issuance of onshore and offshore debt financing instruments and specific matters in the process of the issuance, it is proposed that the AGM authorizes and approves the Board to further authorize any one of the executive Directors to be the authorized person of the Board in respect of the issuance of onshore and offshore debt financing instruments to, deal with, at its/their sole discretion and for the best interests of the Company, all matters related to the issuance of onshore and offshore debt financing instruments within the framework of the major terms of the aforesaid issuance approved at the AGM in accordance with the relevant laws and regulations as well as the advice and recommendations from regulatory authorities, and taking into account the operational needs and the prevailing market conditions. Such matters include but not limited to the followings:

- (I) to formulate and adjust the specific proposal for each issuance of the onshore and offshore debt financing instruments based on the specific conditions of the Company and the relevant debt market pursuant to the applicable laws, regulations and relevant requirements of the regulatory authorities as well as resolution passed at the AGM, including but not limited to, the suitable issuer(s), timing of the issue, the numbers and method of the issue, terms of issue, targets of the issue, maturity, denomination, interest rates, currency, guarantee arrangement, rating arrangement, measures to ensure debt repayment, use of proceeds, registration, listing of the bond and all matters in connection with the issuance of onshore and offshore debt financing instruments.
- (II) to make decision on the engagement of intermediary agency, to select and engage trustee and settlement manager(s), to sign the trust agreement(s) and settlement agreement(s), and to formulate the rules of procedures of the meeting of the holders of debt financing instruments (if applicable).
- (III) to sign, implement, amend and complete all of the agreements and documents relating to the issuance of the onshore and offshore debt financing instruments, including but not limited to, the sponsor agreement, underwriting agreement, guarantee agreement, bond indenture, engagement agreement with intermediary agency, trust agreement, settlement agreement, registration and custody agreement, listing agreement and other legal documents, etc.
- (IV) to complete all applications and listing matters in connection with the issuance of the onshore and offshore debt financing instruments, including but not limited to, the preparation, revision and submission of relevant application and filing materials relating to the issuance and listing of the onshore and offshore debt financing instruments as well as the application and filing materials in respect of guarantee, letter of support or keep-well deed to be provided by the Company, the issuer and/or third party(ies), and to sign the relevant application and filing documents and other legal documents as required by relevant regulatory authorities.
- (V) to sign and release/distribute announcements and circulars related to the issuance of the onshore and offshore debt financing instruments pursuant to the requirements of the relevant domestic regulatory authorities and the Listing Rules, so as to fulfill its obligation to disclose relevant information and/or perform approval procedure (if required).

LETTER FROM THE BOARD

- (VI) save as those matters that require re-approval at the general meetings as required by the relevant laws, regulations and the Articles of Association, to either adjust the matters relating to the issuance of the onshore and offshore debt financing instruments in response to the advice from regulatory authorities, changes in policies or changes in market conditions, or to decide whether to continue the works, in whole or in part, of the issuance of the onshore and offshore debt financing instruments based on the actual situation.
- (VII) to deal with other relevant matters in connection with the issuance of the onshore and offshore debt financing instruments, and to sign all necessary documents.

VIII. Validity Period of the Resolution

The resolution of the AGM in respect of the issuance of the onshore and offshore debt financing instruments will be valid from the date of the resolution being passed at the AGM to the date convening the next annual general meeting.

Where the Board and the persons authorized by the Board have decided, during the authorized period, to issue in whole or in part the onshore and offshore debt financing instruments, and provided that the Company has also, during the authorized period, obtained the approval or license from, or completed filing or registration (if applicable) with regulatory authorities for the issuance, the Company may, during the validity period confirmed in such approval, license, filing or registration, complete the issue in whole or in part of the onshore and offshore debt financing instruments.

14. General Mandate to Issue Shares

A special resolution will be proposed at the AGM to approve the general mandate to issue Shares.

In order to meet the capital requirements for the sustainable business development of the Company, and for the flexible and effective utilization of financing platforms, the Board will, in accordance with the applicable laws, regulations, other regulatory documents and capital market practices, propose the following at the AGM for consideration and approval:

I. General Mandate to Issue Shares

- (I) Subject to the conditions set out in (II) below, a resolution will be proposed at the AGM to authorize the Board to issue Shares (H Shares and/or Domestic Shares, same for the below) during the relevant period (as defined below).
- (II) The numbers of H Shares and Domestic Shares authorized to be issued by the Board under approval shall not exceed 20% of the total numbers of H Shares and Domestic Shares in issue of the Company as at the date of this resolution being approved at the AGM.

LETTER FROM THE BOARD

(III) For the purpose of this resolution:

“relevant period” means the period from the date of the passing of this special resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting after the passing of this resolution (unless otherwise being extended by the passing of a special resolution at that meeting (whether or not with conditions being attached), such mandate will be lapsed); or
2. the date on which such mandate granted under this resolution is revoked or amended by a special resolution at the general meeting of the Company.

II. Related Authorization

In order to improve the efficiency of decision making and to reduce approval procedures so as to grasp the opportunities in the market, it is proposed at the AGM to grant the Board the general mandate to issue Shares, to deal with all matters related to the general mandate to issue Shares at their sole discretion, which include but not limited to:

- (I) to authorize the Board to determine the detailed issuance proposal, including but not limited to:
 1. the class and numbers of the Shares proposed to be issued;
 2. pricing method and/or issue price (including the range of pricing);
 3. the first and last date of the issuance;
 4. use of proceeds;
 5. other information needed to be included in the detailed issuance proposal as required by the relevant laws and regulations and other regulatory documents, relevant regulatory authorities and the stock exchange of the place of listing.
- (II) to authorize the Board to deal with the matters related to the increase of the registered capital of the Company to include the Shares authorized to be issued by the Company under this resolution and to make such amendments as it deems appropriate and necessary to the clauses related to the issuance of Shares and registered capital in the Articles of Association, and to adopt and complete any other actions and processes which are necessary for increasing the registered capital of the Company.

LETTER FROM THE BOARD

III. AGM AND METHODS OF VOTING

A notice convening the AGM 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 9:00 a.m. on Monday, 25 June 2018 is set out on pages 20 to 22 of this circular. A form of proxy for use at the AGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange and the website of the Company.

Whether or not you intend to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return 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 AGM or any adjournment thereof (i.e. no later than 9:00 am on Sunday, 24 June 2018). Completion and return of the form of proxy will not preclude you from attending in person and voting at the AGM or any adjourned meeting should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked. Shareholders who intend to attend the AGM in person or by proxy shall complete the reply slip and return 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: (312) 301 9434 (for holders of Domestic Shares of the Company), on or before Tuesday, 5 June 2018.

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 AGM 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 AGM, the register of members of the Company will be closed from Saturday, 26 May 2018 to Monday, 25 June 2018 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, 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 May 2018.

LETTER FROM THE BOARD

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 AGM.

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

NOTICE OF 2017 ANNUAL 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 annual general meeting (the “AGM”) 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 9:00 a.m. on Monday, 25 June 2018 to consider and, if thought fit, approve, among others, the following resolutions (with or without modification). Unless otherwise stated, capitalized terms herein shall have the same meanings as those defined in the circular of the Company dated 11 May 2018.

ORDINARY RESOLUTIONS

1. 2017 Annual Report
2. 2017 Final Accounts Report
3. Work Report of the Board for 2017
4. Work Report of the Board of Supervisors for 2017
5. Profit Distribution Proposal for 2017
6. Remuneration of Directors for 2017
7. Remuneration of Supervisors for 2017
8. Financing Plan for 2018
9. Guarantee Arrangement for 2018
10. Appointment of domestic and overseas auditors for 2018 and determination of remuneration
11. Appointment of Supervisor

NOTICE OF 2017 ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

- 12.1 Amendments to the Articles of Association
- 12.2 Amendments to the Rules of Procedures for the Board
- 13. Issuance of debt financing instruments in 2018
- 14. General mandate to issue Shares

Details of the above resolutions are set out in the AGM circular dated 11 May 2018.

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

Hebei, the PRC, 11 May 2018

Notes:

- (1) The register of members of the Company will be closed from Saturday, 26 May 2018 to Monday, 25 June 2018 (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 AGM, 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 May 2018.
- (2) Shareholders who intend to attend the AGM should complete the reply slip for the AGM 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: (312) 301 9434 (for holders of Domestic Shares of the Company), on or before Tuesday, 5 June 2018.
- (3) Shareholder entitled to attend and vote at the AGM 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 AGM. 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.

NOTICE OF 2017 ANNUAL GENERAL MEETING

- (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 AGM or any adjournment thereof (as the case may be) (i.e. no later than 9:00 a.m. on Sunday, 24 June 2018). 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 AGM, the authority of your proxy will be revoked.
- (6) Shareholders or their proxy(ies) should produce his/her identification document when attending the AGM. 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 AGM is expected to last for no more than half day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.