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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)**

**ANNOUNCEMENT  
PROPOSED 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 of Hebei Construction Group Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) date 5 December 2017 (the “**Prospectus**”), which contained the proposed use of net proceeds from the Global Offering of the Company. Unless otherwise stated, capitalised terms used in this announcement 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 date of this announcement, 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.

**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.

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

As of the date of this announcement, 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 date of this announcement		Remaining net proceeds as of the date of this announcement	
	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
<b>Total<sup>#</sup></b>	<b>1,577.4</b>	<b>100.00</b>	<b>1,023.8</b>	<b>64.91</b>	<b>553.6</b>	<b>35.09</b>

<sup>#</sup> The inconsistency between the sum of the numbers in this table and the total figures is due to rounding.

## 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 date of this announcement		Remaining net proceeds upon the Proposed Change	
	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	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
<b>Total#</b>	<b>553.6</b>	<b>35.09</b>	<b>553.6</b>	<b>35.09</b>

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

## 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.

## **OTHER MATTERS**

In accordance with the Articles of Association and relevant laws and regulations, changes in the use of proceeds are subject to approval of the Shareholders at the general meeting of the Company by ordinary resolution. The Proposed Change will take effect upon consideration and approval at the general meeting of the Company. A circular containing, among other things, details in relation to the Proposed Change and notice of the general meeting of the Company will be dispatched to the Shareholders in due course.

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

Hebei, the PRC  
8 January 2019

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