



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



2017
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



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ABOUT THIS REPORT

REPORTING SCOPE

This is the first Environmental, Social and Governance (the “ESG”) Report issued by Hebei Construction Group Corporation Limited (the “Company”) that highlights the Company’s economic, social and environmental performance for the period from 1 January 2017 to 31 December 2017, and certain information even relates prior years.

The policies, statements, and data in this Report cover Hebei Construction Group Corporation Limited and its subsidiaries (“we” or the “Group”). Unless otherwise specified, reference to currencies in this Report is RMB.

BASIS OF PREPARATION

This Report has been prepared with reference to the “Environmental, Social and Governance Reporting Guide” in Appendix 27 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

DATA SOURCE AND RELIABILITY ASSURANCE

The data and cases of this Report were mainly derived from the Group’s statistical reports and related documents. The Group undertakes that this Report does not contain any false records or misleading statements and is responsible for the authenticity, accuracy and completeness of the contents thereof.

CONFIRMATION AND APPROVAL

Upon confirmation by the management, this Report was approved by the Board of directors on 16 July 2018.

ACCESS TO AND FEEDBACK ON THIS REPORT

This Report is available in both Traditional Chinese and English for readers' reference. The electronic version of the Report is available on the websites of the HKEXnews of the Stock Exchange and the Group.

We attach great importance to the comments of stakeholders, and readers are welcome to contact us through the following means. Your comments will help us to further improve this Report and enhance the Group's overall ESG performance.

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CHAIRMAN'S STATEMENT

Dear Stakeholders,

With the evolution of economic globalization, the business world has become a community of common destiny characteristic of increasing economic integration and interdependence. While sharing business opportunities, the whole society is confronting shortage of resources, environmental pollution, labor's rights and community development, etc. In order to cope with the economic, environmental and social impacts, the idea of building a community of human destiny is winning approval and support from more and more countries and international organizations. Following this social revolutionary trend, we are creating a brighter future together with the whole society by achieving our own sustainable development.

Looking back to 2017, we deemed social responsibility an integral part of our corporate competitiveness, and endeavored to practice our corporate philosophy of "Harmonious Family and Responsible People" by constantly improving our corporate governance structure, focusing on better construction quality, cementing a defense line for production safety, increasing performance of our ESG responsibility and communication with our stakeholders, in an effort to pursue long-term, healthy and sustainable development of the enterprise, and thereby saw a favorable start for the *13th Five-Year Plan for the Development of the Construction Industry*. We paid close attention to the ESG risks during operation, and have established an effective internal management structure, kept deepening the integration of ESG responsibility concept with our business strategy, adhered to business honesty and scientific development, thereby fulfilling our social responsibility and pursuing sustainable growth in every step of our business.

It is an unavoidable social responsibility of a construction company to develop green buildings, promote green construction and innovate sustainable process and technologies. In an active response to and compliance with green construction policies and regulations promulgated by the state, we daringly explored and practiced the green construction concept, promoted all-round green, striving to create resource-saving and environmental-friendly construction sites, treated emissions in a compliant manner, and minimized the impact on surrounding residential areas.

We have made new achievements in our technology in quality, too. The Shijiazhuang Media Tower constructed by us won the "Lu Ban Award for Construction Engineering in China (中國建設工程魯班獎)" in 2017. Meanwhile, thanks to our persistent pursuit of quality and craftsmanship over the years, we were accredited "An Entity of Outstanding Contribution for Launching of Lu Ban Award Winning Construction (創建魯班獎工程突出貢獻單位)" once again, which is an honor awarded only to 33 enterprises across the country. We also garnered various awards for other projects, including China Steel Structure Gold Award (中國鋼結構金獎), Chinese Construction Project Decoration Award (中國建築工程裝飾獎) and Provincial-level Quality Project Award (省級優質工程).

The production safety red line is the bottom line that must be defended in production, which guarantees the needs of the employees and the society. We unwaveringly build up the “red line consciousness” of safety production to safeguard the safety of our employees and subcontractors. We held on to the policy of “safety first, prevention prioritized, and overall governance”, implemented a unified management model of “no exceptional zone” for production safety. Centering on the two essential ideas of “risk prevention, safety excellence”, and taking outstanding performance as our goal, we utilized information to conduct goal-oriented and standardized management, and rendered quality service.

Thanks to the continuous progress of the Group's business, we have more resources to give back to the society. We are committed to precision poverty alleviation to help villagers to shake off poverty and get better-off; we are public welfare enthusiasts who assisted poverty stricken young people in realizing their dreams by giving donations to the Hebei Youth Development Foundation; we engaged in volunteer activities by organizing our employees to take part in knowledge spreading campaigns; we were concerned with the environmental protection cause, and kept sending cadres to villages for giving support in air pollution prevention and control, for which we won high praise from all walks of life, and impressed the society as an enthusiastic enterprise.

It is the right time to brave the future. Looking forward, we will further motivate the platform value of the Group, help the enterprise to take off; solidify the organizational structure in respect of ESG at the Headquarters, subsidiaries and project department levels; further reduce resource and energy consumption, and gain market shares through management of construction sites; and enhance quality and increase quantity with scientific management for continuous progress in quality and technology. Our successful listing will serve as a new starting point for us to pursue further and substantial development, and we will serve society, reward the Shareholders and benefit our employees with outstanding performance!

Li Baozhong

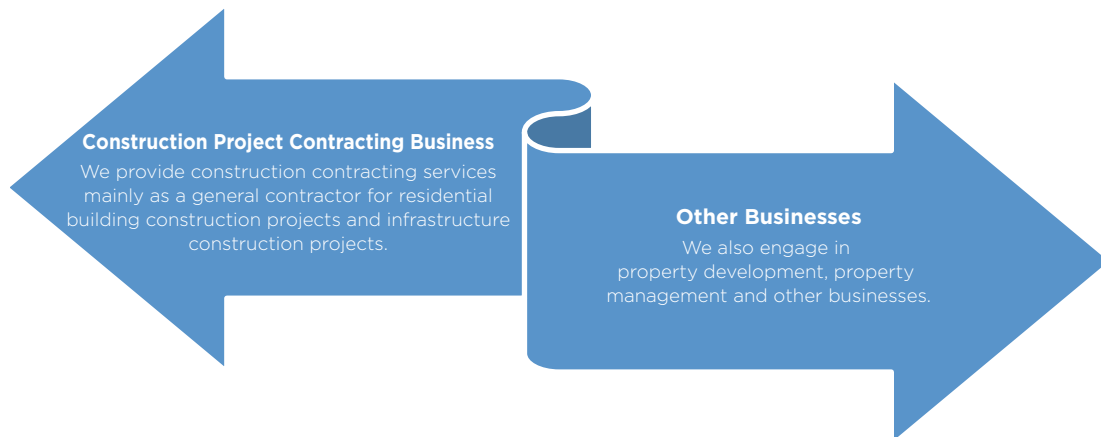
Chairman

1 ABOUT US

1.1 CORPORATE PROFILE

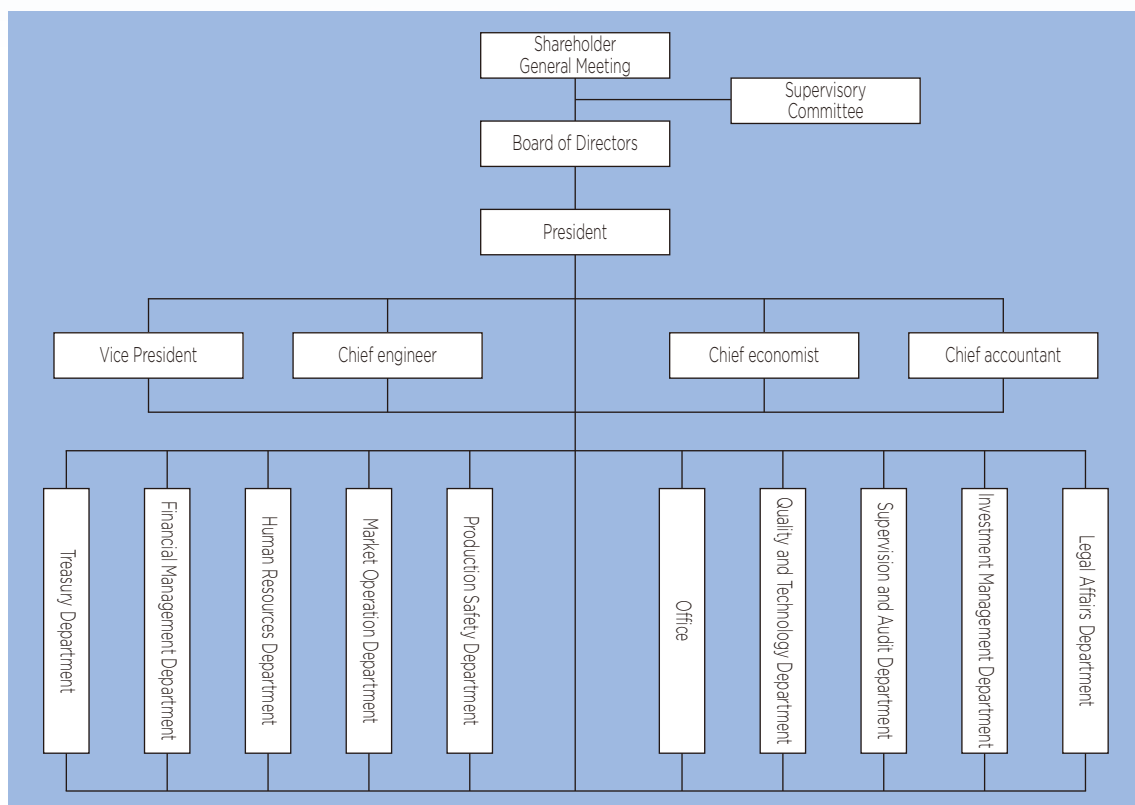
Located in Baoding City, Hebei Province, the Group is a leading non-state owned construction group in China. It provides integrated solutions for contracting residential and infrastructure construction projects. Our construction project contracting business covers residential, public works, industrial and commercial buildings, municipal and transportation infrastructure, and professional construction. The main modes adopted include procurement and construction (PC) contracting mode, construction project contracting mode and engineering, procurement and construction (EPC) contracting mode. Our construction projects are usually awarded after tendering procedures or after negotiating contracts with customers.

Our Business



Leveraging on its strong management, technological advantages and comprehensive service capabilities towards proprietors, the Group has undertaken a large number of national and local key projects in 31 provinces, autonomous regions and municipalities directly under the central government across the country, including Beijing, Tianjin and Hebei. It adhered to forging an international brand in the construction industry. It has participated in a number of projects in Angola, Laos, Fiji and Venezuela, and has grown from a professional single-sector civil engineering company to a multi-sector premium qualification enterprise mainly as a general construction project contractor.

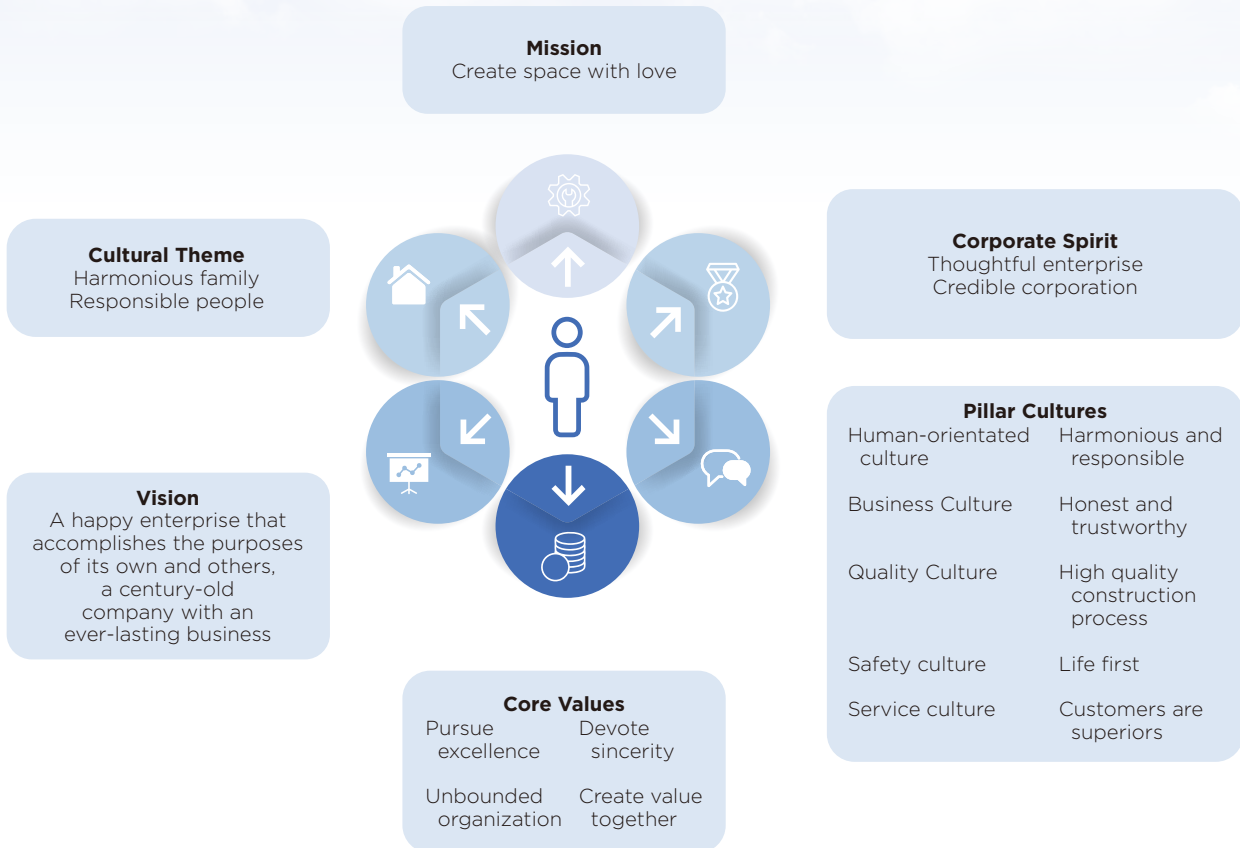
Our organizational structure



1 ABOUT US

The Group has always practiced and implemented our corporate culture, enhanced our organizational vitality, and improved our operational efficiency, resulting in a distinctive “Family • People” culture in the development course over the years, which supported the healthy and sustainable development of the Company in the market tide.

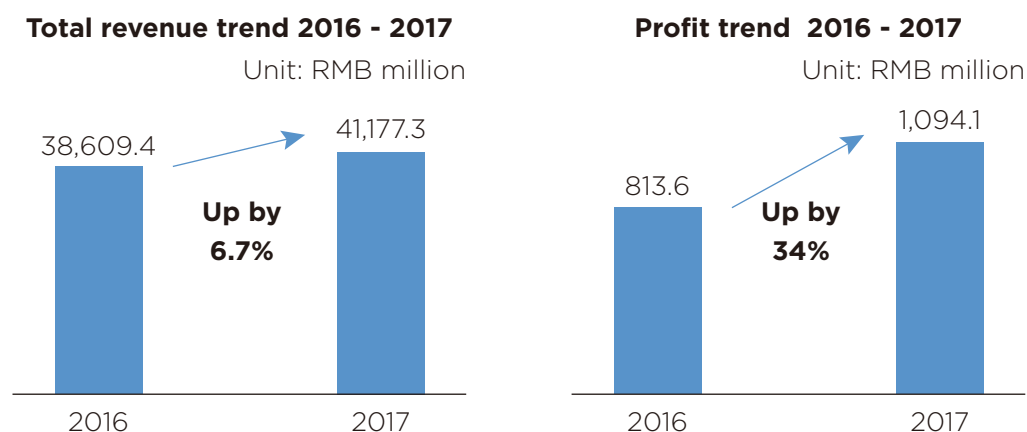
Our corporate culture:



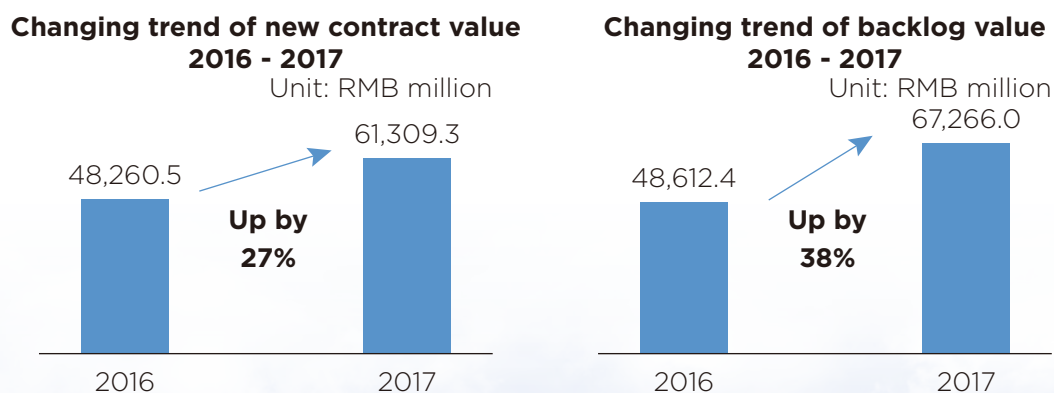
1.2 BUSINESS PERFORMANCE

In 2017, we adhered to the market-oriented principle, and placed more efforts on increasing our market-dominating ability, changed the working way and adjusted structures for the purposes of emancipating our mind and seeking truth and being pragmatic, and made new breakthroughs in organizational construction and volume of revenue.

In 2017, our total revenue increased from RMB38,609.4 million in 2016 to RMB41,177.3 million, representing an increase of 6.7% as compared with 2016; our profit for the year increased from RMB813.6 million in 2016 to RMB1,094.1 million, representing an increase of 34%.

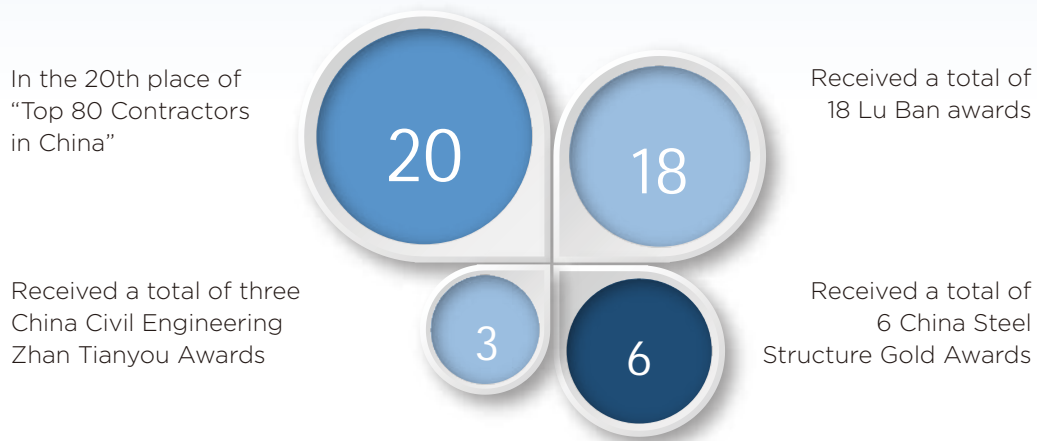


A majority of our revenue was generated from construction contracting business, which mainly comprises building construction business, infrastructure construction business and specialized and other construction contracting business. The value of new contracts increased by 27% from RMB48,260.5 million in 2016 to RMB61,309.3 million. The value of backlog increased from RMB48,612.4 million in 2016 to RMB67,266.0 million, representing an increase of 38% as compared with the previous year.

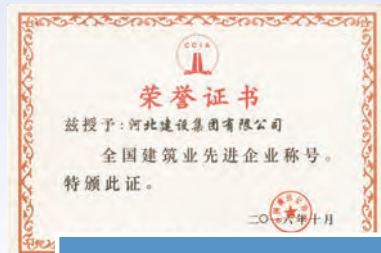


1.3 SOCIAL RECOGNITION

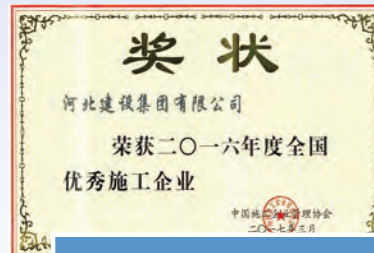
Leveraging on our brand strength, business qualifications and nationwide business network, we have delivered impressive performance in the construction project contracting industry. Further, we continued to improve our customer service capabilities and achieved rapid and stable development due to support from the society and our customers. We have been among the “ Top 500 Companies in China” for six consecutive years.



Our National Honorary Titles



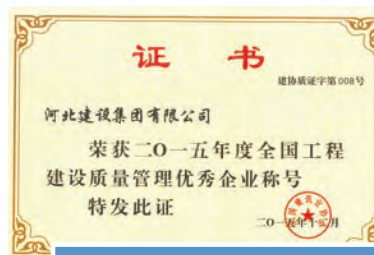
Advanced Construction Enterprise



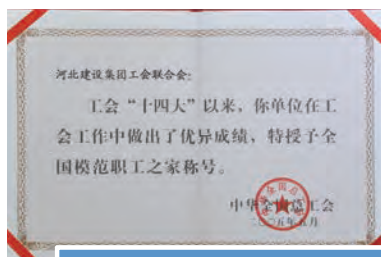
National Outstanding Construction Enterprise



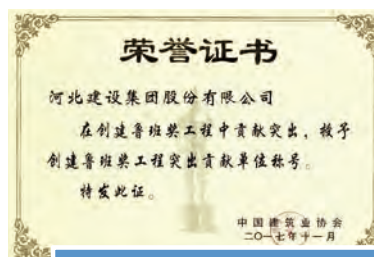
National Reliable and Creditable Enterprise



National Excellent Project Quality Management Enterprise Award



National Model of Workers' Home



An Entity with Outstanding Contribution for Launching Lu Ban Award Winning Construction

In addition, we also received provincial honors such as “Advanced Construction Enterprise in Hebei Province “ and “Credible Construction Enterprise in Hebei Province”, secured the first place in Hebei Province’s comprehensive credit rating system, and won the 5A honorary title in Hebei Province’s tendering and bidding for several consecutive years.

2 LEAN MANAGEMENT

2.1 CORPORATE GOVERNANCE

The Group understands that sound corporate governance is critical to the Group's success and sustainable operation. In accordance with the guidance of the Listing Rules, the Group carefully studied relevant regulations and implemented appropriate corporate governance practices to meet the daily operations and growth of the business.

Legal Governance

As a joint stock limited liability company established in the PRC with H shares listed on Hong Kong Stock Exchange, the Company is governed by the *Company Law of the People's Republic of China* and other relevant domestic laws and regulations as well as the *Listing Rules* and the *Securities and Futures Ordinance ("SFO")*. The Company mainly conducts business in China. When conducting various businesses, the Company complies with applicable laws, administrative regulations, departmental rules, and other regulatory documents of the PRC. The Company has formulated the "Administrative Measures for Assessing Contract-associated Legal Risks" and "Guidelines for Managing Legal Affairs", which normalized the responsibilities, processes, workflow, and requirements for dealing with legal risks faced by the Company, and specified the departments in charge of assessing contract-associated legal risks and their responsibilities, the contract-associated legal risks and legal liability to be assessed, and related penalty rules.

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the Reporting Period, and has proposed Corporate Governance regulations and recommendations with respect to the composition of the Board, the diversity policy, duties and procedures of directors, the remuneration package of directors and senior management and the Board of directors' appraisal, internal control and audit, joint company secretaries, and communication between the Company and our shareholders. In particular, the Chairman is primarily responsible for ensuring that the Company has sound corporate governance practices and procedures in place. The Company set out the terms of reference for the Board of directors in its corporate governance policy, including but not limited to: formulating and reviewing the corporate governance policy and practices of the Company; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the Company's policies and practices in complying with laws and regulatory requirements; formulating, inspecting and supervising the code of conduct and compliance manual for employees and directors; and reviewing the Company's compliance with the CG Code.

The Company holds a routine meeting of department managers every month, which are attended by senior managers and middle-level managers of all departments of the Company, who will report on and discuss issues related to the overall development, corporate governance, and risk and control of the Company.

For further disclosures of the corporate governance, please refer to the section headed Corporate Governance Report in the 2017 Annual Report of the Company.

Anti-corruption and fraud

The Group's labor discipline in "*Employees' Rewards and Penalties System*" clearly states that: "Employees who use their professional official duties for personal financial gains, are not strict in execution, connive to shield to the detriment of the interests of the Company and cause adverse effects among employees, are subject to penalties including criticism and education, warnings, financial penalties, dismissal and salary reductions, violation of discipline rules and termination of labor contracts depending on the seriousness of the case".

The Group organizes employees to participate in anti-fraud trainings from time to time, implements internal management systems such as "Implementation Opinions on Developing Honest and Clean Culture (《關於加強廉政建設的實施意見》)", and "Code of Business Ethics and Code of Conduct (《商業道德規範及行為準則》)". The Supervision and Audit Department exercises surveillance on the supervision and audit work in the capacity of a surveillant, and disseminates the relevant requirements for identifying and reporting of improper behaviors to all our employees. During the Reporting Period, the Group conducted various anti-corruption education campaigns for employees to nip evil in the bud and alert them to integrity.

Meanwhile, the Group accepts employees' reports of misconduct through hotlines, e-mails, and letters. For the reported misconducts, the Group will make verification, and deal with the person involved accordingly in case of truth. During the Reporting Period, there was no lawsuit related to corruption against the Group.

2.2 ESG MANAGEMENT

The Group regards ESG management as an integral part of its daily operation and management. It continued to deepen the integration of ESG's philosophy of responsibility with its business strategy, adhered to honest business and scientific development, and thereby fulfilling the social responsibility of the Company and pursuing sustainable development in every step of business.

ESG Governance Structure

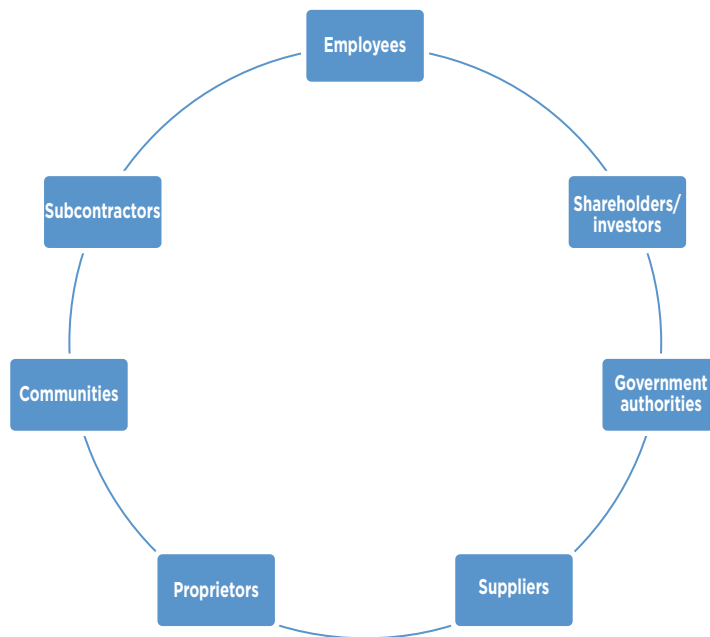
The Group has gradually integrated ESG governance with corporate development strategies in an organized and harmonious manner, and improved its working system for sustainable development strategy. As various stakeholders become increasingly concerned about corporate performance in fulfilling their social responsibilities, we established an ESG internal management framework where the ESG Working Committee under the leadership of the Board of directors plays the core role, and the Routine ESG Working Team shoulders the duty of implementation during the Reporting Period. The relevant personnel conducted ESG-related business communication, data tracking and report preparation and compilation. The ESG Working Team is responsible for ESG work and reports to the ESG Working Committee, who regularly reports to the Board to help them in assessing and determining whether the risk management and internal control systems of the Group regarding ESG are appropriate and effective in a timely manner.



Communication with stakeholders

Stakeholders are groups which directly related to the Group's ESG and play an important role in the Group's decision-making process. The Group has always been committed to various communication and dialogue with all stakeholders via different communication channels for different stakeholders, so as to understand their needs, collect their opinions, share and discuss various issues closely related to the development of the Group, and to actively respond to the opinions and appeals of the stakeholders in the course of the operation, and achieve the Group's overall and sustainable development.

In the path of achieving sustainable development, we cannot do without communication and cooperation with stakeholders. We have identified the following seven major categories of stakeholders who have decision-making power or influence over the Group and are closely related to our business:

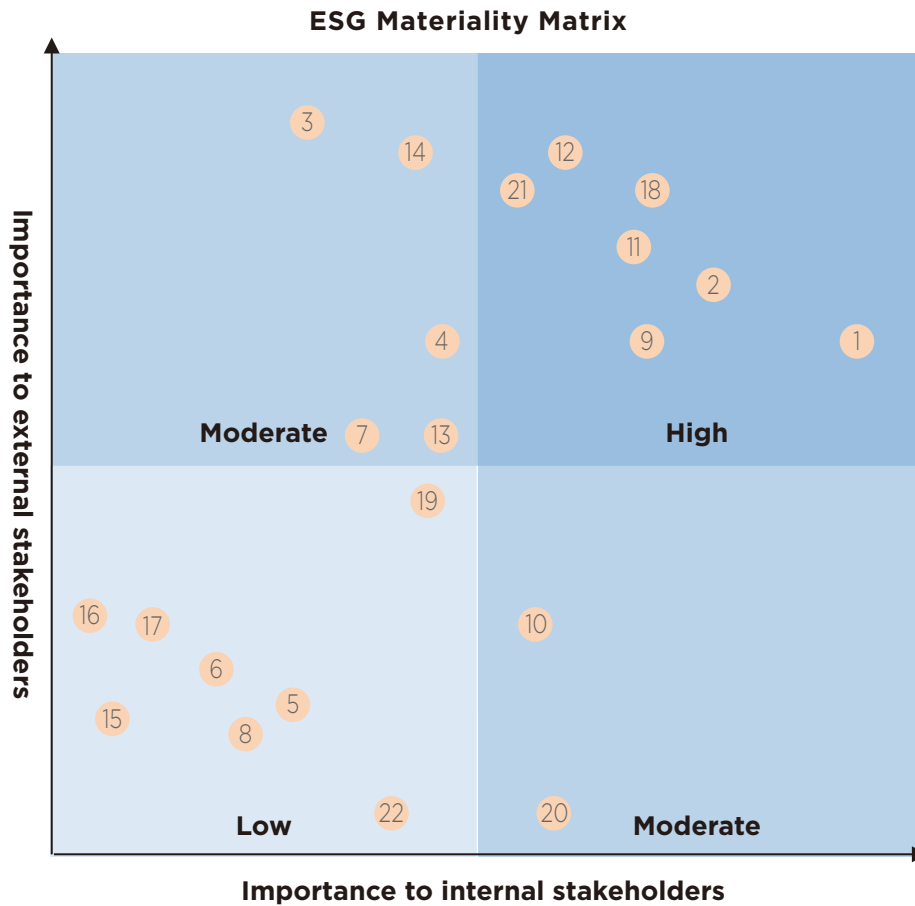


The Group communicates with its stakeholders to understand their concerns, and regularly reviews the effectiveness of the relevant actions and improves communication channels to gain a broader and more intensive understanding of its stakeholder's opinions. The following table sets out the issues that different stakeholder categories are particularly concerned about during the Reporting Period:

Stakeholder Categories	Topics that stakeholders are primarily concerned about	Communication or response methods
Employees	Compliant operation Quality guarantee Remuneration and benefits Health and safety	<ul style="list-style-type: none"> • Symposium on young employees' thoughts • Trainings on regulations • Put forward rational advices at the annual meetings • Survey on the development of employees and their satisfaction
Shareholders/ Investors	Compliant operation Quality assurance of on-going profitable projects	<ul style="list-style-type: none"> • Shareholder general meeting
Government authorities	Compliant operation Promote local employment and economic and social development	<ul style="list-style-type: none"> • Obtain permits for projects • Communicate through meetings • Formulate specifications and exchange of ideas
Subcontractors	Compliant operation The environmental impact of construction work	<ul style="list-style-type: none"> • Daily communication throughout the process, including changes of design and construction
Proprietors	Quality guarantee Protection of commercial information	<ul style="list-style-type: none"> • Communication of sales and inspection • Purchase and sales of commercial houses
Suppliers	Industry participation Requirements of suppliers on environmental and social influence Supply chain management	<ul style="list-style-type: none"> • Daily transactions • Annual recognition • Qualification review • Communication throughout the tendering and bidding process
Communities	Charity Promote local employment and economic and social development	<ul style="list-style-type: none"> • Charity activities • Activities to promote community's development

Materiality analysis

During the Reporting Period, in order to enable the Group to better understand its influence on various sustainable development issues and formulate a more comprehensive sustainable development strategy, effectively respond to the expectations of stakeholders, and improve its ESG performance, we conducted a survey on more than 600 internal and external stakeholder representatives for sustainable development and ESG governance-related topics through online questionnaires. In addition, we also conducted field interviews with various functional departments of the Group headquarters to understand its stakeholders' opinions and expectations of the Group on ESG-related issues so as to provide a strong basis for the Company in formulating long-term ESG strategies.



Category	No.	Topics	Category	No.	Topics
Corporate governance and development	1	Compliant operation	Labor and Community	12	Employees' Health and safety
	2	Risk responses		13	Training and career development
	3	Preventing corruption risks		14	Caring about employees
	4	Business opportunities and technological innovation		15	Channels for employees to conduct internal communication, lodge complaints and give feedback
Environment	5	Application of clean technology and energy	Labor and Community	16	Charity
	6	Improve the utilization rate of water resources		17	Promote local employment and economic and social development
	7	Emissions and waste disposal	Business operations	18	Project quality assurance
	8	Resource recycling		19	Customers' satisfaction
	9	The environmental impact of construction work		20	Protection of the commercial information of the Company and customers
	10	Green office		21	Quality management of the supply chain
Labor and Community	11	Remuneration and legitimate benefits	22	Requirements of suppliers on environmental and social impact	

3 QUALITY OPERATION

The quality of projects is the core competitiveness of the Group to grow in the industry. We always focus on quality excellence and quality improvement. Starting from the Group itself, we improved the management system, formulated excellence assessment criteria, and set out stringent requirements on projects' quality. With regard to partners, we actively pooled high-quality suppliers and subcontractors resources, so as to control supply quality. With regard to technology, we actively explored and innovated to create quality projects. With regard to services, we focus on customer relationship management and listen to customers' comments.

Riding on the Group's comprehensive project quality management, we received the "National Quality Award (全國質量獎)" from the China Quality Association, which is the highest honor awarded to the organizations that have made outstanding achievements in quality, economy and social benefits. Meanwhile, we were accredited with the provincial government quality award, received the title of "National Excellent Project Quality Management Enterprise Award (全國工程質量管理優秀企業)" twice, and were recognized by the MOHURD. The Shijiazhuang Media Tower project constructed by the Group won the "Lu Ban Award for Construction Engineering in China" in 2017. Thanks to the Group's relentless pursuit of the quality and craftsmanship over the years, it has been rated as the "An Entity of Outstanding Contribution for Launching of Lu Ban Award Winning Construction (創建魯班獎工程突出貢獻單位)". Only 33 companies across the country have won this award. We also received one "China Steel Structure Award", one "Chinese Construction Decoration Project Award (中國建築工程裝飾獎)", and 56 provincial-level quality projects.

3.1 QUALITY STANDARD

In order to enhance the construction quality management of the Group and improve the overall construction quality level of the Group, we formulated a series of excellence assessment standards and specification such as the *Appraisal Standards for Quality Excellence of Engineering Projects of Hebei Construction Group*, *Explanation on Implementation Process of Internal Excellence Standards*, *Excellence Standards for Civil Engineering Enterprises*, *Excellence Standards for Building Electrical Engineering*, and *Excellence Standards for Ventilating and Air Conditioning Engineering Enterprises* based on the Group's construction process standard and in line with the overall goals for quality and brand strategy, so as to carry out preliminary planning, process tracking and control and milestone acceptance evaluation for creating high-level national quality projects.

In 2017, the Group started to implement the “Standardization Manual for Engineering Project Management” by identifying 24 standardized model projects, and organized several visits to observe and learn. In order to further assure project construction quality and safety, and reduce costs for higher efficiency, we have specially formulated a “Double Optimization” management system, which enhanced customers' satisfaction and better served the project-owners.

Optimization of designs

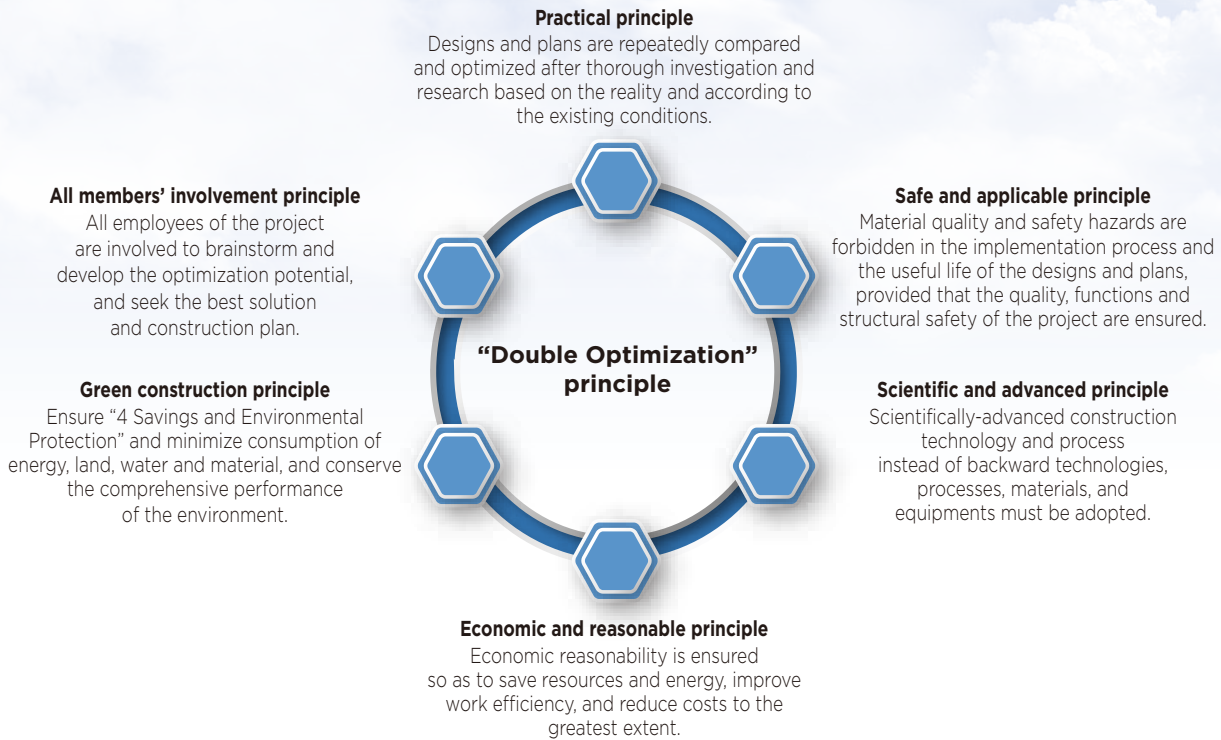
This involves partial optimization of the construction drawings based on the original design so as to make it more economical, safe, beautiful and environment-friendly.

Optimization of construction plans

The best of all methods or plans will be selected after comparing and demonstrating in order to improve social and economic benefits based on the thorough understanding of the project implementation conditions (contractual conditions, field conditions, regulatory conditions) and design documents, provided that quality, lead time, and safety are satisfied.

During the implementation of “Dual Optimization” work, we have always adhered to the following six principles, committed to the lean construction, doing detailed work on projects, converting the blueprints into procedures and processes, trying to seek excellence and solve difficulties with the “craftsmanship”.

3 QUALITY OPERATION



3.2 SUPPLY CONTROL

Suppliers and subcontractors are important partners of the Group, and are critical to assuring project quality. In order to further standardize the management of suppliers and subcontractors, improve the performance of project management; actively pool high-quality supplier and subcontractor resources to meet construction and production needs; achieve win-win cooperation and strive to build a harmonious and stable partnership, we have formulated a series of rules and regulations such as *"Supplies Management System"*, *"Subcontractor Management System"* and *"Mechanical Equipment Management System"* to control the supply quality in light of the actual conditions of the Group.

Supplier management

When selecting a supplier, we shall make an appraisal of it in the information system at first. During the appraisal process, we conduct a comprehensive qualification review of a supplier's environment and occupational safety and health. In addition, we attach great importance to green procurement and prioritize the purchase of building materials that meet the national environmental protection standards and receive green certification.



To ensure the systematic management of materials and equipments, the Group has established an inspection process for material and equipment management, and has inspected the projects constructed by our subsidiaries on a random basis according to the enquiry, tenders and awards as well as the qualification of the suppliers of projects during procurement of engineering materials and gave scores to them.

Meanwhile, in order to build a harmonious and stable business environment, and achieve a win-win cooperation, we actively maintained a good relationship with our suppliers, and continued to communicate with our suppliers through telephone, email and physical meetings to obtain their feedback and suggestions for a joint development.

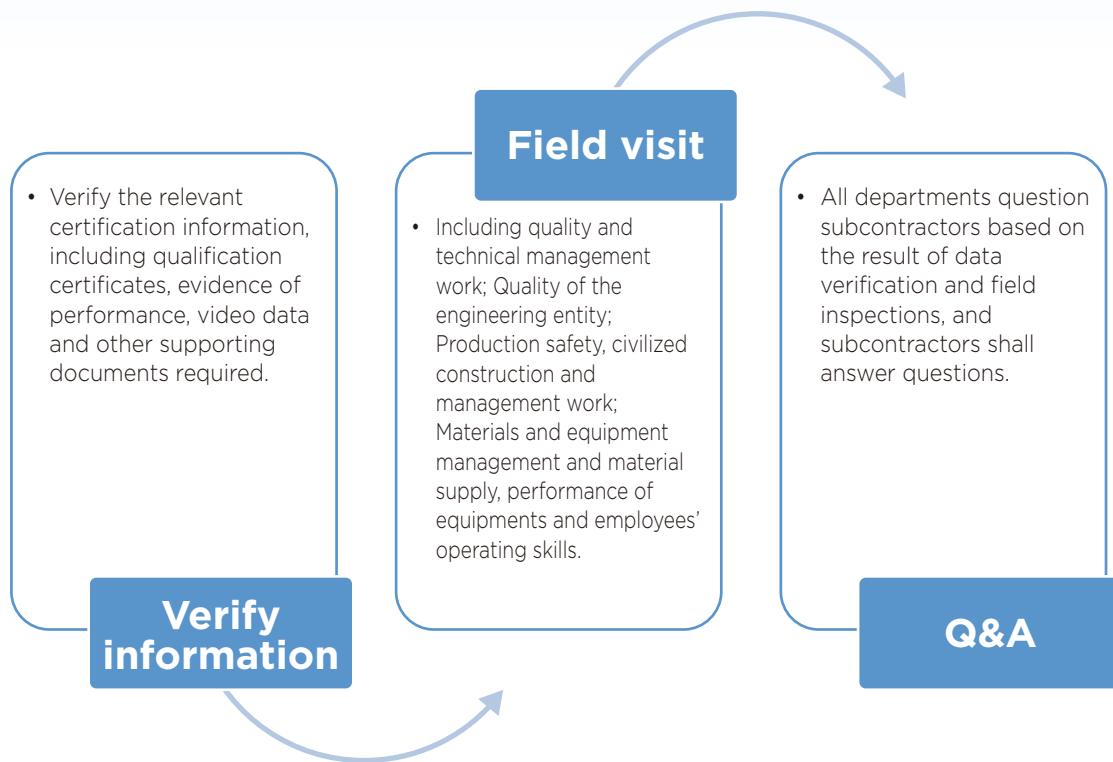
Evaluation of subcontractors

We conduct a qualification review of new subcontractors for a project, which involves investigation and appraisal of the experience of such subcontractors, their track record in the industry, professional capabilities, business licenses and qualifications, and labor structure. The information of the newly approved subcontractors of a project will be entered into the integrated information Management System and maintained in the database of qualified subcontractors.

3 QUALITY OPERATION

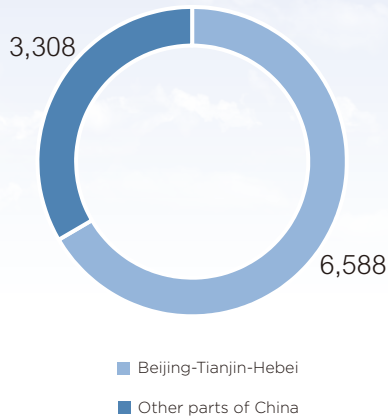
The Group regularly evaluates the quality of services provided by subcontractors. Subcontractors will be evaluated after each project is completed. Meanwhile, the quality of services provided by subcontractors will be evaluated annually and recorded in the integrated information management system. The evaluation includes the initial appraisal done by the project department and the review done by a subsidiary. The Group will examine the “Qualified Subcontractors” list. The subcontractors who pass the evaluation can continue to be engaged in the next year, and those who fail the evaluation will be removed from the Subcontractors List.

Methods for evaluating subcontractors:

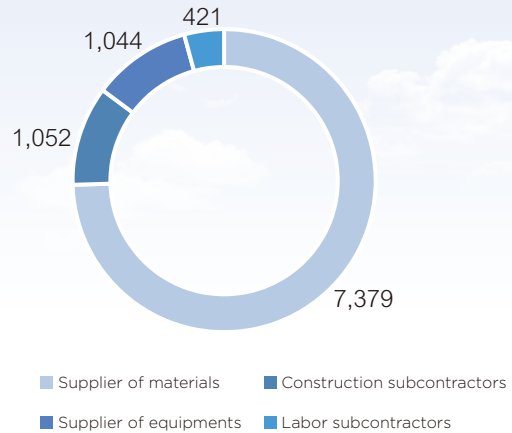


In 2017, the Group had a total of 9,896 suppliers, who are distributed by region and type as follows:

Number of suppliers by region



Number of suppliers by type

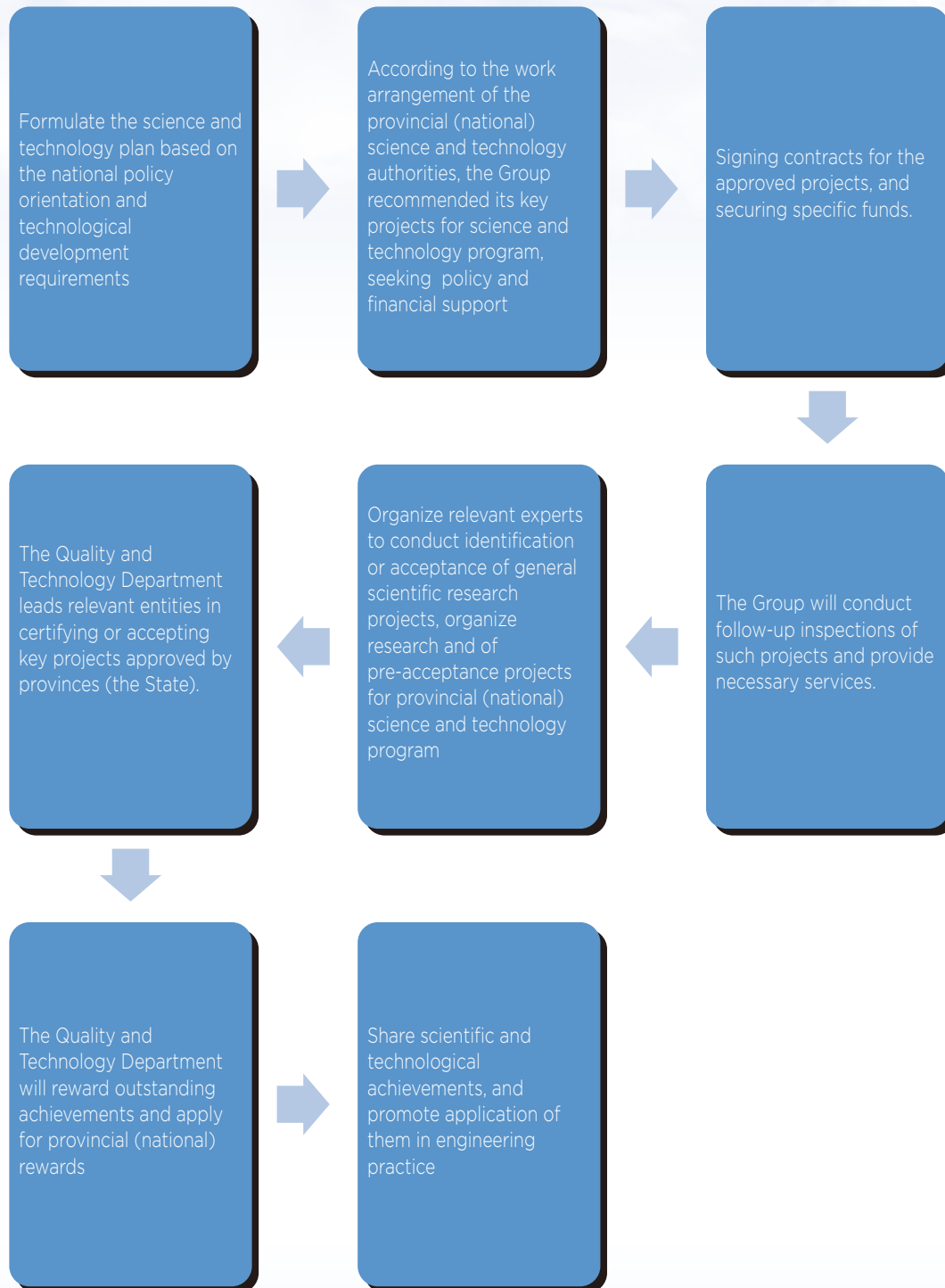


3.3 TECHNOLOGICAL INNOVATION

An effective management system is the basis for the Group’s development and progress. In order to further standardize our scientific and technical management work, safeguard our intellectual property rights, increase our technological reserves, encourage our employees to actively participate in scientific and technological innovation activities and improve their professional and technical qualities, we have formulated a series of documents, including the *Scientific and Technology Progress Management System* and the *Scientific and Technology Management Workflow*.

3 QUALITY OPERATION

Technology Management Workflow



Supported by a sound management system and workflow, we continued to promote the wide application of new technologies, new materials, new processes, and new equipments in our construction activities, and continued to make innovation and development. In 2017, we made great achievements in science and technology activities.



In addition, Xiaoyan Hive Co-working Space (小燕·蜂巢眾創空間) established by the Group was recognized as an outstanding co-working space at national, provincial, and municipal levels, and was selected as the “Baoding Innovation and Entrepreneurship Model Base (保定市雙創示範基地)” and “Baoding City Start-up Enterprises Incubator Base (保定市創業孵化基地)”. HCG Installment Engineering Co., Ltd and HCG Zhuocheng Road and Bridge Engineering Co., Ltd (both being the Company’s subsidiaries) were accredited as national high-tech enterprises. Further, we held the Innovation-driven Development Recognition Conference and the Group’s 20-year Innovation Achievement Exhibition to boost innovation enthusiasm and share management technology and experience.

3 QUALITY OPERATION

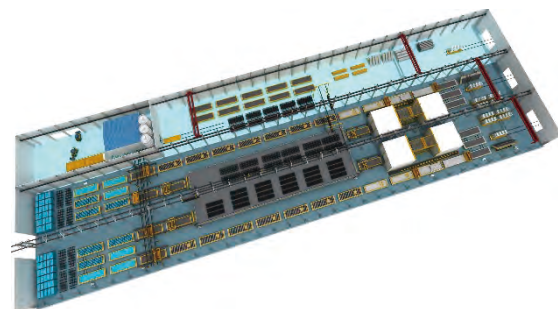
Prefabricated Component Construction

The prefabricated component construction technology which adopts combined design and construction for building and decoration can achieve the simultaneous renovation of the main body of a structure while it is being constructed, and reduces the production cost while speeding up building. The Group continued to carry out research on prefabricated component construction technology, promoted industrial upgrading and is among the first to have the title of national prefabricated component construction industrialization base. The digital management of the prefabricated component construction factory not only greatly increases the production efficiency, but also further meets the requirements of the green building.

In 2015, after recognition by Hebei Provincial Housing and Urban-Rural Construction Department, Hebei Construction was approved as the “Housing Industry Modernization Base in Hebei Province” and became the first housing industry modernization base in Hebei Province integrating steel structure and PC (precast concrete) structure and building components. In 2017, it won the title of “National Construction Industry Modernization Base”.

Qingyuan Green Construction Industrial Park

The first PC production line constructed and invested by us in Hebei Green Building Industrial Park in Qingyuan District has been put into operation. The PC project workshop has a GFA of 17,000 square meters, and can accommodate two automated PC production lines produced by Sany Heavy, part of the fixed die sets and automatic processing equipments. The outdoor finished product yard occupies a site area of 25,000 square meters. The planned investment for the entire assembly line is RMB68 million. The annual production capacity of a prefabricated component assembly line that has been completed is 80,000 square meters (GFA) and can reach a prefabrication ratio of 30% to 50%.



PC Automatic Assembly Line

We are committed to developing advanced PC house design ideas, processes, and design guides in China in line with China’s conditions that meet current design specifications by fully absorbing advanced concepts and technologies at home and abroad, so as to achieve modernization of components, modularization of houses, diversification of portfolios, integration of systems and visualization of models in PC house design.

			
<p>Automatic assembly line</p> <ul style="list-style-type: none"> Automatic assembly line production realized central control, and greatly reduced labor. 	<p>“Sandwich” plates for facade</p> <ul style="list-style-type: none"> The combination of structures and thermal insulation plates are produced within a factory and assembled on site, to satisfy the energy-saving requirements and the life and safety of insulation layer. 	<p>Integration of decoration and installation</p> <ul style="list-style-type: none"> The integrating sections such as structures, decoration, doors and windows are produced in the factory, and assembled on site to ensure the entire quality and eliminate the hazards threatening the quality of on-site construction and safety. 	<p>Integral bathroom</p> <ul style="list-style-type: none"> The integrating sections such as structures, waterproof, decoration and appliance are produced in the factory, and assembled on site to ensure waterproof quality, avoid waste caused by repeated decoration.

Smart Construction Site

“Smart construction site” is the key support for the transformation and upgrading of the construction industry. It can make the work of on-site personnel more intelligent, streamline the project management, increase coordination between the project participants, and de-layer the construction industry chain, improve the efficiency of industry surveillance and services and modernize the construction industry.

The smart construction sites achieved the goal of sharing information, interconnection, intelligence and being controllable and cost reduction and higher efficiency during implementation of the project by conducting coordinated management according to the project’s needs, deepening information fusion and incorporating related upstream and downstream chains and management chain.

3 QUALITY OPERATION

In recent years, Hebei Construction has been increasing intelligence level of construction sites, and has built smart construction sites using various means.

Using shapeable protective nets on the facade can not only make shapes, improve the overall quality of the scaffolding, but also have the advantages of fire prevention and being moveable.

Use smart floor-callers.

The drivers use a face identification system to effectively control the unauthorized driving by a person other than the driver him/herself.

The sprinkler system on the construction site is controlled by an APP on the mobile phone and sprinkles at fixed time to reduce dust every day, which controls both dust and water consumption.

In addition, we applied the QR code-based project management to the construction site personnel management, on-site ad hoc electric power management, special equipment management, safety and technical disclosure, quality inspection and acceptance.



A QR code is equivalent to an identity card. All workers have a QR code printed on their helmets, primarily containing such information as the name, age, place of birth, ID number, the telephone number of the on-site responsible person of the subcontractor he/she is employed by. Among them, information of special operation personnel also includes the operating license number, review date and work period.



The QR codes can tell the safety about the construction site and update the operating procedures at any time .It facilitates managers and construction personnel to keep abreast of construction site conditions.



The QR code of the electricity distribution box on construction sites: Scanning the QR code can display the owner of the electricity distribution box, the responsible person's name, telephone number, the maximum current load and other related content for reference.



Cranes have QR codes on the construction site: Scanning the QR codes can quickly find such information as the model of the crane, driver information, name of lessee, and inspection records.



Scanning the QR codes can obtain Safety Weekly and other files, allow e-reading and realize conservation of resources.

In addition, through modularized control of on-site lighting, remote video surveillance of the construction site, labor card system, and application of BIM (Building Information Model) technology, the project quality, construction safety, cost savings, and decision-making and management efficiency on the construction site are greatly improved so that the construction site becomes digital, lean and intelligent.

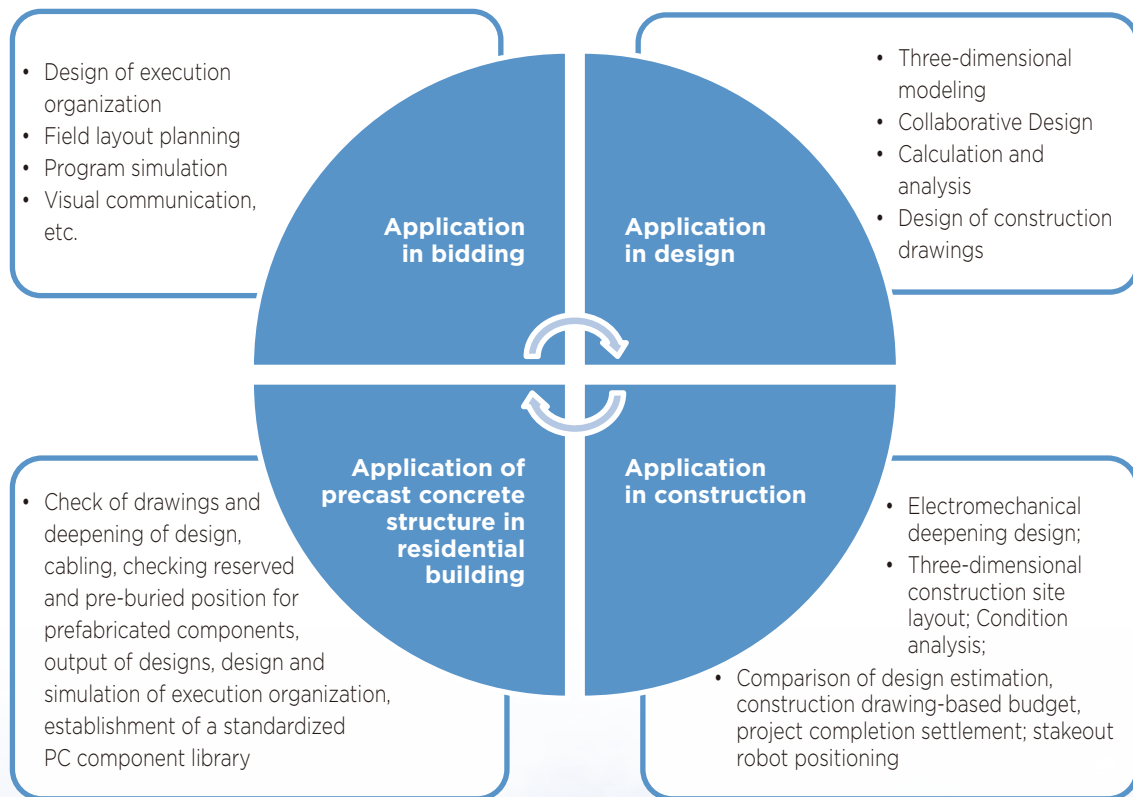
Building Information Modeling Technology (BIM)

The Group attaches great importance to the application and development of technologies, and has established a BIM center, and carried out various forms of applied research, technical exchanges and cooperation and other activities. The BIM achievements have won a total of four honors from the Chinese Construction Engineering BIM Contest for four consecutive years and four Hebei Provincial Construction Industry Science and Technology Progress Awards.

In-house development of BIM project management platform

The Group and Tongji University have jointly launched a BIM project management platform after four years’ development. The functions include the integration of BIM models and progress, cost, quality, safety, etc. It was listed as key scientific and technological projects by the Hebei Science and Technology Department. At present, it has been launched into operation. In 2016, it was listed as an excellent case of information-based construction of a national construction enterprise for the second year. At present, it has obtained computer software copyright.

Application of BIM in our projects



3 QUALITY OPERATION

Examples of BIM technology application

Inner Mongolia Museum of Natural History

This is a non-operational project invested by the government and serves as a large museum with a total GFA of 48,543.87 square meters, occupying a site area of 8,544.93 square meters. In early stages of the project, BIM technique was adopted by the team for optimizing the design. After the model was created, an optimization report can be generated by reviewing the integrated model of the building's structure, and doing one-key collision check.

After the construction starts, BIM technique's animation VR feature can be used to vividly display the construction process and the key and difficult parts of the design, on the basis of which the "3D Statements" are prepared and become an effective communication tool at routine meetings of the Project, and therefore improves efficiency of the meetings. It not only allows instant modification or adjustment in line with the actual construction progress for effective control of lead time, but also detects and eliminates hidden dangers in the production of each stage at any time.



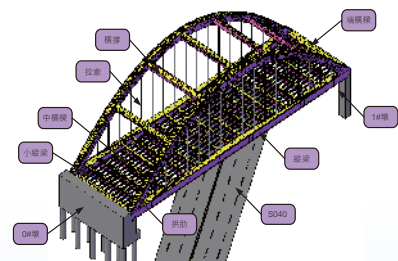
Stadium of North University



Located in Zhangjiakou City, this project will serve as a venue for the 2022 Winter Olympic Games and is also the first dome-structure stadium in Hebei Province. This project, of which we are the general contractor, widely used BIM technique on technical disclosure, work report, image show, collision testing and VR rendering, to achieve effective control of the project management, which assured lead time, reduced ECOs, and improved the reporting result.

Intersection of Qiheng Road with Hegang Road in Wuyi County

This project lies along the Xinjian Road. Its construction site is situated at an intersection with heavy traffic, where provincial highway S040 meets Jiheng Road. Given the characteristics of steel-case arch bridge, in addition to properly diverting the traffic and closely monitoring temporary supports regarding engineering difficulties and priorities in installation, BIM technique was introduced for simulating construction techniques mainly for the cross-S040 steel-case arch bridge to select best hoisting solutions, determine the hoisting order and precisely control the vertical height.



3.4 INDUSTRY DEVELOPMENT

To share experience and join hands with peers across the industry while achieving self-development gives important expression of a company's social responsibility in its industry. We actively join industry associations, attend professional meetings and seminars held in various forms, in all scales and at national, industrial and local levels, in an effort to continuously promote industry development, play an influential and leading role, and make contribution to standardization of the industry.

Participate in industry associations	China Construction Industry Association
	China Tendering and Bidding Association
	China Association of Construction Enterprise Management
	Vice President Unit of All-China Federation of Industry & Commerce Chamber of Urban Infrastructure
	Director and Member Unit of Building Safety Branch of China Construction Industry Association
	Hebei Construction Industry Association
	Hebei Entrepreneurs Association
	Hebei Housing and Real Estate Association
	Hebei Construction Engineering Tendering and Bidding Association
	Hebei Tendering and Bidding Association
	Vice President Unit of Construction Safety Branch of Hebei Construction Industry Association

3 QUALITY OPERATION

Besides, we joined eight partners from across the Beijing-Tianjin-Hebei Region, including School of Civil Engineering of Tianjin University in initiating the establishment of the Association of Construction Industry Modernization in Beijing-Tianjin-Hebei Region. This organization upholds the purposes of “Improving Sci-Tech innovation, promoting transformation of traditional industries, pooling dominant strength of the industry and integrating resources”, and aims to enhance all-round cooperation among colleges’ R&D efforts, designing institutes, architectural construction technology developers and building material manufacturers, promote construction industry modernization and carry forward the emission reduction and energy efficiency cause.

Apart from joining various associations, we offered assistance or took part in preparing standards, codes and processes at various levels, including involvement in compiling the *Code of Green Construction Management for Hebei Province*, *Technical Standards of Green Construction Models* applicable to housing industry in Hebei Province, and finished the *BIM-aided Construction Technology for Prefabricated Cabling in Public Buildings* and so on, which contributed to increasing the level of green construction across the industry. Moreover, we paid much attention to exchanges and interactions with our peers, and therefore participated in a number of workshops for learning from each other.

We also got involved in various industry activities, including the World Prefabricated Component Construction Expo (held in Beijing International Exhibition Center), meetings for compiling and validation of *Technological Procedure for Construction of Prefabricated Concrete Buildings*, and national seminars for prefabricated component construction technology exchange. By doing so, we have been making progress together with the industry while taking an insight into the dynamic information and sharing experience and findings.

3 QUALITY OPERATION



In April 2017, we participated in the 14th Conference for Presenting Zhan Tianyou Civil Engineering Prizes in China and the Technology Exchange for Award-winning Project organized by Chinese Civil Engineering Society and Zhan Tianyou Civil Engineering Science and Technology Foundation in Beijing.

In April 2017, we attended experience-exchange meeting for China's quality projects delivered by the constructors in national construction industry organized by Chinese Construction Industry Association in Chongqing.



In April 2017, we attended "2017 Building Electric Professional Committee Annual Meeting & Academic Seminar" sponsored by the Architectural Electrical Construction Committee of Beijing Institute of Illumination.

In July 2017, we attended the meeting for reviewing the MHURD's Industry Standard "Technical Specification for the Construction of Building Materials and Decorative Materials Venues" in Beijing.



In July 2017, we attended Experience Exchange Meeting for National Construction Industry New Technology Applications and Excellent Papers in Zhuhai organized by China Construction Industry Association.

3 QUALITY OPERATION



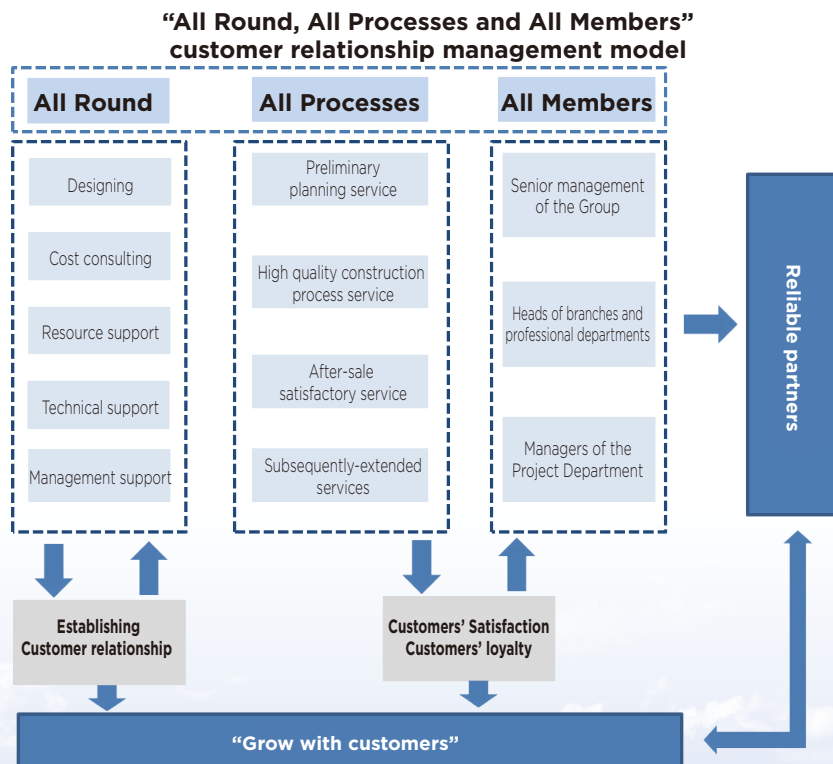
In November 2017, we attended the Fifth Session of Training of 10,000 Chief Architect of Grade A Architectural Design Institute for the “13th Five-Year Plan” in Beijing. The training mainly covers 2017 version “10 new technologies”.

In December 2017, we attended a special training course held in Beijing for promotion and application of 10 new technologies of construction industry in the new version.



3.5 CUSTOMER SERVICE

Upholding the belief of “Grow with customers”, the Group built a brand image of “Creator of Quality Projects, Integrity and Win-Win Partner”, established a scientific market research and development system, and actively listened to customers’ voices; used the “All Round, All Processes and All Members” customer relationship management model to create a high quality construction process for customers, providing lifecycle services, leading to customers’ satisfaction and loyalty.



The Group mainly undertakes construction projects from universities, hospitals, civil aviation departments, other government authorities and public institutions, state-owned enterprises and leading real estate companies in China. Upholding the belief of “Grow with customers”, we forged an “Honest and Win-Win” strategic partnership with customers by entering into strategic cooperation agreements in respect of business models, resource integration, technical innovation, human resource and information communication, and enhanced mutual understanding and trust through regular exchange visits by respective top executives. On top of our proven track record of rendering high-quality construction services in a timely and safe manner, we have received favorable feedbacks from most of our customers, and have established long-term stable relations with them.

Communication with customers

To set up effective customer communication channels, we solicited comments and suggestions by means of questionnaire, visits to customers and otherwise, and conducted systematic analysis according to customers’ requirements for on-going improvement, thereby building a friendly platform for customers to have access to information, lodge complaints and make deals. We included customers’ expected connecting ways into the *User Service Management Systems* and disseminated them to relevant employees, and formed a service solution accordingly.

In order to effectively settle complaints, we divide customers’ complaints into two groups. The first group includes general issues such as quality of work and lead time of a project complained by a proprietor or a construction supervisor during construction process to the project department; the other group includes issues raised by customers to us during construction process and on return visit or within the warranty period which have not yet been settled in time by the project department, as well as quality defects of a project.

3 QUALITY OPERATION


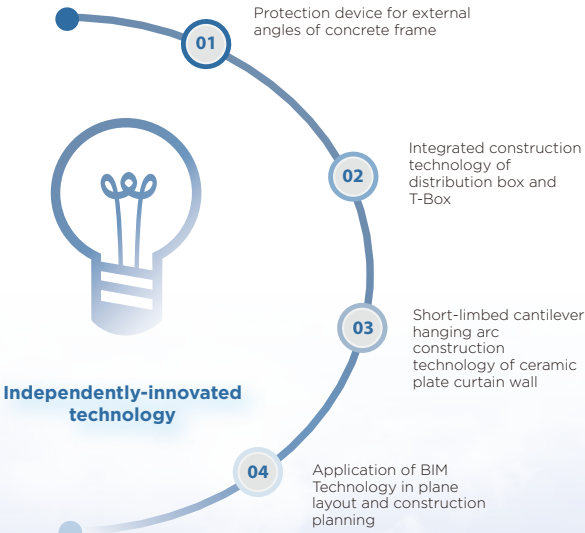
For timely and effective settlement of complaints, the Group has delegated the engineering management department to attend complaints, established a sound *Procedure for Dealing with Customer Complaints*, which provides a prescribed process in this regard. For all complaints received, we will make response within two hours, find out the underlying reasons of problems within 24 hours, and propose a solution within 48 hours. For general issues, we follow the project manager responsibility system, and seek solutions at routine meetings and supervisor meetings for timely settlement in strict accordance with the *Corporate Management Handbook and the Standard Handbook for Managing Construction Projects*; with regard to customer complaints, apart from strictly implementing complain settlement regulations, we set up a taskforce comprising the engineering and technology departments, production safety department as well as the project department to analyze the reasons through at-the-spot survey, propose solutions and negotiate with customers so as to settle complaints within an agreed period of time. We find out the effectiveness of complaint settlement and customer satisfaction to the settlement by means of return visits over the phone and according to the feedback form on customer complaint settlement.




Keep customer information confidential

To safeguard customer information, we prescribed the scope of confidentiality, management of meetings, administration of archives and confidentiality requirements of crucial functions. Our employees are required to strictly follow the confidentiality discipline, not disclose any printed or photocopied confidential documents, and forbidden to make extra copies for keeping. Besides, the Group uses various forms of authorization to control access to the information system.

3.6 QUALITY PROJECTS

Thanks to our stringent standards and strict requirements for project quality, we have successfully delivered a number of Quality projects that have been well received by all walks of life and customers.

Library of Hebei University	Awards
	<div data-bbox="884 767 1433 847">Structural Quality Project in Hebei Province</div> <div data-bbox="884 879 1433 959">Quality Construction in Hebei Province (Anji Cup)</div> <div data-bbox="884 987 1433 1067">QC Outstanding Achievement Award in Hebei Province (three)</div> <div data-bbox="884 1095 1433 1175">National QC Outstanding Achievement Award (two)</div> <div data-bbox="884 1203 1433 1282">First Prize for Scientific and Technological Advancement in Construction Industry in Hebei Province</div> <div data-bbox="884 1310 1433 1390">Safe and Civilized Construction Site of Hebei Province</div> <div data-bbox="884 1418 1433 1498">Green Construction Model Project in Hebei Province</div> <div data-bbox="884 1526 1433 1606">National Standardized Construction Sites of AAA Safety and Civilization</div>
<p>Located in the Science and Technology Education Park of Hebei University, the project has a total GFA of 38,765 square meters, occupying a site area of 6,188.01 square meters, consisting of one underground floor, eight floors above the ground, and nine floors in certain portions. With a natural foundation, beam-plate type raft base, the frame shear wall structure, it has a collection of 2 million books and is an intelligent complex that integrates book collection, reading and exhibition and other functions.</p> <div data-bbox="244 1446 831 1979">  <p>Independently-innovated technology</p> <ul style="list-style-type: none"> 01 Protection device for external angles of concrete frame 02 Integrated construction technology of distribution box and T-Box 03 Short-limbed cantilever hanging arc construction technology of ceramic plate curtain wall 04 Application of BIM Technology in plane layout and construction planning </div>	<p>The Project also received three provincial-level process technology, one national patent, and one national BIM contest third award.</p>

Shijiazhuang Media Tower Project	Awards	Photo of the Project
<p>Shijiazhuang Media Tower is located in the downtown of Qibu Area of Zhengding New District, Shijiazhuang. Its architectural functions include office, news editing, press releases, and hotel reception. During construction of this project, 10 major and 25 items of the 10 new technologies promoted for the construction industry by the MOHURD were applied. The other two projects were for organizing technological research breakthrough and innovation.</p> <div data-bbox="159 1131 534 1519" style="border: 2px solid #0070C0; border-radius: 50%; padding: 10px; margin-top: 20px;"> <p>Independently-innovated technology</p> <p>Steel bar straightening mechanical iron powder collecting device</p> <p>Hole-drilling construction technology for subsequent-building of a wall</p> </div>	<p>At the beginning of the construction of the Project, the Group established the quality target of securing a Luban Award, and implemented Standardized management and lean management during construction site management, resulting in good results. The Project won one national invention patent, two national utility model patents, and one provincial process award.</p> <div data-bbox="550 1002 933 1476" style="margin-top: 20px;"> <ul style="list-style-type: none">  Structural Quality Project Quality in Hebei Province (河北省結構優質工程)  Anji Cup Quality Construction in Hebei Province (河北省安濟杯優質工程)  Safe and Civilized Construction Site in Hebei Province (河北省安全文明工地)  Outstanding Survey and Design Prize in Tianjin (天津市優秀勘察設計優秀設計獎)  National Green Construction Model for Construction Industry (全國建築業綠色施工示範工程)  Green Construction Model in Construction Industry in Hebei Province (河北省綠色施工示範工程)  Award for Scientific and Technological Advancement in Construction Industry in Hebei Province (河北省建設行業科技進步獎) </div>	<div data-bbox="949 377 1396 657">  <p>Appearance of the Project</p> </div> <div data-bbox="949 668 1396 819">  <p>Garden pavilion on the Plantation roof Ground floor hall</p> </div> <div data-bbox="949 830 1396 980">  <p>Canteen Conference Room</p> </div> <div data-bbox="949 991 1396 1131">  <p>Elevator room An overview of the Project</p> </div>

Xiaoyan Hive Co-working Space	Awards
<p>Xiaoyan Hive Co-working Space (the Innovation and Entrepreneurship Center in Jingxiu District, Baoding) was positioned to “help startups grow and succeed”. It is constantly pooling talents, technology, capital, policies and projects under the core values of “Platform, Sharing, and Intergrowth”; it is a new low-cost, convenient, inclusive and open incubator and accelerator that helps and assists startups, especially those newly-established businesses and persons. Xiaoyan Hive Co-working Space was recognized as an excellent municipal, provincial and national makers space, and successfully listed as an innovation and entrepreneurship model base in Baoding, and an incubation base for start-ups in Baoding, too. In 2017, it was named as a provincial-level Technology Enterprise Incubator and a Technology Enterprise Incubator in Baoding. The Space has received an incentive of RMB1.5 million from the district and municipal governments. The governments have budgeted another incentive of approximately RMB2 million which will be granted gradually.</p>	<p>Ministry of Science and Technology Co-sharing Space</p>
	<p>Hebei Provincial Department of Science and Technology Co-sharing Space</p>
	<p>Baoding City Technology Enterprise Incubator</p>
	<p>Hebei Province Science and Technology Enterprise Incubator</p>
	<p>Baoding Innovation and Entrepreneurship Demonstration Base</p>
<div data-bbox="887 901 1222 1233"> </div> <div data-bbox="1228 901 1436 1233"> </div> <ul style="list-style-type: none"> ● Display Wall ●● Bar counter ●●● Lounge ●●●● Receptionist ●●●●● Reading corner 	

4 GREEN AND ENVIRONMENT-FRIENDLY

Developing green building, promoting green construction, innovating sustainable technology and pushing energy conservation and emission reduction are not only necessary for protecting the environment and conserving resources, but also an indispensable social responsibility of construction companies. The Group actively responded to the state's policies and regulations on green construction, boldly conducted exploration and practice, fully implemented green construction, in an effort to create a resource-saving and environment-friendly construction site and emphasize on process excellence to fulfill its social responsibilities.

4.1 ENVIRONMENTAL MANAGEMENT

The Group strictly abided by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Conserving Energy*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution*, the *Law of the People's Republic of China on Promoting Clean Production* and other applicable regulations. To further improve our green operation practice, which covers noise control, air pollution control and treatment of solid wastes and waste water, and to eliminate pollution generated during operation, the Group has formulated and implemented a series of regulations relating to its environmental pollution and protection, which provide for various environmental protection procedures and measures.

4 GREEN AND ENVIRONMENT-FRIENDLY

The Company has established an Environmental Management System in accordance with GB/T24001-(2016) /ISO14001-(2015). During the year, we stepped up efforts on project management by combating major environmental pollution issues that the public was especially concerned about, including control of dust, noise nuisance, mud-tainted vehicles on road, discharge of polluted water and solid wastes pollution. Subject to applicable laws, regulations and relevant standards, we tried every effort to minimize the environmental pollution. Thanks to the concerted efforts made by our employees, we have further strengthened our environmental protection efforts, and had not experienced any material pollution or residents-disturbing incident.



4.2 GREEN CONSTRUCTION

The Group underlines green construction, and promoted and pushed the concept in all processes. As early as in February 2009, we had formulated our *Detailed Rules for Implementation of Green Construction* in accordance with the *Guiding Principles of Green Construction* promulgated by the Ministry of Housing and Urban-Rural Development, and enforced Group-wide green construction featuring “four savings and environmental protection” (i.e. Savings of energy, land, water, materials and environment-friendly). Besides, we have accumulated a large amount of raw green construction data by sorting and analyzing information of water consumption, electricity use and construction waste reduction achieved in our excellence-creating projects, which plays a useful role in the development of green construction.



Greening at the construction site

4 GREEN AND ENVIRONMENT-FRIENDLY

The Group has established a green-construction-ensuring system, set down the “four savings and environmental protection” goals and the measures to achieve them. Same weightings are given to both early planning and process control throughout the full life cycle from planning to designing, process execution till delivery, and all the “four savings and environmental protection” indicators are tightly controlled, particularly the management of water consumption, electricity consumption and construction waste reduction. Our efforts are as follows:

Saving of land <ul style="list-style-type: none">Reasonable processes are adopted for foundation pit support, and to reduce excavation volume;Steps are taken to decrease spoil loss and shorten transporting distance, for refilling or other purposes.	Saving of water <ul style="list-style-type: none">Water-saving sanitary facilities are used;Rainwater is recycled;Precipitation around construction site are used for multi-purposes;Water consumption are minimized in concrete curing;Wastewater is recycled.	Environmental protection <ul style="list-style-type: none">Pre-mixed concrete is used;Measures such as coverings, growing grass and spraying water are taken for dust control;Waste is sorted within an enclosed waste station;Cleaning and water spraying are done on construction sites;Roads are hardened on construction sites;Clean energy are used in dining rooms and drinking water heaters;Energy-saving fence is applied on construction sites continuously and closely to meet requirements;Cleaning facilities are provided at exit to effectively prevent tainted vehicles from running with mud;Waste water is discharged of in a compliant manner;Noise-proof fence is provided outside concrete conveying pump.
Saving of energy <ul style="list-style-type: none">Energy saving devices such as acoustic and light control are adopted for power supply and lighting;Take advantage of renewable resources including solar energy and geothermal energy;Energy consumption by large and medium-sized equipments, machines and tools are reduced.	Saving of materials <ul style="list-style-type: none">High-performance concrete;Water-proof materials;Un-plastered wall construction;Application technique of new energy-saving rebar;Cable heat shrink joints are used for connection;Galvanized air ducts without flanges are used for connection;Galvanized steel ducts with grooves and clamps are used for connection.	

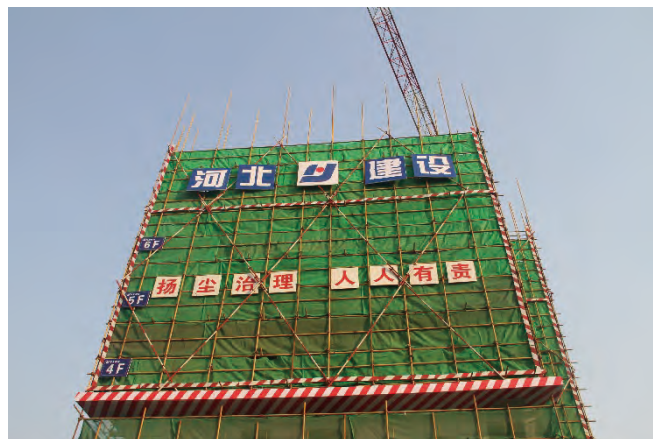
Up to now, over ten projects constructed by us, including the Lee ShauKee Science and Technology Building in Tsinghua University, the Natatorium for the Sports Center of Ordos, the Main Building of Handan Passenger Transportation Center and the Library of Hebei University, have been honored as green construction model projects respectively by the Ministry of Housing and Urban-Rural Development, China Construction Industry Association and the province (municipality directly under the Central Government or autonomous region). Among them, the Library of Hebei University is the first project which was selected as a provincial-level green construction model project in Hebei province.

Environmental Management on Construction Sites

The Group is committed to environmental management on construction sites, and seriously implements various measures prescribed by higher competent authorities, conducts dynamic management and supervision and examination of green construction, and effectively carries forward environmental management and pollution prevention on construction sites.

Environmental Protection	Measures and results
Dust	<ul style="list-style-type: none"> • At the gate of construction sites, vehicle-washing facilities and monitoring devices are provided • Roads are hardened, swept and watered regularly to reduce dust • Construction sites are covered with spoil soil, solidified and greened by planting grass • Precautious measures are adopted to prevent dust fall from transportation. For example, all vehicles must be washed before leaving the construction site to prevent dust fall on the road, and vehicles carrying materials must be covered with tarpaulin for full-closed transportation • Environmental protection equipment such as fog guns, sprinklers, and automatic sprinkler facilities are purchased • “Crane Spray Watering and Dust Fall Device” was developed and obtained a patent, which made three-dimensional airborne dust reduction possible • We strived to make the construction site clear of dust
Noise on the construction site	<p>Construction activities are reasonably scheduled to avoid working during the night (22:00 to 6:00 of next day). When working at night becomes necessary due to special circumstances, the maximum environmental noise are strictly controlled within 55dB(A).For normal construction in the day, the noise limit shall not exceed 70dB(A)</p>
Light pollution	<p>Energy-saving lights with shades are used to concentrate the construction area without affecting the surrounding residents</p>

Environmental Protection	Measures and results
Waste water	<ul style="list-style-type: none"> • Drainage ditch and sedimentation tank are provided on the construction site, and all waste water produced by construction shall be discharged after sedimentation treatment and satisfying the standard • We will make repeated use of water resources for dust spraying, car washing and other measures, and zero discharge of construction wastewater can be achieved on some projects
Domestic garbage	<p>They are classified and stored depending on whether they are poisonous and harmful, or non-toxic and harmful and recyclable, or non-recyclable, and treated on a regular basis. Direct burning and land-filling are forbidden</p>
Construction waste	<ul style="list-style-type: none"> • Construction wastes are classified and recycled to reduce the waste of natural resources. For example, the wastes from demolition of old buildings are classified and reprocessed. Wood and steel are recycled • Non-recyclable materials, including concrete waste are taken as land refilling materials to reduce waste of natural resources



Dust Control Advocacy

4.3 GREEN OPERATION

In order to further promote green office and encourage thrifty practice, the Group has formulated a series of green office initiatives based on actual conditions, which mainly include minimizing use of water, energy and office supplies. Specific measures taken and their result are as follows:

Saving of water

- Water-saving appliances are promoted
- The faucet is turned off when it is out of use
- Pipe damage and leaks should be discovered in a timely manner
- Routine maintenance of water equipments are required

Saving of electricity

- Air conditioning should be turned off under appropriate temperature
- Every day during working hours, air conditioners should be out of use for one hour, and the air conditioning system should be turned off 30 minutes before the office is closed
- The indoor air-conditioning temperature shouldn't be lower than 26 degrees Celsius in summer, and the air conditioning is prohibited during centred heating in winter
- When the weather is fine enough, indoor lighting devices should be turned off to make full use of natural light
- Designated persons shall check if the power is off in all offices and the power consumption in the staff quarters
- Lights at stairs, corridors, bathrooms and other public areas should be off as often as possible
- Use an illuminated sensor switch to prevent the "always-on light"
- Landscape lighting should not be used very often and very much, and should always be kept off, except for major programs, weekends and important events
- Power consumption of office equipments should be tightly controlled to reduce standby consumption, and they should be powered off until they are used

Saving of office supplies

- Purchase of office equipments should be made according to needs, and should be strictly controlled
- For ink and toner, refilling are encouraged to reduce the number of newly purchased ink cartridges and toner cartridges
- Modification to the manuscript should be made through the electronic media to reduce the number of repeated prints
- Double-sided printing are encouraged
- Reuse of envelopes and copy paper are encouraged
- Use of ink pens instead of disposable pens are encouraged
- Use of recycled paper are encouraged, and use of repaired appliances are vigorously promoted to extend the useful life of office supplies

4.4 ENVIRONMENTAL PERFORMANCE

The direct energy consumption of the Group during construction and daily operation are mainly petroleum, diesel, LPG and kerosene; the indirect energies are purchased electricity and a small amount of thermal power; the resources are water resources and building materials. During the reporting period, the Group used energy and resources as follows:

Types		Unit	Total
Direct energy consumption	Petroleum	litre	5,104,844
	Diesel	litre	26,725,579
	LPG	ton	73,440
	Kerosene	ton	4,904
Indirect energy consumption	Purchased electricity	kWh	123,329,759
	Purchased thermal power	MJ	6,767
Total energy consumption		ton Standard coal	189,033
Energy intensity		ton Standard coal/ RMB10,000 total revenue	0.05
Scope 1 GHG*1 emissions		tCO ₂ -eq	319,375
Scope 2 GHG*2 emissions		tCO ₂ -eq	105,853
Total GHG emissions		tCO ₂ -eq	425,228
Scope 1, 2 Emission intensity of GHG		tCO ₂ -eq/ RMB10,000 total revenue	0.10
Use of Resources	Consumption of water resources	ton	13,071,196
	Consumption intensity of water resources	ton/RMB10,000 total revenue	3.17

- Note:
1. Scope 1 - GHG comes from the combustion of petroleum, diesel, kerosene and LPG.
 2. Scope 2 - GHG comes from the use of purchased electricity and thermal power.

4 GREEN AND ENVIRONMENT-FRIENDLY

During the Reporting Period, the Group's emissions data are as follows:

Type		Unit	Total
General solid waste*³	Total	ton	2,097,299
	Intensity	t/RMB10,000 total revenue	0.51

Notes: 3. General solid waste generated by the Group includes office waste, domestic garbage and construction waste.

5 PEOPLE-ORIENTED

The Group regards its workforce as one of the most important factors for its development. When doing business, we uphold the guiding cultural concept of “Family • People”, show respect for all employees and guarantee equal treatment of everyone, aiming to create a safe and reassuring workplace for them. We strive to build a fair and just workplace in which every employee is allowed to unlock his/her value and grow up together with the Group.

5.1 OVERVIEW OF THE WORKFORCE

In order to achieve a sustainable and balanced development, the Group deems diversity of its workforce as a key factor to achieving its strategic goals and to sustaining its development. We stick to the ability-based recruitment principle, and try to recruit and appoint the best candidate from all applicants. We encourage diversity of employees' backgrounds, and forbidden discriminatory treatment by gender, age, culture or race.

We recruit our employees in strict compliance with the *Labor Contract Law* of the People's Republic of China and the *Social Security Law* of the People's Republic of China. While recruiting our employees, we carefully review the personal data of applicants so as to forbid employment of child laborers. Besides, we learn about the working hours of our employees by means of card swiping at gate machine in order to prevent forced labor. During the Reporting Period, the Group had not breached child labor or forced labor provisions, and 100% of the Group's employees were covered by social security and have signed labor contracts.

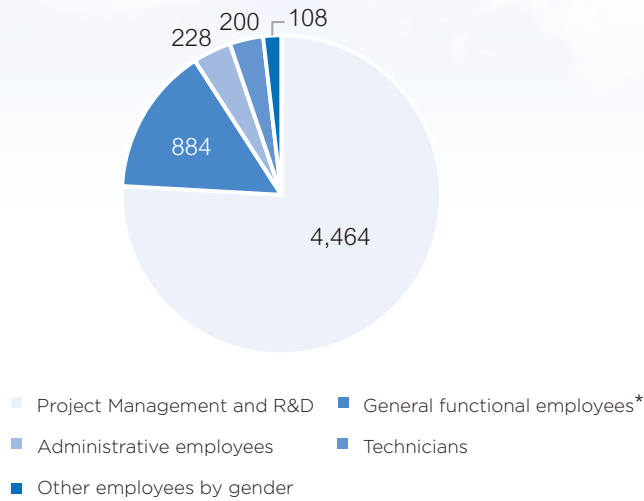
With regard to human resource management, the Group has formulated the *Working Rules for Recruitment and Employment*, the *Remuneration Management Measures*, the *Working Rules for Employment of Dispatched Labor* and, the *Regulations for Performance Appraisal of Offices and Divisions* and the *Working Rules for Education and Training of Employees*, to manage its human resource effectively and provide for recruitment, dismissal, attendance, performance-appraisal and training of employees.

5 PEOPLE-ORIENTED

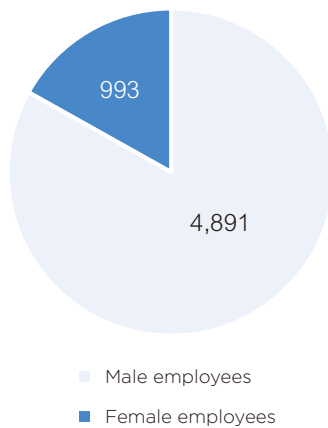
Distribution of the workforce

As of 31 December 2017, the Group had 5,884 full-time employees, who are distributed as follows:

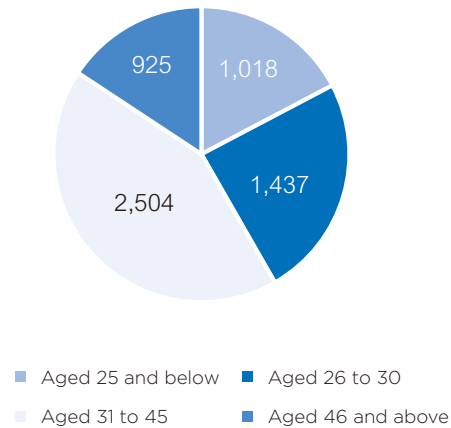
Number of employees by type



Number of employees by gender



Number of employees by age



* The employees of the general functions refer to: human resources department, legal affairs, audit and finance, market operation employees.

During the Reporting Period, the total turnover rate of the employees of the Group was 4.82%.

Remuneration and Benefits

The Group has established a remuneration system orientated towards the performance and ability of an employee in accordance with its human resource strategy and the priority of different posts. We formulated a competitive salary package with reference to those of our peers within the same area, which effectively warrants our talent recruitment, retention and incentive, as well as the execution of our human resource strategy.

The Group has formulated the Remuneration Management System, which prescribes the remuneration policy and structure for the employees. Under the Group's Remuneration Management System, the remuneration of the employees of both the Group and its subsidiaries is composed mainly of job-related base pay, performance-linked pay and multiple allowances. In addition, the Group has formulated the *Measures for Salary Adjustment* to regulate the remuneration of all employees, which includes annual salary, monthly salary and negotiable salary.

During Reporting Period, there were totally 79 retirees, all of whom are entitled to the social pension plan approved by the labor security department of the local government.

5.2 DEVELOPMENT OF EMPLOYEES

The Group attaches great importance to the vocational development of its employees and is committed to enhancing their capabilities through various trainings and appraisals, and through its open and fair career development path to assist their professional and self-development.

Training of employees

The Group emphasized developing its corporate culture, with a focus on improving the quality of its workforce as a whole, and actively conducts all-round, hierarchical training of its workforce. Through implementation of the *Training Management System*, the Group has formulated clear purposes and principles for training management, organization and division of responsibilities, training cost management, and in-house trainer management, training awards, incentives and penalties.

The Group continued to implement the "Three tier, Four levels and Five Links" employees-training Management system, and formulated the *Annual Employee Education and Training Program* at the three tiers: the Company, subsidiaries, and project department, and established a three-tier training network. We offer employee trainings at four levels, namely the senior management, middle management, general management, and production and operation level to ensure that every level has and implements their training plans. The training is implemented through five links, namely "identifying needs, breakdown of needs, making plans, ensuring implementation, and evaluating effectiveness".

Hebei Construction Group's Trainings at Tsinghua Business School

During the Reporting Period, the Group organized senior management to attend the “Hebei Construction Group at Tsinghua Business School” trainings in two phases. With a series of social and management training, the strategic vision and comprehensive management capabilities of the trained employees have been effectively improved.

Training courses include:

“Macroeconomic Situation (《宏觀經濟形勢》)”

“One Belt and One Road Strategy (《一帶一路戰略》)”

“Executive Power of Organization (《組織執行力》)”

“Leader’s Eloquence Art (《領導者言語表達藝術》)”

“Interpretation of Xiong’an New District Policy (《雄安新區政策解讀》)”

“Game Theory and Strategic Decision (《博弈論與戰略決策》)”

“Interpretation of the Policies of The 19th Communist Party of China National Congress (《十九大政策解讀》)”

“How to Improve Leadership (《如何提升領導力》)”

“Interpretation of Beijing-Tianjin-Hebei Integration Policy (《京津冀一體化政策解讀》)”

“Systematic Thinking and Scientific Decision-making (《系統思考與科學決策》)”

“Regulatory Environment for Hong Kong Listed Companies and Self-discipline of Listed Companies (《香港上市公司監管環境及上市公司自律》)”



Photo of the employees in Phase 1 trained at Business School of Tsinghua University

Closed Training before Grade 1 Constructor Examination

The Group actively promoted pre-examination training for Grade 1 constructor exam candidates conducted targeted pre-exam trainings in a systematical manner. A combination of intensive lectures and sprint trainings improved the effectiveness of the trainings. A total of 380 people attended the closed training.

As compared with the previous year, the closed trainings in 2017 were more effective, and the number of people passing the examination increased by 200%, which strongly supported the further development of the Group.



Training of New Employees

Training of newly recruited college graduates is the first step to “bring them into the Company”. In order to allow new employees to integrate into Hebei Construction Group’s “Big Family” as soon as possible and feel the warmth of the “Family • People” culture, in July 2017, the Group held a three-day new employee induction training to communicate the corporate culture, the Group’s strategic planning, excellent performance management and systems and processes of the Company, safety knowledge, legal knowledge, human resources knowledge and to meet outstanding newcomers. New employees were also given a chance to visit the Company History Exhibition Hall and Green Building Industrial Park. After the training, new employees further understood the corporate culture, updated their ideas and benefited a lot.



Migrant Workers' Amateur School

The Group attaches great importance to improving migrant workers' integrated quality. To improve the integrated quality and employability of migrant workers, we set up Migrant Workers' Amateur School at the construction projects where resources are available. Teaching activities are held from the ground-breaking till completion of relevant projects. Teachers to train migrant workers are mainly technical personnel of the project department. While making full use of the support from fire-fighting, sub-district office as well as other public resources, lessons are provided in a flexible manner, and diversified forms, including courses, counseling service and data release via broadcasting, television and the internet are adopted.

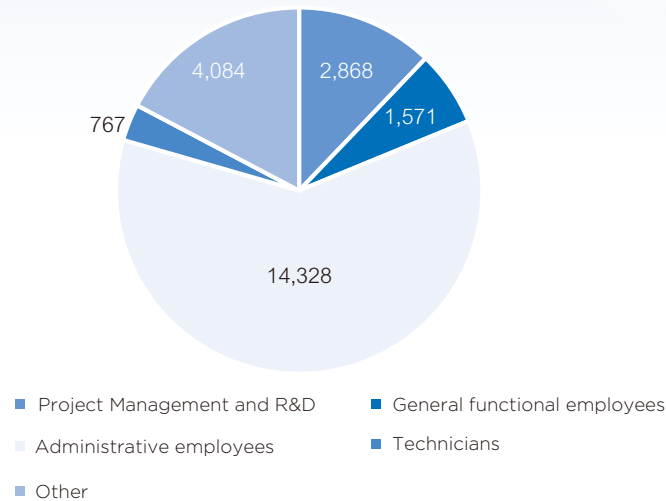
Amateur schools mainly offered the following trainings to migrant workers:

- Giving guidance: Migrant workers were offered trainings in relation to protection of their basic rights and interests, knowledge of laws and know-how about urban life, and thereby increase their consciousness about compliance with laws and regulations and protection of their respective rights and interests in accordance with the laws.
- Job-related skill training: The trainings focused on the requirements for worker's basic skills and technical operation regulations so as to guarantee the construction quality and production safety.

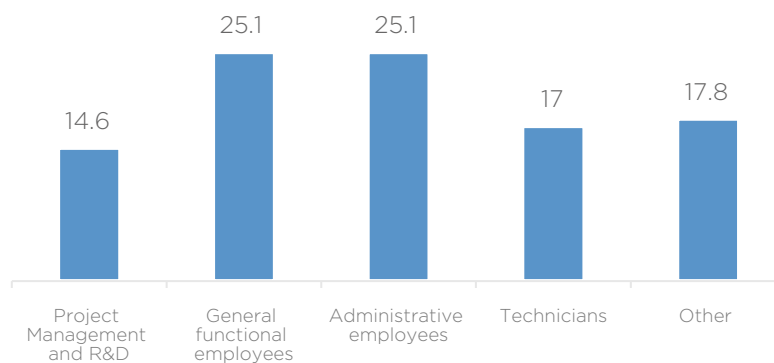
5 PEOPLE-ORIENTED

During the Reporting Period, relying on the training system, the Group vigorously carried out training work for various departments and affiliated entities by starting with systems, courses, faculty and management, and focusing on overall planning and design of the company-level training programs. During the Reporting Period, the Group's subsidiaries planned and organized 910 trainings, involving a total training hours equivalent to 64,335 days, and a total of 23,618 employees. Details are as follows:

Number of trained people



Per capita annual training time (hours)



Promotion and Development

The Group formulated the *Human Resource Management System* and other related systems to standardize the employees' performance appraisal principles, methods, and performance appraisal approving process. The heads of each department used the Performance Appraisal Form to conduct performance appraisal according to the current performance of their subordinated employees. When an employee is promoted, a special review Taskforce composed of his/her immediate superintendant will fill out the "Promotion Appraisal Form", which contains their opinions of the promoted employee, including the appraisal of that person's basic quality, job capability and rating.

"358 Talent Nurturing • Ying Program"

"358 Talent Nurturing • Ying Program" is a mechanism to gradually establish and improve the process of nurturing young talents under which the Company chooses outstanding young backbone employees with good moral character, high overall quality and sound mental status from among the employees who have passed probation with a seniority less than eight years for priority and systemic cultivation on a rolling basis. These people are classified as Chuying (less than three years' seniority), Feiyang (less than five years' seniority) and Xiongying (less than eight years' seniority) according to the working thought for nurturing young talents of "The sooner the burden falls, the earlier the success comes; more responsibility, greater success".

The purpose of the Program is to accelerate nurturing of young talents. By establishing a talent pool, the young employees with high potential are identified and tracked, and a team reasonably composed of a great number of outstanding young talents are selected and trained in a planned way, enabling us to further improve the selection and training mechanism for young backup cadres, effective use of our human capital and make personnel deployment and talent continuity plans integral and rational, so as to achieve the goal of providing high-quality young talents for the development during the "13th Five-Year Plan" period.

5.3 CARING EMPLOYEES

Communication with employees

In addition to routine work communication and reporting, the management of the Group also conducted two-way communication and exchanges with employees through various regular work meetings (including Chairman management meetings, special meetings and departmental work meetings, etc.), and annual employee meetings.



Motivation of employees

The Group has established a comprehensive performance appraisal system, under which the annual business objectives are linked to the performance appraisal of various departments and individuals by combining quarterly key performance indicator (KPI) appraisal with the “Annual 360 appraisal”. The appraisal system comprises of various forms such as target appraisal, indicator appraisal, appraisal of management’s promised objectives, KPI quantitative appraisal, quarterly appraisal and the “annual 360 appraisal”, and establishes a comprehensive performance appraisal system up from the Company, departments, and subsidiaries and down to individuals. The target indicators are broken down at different levels to ensure full coverage of key indicators. They are managed step-by-step to ensure that the targets are fulfilled. Various measures and means are utilized to link the Group’s operating results with individual incentives, to fully stimulate the creativity of all organizations and individuals, and realize the long-term development of the Company under the management philosophy of responsibility towards shareholders and the society.

Employees’ activity

We also actively organize various cultural and sports activities at employees’ leisure time to help them to balance their work and life. These activities not only increased the cohesiveness of the Group’s employees, but also strengthened the interaction and exchanges between different departments, and increased their recognition and integration of the “Family • People” cultural concepts. For those employees who live far away from the project location or were seconded to a different project location, we provide multiple forms of support and organized activities to facilitate and enrich their leisure time.

5 PEOPLE-ORIENTED

During the Reporting Period, some of the employees' activities organized by the Group were as follows:



Employees Outreach Activity



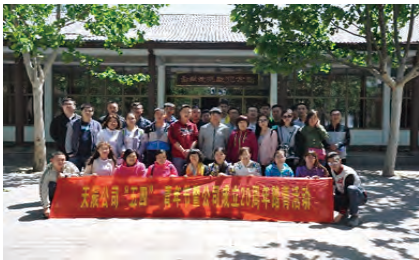
Excellent Employees' Tourism



Revolutionary Martyrs Memorial on Qingming Festival



Football Match before "May 1st"



Outing on "Youth Day" on 4th May



"Making Fragrant Zongzi" on Dragon Boat Festival



Exhibition of Employee Paintings and Calligraphy Photographies



Employees Basketball Match



Dating and Making Friends



Cooking Competition



Family Birthday Cake Making



Female Employee Committee

The main duties of the Female Employee Committee are to unite and educate female employees, improve their quality, mobilize their working enthusiasm, safeguard their legitimate rights and interests and special protection and treatment, cultivate and train a high-quality female group and allow them to “play their role” in the development of the Company.

Labor protection of women

Complete the revision and renewal of the Group’s “Special collective agreement for female employees” in a timely manner

Protection for females during five periods, namely menstruation, pregnant and puerperal, breastfeeding and menopause periods

Provided various benefits to female employees on marriage and maternity leave according to regulations

Organize all female employees to conduct gynecological examinations every year

Participated in the “Female’s Ankang Group Major Disease Insurance” for all females and settled claims in a timely manner

Organized females’ cultural and physical activities and half-day trip on March 8th Women’s day

Visited hospitalized female employees and helped underprivileged female employees to get better off

Organized the selection of outstanding “Virtuous wife”

5.4 PRODUCTION SAFETY

The Group has always attached great importance to production safety and strictly complied with the *Production Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* to protect the safety of employees and subcontractors. We adhere to the principle of "Safety first, comprehensive management with emphasis on prevention" and implement the unified management model of "non-special zones" for production safety. At the beginning of each year, we clearly define the goals and measures for safety production management throughout the year. We implemented targeted and standardized management centering on two cores of "risk prevention and safety excellence", under the guidance of outstanding performance and using the information technology, to provide efficient and high quality services.

Construction of Safety System

The management of the Group placed great emphasis on construction safety and has established a Production Safety Committee headed by our legal representative and Chairman in order to maintain the stability of the safety production organization system and strengthen safety management. We divided production safety management work into three levels: the Group's headquarters, subsidiaries and project department and carried out relevant work such as program preparation and review, demonstration, disclosure, inspection, acceptance, maintenance, education and training, safety excellence and emergency response by firmly grasping major hazard sources and focusing on pre-construction planning, process control and regular appraisals.



The Group established a production safety system mainly comprising the “Production Safety Accountability System”. Meanwhile, by entering into the Letters of Accountability and written commitments for production safety with person-in-charge of its subsidiaries, the Company assigned safety accountability to each level and to designated persons, forming a “Across all departments and all levels” safety production grid accountability system with the person-in-charge at all levels at the core. The Company also formulated the *Safety Accountability Appraisal System for Management Personnel at All Levels*, thereby performing regular examinations on a level-by-level basis, linked with economic performance, and fulfillment of management promises, where outperformers are rewarded while underperformers are subject to penalty. In addition, the Group has developed a replicable lane-like production safety management process, and complied the special work instruction for excellent performance in production safety, making the safety management work streamlined, more programmatic, intuitive, and conducive for implementation.

5 PEOPLE-ORIENTED



Power Distribution Board Shelter

Fire-fighting Equipment and Safety Exit



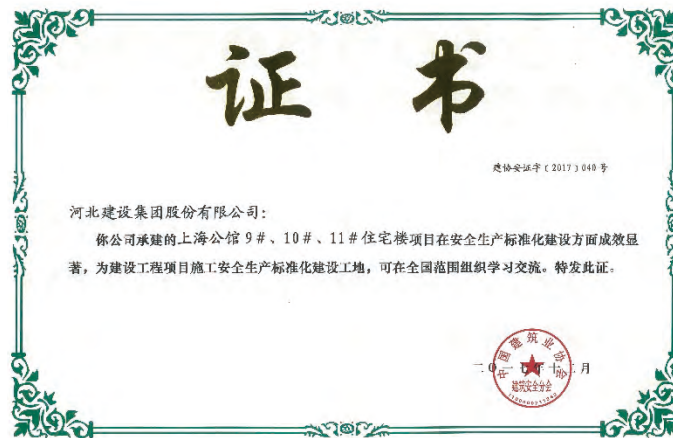
Special Rectification for Production Safety

During the Reporting Period, we conducted regular and irregular systemic inspections and special rectifications on 20 branches, 4 subsidiaries, and their 55 project departments, and conducted key supervision and management on key projects, key locations, and major hazard sources. A total of 2,139 potential accident risks have been found and carefully rectified, and the rectification rate is 100%.

Safety Excellence

The Group intensified building of the standardized image, and cultivated the awareness of “the construction site means the market” during the whole production process, so as to achieve standardized safety and quality, all-round green construction, and normalized dust control. We also continued to encourage and increased our efforts in creating excellence in production safety according to the *Measures for Quality, Safety, and Science and Technology Incentive Funds* (《品質、安全、科技獎勵基金管理辦法》). In 2017, the funds used only for safety excellence awards amounted to RMB5,939,300.

Thanks to the concerted efforts of all employees, the Group’s production safety work was further strengthened in 2017, resulting in a generally stable production safety situation. We created 26 provincial and above level standardized safe and civilized construction sites, including 2 national standardized production safety construction sites, and 24 provincial standardized safe and civilized construction sites. All these secured our production and business activities such as enterprise qualifications, tendering and bidding, market expansion, credit ratings, etc.



National Production Safety and Production Standardized Construction Site of Construction Projects

5 PEOPLE-ORIENTED

In addition, we continued to build our echelon of production safety management employees, and maintained its stability and gradual expansion. As of 31 December 2017, the Group had a total of 2,976 safety officers, 65 certified safety engineers, and 283 specialized operators.

Safety Accidents Reporting Mechanism

All our safety accidents must be immediately reported to the responsible project management team, who will report the same to our branches and production safety department. Personnel from the responsible project management team are required to arrive on site immediately to oversee the handling of the safety accident. We will report the safety accident to the relevant government authority as required by PRC laws and regulations and cooperate with local government authorities to investigate such safety accident. During the Reporting Period, the Group had a total of three work-related accidents and one fatality. After the accident happened, we conducted a comprehensive review of the existing production safety system to help us more effectively fulfill our safety responsibilities and establish an effective risk investigation and management system. The measures taken include:

- Conducted comprehensive safety inspections and remedial actions
- Conducted internal checks and handled security issues that were discovered
- Strengthened safety training for project managers and on-site personnel

Occupational Health Management

We have implemented stringent internal safety policies to ensure safe operations and ensure compliance with relevant PRC laws and regulations such as the *Occupational Disease Prevention Law of the People's Republic of China* and the *Trade Union Law of People's Republic of China*. Our production safety department at our Headquarters is responsible for overseeing our compliance with relevant PRC laws and regulations, conducting regular reviews and inspections of our performance. We applied for renewal of our GB/T28001-2011 certificate (a recommended standard in the PRC for an occupational health and safety management system) for our construction contracting business. We first obtained the certificate for our construction contracting business on 9 May 2005 and most recently renewed such certificate on 29 April 2017.

Occupational Health Rules

- Establish occupational health check files for workers exposed to hazardous and toxic operations
- Employees are offered physical examinations
- Provide occupational health protection equipments and personal occupational health protection products, and guided the staff to properly use and wear
- Monitor the operating environment regularly
- Set up warning signs and written instructions at prominent locations of a job that may cause serious occupational hazards
- Regularly check the safety protection devices and the conditions of dust and poison prevention facilities of various production equipments
- Develop emergency rescue measures and statistical reporting system for occupational hazard accidents

We have production safety examination areas at certain construction sites where various physical objects and educational exhibition boards highlight the safety risks that need attention during the project construction and its response measures. All personnel who have entered the site for the first time, including the employees of the Group, are required to experience and learn to raise their awareness of safety compliance.

Safety Culture

The Group organizes long-term trainings, drills and exchanges, offers accident prevention and management training courses for its employees on a regular basis, and arranges related courses for new employees as needed. We also actively use advanced technology and methods to organize regular emergency drills based on plans formulated at the beginning of each year, thereby constantly improving the ability to escape and self-rescue and deal with emergency.

5 PEOPLE-ORIENTED

During the Reporting Period, the number of persons attending safety training sessions of the Group were as follows:

Number of persons trained for production safety	Number of persons	7,270
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Safety Education

Safety Drills

- Fire drill
- Flood prevention drill
- Medical rescue knowledge and skills emergency rescue drill
- Emergency rescue drill for injury caused by strike
- Foundation pit collapse emergency drill
- Traffic accident drill



Observation and Communications

- Hosting the Quality and Safety Observation of the Housing Construction System in Hainan Province
- Hosting the Security Observation of the Housing Construction System in Xinhua District, Shijiazhuang
- Observing China Construction's Projects in Yanjiao, Sanhe, Langfang
- Hosting the Construction Quality and Safety Improvement and Dust-Control Observation of the Housing Construction System in Baoding City
- Hosting the Dust Control and Standardization Management of Quality and Safety Production on Construction Sites in Hengshui City
- Observing Guangzhou Country Garden Project



5 PEOPLE-ORIENTED

Appraisal and training for safety officers of construction operations in Baoding City	Communication and training on the new “Regulations on production safety in Hebei Province”
<p>The Group organized 1,056 safety officers and “Major responsible persons, project leaders and full-time production safety officers of construction companies” to attend the “Appraisal and training for safety officers of construction operations in Baoding City” on 20 to 21 March 2017 and 8 to 9 September 2017 and organized them to take safety knowledge examination (All passed). The Group also organized and applied for review of extension of production Safety Qualification certificates, new Production Safety Qualification certificates, replacement of Production Safety Qualification certificates, change in Production Safety Qualification certificates, and cancellation thereof, which ensured the normal development of a series of business activities, such as bidding, report of safety quality with regulatory authority, filling and production.</p>	<p>In the afternoon of 26 June 2017, the Group organized 330 safety and technical personnel to participate in the communication and training on new “Production Safety Regulation of Hebei Province” in the form of on-site meetings + video conference at other places.</p>

6 HELPING THE COMMUNITY

Thanks to the continuous progress of the Group's business, we have more resources to give back to the society. In 2017, the Group registered another record in its tax payment, and offered 150,000 jobs to the society throughout the year. We are committed to precision poverty alleviation, and are required to help the villagers of Berlincheng Village of Leishui County to shake off poverty and get better-off; we are public welfare enthusiasts and have donated RMB50,000 to Hebei Youth Development Foundation for the hope project, which was highly praised by the municipal committee of CPC in Baoding City; we were engaged in volunteer activities by organizing our employees to take part in knowledge spreading campaigns; we were concerned with the environmental protection cause, and kept sending cadres to Xuzhuang Village, Jiangcheng Town in Jingxiu district, to help in preventing and controlling air pollution, for which we won high praise from all walks of life, and impressed the society as an enthusiastic enterprise.

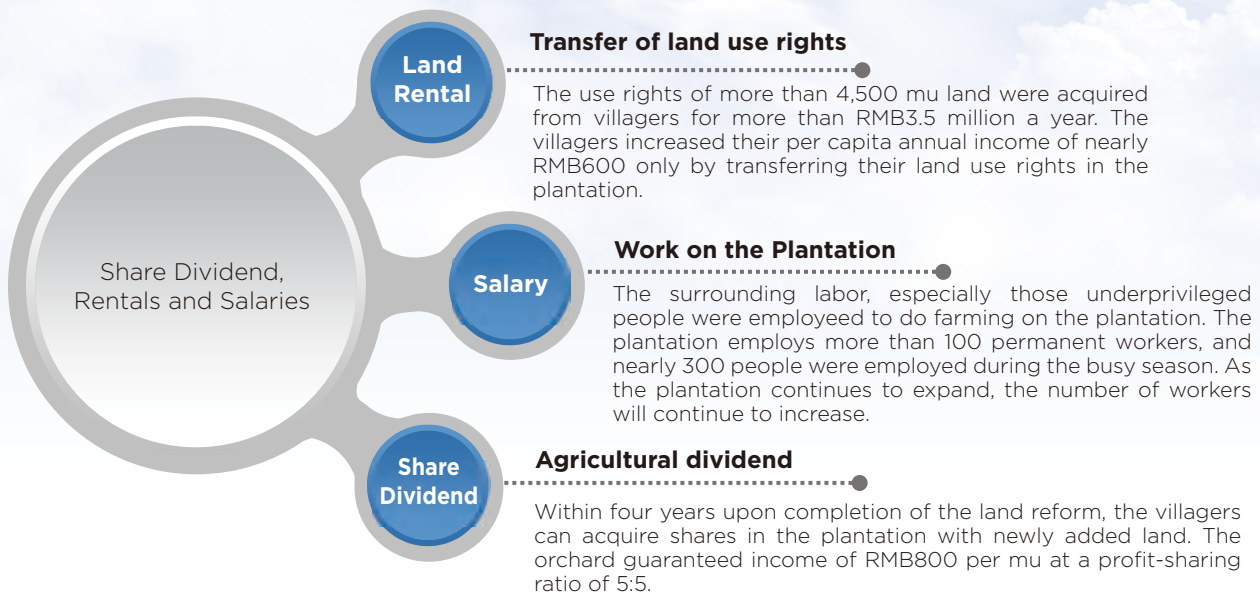
6.1 PRECISION POVERTY ALLEVIATION

In 2017, with a high sense of responsibility and mission and under the belief of accomplishing the purposes of its own and others, helping people in distress and danger and promoting charity endeavors, the Group effectively pushed forward the poverty alleviation cause, bringing precision poverty alleviation cause to a new height.

Fupingdadao Village Project

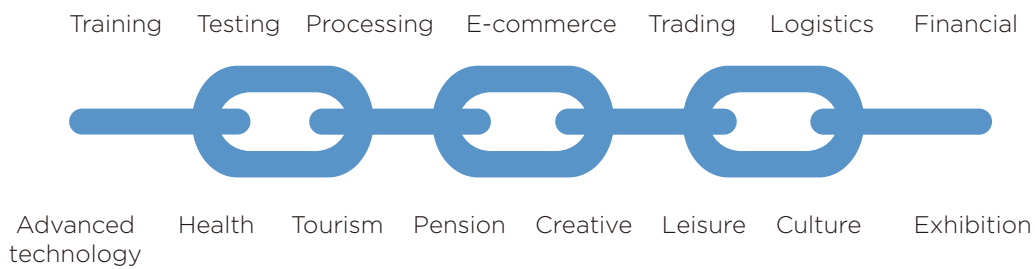
In 2013, the Group started to cooperate with Hebei Qianyuan Agricultural Science and Technology Development Co., Ltd. (hereinafter referred to as "Qianyuan Company") in exploring new models for companies to help poverty-stricken populations and implementing precision poverty alleviation strategy in Dadao Village of Fuping County. The Group and Qianyuan Company have undertaken five land use right reform projects, and carried out high-standard development and management of unused mountain. The nearby villagers are led to become "villagers with share dividend, rentals and salaries", who have shaken off poverty and become rich together through construction of plantations. The Group actively participated in the poverty alleviation policy of Fuping County. The various construction projects undertaken by the Group in Fuping County amounted to approximately RMB7.079 billion in 2017.

6 HELPING THE COMMUNITY



Fupingdadao Village project ensures that each of the government, peasants, and enterprises can make profits through land use right reform, bringing about earnings to relevant counties, peasants, and enterprises.

The Group and Qianyuan Company emphasized extension of the agricultural chain in the process of developing the “agriculture + plantation” and will include diversity in the future. Without detriment to peasants’ interests, many parties work together to develop and engage a majority of peasants in the construction of an idyllic complex to benefit from combination of modern science and traditional agriculture. This not only promoted the building of new countryside, but also changed their ideas.



Meanwhile, we and Qianyuan Company adhered to the global tourism development direction and fully tapped and utilized the advantages of pastoral scenery, farming civilization, history and culture, highlighting the integration of rural tourism and cultural tourism, accelerating the construction of well-known tourism destinations and vigorously developing characteristic farmhouse restaurant for rural tourism experience under the guidance of core scenic spots.

Berlincheng Village Project in Laishui County

The Group established the Poverty Alleviation Taskforce in Berlincheng Village and assisted Berlincheng Village in Laishui County all year round. We mobilized capable employees to help each of the 87 economically-deprived families in Berlincheng Village, and visited the village twice to express consolation. In 2017, the Group and its employees donated a total of more than RMB100,000 for constructing infrastructure in the village and delivering schoolbag and stationery to impoverished children.

The Taskforce conducted thorough investigations and studies to find out the real situation immediately after entering the village, and brainstormed solutions for development of the mass. Taking warmhearted chores as a breakthrough, they implemented various policies and carried out poverty-alleviation work.

Forming Poverty Alleviation Taskforce

- The Group attached great importance to the selection, management and building of the Taskforce to be stationed in the villages, and makes personnel adjustments in a timely manner whenever it became aware of any issue, to maintain the unity, stability and overall quality of the Taskforce, providing strong organizational and institutional assurance for the poverty alleviation work.

Strengthened theoretical study to improve their own quality

- After entering the village, the Taskforce actively organized its members to conscientiously study the overall poverty alleviation program, the poverty alleviation Taskforce's responsibilities, policies, and experience in poverty alleviation.
- The Taskforce actively participated in the training and met in lieu of trainings, collected materials for 28- hours' self-study. After systematic study, the members of the Taskforce got a comprehensive understanding of relevant knowledge and processes regarding the superiors' policies, regulations, and the Taskforce's duties, laying a solid theoretical and policy foundation for poverty alleviation.

Detailed implementation of poverty alleviation plans on villagers

- The Taskforce visited the villagers' homes to identify their respective situations under the excuse of caring, and enhanced mutual understanding between the Taskforce and the villagers, leading to subsequent door-to-door surveys.
- During the whole year, the Taskforce made three concentrated home visits, and the responsible person made two home visits to a total of 70 families, during which a total of RMB33,000 in kinds and cash were issued.

Spread poverty alleviation knowledge and policies

- During our poverty alleviation work, we have fully complied with the policy of serving village-affairs, understanding the concerns of the mass, spreading the poverty-alleviation knowledge that they do not know, and widely disseminate the guideline of precision poverty alleviation through various forms, familiarizing a majority of people with the strategic goals of precision poverty alleviation and poverty elimination, the methods and procedures for poverty alleviation in Laishui County.

6 HELPING THE COMMUNITY

In 2017, the Taskforce actively urged the village committee and coordinated with relevant departments to donate RMB30,000 for financing the mountain spring water drinking project that the people there depend on for survival.

Since the poverty alleviation work was started, we have fully implemented the work of establishing the records with cards, visiting each family for the calculation forms and questionnaires, while communicating relevant policies, and completed the information and files for the families who have shaken off poverty in 2017 in a precise and meticulous work attitude.

6.2 CHARITY

Adhering to the core values of “pursue excellence, devote sincerity, unbounded organization, create value together”, we actively fulfill our social responsibility and improve our corporate image.



Donation

- In 2017, HK\$1 million was donated to the Community Chest of Hong Kong for local public welfare.
- For two consecutive years, we donated RMB100,000 to Hebei Provincial Youth Development Foundation for Hope Project.

Volunteer

- We organize our personnel to participate in knowledge-popularization and voluntary services, voluntary tree planting activities;
- The Company won Outstanding Youth Volunteer Services' Organization in Baoding City Award.

Community

- We invested RMB3.09 million to carry out waterproof overhaul of building roofs in residential quarters of the community to improve security capabilities.

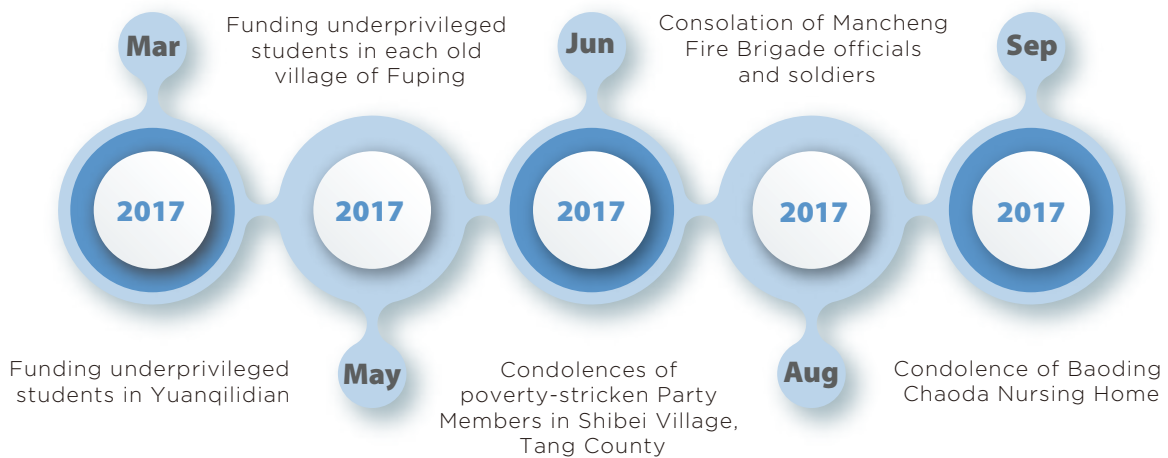
Environmental protection

- In 2017, we continued to send cadres to Xuzhuang Village, Jiangcheng Town, Jingxiu District, for helping in the prevention and control of air pollution.

Each of the subsidiaries comprising the Group also responded to the call of the Group by actively participating in social welfare undertakings, and contributed to the building of a harmonious society. We carried forward the “Family. People” culture with a focus on building a “Harmonious Society”, “Harmonious Enterprise and “Safe Enterprise”, and won praises from employees and the society, resulting in internal and external stability.

Hebei Construction Group Installation Company Engaged in Charity and Emergency Rescue

Hebei Construction Group Installation Co., Ltd., a subsidiary of the Company, has cooperated with Baoding Love and Care for the Elderly for many times. It participated in more than 10 activities throughout the year, and devoted approximately RMB30,000 to charity, which has established a good corporate image for the Company. Meanwhile, it threw itself to the rescue and relief work to give full play to its advantages. In June 2017, it participated in the repair of roads and bridges in Jinjiajing Town, Laiyuan County; in August 2017, it participated in the rescue and disaster relief activities in Zhuhai, and devoted approximately RMB100,000 in manpower and material resources, and was granted the Advanced Collective of Risk And Disaster Relief in Xiangzhou District of Zhuhai.



Public Welfare Project of Zhuocheng Road and Bridge Engineering Co., Ltd

Luping Baiya Project Department and Xingtai Weixian Project Department of Zhuocheng Road and Bridge Engineering Co., Ltd (a subsidiary of the Group) invested a total of nearly RMB270,000 in local public welfare undertakings in 2017, which benefited the local people and enhanced our corporate image.

From July to August 2017, the Baiya Project Department has invested a total of more than RMB60,000 in repairing damaged embankments and roads of the Beiliutai Village after floods, and reconstructing the small bridge destroyed by the river. Meanwhile, the Project Department donated more than 200 sets of reflective clothing, hats, school supplies and donations to students in Baimutai Primary School. The total investment was RMB12,000. A “Students’ Rest Station” was set up in the project department to provide temporary resting place and drinking water to pass-by students. In October, the project department invested a total of RMB167,000 in building roads for the 10 nearby villages on voluntary basis. This not only enabled villagers to travel more conveniently, but also received positive recognition and high praise from the villagers and villages at all levels and township governments.

The Group organized Heart-to-Heart Art Troupe to give consolation performance in Fuping

In August 2017, the Group organized heart-to-heart Art Troupe to give consolation performance in Fuping. Related responsible persons of the Group and of Tianshengqiao Town in Fuping County, the project personnel of the Group in Fuping County and more than 300 local people gathered in Dongxiaguan Village for enjoying the performance. The magic, clown, live band and other wonderful performances won bursts of warm applause from the audience, and the interaction on and off the stage brought the the performance to its climax. The performance has enriched the amateur cultural life of local people and front-line employees, and has been well received by all.



APPENDIX ESG CONTENT INDEX

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
A. Environmental			
Aspect A1	Emissions		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4	Green and Environment-friendly
KPI A1.1	The types of emissions and respective emissions data.		The Group basically does not involve organized emissions from fixed sources
KPI A1.2	GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4	Environmental performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		The Group produces a small amount of hazardous waste during its operation. We plan to make disclosure of it in the future.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4	Environmental performance
KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.2	Green construction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2	Green construction

APPENDIX ESG CONTENT INDEX

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
Aspect A2	Use of Resources		
General Disclosures	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.</p>	4	Green and Environment-friendly
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4	Environmental performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.4	Environmental performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.2	Green construction
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2	Green construction
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		The Group's operations basically do not involve the use of product packaging
Aspect A3	The Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impact on the environment and natural resources.	4	Green and Environment-friendly
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4	Green and Environment-friendly

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
Employment and Labor Practices			
Aspect B1	Employment		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5	People-oriented
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1	Overview of the Workforce
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1	Overview of the Workforce
Aspect B2	Health and Safety		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.4	Production Safety
KPI B2.1	Number and rate of work-related fatalities.	5.4	Production Safety

APPENDIX ESG CONTENT INDEX

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report
KPI B2.2	Lost days due to work injury.	The Group currently uses the injury rate as a statistical indicator. It does not rule out the possibility that the number of work days lost will be managed as a performance indicator in the future
KPI B2.3	Description of occupational health and safety measures adopted how they are implemented and monitored.	5.4 Production Safety
Aspect B3	Development and Training	
General Disclosures	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Training refers to vocational training and may include internal and external courses paid by employers.</p>	5.2 Development of Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The Group plans to carry out statistics and management of all trained employees in the future
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2 Development of Employees

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
Aspect B4	Labor Standards		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5	People-oriented
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1	Overview of the Workforce
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1	Overview of the Workforce During the Reporting Period, the Group had not experienced any incident related with child labor and forced labor

APPENDIX ESG CONTENT INDEX

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
Operating Practices			
Aspect B5	Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	3.2	Supply Control
KPI B5.1	Number of suppliers by geographical region.	3.2	Supply Control
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.2	Supply Control
Aspect B6	Product Responsibility		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	3	Quality Operation
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.		No product recall was involved in the operation of the Group
KPI B6.2	Number of products and service related complaints received and how they were dealt with.	3.5	Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3	Technological innovation
KPI B6.4	Description of quality assurance process and recall procedures.	3.1	Quality Standard
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	3.5	Customer Service

Major Scope, Aspect, General Disclosures and KPIs		2017 ESG Report	
Aspect B7	Anti-corruption		
General Disclosures	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.1	Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.1	Corporate Governance During the Reporting Period, the Group did not have any litigation related to corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	2.1	Corporate Governance
Community			
Aspect B8	Community Investment		
General Disclosures	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6	Helping the Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6	Helping the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6	Helping the Community



河北建設集團股份有限公司
HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

做有思想的企業

做有人格的法人