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河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1727)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board of directors (the “**Board**”) of Hebei Construction Group Corporation Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2019. This announcement complies with the relevant content requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to preliminary announcements of interim results.

PUBLICATION OF THE INTERIM RESULTS AND REPORT

This interim results announcement is published on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (www.hkexnews.hk) and the Company’s website (www.hebjs.com.cn).

The Company’s 2019 interim report containing all information required under the Listing Rules will be dispatched to the shareholders of H shares and published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company’s website in due course.

By order of the Board

Hebei Construction Group Corporation Limited

Li Baozhong

Chairman & Executive Director

Hebei, the PRC
29 August 2019

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

CONTENTS

CORPORATE INFORMATION 3

FINANCIAL HIGHLIGHTS 5

BUSINESS OVERVIEW 6

MANAGEMENT DISCUSSION AND ANALYSIS 17

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS 29

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT 36

SELECTED FINANCIAL STATEMENTS AND NOTES 38

DEFINITIONS 54

CORPORATE INFORMATION

Basic information of the Company is set out below:

LEGAL NAME OF THE COMPANY

河北建設集團股份有限公司

ENGLISH NAME OF THE COMPANY

Hebei Construction Group Corporation Limited

DIRECTORS

Executive Directors^{Note 1}

Mr. Li Baozhong (*Chairman of the Board*)

Mr. Shang Jinfeng (*President*)

Mr. Liu Yongjian

Mr. Zhao Wensheng^{Note 2}

Non-executive Directors

Mr. Li Baoyuan (*Honorary Chairman*)

Mr. Cao Qingshe (*Vice Chairman*)

Independent Non-executive Directors

Mr. Xiao Xuwen

Ms. Shen Lifeng

Ms. Chen Xin

Mr. Chan Ngai Sang Kenny

Supervisors

Mr. Yu Xuefeng (*Chairman of the Board of Supervisors*)

Mr. Liu Jingqiao

Ms. Feng Xiujian

Mr. Yue Jianming

Mr. Wang Feng

JOINT COMPANY SECRETARIES

Mr. Li Wutie

Ms. Wong Wai Ling (*ACIS, ACS*)

AUTHORIZED REPRESENTATIVES

Ms. Shen Lifeng

Ms. Wong Wai Ling (*ACIS, ACS*)

BOARD COMMITTEES

Audit Committee

Ms. Shen Lifeng (*Chairwoman of the committee*)

Mr. Li Baoyuan

Mr. Cao Qingshe

Ms. Chen Xin

Mr. Chan Ngai Sang Kenny

Remuneration and Appraisal Committee

Ms. Chen Xin (*Chairwoman of the committee*)

Mr. Li Baozhong

Mr. Shang Jinfeng

Ms. Shen Lifeng

Mr. Chan Ngai Sang Kenny

Nomination Committee

Ms. Chen Xin (*Chairwoman of the committee*)^{Note 3}

Mr. Li Baozhong^{Note 4}

Mr. Shang Jinfeng

Ms. Shen Lifeng

Mr. Chan Ngai Sang Kenny

Strategic Committee

Mr. Li Baozhong (*Chairman of the committee*)

Mr. Cao Qingshe

Mr. Shang Jinfeng

Notes:

- 1 During the Reporting Period, Ms. Liu Shuzhen resigned as an executive Director, a Vice President and the Chief Economic Officer of the Company on 8 January 2019, due to reaching her retirement age.
- 2 Mr. Zhao Wensheng took office as an executive Director of the Company on 25 February 2019.
- 3 Ms. Chen Xin took office as the chairman of the Nomination Committee of the Board on 19 July 2019.
- 4 In order to further improve the Company's governance structure and meet the requirements of A-share listed companies, Mr. Li Baozhong resigned as the chairman of the Nomination Committee of the Board on 19 July 2019.

REGISTERED OFFICE

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Jingxiu District
Baoding, Hebei Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Jingxiu District
Baoding, Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

STOCK SHORT NAME AND STOCK CODE
HEBEI CONS (01727)**H SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

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Note:

1 The Company no longer re-appoints Ernst & Young as its overseas audit institution for the year of 2019 since 20 June 2019.

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2019, our revenue amounted to RMB20,297 million, representing an increase of 2.7% as compared with the corresponding period of 2018.

For the six months ended 30 June 2019, our net profit amounted to RMB568 million, representing an increase of 18.3% as compared with the corresponding period of 2018.

For the six months ended 30 June 2019, our profit per share amounted to RMB0.31, representing an increase of RMB0.01 as compared with the corresponding period of 2018.

The financial information contained in this announcement has been prepared in accordance with the Chinese Accounting Standards for Business Enterprises and, unless otherwise stated, is comprehensive information of the Company and its subsidiaries, which is presented in Renminbi.

BUSINESS OVERVIEW

Part I Overview of Company's Business

We are a leading non-state-owned construction group in China and are principally engaged in the following businesses:

- Construction contracting business. We provide construction project contracting services mainly as a general contractor for building construction projects and infrastructure construction projects.
- Other businesses. We are also engaged in service concession arrangements, property management and other businesses.

A substantial majority of our revenue was generated from the construction contracting business, which mainly comprised of building construction business, infrastructure construction business and specialized and other construction contracting business. Our comprehensive revenue was RMB20,297 million for the first half of 2019, while that of the corresponding period of last year was RMB19,766 million. The comprehensive revenue from construction contracting business remained constant as compared with that for the first half of last year, amounting to RMB19,908 million and RMB19,332 million, respectively. Net profit was RMB568 million, representing an increase of 18.33% as compared with RMB480 million for the corresponding period of last year. New contracts were valued at RMB39,694 million, representing an increase of 4.82% as compared with RMB37,870 million for the corresponding period of last year. The value of ongoing contract backlog was RMB92,591 million, while that of the corresponding period of 2018 was RMB74,378 million, representing an increase of 24.49% as compared with the end of the last year.

New contract value (by region):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	396.94	378.70
Share of Beijing-Tianjin-Hebei	52.18%	59.33%
Share of other regions	47.82%	40.67%

New contract value (by segment):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	396.94	378.70
Share of building construction	73.42%	67.33%
Share of infrastructure construction	17.31%	21.81%
Share of specialized and other construction	9.27%	10.86%

Building Construction Business

We provide construction contracting services for residential, public works, industrial and commercial construction projects. We undertake most of such construction projects as a general contractor. As a general contractor, we undertake all main aspects of construction projects, including building construction, foundation work, curtain wall construction, building decoration and fire engineering. We are also responsible for engaging subcontractors in providing construction services and the labor force for construction projects, coordinating the works of all parties, providing the major equipment and machinery, procuring raw materials and ensuring that construction projects are carried out on schedule. For the six months ended 30 June 2019 and 30 June 2018, new contracts were valued at RMB29,144 million and RMB25,498 million, respectively, and ongoing contract backlog was RMB61,335 million as compared with RMB52,346 million for the corresponding period of 2018.

New contract value of the building construction business (by region):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	291.44	254.98
Share of Beijing-Tianjin-Hebei	56.04%	56.2%
Share of other regions	43.96%	43.8%

New contract value of the building construction business (by segment):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	291.44	254.98
Share of residential construction	63.62%	60.34%
Share of public building construction	25.38%	28.56%
Share of industrial building construction	9.70%	9.00%
Share of commercial building construction	1.30%	2.10%

Representative projects of the building construction business are as follows:

Representative projects of new contracts

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	Second Bid Section of Plot A, Phase II of Fancheng District Relocation Housing Urban Old Residential Renovation Project (Xiangtou Xinyue City) (樊城區棚改安置房城鎮老舊小區 改造項目(襄投欣悅城)二期A地塊 二標段)	4.06	Residential building	Xiangyang, Hubei
2.	Beijing New Airport Administrative Comprehensive Business Premise, Police Station, Business Premise Project (北京新機場行政綜合業務用房、 派出所、業務用房工程)	6.35	Public building	Langfang, Hebei
3.	Cangzhou Evergrande Yangsheng Valley Phase I (First Bid Section) Residential Plot Main Body and Supporting Construction Project (滄州恒大養生谷首一期(1標段) 住宅地塊主體及配套建設工程)	6.88	Residential building	Cangzhou, Hebei
4.	Beijing New Airport Education and Scientific Research Station Project (北京新機場教育科研基地項目)	7.17	Public building	Beijing
5.	General Contracting of Design and Construction of Songshan Lake (Ecological Park) Robot Intelligent Equipment Manufacturing Industry Accelerator (松山湖(生態園)機器人 智慧裝備製造產業加速器設計施 工總承包)	9.11	Industrial building	Dongguan, Guangdong
6.	First Bid Section of Phase II of Poverty Alleviation Relocation Project in Fudong New District (阜東新區 易地扶貧搬遷工程二期一標段)	12.20	Residential building	Baoding, Hebei

Representative projects of construction in progress

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	First Bid Section of Hebei BSR Rail Transit Rolling Stock Equipment Co., Ltd. Hebei BSR Rolling Stock Manufacturing Base	7.38	Industrial construction	Baoding, Hebei
2.	9 items including 24-3# residential building (Shunyi District Renhe Town Linhe Village Shanty Town Renovation Land Development B Area Project (Integration of Dongcheng Resettlement Housing)) (24-3#住宅等9項(順義區仁和鎮臨河村棚戶區改造土地開發B片區項目(對接東城安置房)))	5.57	Residential building	Beijing
3.	Phase II of Project in Changsheng Home Western District (長城家園西區二期工程)	3.99	Residential building	Baoding, Hebei
4.	Beijing New Airport Education and Scientific Research Station Project (北京新機場教育科研基地項目)	7.17	Public building	Beijing
5.	EPC General Contracting of Hangzhou Economic Technical Development Area Cultural Ancillary Housing (杭州經濟技術開發區文化配套用房EPC總承包)	5.49	Public building	Hangzhou, Zhejiang
6.	Buildings 1 to 7 and Underground Garage Project Construction for Low-voltage Distribution Switch Control Appliance Manufacturing and Development Project (低壓配電開關控制電器設備製造及研發項目1號-7號樓及地下車庫工程施工)	5.78	Commercial building	Baoding, Hebei

Representative projects of completed properties

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	7 items including 2# residential building (renovation project of old small communities in town) (R2 Class II residential land plots SY00-0005-6007 and 6005 project in Renhe Town Shunyi District (supplemented with “Limited Price Commercial Housing” project)) (2# 住宅樓(城鎮老舊小區改造項目)等 7 項(順義區仁和鎮SY00-0005-6007、6005 地塊 R2 二類居住用地(配建「限價商品住房」)項目))	1.69	Residential building	Beijing
2.	First Bid Section of Xushui Economic Development Zone Fuyang Gardens Zone C Project (徐水經濟開發區釜陽花園 C 區工程一標段)	2.16	Residential building	Baoding, Hebei
3.	CAAC Northern China Aviation Management Production and Operation Centre Project (民航華北空管生產運行中心工程)	2.27	Municipal infrastructure construction	Beijing
4.	Domestic Freight Station Project of Beijing New Airport China Southern Airlines Base Sixth Bid Section Freight Facilities Project (北京新機場南航基地第六標段貨運設施項目國內貨運站工程)	2.92	Public building	Langfang, Hebei
5.	Changsha IFS Underground Space Development Communities Project (九龍倉國金中心地下空間開發建設工程)	2.24	Commercial building	Changsha, Hunan
6.	Beijing Haige Communications Industrial Park Project (北京海格通信產業園工程)	4.39	Industrial building	Beijing

Infrastructure Construction Business

In addition to our core building construction business, we are also providing increasing construction contracting services for municipal and transportation infrastructure projects, including facilities for water supply and treatment, gas and heating, urban pipelines, roads, bridges and airport runways. We undertake most of such construction projects as general contractor. Our infrastructure construction customers are primarily local governments. For the six months ended 30 June 2019 and 30 June 2018, new contracts were valued at RMB6,872 million and RMB8,260 million, respectively, and for the six months ended 30 June 2019, ongoing contract backlog was RMB18,458 million as compared with RMB14,672 million for the corresponding period of 2018.

New contract value of the infrastructure construction business (by region):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	68.72	82.60
Share of Beijing-Tianjin-Hebei	41.02%	57.28%
Share of other regions	58.98%	42.72%

New contract value of the infrastructure construction business (by segment):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	68.72	82.60
Share of municipal infrastructure construction	59.68%	59.95%
Share of transportation infrastructure construction	40.32%	40.05%

Ongoing contract backlog of the infrastructure construction business (by region):

Representative projects of the infrastructure construction business are as follows:

Representative projects of new contracts

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	Quinta, Ethiopia – Garsner Road Project Contract: Quinta – Kurba Segment (Km 31+500-110+740) (埃塞俄比亞 昆塔–加斯納道路工程合同： 昆塔–庫爾巴段(Km 31+500-110+740))	4.59	Transportation infrastructure construction	Amhara, Ethiopia
2.	EPC+F Contracting of Western China (Guangyuan) Green Home Industry S tartup Zone Xinsheng Group Project (中國西部(廣元)綠色家居產業城 啟動區–新勝組團項目勘察設計施 工融資一體化承包(EPC+F))	16.13	Municipal infrastructure construction	Guangyuan, Sichuan
3.	General Contracting of Mozambique Saskatchewan Airport Project (Bid Section for Airfield) (援莫桑比克 賽賽機場項目(飛行段標區)工程 總承包任務)	2.27	Transportation infrastructure construction	Saskatchewan, Gaza Province, Mozambique
4.	Second Bid Section of Yunfu City Duyang to Yun’an Highway Connection Segment Project (RK1+545~K4+041.145, LK1+546.5~K4+041.145) (雲浮市 都楊至雲安公路新建工程連接線 項目第二標段(RK1+545~K4+041.145, LK1+546.5~K4+041.145))	2.31	Transportation infrastructure construction	Yunfu, Guangdong

Representative project of construction in progress

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	National Highway G102 Qinhuangdao City Segment Alteration Works (國道G102綫 秦皇島市區段改建工程)	2.03	Transportation infrastructure construction	Qinhuangdao, Hebei

Representative projects of completed properties

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	Bid Section 008 of Beijing New Airport Working Area Project (Municipal Transport) – Bridge and Pipe Network Project (北京新機場工作區工程(市政交通)–道橋及管網工程008標段)	4.38	Municipal infrastructure construction	Beijing
2.	Bid Section FXQ-CD-011 of Beijing New Airport Airfield Road Project Tendering (北京新機場飛行區場道工程FXQ-CD-011標段施工招標)	5.12	Municipal infrastructure construction	Beijing

Specialized and Other Construction Contracting Business

We also undertake construction contracting projects by leveraging our qualifications and experience in specialized areas such as electrical and mechanical installation and construction of steel structures. Our electrical and mechanical installation works generally cover the supply, installation and maintenance of equipment for power plants, pipelines for heating and natural gas, as well as air-conditioning, mechanical ventilation and exhaust air systems. Steel structure construction generally refers to the building of the structural supporting elements comprising steel columns, girders and beams of a construction project. For the six months ended 30 June 2019 and 30 June 2018, new contracts were valued at RMB3,678 million and RMB4,112 million, respectively, and for the six months ended 30 June 2019, ongoing contract backlog contract value in 2019 was RMB12,798 million as compared with RMB7,360 million for the corresponding period of 2018.

New contract value of the specialized and other construction contracting business (by region):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	36.78	41.12
Share of Beijing-Tianjin-Hebei	42.44%	82.87%
Share of other regions	57.56%	17.13%

New contract value of the specialized and other construction contracting business (by segment):

Year	Six months ended 30 June	
	2019	2018
RMB 100 million	36.78	41.12
Share of electrical and mechanical installation	24.79%	2.00%
Share of steel structures	16.24%	7.63%
Share of other construction business	58.97%	90.37%

Representative projects of the specialized and other construction contracting business are as follows:

Representative projects of new contracts

No.	Name of project	Contract value (RMB100 million)	Business segment	Region
1.	EPC General Contracting of Lushui Late-maturing Mango Industry Poverty Alleviation Project (瀘水市晚熟芒果產業扶貧項目勘察設計施工總承包)	3.44	Other construction business	Lushui, Yunnan
2.	EPC General Contracting of Mechanical Critical Components Manufacturing Industrial Park of Feng County Economic Development Zone High-Tech Industrial Park Innovation and Startup Incubator Standardised Plants Construction Project (豐縣經濟開發區高新技術產業園區雙創孵化標準廠房建設項目機械製造關鍵零部件產業園設計採購施工工程總承包)	3.57	Steel Structure	Xuzhou, Jiangsu
3.	EPC General Contracting of 100 MW Photovoltaic Base Project in Yingneng Photovoltaic Power Development Co., Ltd. of Tumert Right Banner (土默特右旗英能光伏電力開發有限公司100兆瓦光伏基地項目EPC總承包)	5.20	Mechanical and electrical installation	Baotou, Inner Mongolia

Part II Research and Development Achievements and Awards

The Company has expanded its market to 31 provinces, municipalities and autonomous regions, as well as nearly 10 overseas countries. As of present, it has launched 22 projects and participated in 12 projects that won the Lu Ban Awards. The Company has received the “National Quality Award (全國質量獎)”, “National Quality Project Award (國家優質工程獎)”, “Steel Structure Gold Award (鋼結構金獎)”, “Star of China Installation Award (安裝之星獎)” and “National Decoration Award (全國裝飾獎)”, and was accredited for over 600 “Provincial Quality Construction (省優工程)” and more than 300 provincial or above “Safety Civilization Construction Sites (安全文明工地)”.

The Company was awarded the “Second Prize of the National Science and Technology Progress Award (國家科技進步二等獎)”, the “Innovation Achievement Award of the China Construction Industry Association (中國建築業協會創新成果獎)” and a large number of provincial-level science and technology achievements and patents.

Following the introduction of the performance excellence management model, the Company won the “National Quality Award (全國質量獎)” and two “Provincial Government Quality Awards (省政府質量獎)”. Recognized by the MOHURD, it was one of the 20 recipients of the “National Excellent Project Quality Management Enterprise Award (全國工程質量管理優秀企業)”. It also received the title of “National Model of Workers’ Home (全國模範職工之家)” and the “National 1st May Labour Award (全國五一勞動獎狀)”. Highlights included:

1. In the first half of 2019, the Company led or participated in the formulation of four sets of regulations, standards and rules, and was in the process of preparing 25 sets of regulations, standards and rules.
2. In the first half of 2019, 13 provincial-level scientific plans and demonstrative projects of the Company passed the acceptance assessment, four of which were among the top in China.
3. In the first half of 2019, the Company submitted 106 patent applications in China, including nine applications for invention patents, and was granted 51 patents (including three invention patents).
4. In the first half of 2019, the Company was awarded two “China Steel Structure Gold Awards (中國鋼結構金獎)” and 31 provincial-level quality construction awards.

Part III Outlook

The Report of the 19th National Congress of the Communist Party of China (“NCCPC”) stated that the socialism with Chinese characteristics has entered a new era. China’s economy is undergoing transition from rapid growth to high quality development and is in the critical period for transformation of development mode, optimization of economic structure and switch of growth drivers. For construction industry, as the development driven by rapid scale-up gradually subsides, traditional construction industry is facing unprecedented opportunities and challenges. Under the new normal, construction industry has a crucial but long way to go for the difficult mission of reform and development.

As general working principles of 2019, the Company will uphold Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era and the idea of the 19th NCCPC, firmly support the decisions and plannings of the Party Central Committee and the State Council, and adhere to the new development concepts. By focusing on the key tasks of the year and with the goal of enhancing construction quality and safety level, the Company will actively promote green construction and smart construction, strive to support the "Belt and Road Initiative", and keep a pragmatic, enterprising and innovative mindset to support the in-depth reform and development of construction industry.

The A Share Offering and Listing plan is a major breakthrough for the Company's strategic planning in domestic financial and capital market, and we have set the A Share listing as our new goal.

Xiong'an New Area is located in Hebei Province, and as a leading player in the construction industry of Hebei Province, the Company is set to be embraced with great development opportunities from the broad market in Xiong'an New Area. We will keep in touch with the government, financial institutions, central and state-owned enterprises and major property developers to actively explore mutually beneficial cooperation opportunities.

Based on the market-oriented approach, we will fully utilize our platforms and the benefits from supportive national policies to carry out research on professional technologies critical to the Group, thereby gradually build up our own core advantages and convert them into technological methodologies and promising environmental-friendly products. In addition, we will also facilitate the Group to expand to new sectors and tender and negotiate for new professional technologies.

We will leverage on the Group's advantage in nationwide construction to find common elements in the construction drawings of different major design institutes and intensively integrate design with construction, so as to achieve collaborative operation among design, construction and procurement. Through this effort, we can carry out construction and procurement directly based on design and adjust the design based on actual situation of construction and procurement, thereby gradually develop the design institute into an engineering design and research institute.

We will strive to facilitate project planning to achieve full coverage and strengthen the process management of construction projects to effectively improve "yield from single project".

Based on the requirements of the manual for standardized management of construction projects, we will hold ourselves accountable to the users, benchmark our works against the model projects, strengthen our on-site management capability, and uphold the craftsmanship spirit of pursuing excellence to deliver quality model projects.

For in-depth integration of Internet and information technology in construction industry, we will focus on facilitating the integrative application of Building Information Modeling (BIM) to enable information sharing and informatization management throughout the project life cycle. For promotion of modern industrialized production and construction, we will put great efforts in promoting prefabricated component construction, deeply implement green construction and fully facilitate the use of green construction material, design, construction and operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and gross profit

	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Revenue (RMB100 million)	Costs (RMB100 million)	Gross profit %	Proportion %	Revenue (RMB100 million)	Costs (RMB100 million)	Gross profit %	Proportion %
Building construction business	141.24	134.13	5.0	70.9	124.62	119.47	4.1	64.5
Infrastructure construction business	36.69	34.86	5.0	18.4	50.59	47.60	5.9	26.2
Specialized and other construction contracting business	21.15	19.77	6.5	10.7	18.11	17.15	5.3	9.3
Total	<u>199.08</u>	<u>188.76</u>	5.2		<u>193.32</u>	<u>184.22</u>	4.7	

The construction business revenue for the period for the six months ended 30 June 2019 slightly increased by RMB576 million as compared with the corresponding period of 2018, of which the main reasons for the changes of each business segment are as follows:

Revenue of our building construction business for the first half of 2019 significantly increased as compared with the corresponding period of 2018. Of which, the residential building construction business as the largest segment of our building construction business in terms of revenue contribution. In recent years, due to the urbanization expansion of second and third tier cities, and as most property development projects of our Group are concentrated in second and third tier cities of mainland China, we grasped greater opportunities for development. Industrial building construction remained generally stable in the first half of 2019 as compared with the corresponding period of last year, which was mainly due to the Company's active consolidation of the business around Beijing-Tianjin-Hebei Region, and in the meantime, leveraging on its reputation upon listing, the Company strove to expand the industrial building construction business in other regions, such as Yangtze River Delta, Anhui region, etc., enabling the performance of industrial building construction to remain generally stable.

Revenue of our infrastructure construction business decreased in the first half of 2019 as compared with the corresponding period of last year, which was mainly due to the decrease in newly undertaken public construction projects of the Company since 2019.

The income of specialized and other construction business increased in the first half of 2019 as compared with the corresponding period of last year. The business mainly comprised of electrical and mechanical installation, steel structures and other construction business. Such type of projects generally have shorter cycle and can be completed within one year. The main reason for the increase was the significant increase in contracts for commencement of work in the first half of 2019.

Gross profit margin of the Group's construction revenue slightly increased in the first half of 2019 as compared with the corresponding period of 2018. As the Group has paid more attention to the quality of construction projects in recent years, the gross profit margin has increased steadily in general with increased quality projects and enhanced cost management and control.

Selling costs

Selling costs of the Group were approximately RMB9 million in the first half of 2019, representing a decrease of RMB5 million as compared with the corresponding period of 2018, which was mainly due to the Group's strategic adjustment and the shrinking of property development business year by year. Accordingly, the Group reduced the employment of property sales personnel, resulting in a significant decrease in the remuneration of sales personnel incurred from real estate companies in the first half of 2019 as compared with corresponding period of 2018. In addition, the property exhibition fees and other sporadic expenses were also further reduced along with the shrinking of property business of the Group year by year.

Administrative expenses

Administrative expenses of the Group were RMB167 million in the first half of 2019, remaining generally stable as compared with the corresponding period of 2018.

Research and development costs

Research and development costs of the Group increased by RMB35 million in the first half of 2019 as compared with the corresponding period of 2018, mainly because the Group began to set up more research and development groups since the second half of 2018 and encouraged its member companies to engage in the research and development projects. A total of 168 research and development projects were commenced by the Group in the second half of 2018, which are still in process under the investigation and research stage in 2019. Therefore, the research and development costs incurred for the period increased significantly as compared with the corresponding period of last year.

Credit impairment losses

Credit impairment losses were RMB64 million from January to June 2019, which was mainly due to the Group's expectation of increasing future credit losses on accounts receivable and contract assets based on the macroeconomic situation and customer credit conditions since the second half of 2018.

Income tax expenses

Income tax expenses of the Group were RMB168 million from January to June 2019, representing a decrease of RMB30 million as compared with the corresponding period of 2018. The increase in pre-tax profit and the decrease in income tax expenses were mainly due to the decrease in the unrecognized deductible temporary differences and deductible losses, as well as the increase in the profit attributable to associates and the super deduction on research and development expense.

Net profit

Based on the above factors, net profit of the Group for the six months ended 30 June 2019 was RMB568 million, representing an increase of approximately RMB88 million as compared with the corresponding period of last year.

Liquidity, financial sources and capital structure

The Group finances operations primarily through cash generated from operating activities and interest-bearing borrowings. As of 30 June 2019 and 31 December 2018, the Group had currency funds of approximately RMB4,189 million and approximately RMB6,688 million, respectively.

Currency funds

As of 30 June 2019, currency funds of the Group were RMB4,189 million, representing a decrease of RMB2,499 million as compared with the end of 2018, which was mainly due to the greater amount of net cash outflows from operating activities. Cash outflows from operating activities for project tendering and construction work were generally great in the first half of year, while the repayment from customers were not usually made during the period; the great amount of net cash outflows from investment activities included cash paid for purchasing and construction of fixed assets, intangible assets and other long-term assets and cash paid for investments.

Financial policy

The Group regularly monitors cash flow and cash balances. Furthermore, it is dedicated to maintaining the optimal liquidity level required for working capital and keeping its business and multiple growth strategies at a stable and healthy level during the Reporting Period. In the future, the Group intends to finance operations through cash generated from operating activities and interest-bearing borrowings.

Financial assets held for trading

As of 30 June 2019, financial assets held for trading of the Group were RMB1,184 million, representing an increase of RMB454 million compared with the end of 2018, the Group's bills receivable balances from the counter party increased at the end of the Reporting Period. And the Group classified the bills receivable as financial assets measured at fair value through profit or loss according to the accounting policies.

Accounts receivable

As of 30 June 2019, the net value of accounts receivable was RMB5,708 million, representing a decrease of approximately RMB257 million, mainly due to the recovery of some accounts receivable from projects during the Reporting Period, resulting in an insignificant decrease.

Other receivables

As of 30 June 2019, balance of other receivables of the Group was RMB2,223 million, representing a decrease of approximately RMB1,994 million, or 47%, as compared with the end of last year. Such change was mainly attributable to the greater efforts in collecting the amount of other receivables by the Group for the Reporting Period, resulting in the significant decrease in the balance of other receivables.

Contract assets and construction services contract liabilities

The net value of contract assets as of 30 June 2019 was RMB42,585 million, representing an increase of approximately RMB3,819 million as compared with the end of 2018, which was in line with the overall progress of projects. Contract liabilities as of 30 June 2019 were RMB5,214 million, representing an increase of approximately RMB148 million as compared to the end of 2018. It was mainly due to the enhanced settlement progress of some quality projects in 2019 of the Group, resulting in the significant increase in contract liabilities as compared to last year.

Short-term borrowings, long-term borrowings and non-current liabilities due within one year

Short-term borrowings, long-term borrowings and non-current liabilities due within one year of the Group mainly include long-term and short-term borrowings from financial institutions, entrusted loans and lease liabilities. The balances of relevant borrowings as at 30 June 2019 increased by RMB398 million as compared with the end of 2018, mainly due to the increase in new borrowings of the Group in the first half of 2019.

Accounts payable

Accounts payable balances as at 30 June 2019 were RMB35,819 million, representing a decrease of RMB3,137 million as compared with the end of 2018, which was because the purchase amount of the Group during the second half of the year was greater than that of the first half of the year without any significant change in the settlement rate.

Financial Ratios

	30 June 2019	31 December 2018
Current ratio (times) ⁽¹⁾	1.1	1.1
Quick ratio (times) ⁽²⁾	1.1	1.0
Gearing ratio ⁽³⁾	72.2%	52.1%
Return on assets ⁽⁴⁾ (not annualized)	0.9%	2.0%
Return on equity ⁽⁵⁾ (not annualized)	9.9%	22.3%

Notes:

- (1) Current ratio (times) represents total current assets divided by total current liabilities as at the relevant date;
- (2) Quick ratio (times) represents total current assets minus inventory divided by total current liabilities as at the relevant date;
- (3) Gearing ratio represents total interest-bearing liabilities divided by equity as at the relevant date and multiplied by 100%;
- (4) Return on assets represents profit for the period/year divided by the average of total assets at the beginning and end of the period/year and multiplied by 100%;
- (5) Return on equity represents profit for the period/year divided by the average of total equity at the beginning and end of the period/year and multiplied by 100%.

Interest-bearing bank and other borrowings

As of 30 June 2019, the Group's interest-bearing borrowings were approximately RMB4,033 million (31 December 2018: approximately RMB3,635 million), bearing an effective annual interest rate ranging from 4.7% to 12.0% per annum (31 December 2018: annual interest rate ranging from 4.7% to 12.0%).

Capital Commitment

As at 30 June 2019, the Group did not have any significant commitments.

Contingent liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

Significant Sales or Disposal

Except for the Note 3 and 4 of the Notes to the Announcement, the Group increased the investment in the joint venture, Qinhuangdao Yuanji Road Construction Management Co., Ltd., by RMB300 million, increased the investment in the associated company, Jianwei one-longitudinal-two-horizontal Project Management Co. Ltd, by RMB57 million.

Other Equity Instrument Investment

During the Reporting Period, the Group increased the investment in China Risun Group Limited by RMB112 million.

RMB Exchange Rate Fluctuations and Exchange Risk

Most of the Group's businesses and all bank loans have been traded in RMB so there is no significant foreign exchange fluctuation risk. The Board does not expect that fluctuations in the RMB exchange rate and exchange fluctuations of other foreign currencies will have a significant impact on the Group's business or performance. The Group currently has no relevant foreign exchange risk hedging policies and therefore it has not carried out any hedging transactions to manage the potential risks of foreign currency fluctuations.

Employee and Remuneration Policies

As of 30 June 2019, the Group has had a total of 7,796 full-time employees (31 December 2018: 7,036). Through integrating human resources strategy and based on different job classification, the Group has established a performance and competence-oriented remuneration system and competitive remuneration standards with reference to the remuneration level of relevant enterprises in the same region and the same industry, providing effective guarantee for recruiting, retaining and motivating talents, as well as the pursuit of human resources strategy of the Company.

OTHER MATTERS

Issued Share Capital

As at 30 June 2019, the total share capital of the Company was RMB1,761,383,500, divided into 1,761,383,500 Shares with a nominal value of RMB1.00 each. During the Reporting Period, there was no change in the share capital of the Company.

Compliance with the Corporate Governance Code

The Company is committed to achieving and maintaining a high level of corporate governance to meet business needs and shareholders' requirements.

To ensure that the Company is able to fully fulfill its obligations under the Listing Rules, the Company has established an effective corporate governance structure and is committed to continually improving its internal control and corporate governance mechanisms.

The Company also operates in strict accordance with the Articles of Association, the Working Rules of the Committees under the Board of Directors, the Company Law, and the relevant laws, regulations and regulatory documents, as well as the relevant provisions of the Hong Kong Stock Exchange, so as to do a good job in corporate information disclosure and investment relationship management and service.

During the six months ended 30 June 2019, the Company had complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out in Appendix 14 to the Listing Rules.

Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code for all Directors and Supervisors to conduct transactions of the Company's securities. The Company has made specific inquiries to all Directors and Supervisors about their compliance with the Model Code, and they all confirmed that they have complied with the standards specified in the Model Code during the six months ended 30 June 2019.

Adoption of the Chinese Accounting Standards for Business Enterprises to Prepare Financial Statements, Non-Reappointment of Overseas Auditor and Appointment of Domestic Auditor for 2019 and Determination of Its Remunerations

On 25 March 2019, the Board considered and approved, among other things, the proposals in respect of adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements, ceasing to re-appoint overseas auditor and the proposal to appoint domestic auditor for 2019 and determine its remunerations. Such proposals were considered and approved as an ordinary resolution on the 2018 AGM held on 20 June 2019. Since the accounting year from 1 January 2019, the Company will change to only adopt and comply with the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company. Therefore, the interim results of the Company for the six months ending 30 June 2019 will only be prepared in accordance with the Chinese Accounting Standards for Business Enterprises. In addition, the Company will not re-appoint Ernst & Young as the overseas auditor of the Company for the year of 2019 and will re-appoint Ernst & Young Hua Ming LLP as the Company's domestic auditor for the year of 2019. The above auditor will perform audits on the financial statements prepared by the Company in accordance with the Chinese Accounting Standards for Business Enterprises and undertake the duties of the overseas auditor in accordance with the Listing Rules for a term of office until the end of the 2019 AGM. The Board has already been authorized at the 2018 AGM and it has further authorized the president of the Company to determine the remunerations of appointment of the above-mentioned auditor. For details, please refer to the announcements of the Company dated 25 March 2019 and 20 June 2019 and the 2018 AGM circular dated 31 May 2019.

Amendments to the Articles of Association

On 25 March 2019, the Board considered and approved, among other things, the proposal in respect of amendments to the Articles of Association, which was for the amendments on the relevant articles in the Articles of Association involving the adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements. On 30 April 2019, the Board considered and approved, among other things, the proposal in respect of amendments to the Articles of Association, which was for the amendments on the relevant articles in the Articles of Association involving business scope. The above proposals were considered and approved as special resolution at the 2018 AGM on 20 June 2019. The revised Articles of Association took effect from 20 June 2019. The whole text of the revised Articles of Association has been published on the HKEXnews website of Hong Kong Stock Exchange and the website of the Company. For details, please refer to the announcements of the Company dated 25 March 2019, 30 April 2019 and 20 June 2019, and the 2018 AGM circular dated 31 May 2019.

On 19 July 2019, the Board considered and approved, among other things, the proposal in respect of amendments to the Articles of Association. In order to prepare for the A Share Offering and Listing of the Company and render the Company to be in compliance with the requirements of listed companies regarding compliance governance and other respects, according to the requirements of relevant laws, regulations and regulatory documents, including the Company Law and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Company proposes to make modifications and improvements to certain clauses in the Articles of Association. The numbering of the clauses of the original Articles of Association is respectively amended due to the additions and deletions of some of the clauses by the proposed amendments. The revised Articles of Association will be implemented after the A Share Offering and Listing. Prior to that, the current Articles of Association shall remain in force. The resolution will be proposed as a special resolution at the 2019 second extraordinary general meeting of the Company to be held on 16 September 2019 for consideration. For details, please refer to the announcement of the Company dated 19 July 2019 and the circular of 2019 second extraordinary general meeting and 2019 first H shareholders class meeting of the Company dated 27 August 2019.

Other than the above, there was no other major changes on the Articles of Association by the Company during the Reporting Period.

Change of Executive Director

Ms. Liu Shuzhen resigned as an executive Director, a vice president and the chief economic officer of the Company on 8 January 2019, due to reaching her retirement age.

On 25 February 2019, as approved by the 2019 first extraordinary general meeting of the Company, Mr. Zhao Wensheng was appointed as an executive Director of the first session of the Board, with a term commencing from 25 February 2019 to the expiration of the term of the current session of the Board. Mr. Zhao Wensheng shall be eligible for re-election upon expiry of the term in accordance with the Articles of Association. For details, please refer to the circular of 2019 first extraordinary general meeting of the Company dated 14 January 2019 and the poll results of 2019 first extraordinary general meeting of the Company dated 25 February 2019.

The Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement

On 17 May 2019, the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management entered into the Equity Swap and Transfer Agreement, pursuant to which, the Company proposed to swap the Disposal Subject held by it with the Acquisition Subject held by Zhongming Zhiye. Meanwhile, Baoding Zhongcheng transferred the Equity Transfer Subject held by it to Qianqiu Management. The consideration shortfall between the Disposal Subject and the Equity Transfer Subject as well as the Acquisition Subject was made up by the Company in cash to Zhongming Zhiye. For details, please refer to the announcement of the Company dated 17 May 2019, the 2018 AGM circular dated 31 May 2019 and the poll results of 2018 AGM dated 20 June 2019.

On 17 May 2019, the Company and Zhongming Zhiye entered into the Engineering Construction Service Framework Agreement, pursuant to which, the Group provides engineering construction services, including but not limited to engineering procurement construction, decoration and landscape engineering, to Zhongming Zhiye and its associates in the daily business process, and Zhongming Zhiye and its associates will pay service fees to the Group. For the three years ending 31 December 2019, 2020 and 2021, the maximum annual amounts of total service fee charged by the Group for providing engineering construction services to Zhongming Zhiye and its associates shall not exceed RMB1,100 million, RMB1,200 million and RMB1,400 million, respectively. For details, please refer to the announcement of the Company dated 17 May 2019, the 2018 AGM circular dated 31 May 2019 and the poll results of 2018 AGM dated 20 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of its listed securities for the six months ended 30 June 2019.

DIVIDEND DISTRIBUTION

2018 Final Dividend

According to the Profit Distribution Proposal of the Company for 2018 considered and approved by the Shareholders of the Company on the 2018 AGM on 20 June 2019, the Company will distribute cash dividends out of the approximately 33% of the accumulative distributable reserve as of 31 December 2018 to Shareholders, totalling RMB528,415,050.00. The Board will distribute 2018 final dividend of RMB0.30 per share (tax inclusive) in cash to its domestic Shareholders and H Shareholders whose names appear on the register of members on Thursday, 4 July 2019. Such dividend was distributed on Thursday, 1 August 2019. For details, please refer to the 2018 AGM circular dated on 31 May 2019 and the announcements dated on 20 June 2019 and 10 July 2019.

2019 Interim Dividend

The Board has not made recommendation on the distribution of an interim dividend for the six months ended 30 June 2019.

USE OF PROCEEDS FROM THE IPO AND CHANGE OF USE

The Company was listed on the Main Board of the Hong Kong Stock Exchange on 15 December 2017. According to the Appraisal Report on the Use of Previously Raised Proceeds (An Yong Hua Ming (2019) Zhuan Zi No. 61319209_J03) issued by Ernst & Young Hua Ming LLP (the “**Appraisal Report on the Use of Previously Raised Proceeds**”), the Company intended to use the net proceeds (net of Stock Exchange trading fee, SFC transaction levy, registration fee and fees charged by the receiving banks) from the Company’s IPO of new Shares for the purpose of its listing on the Stock Exchange and issue of new Shares upon partial exercise of the Over-allotment Option (as defined in the Prospectus) amounted to approximately HK\$1,972.25 million for the proposed purposes stipulated in “Future Plan and Proceeds Purpose” in the Prospectus dated on 5 December 2017.

Reference is made to the circular of 2019 first extraordinary general meeting of the Company dated 14 January 2019 and the poll results of 2019 first extraordinary general meeting dated 25 February 2019. On 25 February 2019, the resolution in respect of the change in use of net proceeds from the Global Offering was considered and approved on the 2019 first extraordinary general meeting of the Company, including (1) the equity investment amount initially to be used under the Group’s existing and future PPP projects be adjusted to be used to fund the Group’s existing and future equity investment; (2) certain net proceeds initially to be used to fund the Group’s equity investment commitments under existing and future PPP projects (approximately RMB157.78 million) be allocated to be used for general corporate purposes of the Group, including but not limited to payment of office rent, maintenance costs, employee costs, professional expenses and other expenses in the daily operation of the Company (the “**Change**”). Other than the above Changes, there is no other change in use of net proceeds from the Global Offering of the Company.

As of the end of the Reporting Period, the use of net proceeds from the Global Offering of the Company is as follows:

The use of net proceeds	Amount of net proceeds used as at 30 June 2019		Remaining net proceeds as at 30 June 2019	
	<i>Approximate amount (RMB million)</i>	<i>Approximate percentage (%)</i>	<i>Approximate amount (RMB million)</i>	<i>Approximate percentage (%)</i>
Proceeds used to undertake the construction of certain construction contracting projects remain to be completed	624.35	39.57	6.77	0.43
To fund the Group's existing and future equity investment commitments	313.17	19.85	160.17	10.15
To repay the principal of and interest on the Group's loans on or before their respective maturity dates	144.00	9.13	13.78	0.87
General corporate purposes	225.44	14.29	90.12	5.71
Total*	<u>1,306.96</u>	<u>82.84</u>	<u>270.84</u>	<u>17.16</u>

* The inconsistency between the sum of the amounts paid for various purposes in this table and the figures shown in the Appraisal Report on the Use of Previously Raised Proceeds is due to rounding.

* In preparing the above table, the exchange rate applied is RMB0.800 = HK\$1.000, and the amount of RMB is calculated according to such exchange rate. As a result, the difference between the net value of the remaining funds in the above table and the actual amount of funds in the retained account is due to the difference between the controlling exchange rate and the actual exchange rate.

The Company confirmed that, during the Reporting Period, the aforementioned use of raised funds was in line with the use of the proceeds after the Change.

The Company strictly recycled the raised funds in accordance with the relevant requirements of the State Administration of Foreign Exchange. As at 30 June 2019, the total amount of recycling funds was HK\$1,380.50 million, the total amount of recycling funds was RMB416.40 million and the proceeds from the settlement of exchange of Hong Kong dollars were approximately RMB1,126.12 million.

The Company strictly controlled the use of raised funds according to the instructions of policy documents of the State Administration of Foreign Exchange and the use of proceeds described in the Prospectus. As at 30 June 2019, the accumulative amounts of the raised funds paid for various purpose by the Company was RMB1,306.96 million. Among them, approximately RMB624.35 million was used to undertake the construction of certain construction contracting projects; approximately RMB313.17 million was used to fund the Group's existing and future equity investment; approximately RMB144.0 million was used to repay the principal of and interest on bank loans on or before the due date; and approximately RMB225.44 million was used for general corporate purposes.

Save as used above, the remaining funds of the Company's proceeds were approximately HK\$10.55 million, RMB313.53 million and USD0.30 million had not been used, which was deposited in a special account opened by the Company in the bank.

The Company will continue to apply the aforementioned net proceeds in accordance with the development strategy, market conditions and the net proceeds after the Change. The Company expects that the remaining unused proceeds will be fully utilized on or before 31 December 2020.

PROPOSED A SHARE OFFERING AND LISTING

On 30 April 2019, the Board considered and approved, among other things, the resolution in respect of the contemplation of A Share Offering plan, pursuant to which, the Board may authorize any executive Director or Board secretary to handle matters related to the contemplated offering at his/her sole discretion. On 19 July 2019, the Board and the Board of Supervisors resolved to approve, among other things, the resolutions in respect of the proposed plan for the A Share Offering and related matters. Such resolutions will be submitted to the 2019 second extraordinary general meeting, 2019 first domestic shareholders class meeting and 2019 first H shareholders class meeting of the Company for consideration and approval, and are all subject to the market condition and the approval of the CSRC and other relevant regulatory authorities.

The further details of the proposed A Share Offering and relevant resolutions are set out in "Changes in Share Capital and Information of Shareholders" from pages 29 to 32 in this announcement, the announcements of the Company dated 30 April 2019 and 19 July 2019 and the circular of 2019 second extraordinary general meeting and 2019 first H shareholders class meeting of the Company dated 27 August 2019.

SUBSEQUENT EVENTS

Save as disclosed in this announcement, there has been no major subsequent event of the Company from 30 June 2019 to the date of this announcement.

REVIEW OF INTERIM RESULTS

The members of the Audit Committee are Ms. Shen Lifeng (Chairwoman of the committee), Mr. Li Baoyuan, Mr. Cao Qingshe, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny. The Audit Committee have reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2019, the 2019 interim report and the unaudited interim financial statements for the six months ended 30 June 2019 prepared in accordance with Chinese Accounting Standards for Business.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Changes in Share Capital

As at 30 June 2019, the total share capital of the Company was RMB1,761,383,500, divided into 1,761,383,500 Shares with a nominal value of RMB1.00 each, including 1,300,000,000 domestic shares and 461,383,500 H shares. During the Reporting Period, there was no change in the share capital of the Company.

As disclosed in the announcement of the Company dated 19 July 2019, the Board resolved to approve, among other things, the resolutions in relation to the proposed plan for the A Share Offering and related matters on 19 July 2019. Such resolutions will be proposed at the 2019 second extraordinary general meeting of the Company, the 2019 first domestic shareholders class meeting of the Company and the 2019 first H shareholders class meeting of the Company for consideration and approval. Such resolutions are subject to the necessary approval of the CSRC and other relevant regulatory authorities.

Proposed Plan for the A Share Offering

Due to the needs of the A Share Offering and Listing, according to the relevant laws, regulations and rules including the Company Law, the Securities Law of the PRC and the Administrative Measures on Initial Public Offering and Listing (《首次公開發行股票並上市管理辦法》), and upon negotiation with the sponsor institution(s), the proposed plan for the A Share Offering and Listing is further detailed as follows:

- (1) Type of Shares to be issued and par value : Renminbi ordinary shares (A Share), with a par value of RMB1.00 each
- (2) Number of A Shares to be issued : It is proposed that the size of the A Shares to be issued shall not exceed 25% of the total share capital of the Company upon completion of the offering, being 587,127,833 Shares. The specific number of the offering will be negotiated by the Board as authorized by the 2019 second extraordinary general meeting of the Company, the 2019 first domestic shareholders class meeting and the 2019 first H Shareholders class meeting of the Company with the sponsor institution(s) in accordance with the price consultation results and the capital needs of the investment projects to be funded by proceeds from the offering. The ultimate number of the offering shall be subject to the approval of the CSRC

- (3) Target subscribers : Inquiry targets who meet the requirements under the national laws and regulations and the provisions of the CSRC and other regulatory authorities, and domestic natural persons, legal persons and other investors who have maintained accounts at the SSE (other than those prohibited by the national laws and regulations). The Company shall take appropriate steps to ascertain the eligibility of the A Share subscribers and to ensure that no A Shares will be allotted and issued to its connected persons and/or their associates
- (4) Methods of offering : A combination of offline placement to inquiry targets and offering by way of online subscription, or any other methods as specified by the CSRC
- (5) Offer price of the Shares : The price range will be determined first by the Board and the sponsor institution(s) through promotion and preliminary price consultation as authorized by the 2019 second extraordinary general meeting of the Company, the 2019 first domestic shareholders class meeting and the 2019 first H shareholders class meeting of the Company, and the offer price will then be determined in accordance with laws and regulations and the relevant requirements of the CSRC

In accordance with the Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》) issued by the CSRC, the issue price of A shares in the initial public offering can be determined either by way of price enquiry to offline investors, or by other legitimate and feasible methods such as direct pricing based on negotiation between the issuer and the lead underwriter(s)

In accordance with the Measures for the Administration of the Offering and Underwriting of Securities (《證券發行與承銷管理辦法》), (1) if an initial public offering of shares is to be conducted by means of direct pricing, all the shares shall be issued to online investors without carrying out offline price enquiries or placement, (2) if an initial public offering of shares is to be conducted by means of inquisitive pricing, then once the offline investors have submitted bids, the issue price shall be determined by the issuer and the lead underwriter(s) based on the bids and number of subscription applications, after excluding the portion of offer shares with the highest bids. It is also required that the excluded portion shall not be less than 10% of the total number of shares to be subscribed for by all the offline investors for the placing tranche

According to the Company Law, shares may be issued at a price equal to or in excess of par value, but not below par value. As the par value of the A Shares proposed to be issued by the Company is RMB1.00, the issue price of the A Shares will not be lower than RMB1.00 per Share. Save as the aforesaid regulatory provision, no minimum issue price is set for the A Shares proposed to be issued

When determining the actual issue price of the A Shares, the Company will take into consideration the following factors: (i) the Company's financial results, (ii) the average Price-to-Earnings ratio (P/E ratio) of other A share listed issuers which operate in the same industry as the Company; (iii) market conditions; (iv) the trading price of the H Shares; (v) requirements under the relevant laws and regulations; and (vi) rules and policies of the relevant regulatory authorities

- (6) Place of listing of the shares : SSE
- (7) Use of proceeds from the A Share Offering : The Company proposes to use the proceeds from the A Share Offering (after deduction of offering expenses) to invest in several PPP projects (amounting to approximately RMB550 million), BOT projects (amounting to approximately RMB130 million) and other projects (amounting to approximately RMB3,275 million). It is estimated that approximately RMB3,955 million in aggregate out of the proceeds will be used in such projects.

In the event that the actual proceeds from the A Share Offering, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for all such projects, the Company will prioritize its investment in certain of the above projects by taking into account the urgency and materiality of each project and the shortfall shall be eased by the self-raised funds of the Company. If initial investment is required for the aforesaid investment projects to be funded by proceeds before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will initially fund the projects by way of its self-owned funds, bank loans or financing leases, etc. Once the proceeds from the offering are available, the Company will replace its initial investment of self-owned funds in relevant investment projects and/or repay bank loans and/or financing leases with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid investment projects to be funded by proceeds, the surplus will be applied to replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the CSRC

- (8) Undertaking of offering expenses : All the Shares to be offered in the public offering are new Shares and all the offering expenses incurred thereof shall be borne by the Company
- (9) Underwriting method : Standby commitment
- (10) Conversion into a joint stock limited liability company with Shares issued and listed domestically and overseas : After the approval of the A Share Offering and Listing by the CSRC, the Company will apply for the conversion into a joint stock limited liability company with Shares issued and listed domestically and overseas
- (11) Valid period of the resolutions : The relevant resolutions of the A Share Offering and Listing shall be valid for 12 months from the date of the approval at the 2019 second extraordinary general meeting of the Company and the 2019 first domestic shareholders class meeting of the Company

For further details of the proposed A Share Offering, please see the announcement of the Company dated 19 July 2019 and the circular of the 2019 second extraordinary general meeting and the 2019 first H shareholders class meeting of the Company dated 27 August 2019.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2019, the interests and short positions of the Directors, the Supervisors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES OF THE COMPANY

Name of the Directors, Supervisors and Chief Executives	Capacity	Number of		Nature of interest	Approximate	Approximate
		Shares interested	Class of Shares		percentage of shareholding in the relevant class of Shares as at 30 June 2019	percentage of shareholding in the total issued share capital of the Company as at 30 June 2019
Mr. Li Baoyuan ¹	Interest in controlled corporation	1,300,000,000	Domestic Shares	Long position	100%	73.8%

Notes:

- On 30 June 2019, Qianbao Investment directly holds 7.5% of the equity interests in the Company and 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at shareholders' general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Shares held by Zhongru Investment for the purpose of Part XV of the SFO.
- On 30 June 2019, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment, which is deemed to be directly and indirectly holding 100% of the equity interests in Zhongru Investment and directly holding 7.5% of the equity interests in the Company. Therefore, Mr. Li Baoyuan is deemed to be interested in 100% of the equity interests, or 231,000,000 shares, in Zhongru Investment and thus be interested in the 1,300,000,000 Shares directly or indirectly held by Qianbao Investment for the purpose of Part XV of the SFO.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES OF ASSOCIATED CORPORATIONS OF THE COMPANY

Name of the Directors, Supervisors and Chief Executives	Name of associated corporation	Capacity	Number and class of shares interested	Nature of interest	Approximate percentage of issued share capital of associated corporation as at 30 June 2019
Mr. Li Baoyuan ¹	Qianbao Investment ²	Beneficial owner	45,000,000 shares	Long position	90%
	Zhongru Investment ³	Interest in controlled corporation	231,000,000 shares	Long position	100%
Mr. Li Baozhong	Qianbao Investment ²	Beneficial owner	5,000,000 shares	Long position	10%
Mr. Cao Qingshe	Zhongru Investment ³	Beneficial owner	5,000,000 shares	Long position	2.16%
Mr. Shang Jinfeng	Zhongru Investment ³	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Zhao Wensheng	Zhongru Investment ³	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Liu Yongjian	Zhongru Investment ³	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Yu Xuefeng	Zhongru Investment ³	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Liu Jingqiao	Zhongru Investment ³	Beneficial owner	498,960 shares	Long position	0.22%
Mr. Yue Jianming	Zhongru Investment ³	Beneficial owner	498,960 shares	Long position	0.22%

Notes:

- On 30 June 2019, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment, and Qianbao Investment directly holds 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at shareholders' general meeting of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Mr. Li Baoyuan (through Qianbao Investment) is deemed to be interested in 100% of the equity interests, or 231,000,000 shares, in Zhongru Investment.
- As at 30 June 2019, the total share capital of Qianbao Investment is 50,000,000 shares.
- As at 30 June 2019, the total share capital of Zhongru Investment is 231,000,000 shares.

Save as disclosed above, so far as any Directors, Supervisors or chief executives of the Company are aware, as at 30 June 2019, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

As at 30 June 2019, none of the Directors or Supervisors or their respective spouses or children under the age of 18 was granted any rights to acquire benefits by means of acquisition of Shares or debentures of the Company, nor exercised any such rights. The Company or any of its subsidiaries did not make any arrangement to enable the Directors, Supervisors or their respective spouses or children under the age of 18 to acquire such rights from any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, the following persons (not being the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be recorded in the register under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Class of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares as at 30 June 2019	Approximate percentage of shareholding in total issued share capital of the Company as at 30 June 2019
Zhongru Investment	Beneficial owner	1,202,500,000	Domestic Shares	Long position	92.50%	68.27%
Qianbao Investment ¹	Interest in controlled corporation	1,202,500,000	Domestic Shares	Long position	92.50%	68.27%
	Beneficial owner	97,500,000	Domestic Shares	Long position	7.50%	5.53%
Hwabao Trust Co., Ltd	Trustee	79,294,500	H Shares	Long position	17.18%	4.50%
Juli Group	Beneficial owner	68,107,000	H Shares	Long position	14.76%	3.86%
King Pak Fu ²	Interest in controlled corporation	36,608,000	H Shares	Long position	7.93%	2.07%

Notes:

- On 30 June 2019, Qianbao Investment directly holds 7.5% of the equity interests in the Company and 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Domestic Shares held by Zhongru Investment for the purpose of Part XV of the SFO.
- According to the disclosure of interest notice submitted by Mr. King Pak Fu for filing on 13 March 2018, Mr. King Pak Fu holds the equity interests in an aggregate of 36,608,000 H Shares through its controlled corporation, including: (i) 23,167,000 Shares held through Sino Wealthy Limited in which he is deemed to indirectly hold 100% of the equity interests; and (ii) 13,441,000 held through Swift Fortune Investments Limited in which he is deemed to indirectly hold 100% of the equity interests.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Information of Directors, Supervisors and Senior Management

As of the date of this announcement, the composition of the Board of Directors, the Board of Supervisors and senior management of the Company is as follows:

The Board of Directors has 10 Directors, including: 4 executive Directors, namely Mr. Li Baozhong, Mr. Shang Jinfeng, Ms. Liu Yongjian and Mr. Zhao Wensheng; 2 non-executive Directors, namely Mr. Li Baoyuan and Mr. Cao Qingshe; and 4 independent non-executive Directors, namely Mr. Xiao Xuwen, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny.

The Board of Supervisors has 5 Supervisors, including: 3 shareholder Supervisors, namely Mr. Yu Xuefeng, Ms. Feng Xiujian and Mr. Wang Feng; and 2 employee Supervisors, namely Mr. Liu Jingqiao and Mr. Yue Jianming.

The Company has a total of 6 members of senior management, namely Mr. Shang Jinfeng (executive Director and President), Mr. Liu Yongjian (executive Director and Vice President), Mr. Zhao Wensheng (executive Director, Chief Accountant and Director of Finance) Mr. Gao Qiuli (Vice President and Chief Engineer), Mr. Zhang Wenzhong (Chief Economic Officer) and Mr. Li Wutie (Board Secretary and Assistant to the President).

There is no change in the information of Directors and Supervisors of the Company that is required to be disclosed pursuant to the provisions of Rule 13.51B (1) of the Listing Rules.

Change of Directors, Supervisors and Senior Management

Change of Directors

Since 8 January 2019, Ms. Liu Shuzhen has resigned as an executive Director of the first session of the Board of Directors, Vice President and Chief Economic Officer of the Company due to reaching her retirement age.

On 25 February 2019, Mr. Zhao Wensheng was appointed as an executive Director of the first session of the Board of Directors at the 2019 first extraordinary general meeting of the Company, whose term of office commences on 25 February 2019 and ends on the expiration of the term of the current session of the Board, Mr. Zhao Wensheng is eligible for re-election upon expiry of the term in accordance with the Articles of Association.

On 19 July 2019, the Board resolved to approve the establishment of the Strategic Committee under the Board and Mr. Li Baozhong was appointed as the chairman of the Strategic Committee, and Mr. Cao Qingshe and Mr. Shang Jinfeng were appointed as members of the Strategic Committee; Ms. Chen Xin was appointed as the chairwoman of the Nomination Committee under the Board and Mr. Li Baozhong, Mr. Shang Jinfeng, Ms. Shen Lifeng and Mr. Chan Ngai Sang Kenny were appointed as members of the Nomination Committee; the above-mentioned establishment and adjustment are effective from the date of approval by the Board.

Change of Supervisors

During the Reporting Period, there was no change of Supervisors.

Change of Senior Management

Ms. Liu Shuzhen has resigned as an executive Director, Vice President and Chief Economic Officer since 8 January 2019.

With the approval from the Company at the 35th meeting of the first session of the Board held on 8 January 2019, Mr. Zhang Wenzhong was appointed as the Chief Economic Officer of the Company since 8 January 2019.

CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2019

Assets	Note	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Current assets			
Currency funds		4,188,668	6,688,178
Financial assets held for trading		1,184,235	729,586
Accounts receivable	5	5,707,721	5,964,567
Prepayments		1,319,749	1,364,650
Other receivables		2,223,354	4,217,412
Inventories		123,389	2,172,183
Contract assets		41,809,674	38,022,158
Other current assets		87,248	115,337
		<hr/>	<hr/>
Total current assets		56,644,038	59,274,071
Non-current assets			
Contract assets		775,769	743,494
Long-term equity investments		405,757	747,066
Other equity investments		771,885	569,700
Investment property		137,220	137,402
Fixed assets		356,307	375,739
Construction in progress		23,865	236,514
Intangible assets		36,096	36,495
Deferred tax assets		258,459	319,908
Right-of-use assets		43,652	-
		<hr/>	<hr/>
Total non-current assets		2,809,010	3,166,318
Total assets		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET (continued)*For the six months ended 30 June 2019*

Liabilities and shareholders' equity	<i>Note</i>	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Current liabilities			
Short-term borrowings		1,736,670	1,635,770
Bills payable		285,855	217,213
Accounts payable	6	35,818,652	38,956,411
Contract liabilities		5,213,848	5,065,956
Employee benefits payable		122,660	154,178
Taxes payable		596,897	795,917
Other payables		4,900,875	4,949,029
Non-current liabilities due within one year		291,159	526,000
Other current liabilities		2,842,875	2,734,120
Total current liabilities		51,809,491	55,034,594
Non-current liabilities			
Long-term borrowings		2,013,294	1,473,450
Lease liabilities		29,894	–
Total non-current liabilities		2,043,188	1,473,450
Total liabilities		53,852,679	56,508,044
Shareholder's equity			
Share capital		1,761,384	1,761,384
Capital reserve		1,557,827	1,586,932
Other comprehensive income		127,155	60,900
Surplus reserve		295,246	295,246
Retained profit		1,665,998	1,702,029
Total equity attributable to shareholders of the parent		5,407,610	5,406,491
Minority interests		192,759	525,854
Total shareholders' equity		5,600,369	5,932,345
Total liabilities and shareholders' equity		59,453,048	62,440,389

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

	<i>Notes</i>	January to June 2019 RMB'000 (Unaudited)	January to June 2018 RMB'000 (Restated)
Operating revenue	7	20,297,154	19,766,016
Less: Operating costs		19,191,379	18,750,516
Taxes and surcharges		51,731	58,891
Selling costs		9,084	14,179
Administrative expenses		166,996	177,331
Research and development costs		47,884	13,409
Finance expenses		46,436	45,987
Including: Interest expenses		123,388	123,060
Interest income		81,472	109,683
Add: Other income		207	–
Investment income		28,590	3,461
Including: Gains/(losses) on investments in joint ventures and associates		10,054	(24,383)
(Losses)/gains from changes in fair values		(7,994)	907
Credit impairment losses		(64,249)	(31,567)
Operating profit		740,198	678,504
Add: Non-operating income		301	1,202
Less: Non-operating expenses		4,153	1,916
Total profit		736,346	677,790
Less: Income tax expenses	8	168,207	197,700
Net profit		568,139	480,090

CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2019

	<i>Notes</i>	January to June 2019 RMB'000 (Unaudited)	January to June 2018 RMB'000 (Restated)
Including: Net profit/(loss) of party being acquired prior to business combination under common control		37,906	(31,801)
Classified by business continuity			
Net profit from continuing operations		530,248	782,305
Net profit/(loss) from discontinued	<i>11</i>	37,891	(302,215)
Classified by shareholdership			
Net profit attributable to shareholders of the parent		553,222	528,400
Minority interests		14,917	(48,310)
Other comprehensive income, net of tax		66,255	45,525
Other comprehensive income attributable to shareholder of the parent, net of tax		66,255	45,525
Other comprehensive income that cannot be reclassified to profit and loss			
Changes in fair value of other equity investments		66,255	45,525
Total comprehensive income		634,394	525,615
Including:			
Total comprehensive income attributable to shareholders of the parent		619,477	573,925
Total comprehensive income/(loss) attributable to minority shareholders		14,917	(48,310)
Earnings per share (RMB/share)			
Basic and diluted earnings per share	<i>9</i>	0.31	0.30

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company used to adopt the International Financial Reporting Standards in preparing financial statements for information disclosure at the Hong Kong Stock Exchange. In accordance with the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong, which was published by the Hong Kong Stock Exchange in December 2010, from the financial year beginning on 1 January 2019, the Company decided to prepare the financial statements in accordance with Accounting Standards for Business Enterprises and the relevant regulations issued by the Ministry of Finance of the People's Republic of China ("PRC Accounting Standards") for information disclosure at the Hong Kong Stock Exchange.

The financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention, except for certain financial instruments and investment properties. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

Statement of compliance with accounting standards for business enterprises

The interim consolidated financial statements are in compliance with the requirements of Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and truly and completely reflect the financial position of the Company and the Group as at 30 June 2019 and the results of operations and cash flow for the six months ended 30 June 2019. Save where newly issued or amended accounting standards were implemented, the accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those adopted in the financial statements for the previous year which were prepared in accordance with Accounting Standards for Business Enterprises.

2. CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

New leases standard

In 2018, the Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 21 – Leases (the "New Leases Standards"), which adopts the single model similar to that used for the current accounting treatment for finance leases. The lessee is required to recognize right-of-use asset and lease liabilities for all leases except short-term and low-value assets leases and to recognize depreciation and interest expenses respectively. Since 1 January 2019, the Group has applied the revised leases standards in accounting, and according to the transition requirements, information for the comparable period was not adjusted, while retained earnings at the beginning of 2019 were adjusted retrospectively on the first day of implementation for the differences between the New Leases Standards and the current leases standards:

- (1) For operating leases prior to the first day of implementation, the Group measured lease liabilities at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at the first day of implementation, and assumed that the New Leases Standards have been adopted since the beginning of lease terms, right-of-use assets are measured at the carrying values discounted using the incremental borrowing rates with the Group as lessee at the first day of implementation;
- (2) The Group conducts impairment test on the right-of-use assets in accordance with the provisions on impairment of assets in the Group's accounting policies and carries out corresponding accounting treatment.

The Group adopted simplified treatment for low-value operating leases prior to the first day of implementation or operating leases that will be completed within 12 months and did not recognize the right-of-use asset and lease liability. Moreover, the Group adopted the following simplified treatments for operating leases prior to the first day of implementation:

- (1) When measuring leases liabilities, the same discount rates can be used for leases with similar characteristics and the initial direct expenses can be excluded in the measurement of right-of-use assets;
- (2) Where there are options to extend or terminate the lease, the Group determines lease terms according to the exercise of options prior to the first day of implementation and other latest circumstances.

For the minimum lease payments not made for the significant operating leases as disclosed in the 2018 financial statements, the adjustment of the difference between the present value discounted at the incremental borrowing rate as at 1 January 2019 with the Group as lessee and the lease liabilities included in the balance sheet as at 1 January 2019 are as follows:

	<i>RMB'000</i>
Minimum lease payments for significant operating leases as at 31 December 2018	25,124
Less: minimum lease payments subject to simplified treatment	
Including: Lease with remaining lease term of less than 12 months	797
Minimum lease payments under the New Lease Standards as at 1 January 2019	24,327
Weighted average at incremental borrowing rate as at 1 January 2019	7.42%
Lease liabilities as at 1 January 2019	18,561

The effects of implementation of the New Lease Standards on the balance sheets as at 1 January 2019 are as follows:

Consolidated balance sheet

	Financial statement amounts <i>RMB'000</i>	Under the original standards <i>RMB'000</i>	Effects <i>RMB'000</i>
Right-of-use assets	17,723	–	17,723
Non-current liabilities due within one year	(529,170)	(526,000)	(3,170)
Lease liabilities	(15,391)	–	(15,391)
	<u>(526,838)</u>	<u>(526,000)</u>	<u>(838)</u>

The effects of implementation of the New Lease Standards on the financial statements for January to June 2019 are as follows:

Consolidated balance sheet

	Financial statement amounts <i>RMB'000</i>	Under the original standards <i>RMB'000</i>	Effects <i>RMB'000</i>
Right-of-use assets	43,652	–	43,652
Non-current liabilities due within one year	(291,159)	(283,034)	(8,125)
Lease liabilities	(29,894)	–	(29,894)
	<u>(277,401)</u>	<u>(283,034)</u>	<u>5,633</u>

Consolidated income statement

	Financial statement amounts <i>RMB'000</i>	Under the original standards <i>RMB'000</i>	Effects <i>RMB'000</i>
Management expenses	166,996	167,454	(458)
Finance costs	46,436	45,785	651
	<u>213,432</u>	<u>213,239</u>	<u>193</u>

Changes in presentation of financial statements

To meet the requirements of the Notice on Revising and Issuing Format of 2019 Annual Financial Statements for General Business Enterprises (Cai Kuai [2019] No. 6) (《關於修訂印發2019年度一般企業財務報表格式的通知》(財會[2019]6號)), for the balance sheet, “bills and accounts payable” shall be split into “bills payable” and “accounts payable”; for the income statement, the “research and development expenses” referred to the expensed expenditures incurred during the research and development process. The Group has retrospectively adjusted the comparative amounts correspondingly. The changes in accounting policies have had no impact on the consolidated and the Company’s net profit and shareholders’ interests.

The major impact of the retrospective adjustments resulting from the abovementioned changes in accounting policies on the financial statements are as follows:

The Group

January to June 2019

	Carrying amount under the original standards 31 December 2018 RMB’000	Impact of changes in presentation of financial statements RMB’000	Carrying amount under the new standards 1 January 2019 RMB’000
Bills payable	–	217,213	217,213
Accounts payable	–	38,956,411	38,956,411
Bills and accounts payable	39,173,624	(39,173,624)	–

January to June 2018

	Carrying amount under the original standards January to June 2018 RMB’000	Impact of changes in presentation of financial statements RMB’000	Carrying amount under the new standards January to June 2018 RMB’000
Administrative expenses	190,740	(13,409)	177,331
Research and development expenses	–	13,409	13,409

3. ACQUISITION OF CORPORATIONS

Acquisition of corporations under the same control

On June 2019, the Company acquired 100% equity interests of Hebei Construction Group Garden Engineering Co., Ltd. with a cash consideration of RMB9,903,000 along with the held 100% equity interests of Zhongcheng Real Estate Development Co., Ltd., 66% equity interests of Baoding Tian’e Real Estate Development Co., Ltd. and 55% equity interests of Sanhe Jinshibang Real Estate Development Co., Ltd. Hebei Construction Group Garden Engineering Co., Ltd. is a subsidiary of Zhongming Zhiye Co., Ltd., a company controlled by the same parent company. Since both parties of the acquisition before and after the acquisition were under common control of Zhongru Investment Co., Ltd., and the control was not temporary in nature, this acquisition was acquisition of corporations under common control. The date of acquisition was confirmed to be 24 June.

	The period from the beginning of the Reporting Period to the date of acquisition RMB’000 (Unaudited)
Operating revenue	572,638
Net profit	37,906
Net cash flows	(148,820)

The carrying amounts of the assets and liabilities of Hebei Construction Group Garden Engineering Co., Ltd. on the date of merger and the balance sheet date of the previous accounting period are as follows:

	The date of acquisition RMB'000 (Unaudited)	31 December 2018 <i>RMB'000</i> (Restated)
Currency funds	44,229	193,049
Financial assets held for trading	197,717	136,247
Inventories	41,234	44,340
Accounts receivable	131,766	150,973
Prepayments	29,128	47,124
Contract assets	820,171	884,346
Other receivables	231,581	269,915
Other current assets	10,320	191
Fixed assets	644	450
Deferred tax assets	11,206	8,338
Construction in progress	–	1,315
Contract liabilities	(162,463)	(211,450)
Taxes payable	(22,559)	(116,899)
Accounts payable	(683,404)	(862,451)
Employee benefits payable	(11,812)	(8,976)
Other payables	(237,984)	(136,767)
Non-current liabilities due within one year	(15,000)	(47,000)
Other current liabilities	(53,123)	–
Long-term borrowings	(109,000)	(108,000)
	<hr/>	<hr/>
Total	222,651	244,745
	<hr/>	<hr/>
Minority interests	17,609	15,248
	<hr/>	<hr/>
	205,042	229,497
	<hr/> <hr/>	<hr/> <hr/>
Combined consideration	29,105	
	<hr/> <hr/>	

4. DISPOSAL OF SUBSIDIARIES

Former subsidiaries deconsolidated during the period

	Place of registration	Nature of business	Total shareholding of the Group (%)	Total voting rights of the Group (%)	Reason of ceasing to be a subsidiary
Zhongcheng Real Estate Development Co., Ltd.	China	Property development	100	100	Note 1
Baoding Tian'e Real Estate Development Co., Ltd.	China	Property development	66	66	Note 1
Sanhe Jinshibang Real Estate Development Co., Ltd.	China	Property development	55	55	Note 1

Note 1: The Company and Zhongming Zhiye Co., Ltd. (“**Zhongming Zhiye**”), which is controlled by the same parent of the Company, entered into an equity transfer agreement on 17 May 2019, pursuant to which, the Company disposed the 100% equity interests of Zhongcheng Real Estate Development Co., Ltd., 66% equity interests of Baoding Tian'e Real Estate Development Co., Ltd. and 55% equity interests of Sanhe Jinshibang Real Estate Development Co., Ltd. held by it and paid RMB9,903,000, for the consideration of 100% equity interests of Hebei Construction Group Garden Engineering Co., Ltd. held by Zhongming Zhiye. This reorganisation agreement was approved and passed at the 2018 annual general meeting on 20 June 2019. The date of disposal was 24 June 2019. As such, since 24 June 2019, the Group ceased to incorporate Zhongcheng Real Estate Development Co., Ltd., Baoding Tian'e Real Estate Development Co., Ltd., Sanhe Jinshibang Real Estate Development Co., Ltd. into the range of acquisition.

The above three disposed subsidiaries are the core companies of other segments of the Group, mainly engaged in real estate development business. The Group has decided to ceased from engaging in real estate development business, while focusing on construction project contractor and subcontractor business, therefore, the disposal of the three subsidiaries has caused the discontinued operation.

The relevant financial information of the disposal of the Group's subsidiaries at the time of disposal showing the results of operation of the Group's subsidiaries disposed from the beginning of the year to the date of disposal is as follows:

Zhongcheng Real Estate Development Co., Ltd., Baoding Tian'e Real Estate Development Co., Ltd., Sanhe Jinshibang Real Estate Development Co., Ltd.	Date of disposal Carrying amounts RMB'000 (Unaudited)	31 December 2018 Carrying amounts RMB'000 (Restated)
Current assets	4,800,081	4,485,663
Non-current assets	1,101,783	988,268
Current liabilities	5,419,140	4,381,577
Non-current liabilities	96,360	746,360
	<u>386,364</u>	<u>345,994</u>
Minority interests	<u>353,486</u>	<u>338,620</u>
Disposal consideration	195,139	
Including: Net assets in corporations under common control (Note 3)	222,651	
Minority interests in corporations under common control (Note 3)	(17,609)	
Cash consideration paid	(9,903)	
Add: Unrealised profit of intra-group transaction between disposal of subsidiaries and parent company	<u>13,676</u>	
Increase in capital reserve attributed to the disposal of subsidiaries	<u><u>175,937</u></u>	

	From the beginning of the year to the date of disposal RMB'000 (Unaudited)
Operating revenue	149,194
Operating costs	104,100
Net profit	37,891

5. ACCOUNTS RECEIVABLE

Except for project quality deposits, the credit terms of accounts receivable are usually one to three months. For project quality deposits, the credit terms are usually two to five years. The accounts receivable are not interest-bearing.

The ageing analysis of accounts receivable is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Within one year	4,431,187	3,897,894
One to two years	1,310,021	2,121,162
Two to three years	410,903	429,844
Over three years	<u>356,515</u>	<u>255,482</u>
	6,508,626	6,704,382
Less: Provision for bad debts of accounts receivable	<u>800,905</u>	<u>739,815</u>
	<u>5,707,721</u>	<u>5,964,567</u>

Except for project quality deposits, the ageing is calculated since the invoice date.

6. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and are usually settled within the agreed period.

The ageing analysis of accounts payable is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Restated)
Within one year	24,777,193	28,848,884
One to two years	7,518,547	8,032,785
Two to three years	2,241,161	1,474,833
Over three years	<u>1,281,751</u>	<u>599,909</u>
	35,818,652	38,956,411
	<u>35,818,652</u>	<u>38,956,411</u>

The ageing of accounts payable is calculated since the recognition date of procurement.

7. OPERATING REVENUE

The operating revenue is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Revenue from major business	19,908,086	19,332,468
Revenue from other business	389,068	433,548
	<u>20,297,154</u>	<u>19,766,016</u>

The operating revenue is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Building construction	14,124,266	12,462,076
Infrastructure construction	3,668,684	5,058,633
Specialized and other construction	2,115,136	1,811,759
Sales of commercial housing	149,194	226,831
Rental income, sales of goods and others	239,874	206,717
	<u>20,297,154</u>	<u>19,766,016</u>

Construction contract is as follows:

For the six months ended 30 June 2019

	Amount in total RMB'000	Accumulative incurred costs RMB'000	Accumulative recognized gross profit RMB'000	Settlement amount RMB'000
Fixed price contract	<u>379,700,704</u>	<u>263,293,745</u>	<u>14,829,807</u>	<u>246,650,236</u>

For the six months ended 30 June 2018

	Amount in total RMB'000	Accumulative incurred costs RMB'000	Accumulative recognized gross profit RMB'000	Settlement amount RMB'000
Fixed price contract	<u>304,817,494</u>	<u>219,141,316</u>	<u>12,664,018</u>	<u>201,528,136</u>

Rental income is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Operating lease	<u>8,790</u>	<u>4,438</u>

Breakdown of operating revenue generated by contracts with customers

For the six months ended 30 June 2019 (Unaudited)

Reporting segment	Construction RMB'000	Others RMB'000	Total RMB'000
Major operating regions			
China (excluding Hong Kong, Macau and Taiwan)	<u>19,476,267</u>	<u>812,097</u>	<u>20,288,364</u>
Major products			
Building construction	14,124,266	–	14,124,266
Infrastructure construction	3,644,648	24,036	3,668,684
Specialized and other construction	1,542,498	572,638	2,115,136
Sales of commercial housing	–	149,194	149,194
Sales of goods and others	<u>164,855</u>	<u>66,229</u>	<u>231,084</u>
	<u>19,476,267</u>	<u>812,097</u>	<u>20,288,364</u>
Timing of revenue recognition			
At a point of time			
Sales of commercial housing	–	149,194	149,194
Sales of goods and others	164,855	66,229	231,084
Within a period of time			
Building construction	14,124,266	–	14,124,266
Infrastructure construction	3,644,648	24,036	3,668,684
Specialized and other construction	<u>1,542,498</u>	<u>572,638</u>	<u>2,115,136</u>
	<u>19,476,267</u>	<u>812,097</u>	<u>20,288,364</u>

For the six months ended 30 June 2018 (Restated)

Reporting segment	Construction RMB'000	Others RMB'000	Total RMB'000
Major operating regions			
China (excluding Hong Kong, Macau and Taiwan)	18,783,088	978,490	19,761,578
Major products			
Building construction	12,462,076	–	12,462,076
Infrastructure construction	4,855,183	203,450	5,058,633
Specialized and other construction	1,332,026	479,733	1,811,759
Sales of commercial housing	–	226,831	226,831
Sales of goods and others	133,803	68,476	202,279
	<u>18,783,088</u>	<u>978,490</u>	<u>19,761,578</u>
Timing of revenue recognition			
At a point of time			
Sales of commercial housing	–	226,831	226,831
Sales of goods and others	133,803	68,476	202,279
Within a period of time			
Building construction	12,462,076	–	12,462,076
Infrastructure construction	4,855,183	203,450	5,058,633
Specialized and other construction	1,332,026	479,733	1,811,759
	<u>18,783,088</u>	<u>978,490</u>	<u>19,761,578</u>

Information about the remaining performance obligations and expected revenue recognition of contracts as of 30 June 2019

	Total RMB'000 (Unaudited)
Building construction	61,334,459
Infrastructure construction	18,457,955
Specialized and other construction	12,798,410
	<u>92,590,824</u>

Information about the remaining performance obligations and expected revenue recognition of contracts as of 30 June 2018

	Total RMB'000 (Restated)
Building construction	52,345,875
Infrastructure construction	14,671,826
Specialized and other construction	7,360,526
Sales of commercial housing	165,255
	<u>74,543,482</u>

The remaining performance obligations of contracts of the Group is mainly associated with the construction contracts of the Group. The remaining performance obligations of contracts are expected to be recognized as revenue according to the construction progress of the construction contracts in next 6 months to 3 years. The remaining performance obligations of contracts of the Group is mainly associated with the construction contracts and pre-sale property contracts of the Group. The remaining performance obligations of contracts are expected to be recognized as revenue according to the construction progress of the construction contracts in next 6 months to 3 years.

8. INCOME TAX EXPENSES

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Current income tax expenses	190,900	235,162
Deferred income tax expenses	<u>(22,693)</u>	<u>(37,462)</u>
	<u>168,207</u>	<u>197,700</u>

The relationship between income tax expenses and the total profit is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Total profit	736,346	677,790
Income tax expenses at the statutory tax rate (25%)	184,087	169,448
Share of profits and losses of joint ventures and associates	(2,513)	6,096
Income not subject to tax	(4,634)	(6,961)
Non-deductible expenses	2,253	5,614
Unrecognized deductible temporary differences and deductible losses	3,340	21,024
Adjustment of difference in approved profit rate of a subsidiary	(8,021)	2,479
Super deduction on research and development expense	<u>(6,305)</u>	<u>–</u>
Income tax expense at the Group's effective rate	<u>168,207</u>	<u>197,700</u>

9. EARNINGS PER SHARE

	For the six months ended 30 June 2019 RMB/share (Unaudited)	For the six months ended 30 June 2018 RMB/share (Restated)
Basic and diluted earnings/(losses) per share		
Continuing operations	0.30	0.45
Discontinued operations	<u>0.01</u>	<u>(0.15)</u>

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of the basic earnings per share and diluted earnings per share is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company		
Continuing operations	527,723	791,964
Discontinued operations	25,499	(263,564)
	<u>553,222</u>	<u>528,400</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,761,383,500</u>	<u>1,760,538,173</u>

The Company had no dilutive potential ordinary shares, therefore diluted earnings per share equals to basic earnings per share.

10. DIVIDEND

The proposal of distribution of 2018 final dividend of RMB0.30 per share (tax inclusive) in total of RMB528,415,000 was voted through by the Shareholders of the Company on the 2018 Annual General Meeting (“2018 AGM”) on 20 June 2019. For the six months ended 30 June 2019, no interim dividend is proposed.

11. DISCONTINUED OPERATIONS

As stated in Note 4, the management of the Group decided to dispose all equity in the real estate subsidiaries of the Company in June 2019.

The profits and losses from the discontinued operations are as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Revenue	149,194	245,507
Costs and expenses	<u>110,014</u>	<u>567,973</u>
Total profit	39,180	(322,466)
Income tax expenses	<u>1,289</u>	<u>(20,251)</u>
Net profit	37,891	(302,215)
Net profit from discontinued operations	<u>37,891</u>	<u>(302,215)</u>
Including: Net profit/(loss) from discontinued operations attributable to shareholders of the parent	<u>25,499</u>	<u>(263,564)</u>

Cash flow of the discontinued operations is as follows:

	For the six months ended 30 June 2019 RMB'000 (Unaudited)	For the six months ended 30 June 2018 RMB'000 (Restated)
Net cash flow from operating activities	(115,968)	244,459
Net cash flow from investing activities	(13,424)	(44,789)
Net cash flow from financing activities	7,426	(120,142)

12. COMPARATIVE INFORMATION

As stated in Note 4, the Group acquired 100% equity interests of Hebei Construction Group Garden Engineering Co., Ltd. under common control during the Period. With reference to the Accounting Standards for Business and Enterprises and the accounting policies regarding acquisition of corporations under common control adopted by the Group, the acquired corporation under common control should be regarded as a reporting entity formed after the acquisition and exist as integration since when the ultimate controlling party has started to implement control. This should be reflected in the financial statements, as the parent-subsidiary company been formed by combining, and both its asset size and business performance should be continuously assessed. In preparing consolidated financial statements, regardless of any point of time in the Reporting Period, the consolidated income statement and consolidated statement of cash flow reflected profits and losses and cash flow of the reporting entity of the parent-subsidiary company since the day of combining. Correspondingly, the retained profit on consolidated balance sheet should reflect the realizable surplus and undistributed profits as at the day of combining given that the parent-subsidiary company had been operating as an entity. Accordingly, when in preparing the financial statements for the period of January to June 2019, or the period of combining, the Group has adjusted the opening balance recorded on the consolidated balance sheet and the related items on the comparative statements as if the reporting entity after combining had been existed in the past.

In addition, the comparative interim consolidated income statement has been restated upon the assumption of the discontinued operations at the beginning of the comparative period in accordance with the discontinued operations during the period (Note 4, 11).

DEFINITIONS

“Acquisition Subject”	the 100% equity interests in HCG Garden Engineering held by Zhongming Zhiye
“AGM”	annual general meeting of the Company
“A Share(s)”	ordinary shares proposed to be issued by the Company under the A Share Offering and subscribed for in Renminbi, which will be listed on the main board of the SSE and traded in Renminbi
“A Share Offering” or “A Share Offering and Listing”	the proposed initial public offering of no more than 587,127,833 A Shares by the Company, which will be listed on the main board of the SSE
“Articles of Association” or “Articles”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules, unless the context requires otherwise
“Audit Committee”	the Audit Committee of the Board
“Baoding Tian’e Real Estate”	Baoding Tian’e Real Estate Development Co., Ltd. (保定天鵝房地產開發有限公司), a limited liability company incorporated in the PRC on 14 December 2016 and is a subsidiary of the Zhongming Zhiye held as to 66% by Zhongming Zhiye as at the date of this announcement. Unless the context otherwise requires, its subsidiary(ies) is included
“Baoding Zhongcheng”	Baoding Zhongcheng Investment Management Co., Ltd. (保定中誠投資管理有限公司), a limited liability company incorporated in the PRC on 20 September 2007, which is a subsidiary wholly owned by the Company as of the date of this announcement. Unless the context otherwise requires, its subsidiary(ies) is included
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan

“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Twelfth National People’s Congress on 28 December 2013 and effective on 1 March 2014, as amended, supplemented or otherwise modified from time to time
“Company”	Hebei Construction Group Corporation Limited, a joint stock company incorporated in the PRC with limited liability on 7 April 2017, whose H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 15 December 2017 (Stock Code: 1727). Unless the context otherwise requires, it shall include its predecessor, Hebei Construction Group Co., Ltd. (河北建設集團有限公司) (a limited liability company established under the laws of the PRC on 29 September 1997)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and as at the date of this announcement, refers to Mr. Li Baoyuan, Qianbao Investment and Zhongru Investment
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Disposal Subject”	the 90% shares, 66% equity interests and 55% equity interests held by the Company in Zhongcheng Real Estate, Baoding Tian’e Real Estate and Jinshibang Real Estate, respectively
“Engineering Construction Service Framework Agreement”	the engineering construction service framework agreement entered into between the Company and Zhongming Zhiye on 17 May 2019
“Equity Swap and Transfer Agreement”	the equity swap and transfer agreement entered into among the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management on 17 May 2019 in relation to the Equity Swap and Transfer
“Equity Transfer Subject”	the 10% shares in Zhongcheng Real Estate held by Baoding Zhongcheng
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary shares of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in HK dollars and are to be listed on the Hong Kong Stock Exchange

“Hebei Construction” or “Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require), or (as the context may require) in respect of the period before the Company becomes the holding company of its present subsidiaries, such subsidiaries as if they were the Company’s subsidiaries at that time
“HCG Garden Engineering”	Hebei Construction Group Garden Engineering Co., Ltd. (河北建設集團園林工程有限公司), a limited liability company incorporated in the PRC on 26 December 2006, which is a wholly-owned subsidiary of the Company as of the date of this announcement. Unless the context otherwise requires, its subsidiary(ies) is included
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Initial Public Offering” or “IPO”	The initial public offering of the Company, the details of which are stated in the Prospectus
“Jinshibang Real Estate”	Sanhe Jinshibang Real Estate Development Co., Ltd. (三河市金世邦房地產開發有限公司), a limited liability company incorporated in the PRC on 7 December 2018, and is a subsidiary of the Company held as to 55% by the Company as at the date of this announcement. Unless the context otherwise requires, its subsidiary(ies) is included
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“Prospectus”	the Prospectus of the Company dated 5 December 2017
“Qianbao Investment”	Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As of the date of this announcement, Qianbao Investment directly and indirectly through Zhongru Investment held approximately 73.8% equity interest of the Company in aggregate and is a Controlling Shareholder of the Company
“Qianqiu Management”	Hebei Construction Group Qianqiu Management Co., Ltd. (河北建設集團千秋管業有限公司), a company incorporated in the PRC on 17 December 2003 with limited liability. As at the date of this announcement, it was a wholly-owned subsidiary of Zhongming Zhiye
“Reporting Period”	the period of six months commencing on 1 January 2019 and ending on 30 June 2019
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“senior management”	the senior management of the Company
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholders(s)”	the shareholder(s) of the Company
“Subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules, unless the context requires otherwise
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules, unless the context requires otherwise
“Supervisor(s)”	the supervisor(s) of the Company
“SSE”	the Shanghai Stock Exchange

“Zhongcheng Real Estate”

Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), a joint stock company incorporated in the PRC with limited liability on 4 August 1992. As of the date of this announcement, a wholly-owned subsidiary, 100% of which is directly and indirectly (through Qianqiu Management) owned by Zhongming Zhiye. Unless the context requires otherwise, it includes its subsidiaries

“Zhongming Zhiye”

Zhongming Zhiye Co., Ltd. (中明置業有限公司), a company incorporated in the PRC on 1 December 2016 with limited liability. As of the date of this announcement, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the Controlling Shareholders of the Company, respectively

“Zhongru Investment”

Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010. As of the date of this announcement, Zhongru Investment directly held 68.3% equity interest of the Company and is a Controlling Shareholder of the Company

“%”

per cent