



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

INTERIM REPORT
2018

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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

Mr. Li Baozhong (*Chairman of the Board*)
Mr. Shang Jinfeng (*President*)
Ms. Liu Shuzhen
Mr. Liu Yongjian

Non-executive Directors

Mr. Li Baoyuan (*Honorary Chairman*)
Mr. Cao Qingshe (*Vice Chairman*)

Independent Non-executive Directors

Mr. Xiao Xuwen
Ms. Shen Lifeng
Ms. Chen Xin
Mr. Chan Ngai Sang Kenny

SUPERVISORS

Mr. Mao Yuanli (*Former chairman of the Board of Supervisors*) ^{Note 1}
Mr. Yu Xuefeng (*Chairman of the Board of Supervisors*) ^{Note 2}
Mr. Liu Jingqiao
Ms. Feng Xiujian
Mr. Yue Jianming
Mr. Wang Feng

Notes:

- 1 Mr. Mao Yuanli resigned as Supervisor and Chairman of the Board of Supervisors on 25 June 2018.
- 2 Mr. Yu Xuefeng took office as Supervisor and Chairman of the Board of Supervisors on 25 June 2018.

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 (*Chairman of the committee*)
Mr. Li Baoyuan
Mr. Cao Qingshe
Ms. Chen Xin
Mr. Chan Ngai Sang Kenny

Remuneration and Appraisal Committee

Ms. Chen Xin (*Chairman of the committee*)
Mr. Li Baozhong
Mr. Shang Jinfeng
Ms. Shen Lifeng
Mr. Chan Ngai Sang Kenny

Nomination Committee

Mr. Li Baozhong (*Chairman of the committee*)
Mr. Shang Jinfeng
Ms. Shen Lifeng
Ms. Chen Xin
Mr. Chan Ngai Sang Kenny

REGISTERED OFFICE

125 Lugang Road
Jingxiu District
Baoding, Hebei Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

125 Lugang Road
Jingxiu District
Baoding, Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
248 Queen's Road East
Hong Kong

STOCK SHORT NAME AND STOCK CODE

HEBEI CONS (01727)

H SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

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One Connaught Place
Central, Hong Kong

As to PRC law

Jia Yuan Law Offices
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158 Fuxing Men Nei Street, Xicheng District
Beijing, PRC

AUDITOR

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPLIANCE ADVISER

Central China International Capital Limited
Suites 1505-1508, Two Exchange Square
8 Connaught Place
Central, Hong Kong

FINANCIAL HIGHLIGHTS

The financial information contained in this interim report has been prepared in accordance with the International Financial Reporting Standards (IFRSs) and, unless otherwise stated, is comprehensive information of the Company and its subsidiaries, which is presented in Renminbi.

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six Months ended 30 June		
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)	Change %
Revenue	19,215,183	20,027,602	(4.0%)
Cost of sales	(18,288,173)	(18,961,027)	(4.0%)
Gross profit	927,010	1,066,575	(13.0%)
Other income and gains	158,832	115,249	38.0%
Selling and distribution expenses	(14,180)	(23,170)	(39.0%)
Administrative expenses	(188,236)	(212,240)	(11.0%)
Other operating expenses	(34,526)	(160,294)	(78.0%)
Financial costs	(121,008)	(104,726)	16.0%
Share of losses of associates	(24,382)	(208)	11,622.0%
Profit before tax from continuing operations	703,510	681,186	3.0%
Income tax expense	(191,725)	(208,321)	(8.0%)
Profit for the period from continuing operations	511,785	472,865	8.0%
Profit for the period from discontinued operations	-	26,722	(100.0%)
Profits for the period	511,785	499,587	2.0%
Other comprehensive income for the period, net of tax	45,525	-	-
Total comprehensive income for the period	557,310	499,587	12.0%

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 30 June		
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)	Change %
Total non-current assets	2,407,263	2,163,369	11.0%
Total current assets	51,532,235	48,595,293	6.0%
Total assets	53,939,498	50,758,662	6.0%
Total non-current liabilities	1,629,560	1,721,780	(5.0%)
Total current liabilities	47,289,639	44,725,573	6.0%
Total liabilities	48,919,199	46,447,353	5.0%
Share capital	1,761,384	1,733,334	2.0%
Reserves	2,839,842	2,169,353	31.0%
Non-controlling interests	419,073	408,622	3.0%
Total equity	5,020,299	4,311,309	16.0%

SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOWS

	As at 30 June		
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)	Change %
Net cash flows used in operating activities	(867,517)	(1,839,493)	(53.0%)
Net cash flows from investing activities	119,287	1,387,256	(91.0%)
Net cash flows used in financing activities	(134,659)	(1,281,442)	(89.0%)
Net cash flows changes	(882,889)	(1,733,679)	49.0%
Cash and cash equivalents at the beginning of the period	5,288,019	5,163,595	2.0%
Cash and cash equivalents at the end of the period	4,405,130	3,429,916	28.0%

BUSINESS OVERVIEW

PART I OVERVIEW OF COMPANY BUSINESS

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

- Construction project 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 property development, property management and other businesses.

A substantial majority of our revenue was generated from the construction contracting business which is mainly comprised of building construction, infrastructure construction and specialized and other construction contracting businesses. Our total revenue was RMB19,220 million in the first half of 2018, while that of the same period of last year was RMB20,030 million. After deducting the decrease of RMB720 million in revenue from the property development business for the corresponding period, the total revenue from construction contracting business remained constant compared with that in the first half of last year, amounting to RMB19,100 million and RMB19,260 million respectively. Profit from continuing operations was RMB510 million, representing a year-on-year increase of 8.2% compared with RMB470 million for the last year. New contracts were valued at RMB35,830 million, representing a year-on-year decrease of 9.4% compared with RMB39,560 million for the last year. The value of backlog increased from RMB67,270 million as of the end of 2017 to RMB70,770 million, representing an increase of 5.2% compared with the end of last year. The failure to increase construction contracting business revenue was attributable to a push back of the Chinese Spring Festival holidays, which led to a shortened construction period.

Revenue from the construction business (by region):

Year	Six months ended 30 June	
	2018	2017
RMB million	19,100	19,260
Share of Beijing-Tianjin-Hebei	70.9%	64.1%
Share of Beijing	5.0%	9.4%
Share of Tianjin	2.4%	4.5%
Share of Hebei	63.5%	51.2%
Share of other regions	29.1%	35.9%

New contract value (by region):

Year	Six months ended 30 June	
	2018	2017
RMB million	35,830	39,560
Share of Beijing	4.8%	2.0%
Share of Tianjin	7.2%	3.1%
Share of Hebei	46.3%	53.2%
Share of other regions	41.7%	41.7%

Backlog (by region):

Year	As at	
	30 June 2018	31 December 2017
RMB million	70,770	67,270
Beijing	8.4%	8.4%
Tianjin	4.1%	3.6%
Hebei	48.4%	49.3%
Other regions	39.1%	38.7%

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 fireproofing activities. We are also responsible for engaging subcontractors in providing construction services and the labor force for construction projects, coordinating the work 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 2018 and 30 June 2017, our revenue from building construction projects was RMB12,800 million and RMB13,280 million respectively, accounting for 67.0% and 69.0% of our revenue from construction contracting business for the corresponding period respectively. New contracts were valued at RMB25,500 million and RMB22,260 million respectively, and backlog increased from RMB47,430 million as of the end of 2017 to RMB52,350 million.

BUSINESS OVERVIEW

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

Year	Six months ended 30 June	
	2018	2017
RMB million	25,500	22,260
Share of Beijing	5.9%	2.4%
Share of Tianjin	8.0%	5.0%
Share of Hebei	42.3%	55.2%
Share of other regions	43.8%	37.4%

Backlog of the building construction business (by region):

Year	As at	As at
	30 June	31 December
	2018	2017
RMB million	52,350	47,430
Share of Beijing	8.9%	8.9%
Share of Tianjin	4.4%	4.2%
Share of Hebei	48.1%	47.6%
Share of other regions	38.6%	39.3%

Infrastructure Construction Business

In addition to our core building construction business, we are also increasingly providing 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 a general contractor. Our infrastructure construction customers are primarily local governments. For the six months ended 30 June 2018 and 30 June 2017, our revenue from infrastructure construction projects was RMB5,070 million and RMB4,640 million respectively, accounting for 26.6% and 24.1% of our revenue from construction contracting business for the corresponding period respectively. New contracts were valued at RMB8,260 million and RMB16,330 million, and backlog decreased from RMB15,580 million at the end of 2017 to RMB14,670 million.

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

Year	Six months ended 30 June	
	2018	2017
RMB million	8,260	16,330
Share of Beijing	1.4%	1.4%
Share of Tianjin	4.0%	0.4%
Share of Hebei	51.9%	49.1%
Share of other regions	42.7%	49.1%

Backlog of the infrastructure construction business (by region):

Year	As at	
	30 June 2018	31 December 2017
RMB million	14,670	15,580
Beijing	8.3%	8.7%
Tianjin	2.7%	1.1%
Hebei	42.3%	48.3%
Other regions	46.7%	41.9%

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 2018 and 30 June 2017, our revenue from specialized and other construction contracting business was RMB1,230 million and RMB1,340 million respectively, accounting for 6.4% and 6.9% of our revenue from construction contracting business for the corresponding period respectively. New contracts were valued at RMB2,070 million and RMB970 million respectively, and backlog contract value decreased from RMB4,260 million as of the end of 2017 to RMB3,750 million.

BUSINESS OVERVIEW

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

Year	Six months ended 30 June	
	2018	2017
RMB million	2,070	970
Share of Beijing	3.8%	1.3%
Share of Tianjin	11.2%	3.9%
Share of Hebei	73.6%	76.5%
Share of other regions	11.4%	18.3%

Backlog of the specialized and other construction contracting business (by region):

Year	As at	As at
	30 June	31 December
	2018	2017
RMB million	3,750	4,260
Share of Beijing	1.6%	1.0%
Share of Tianjin	5.3%	6.2%
Share of Hebei	76.8%	72.3%
Share of other regions	16.3%	20.5%

PART II BUSINESS OUTLOOK FOR THE SECOND HALF OF 2018

In the first half of 2018, company management focused on improving quality and efficiency with all indicators meeting the mid-year target. Please refer to this interim report for specific data.

In the second half of the year, the Company will continue to adhere to the three policies and focus on enhancing the six capabilities under the strategies of “Foundation Strengthening, Level Rising, Pioneering Innovation and Sustainable Development”. By doing so, the Company can ensure that it can overcome difficulties and its business performance can be sustainable and stable.

Specifically, the Company must firmly support the Party and the State policies, abide by Party disciplines and the laws of the State and act as a listed company that operates in accordance with the law. The Company must closely follow major national strategic deployments such as the Beijing-Tianjin-Hebei coordinated development and the construction of Xiong’an New District. The Company must firmly and comprehensively complete its “13th Five-Year Plan” without changing its end goal and make necessary mid-term plan adjustments. The Company must adhere to platform building and release the platform’s unchanging values. It should focus on building finance, technology and centralized procurement platforms to further release its platform value.

The Company should focus on improving its market leading ability so as to undertake more quality projects and enhancing its on-site management and control capabilities to improve project pre-planning and process control with new methods. It should also focus on enhancing its capital management and control capabilities, as well as improve the capital turnover rate and its investment and financing strength. Additionally, it should attach importance to enhancing its systemic operational capacity by hiring professional institutions to improve its internal control system so as to form a replicable management model. It should also focus on improving its cultural cohesion, deepening its corporate culture and actively expanding its social influence. Furthermore, it should focus on improving its organizational support capability to establish intellectual headquarters, capable branches, subsidiaries and project departments.

Mid 2018, the Company will improve its capabilities and progress with a pioneering spirit leveraging its good first half year performance so as to enhance its ability, blaze new trails, better serve society, pay back shareholders and bring benefit to employees.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Income and Gross Profit Margin

For the six months ended 30 June 2018, the Group's revenue was about RMB19,220 million, a decrease of 4.1% or about RMB810 million from about RMB20,030 million for the same period last year. This was mainly due to the decrease of RMB720 million in the property development business and the decrease of RMB90 million in the construction contracting business and other businesses for the six months ended 30 June 2018.

The main reason for the decline in real estate development income is that the property projects developed by the Group in previous years have been gradually handed over. Under the national policy of restraining the residential real estate market in second- and third-tier cities, newly developed real estate projects have slowed down in the first half of the year causing a decrease in real estate development income. The late arrival of the Spring Festival holiday shortened the construction period, which is the main reason why the construction contracting business income has not increased.

When compared with the same period last year, the Group's revenue of some construction contracting businesses increased, while the revenue of some other businesses decreased. The infrastructure construction business grew and its revenue increased. Revenue from the building construction business and other construction businesses decreased. The increase in the infrastructure construction business was due to an increase of about RMB170 million in municipal infrastructure construction revenue and about RMB260 million in transportation infrastructure construction revenue as well as an increase in new infrastructure construction projects in the first half of 2018. The decrease in the building construction business was due to policy impacts. The real estate market has cooled since last year with fewer new residential projects. Industrial construction projects are mainly in the Beijing-Tianjin-Hebei region. Due to strategic development needs and environmental protection policies, China will gradually reduce and relocate the industrial projects in the region. Therefore, the operating income of this sector has declined significantly.

The other types of Group income are mainly from the BOT business during construction period, property management services and concrete sales. The related income increased by RMB240 million in the first half of 2018 when compared with the same period in 2017.

The gross profit margin of the Group's each business type has increased. As of 30 June 2018, the gross profit margin was 4.3% and it was 4.0% in the same period last year. As the Group has paid more attention to the quality of construction projects in recent years, the gross profit margin has increased steadily and the gross profit margin of each segment has also increased.

Other Income and Gains

For the six months ended 30 June 2018, other income and gains was about RMB160 million, an increase of about RMB40 million from about RMB120 million for the same period last year. The total dividends for 2017 announced by the Bank of Baoding, to which the participation in such distribution was of no significant impact, in this period amounted to about RMB30 million. The reversal of asset impairment loss was RMB20 million.

Selling and Distribution Expenses

For the six months ended 30 June 2018, selling and distribution expenses were about RMB10 million, a decrease of about RMB10 million from about RMB20 million for the same period last year. The main reasons for the change in the selling and distribution expenses were that the real estate sales staff remuneration decreased by about RMB5 million, property management fees decreased by about RMB2 million and other expenses decreased by about RMB3 million.

Administrative Expenses

For the six months ended 30 June 2018, administrative expenses were about RMB190 million, a decrease of about RMB20 million from about RMB210 million for the same period last year. This was mainly due to the decrease in staff remuneration and business expenses.

Other Expenses

For the six months ended 30 June 2018, other expenses were about RMB30 million, a decrease of about RMB130 million from about RMB160 million for the same period last year. This was mainly due to the large asset impairment loss of RMB160 million for the six months ended 30 June 2017. For the six months ended 30 June 2018, the asset impairment loss was reversed and therefore has been included in other income and gains for accounting purpose.

Finance Costs

Finance costs, which are interest expenses on bank borrowings, were about RMB120 million for the six months ended 30 June 2018, an increase of about RMB20 million from about RMB100 million for the same period last year. The cost increase was mainly due to the fact that the Group has gradually used long-term borrowings to replace short-term borrowings from the beginning of 2017 and some interest rates increased when compared with the same period last year.

Income Tax Expense

For the six months ended 30 June 2018, income tax expense was about RMB190 million, a decrease of about RMB20 million from about RMB210 million for the same period last year. The expense decrease was mainly due to a huge reduction in the overall property sales in this period causing a decrease in the LAT payable by about RMB20 million.

Profit for the Period

For the above reasons, the profit for the period for the six months ended 30 June 2018 was about RMB510 million, an increase of about RMB10 million from about RMB500 million for the same period last year. For the six months ended 30 June 2017 and 30 June 2018, the net interest rate stabilized at about 2.5% and 2.7%.

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 2018 and 31 December 2017, the Group had cash and cash equivalents of about RMB4,390 million and about RMB5,290 million respectively.

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 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.

Investment in Associates

At the end of May 2018, the Group added an investment of RMB20 million to its associate Hebei Zitan Real Estate Development Co., Ltd., and holds a 40% stake.

Contract Assets and Liabilities

The Group adopted IFRS 15 in this period. According to the IFRS 15 principles, amounts due from customers from contract works and receivables under service concession arrangements were reclassified to contract assets. Amounts due to customers from contract works and other payables, advance from customers, as well as advance from customers under accrued expenses, were reclassified to contract liabilities.

The amounts due from customers from contract works and receivables under service concession arrangements increased by 11.5% to contract assets, from RMB27,790 million as of 31 December 2017 to about RMB30,980 million as of 30 June 2018, accounting for about 61.5% of the total value of liquid assets on 30 June 2018.

As of 30 June 2018, the amounts due to customers and advance from customers were about RMB4,920 million, a decrease of about 21.2% to contract liabilities from about RMB6,250 million as of 31 December 2017.

The decrease in the ratio of contract assets and contract liabilities to net assets was mainly due to the fact that the Group has more capital through the H-share IPO financing. In addition, the settlement rate is relatively stable and has no significant change.

Trade and Bills Receivables

As of 30 June 2018, the balance of accounts receivable was about RMB6,500 million, a decrease of about 0.9% from about RMB6,560 million as of 31 December 2017. There is basically no change in the balance of accounts receivable. The amount of bills receivable was about RMB750 million, an increase of about 34.8% from about RMB560 million as of 31 December 2017. This was mainly due to the fact that some of Party A preferred to use bills for settlement in this period leading to a rapid increase in bills receivable.

Accounts and Bills Payable

As of June 30, 2018, the balance of accounts payable was about RMB32,860 million, an increase of about 6.5% from about RMB30,850 million as of 31 December 2017. This was mainly due to the fact that some projects have not yet reached payment milestones for suppliers resulting in a corresponding increase in accounts payable. Analyzing the age of accounts payable, accounts payable within six months increased normally and accounts payable for more than six months were reduced in all age groups. As a result, the turnover days of accounts payable decreased from 339 days on 31 December 2017 to 319 days on 30 June 2018. The balance of bills payable increased by about RMB300 million when compared with the end of last year. This was mainly due to the fact that the Group has changed its settlement method with some long-term suppliers to bill settlement.

Borrowing and Asset Mortgage

As of 30 June 2018, the Group's interest-bearing borrowings were about RMB3,710 million (about RMB3,570 million as of 31 December 2017). These loans shall be paid back within one to five years.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's general bank credits were about RMB310 million as of 30 June 2018 (about RMB360 million as of 31 December 2017) after using the Group's land use rights and buildings as collateral.

Financial Ratios

	As at 30 June 2018	As at 31 December 2017
Current ratio (times) ⁽¹⁾	1.1	1.1
Quick ratio (times) ⁽²⁾	1.1	1.1
Gearing ratio ⁽³⁾	73.9%	82.8%
Return on assets ⁽⁴⁾	1.0%	2.1%
Return on equity ⁽⁵⁾	11.0%	29.6%

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 Year divided by the average of total assets at the beginning and end of the Year and multiplied by 100%.
- ⁽⁵⁾ Return on equity represents profit for the Year divided by the average of total equity at the beginning and end of the Year and multiplied by 100%.

Capital Expenditure

For the six months ended 30 June 2018, the capital expenditure was about RMB150 million (about RMB60 million as of 30 June 2017). Capital expenditures incurred for the period were mainly related to more constructions in progress and office purchases.

Capital Commitment

The Group had a significant capital commitment of RMB170 million as of 30 June 2018.

Contingent Liabilities

As of 30 June 2018, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB1,670 million and guarantees given to banks in connection with facilities granted to third parties to RMB350 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.

Assets/Liabilities Classified as Held for Sale from Discontinued Operations

The Group's assets classified as held for sale from discontinued operations increased by about RMB1,420 million in this period and liabilities classified as held for sale from discontinued operations increased by about RMB1,450 million in this period. This was mainly because that the Group planned to dispose its subsidiary, Guang'an Zhongcheng in 2018. According to the equity transfer agreement, the Group shall transfer its control of the subsidiary after the transfer procedures completed. As of 30 June 2018, the transfer procedures were not completed. The procedures were completed on 5 July 2018. Therefore, as of 30 June 2018, we classified that the assets and liabilities of the subsidiary as assets and liabilities classified as held for sale from discontinued operations.

MATERIAL ACQUISITIONS OR DISPOSALS

Saved as the disposal of Guang'an Zhongcheng as disclosed in this interim report, there was no other material acquisition or disposal by the Group during the six months ended 30 June 2018.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group had 5,873 full-time employees (31 December 2017: 5,884). Taking into account the human resources strategy, the Group has established a remuneration system for different job levels based on individual performance and competence, with reference to the prevailing rates of relevant enterprises in the same region and same industry. This competitive remuneration system provided great support to the Company in talent recruitment, retention and motivation, and the implementation of human resources strategy.

OTHER MATTERS

ISSUED SHARE CAPITAL

On 5 January 2018, the over-allotment option stated in the Prospectus was partially exercised for 28,049,500 additional H shares, representing approximately 6.47% of the offer shares initially offered for subscription under the global offering, to cover over-allocations in the international offering of the Company.

As at 30 June 2018, 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. Details of the changes in the share capital of the Company during the Reporting Period is set out in the relevant notes to the consolidated financial statements included in this interim report.

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 2018, 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.

COMPLIANCE WITH THE MODEL CODE

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 2018.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

On 26 March 2018, the Board considered and approved, among other things, the proposed resolution in relation to the amendment to the Articles of Association, which are mainly the amendment to the terms in relation to the function and power of the Board on external financing and establishment of internal management bodies as set out in the Articles of Association. The resolution was considered and approved as a special resolution at the AGM for the year of 2017 held on 25 June 2018. The revised Articles of Association took effect from 25 June 2018. The whole text of the revised Articles of Association is available on the website of the Company and the website of the Stock Exchange. For details, see the announcements dated 26 March 2018 and 25 June 2018 and the Circular dated 11 May 2018 published by the Company on the website of the Stock Exchange.

CHANGE OF SUPERVISOR

Mr. Mao Yuanli resigned as a Supervisor and the Chairman of the first session of the Board of Supervisors of the Company due to reaching his retirement age, with effect from 25 June 2018. For details, see the announcements dated 26 March 2018 and 25 June 2018 published by the Company on the website of the Stock Exchange.

On 26 March 2018, the Board of Supervisors proposed Mr. Yu Xuefeng to be elected as a supervisor of the first session of the Board of Supervisors of the Company. The proposed resolution was considered and approved as an ordinary resolution at the AGM for the year of 2017 held on 25 June 2018. On the same day, Mr. Yu Xuefeng was elected by the Board of Supervisors as the Chairman of the first session of the Board of Supervisors of the Company. The term of office of Mr. Yu Xuefeng commences on 25 June 2018 and ends on the expiration of this session of Board of Supervisors. Mr. Yu Xuefeng may be eligible for re-election upon expiry of the term in accordance with the Articles of Associate of the Company. For details, see the announcements dated 26 March 2018 and 25 June 2018 and the Circular dated 11 May 2018 published by the Company on the website of the Stock Exchange.

THE DISPOSAL

On 13 June 2018, Zhongcheng Real Estate (as the Vendor), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hengda Property (as the Purchaser), pursuant to which Zhongcheng Real Estate agreed to sell and Hengda Property agreed to purchase 100% equity interests in Guang'an Zhongcheng. Upon the completion of the disposal, the Company and its subsidiaries will no longer hold any equity interests in Guang'an Zhongcheng. For details, see the announcement dated 13 June 2018 published by the Company on the website of the Stock Exchange.

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 2018.

PROFIT DISTRIBUTION

2017 Final Dividend

According to the Profit Distribution Proposal for 2017 considered and approved at the AGM for the year of 2017 held by the shareholders of the Company on 25 June 2018, taking into account the actual circumstances and the long-term sustainable development needs of the Company, the Company does not pay the final dividend to the Shareholders for the year ended 31 December 2017 out of consideration for the long-term interests of the Shareholders. For details, see the Circular dated 11 May 2018 and the announcement dated 25 June 2018 published by the Company on the website of the Stock Exchange.

2018 Interim Dividend

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2018.

USE OF PROCEEDS FROM THE IPO

The Company was listed on the Main Board of the Stock Exchange of Hong Kong on 15 December 2017. The Company intended to use the net proceeds of about HK\$1,971.8 million obtained from the IPO due to the listing on the Stock Exchange of Hong Kong and the partial exercise of the Over-allotment Option (as defined in the Prospectus) (less the Stock Exchange trading fee, SFC transaction levy, securities registration charge and beneficiary bank's handling charge) for the proposed purpose stipulated in "Future Plan and Proceeds Purpose" in the Prospectus.

The Company used the proceeds from the IPO due to the listing on the Stock Exchange of Hong Kong and the partial exercise of the Over-allotment Option as follows:

As at the end of the Reporting Period, a total of RMB923.87 million of the raised funds were used, and a total of HK\$12.97 million was paid. The Company confirmed that the aforementioned use of raised funds was in line with the use of the proceeds described in the Prospectus.

Inside China, the Company strictly controlled the 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 2018, the total amount of recycling funds was HK\$1,380.3 million, the accumulative settlement of exchange with the recycling funds was approximately HK\$1,320.18 million, the proceeds from the settlement of exchange were approximately RMB1,075.54 million, and a total of approximately RMB923.87 million of the proceeds from the settlement of exchange were paid. Among them, approximately RMB624.35 million was used to undertake the construction of certain construction contracting projects;

approximately RMB144.00 million was used to repay the principal of and interest on bank loans on or before the due date; and approximately RMB155.52 million was used for general corporate purposes. As at 30 June 2018, approximately HK\$60.12 million of foreign exchange was retained inside Mainland China but had not been settled, and approximately RMB151.66 million of foreign exchange was settled to RMB but had not been paid.

Outside China, according to the document agreement of the State Administration of Foreign Exchange that “not less than 70% of the raised funds shall be recycled to Mainland China for settlement of foreign exchange”, as at 30 June 2018, the Company’s retained overseas raised funds accounted for about 30% of the total raised funds. The overseas retained funds were distributed as follows. (1) HK\$118.91 million was retained in the listing collection account opened with the Bank of China Hong Kong Branch, and among the actual collection fund due to the listing, the Company’s outstanding Stock Exchange trading fee, SFC transaction levy, securities registration charge and beneficiary bank’s handling charge were HK\$22.29 million. As at 30 June 2018, a total of HK\$12.97 million of such expenses were paid, while a total of HK\$9.32 million of such expenses were unpaid. (2) A total of HK\$134.00 million was transferred into Industrial Bank Hong Kong Branch, and approximately RMB107.26 million was transferred into the proceeds from the settlement of foreign exchange in HK dollars. (3) A total of HK\$189.30 million was transferred into China Merchants Bank Hong Kong Branch, and approximately RMB152.25 million was transferred into the proceeds from the settlement of foreign exchange in HK dollars. (4) A total of HK\$159.00 million was transferred into Bank of Communications Hong Kong Branch, and approximately RMB125.86 million was transferred into the proceeds from the settlement of foreign exchange in HK dollars. After the settlement of foreign exchange, the balance was approximately HK\$2.28 million.

Save as used above, the remaining funds of the Company’s proceeds were approximately HK\$181.31 million, and RMB537.03 million had not been used, which was deposited in a special account opened by the Company in the bank.

SUBSEQUENT EVENTS

There has been no major subsequent event of the Company from 30 June 2018 to the date of this report.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The members of the audit committee of the Company are currently Ms. Shen Lifeng (Chairlady of the committee), Mr. Li Baoyuan, Mr. Cao Qingshe, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny. The audit committee of the Company has reviewed and confirmed the Group’s interim results announcement for the six months ended 30 June 2018, the 2018 interim report and the unaudited interim financial statements for the six months ended 30 June 2018 prepared in accordance with IAS 34 “Interim Financial Reporting”.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

CHANGES IN SHARE CAPITAL

On 5 January 2018, the Over-allotment Option described in the Prospectus was partially exercised. 28,049,500 H Shares were allotted and issued by the Company, resulting in an increase in the number of issued shares of the Company from 1,733,334,000 shares to 1,761,383,500 shares.

As at the latest practicable date, 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.

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 2018, 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 Shares interested	Class of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares as at 30 June 2018	Approximate percentage of shareholding in the total issued share capital of the Company as at 30 June 2018
Mr. Li Baoyuan ¹	Interest in controlled corporation	1,300,000,000	Domestic Shares	Long position	100%	73.80%

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Notes:

1. 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 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.
2. 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 2018
Mr. Li Baozhong	Qianbao Investment ¹	Beneficial owner	5,000,000 shares	Long position	10.00%
Mr. Cao Qingshe	Zhongru Investment ²	Beneficial owner	5,000,000 shares	Long position	2.16%
Mr. Shang Jinfeng	Zhongru Investment ²	Beneficial owner	1,000,000 shares	Long position	0.43%
Ms. Liu Shuzhen	Zhongru Investment ²	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Liu Yongjian	Zhongru Investment ²	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Mao Yuanli	Zhongru Investment ²	Beneficial owner	997,920 shares	Long position	0.43%
Mr. Liu Jingqiao	Zhongru Investment ²	Beneficial owner	498,960 shares	Long position	0.22%
Mr. Yue Jianming	Zhongru Investment ²	Beneficial owner	498,960 shares	Long position	0.22%

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Notes:

1. As at 30 June 2018, the total share capital of Qianbao Investment is 50,000,000 shares.
2. As at 30 June 2018, 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 2018, 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 2018, 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 or their respective spouses or children under the age of 18 to acquire such rights from any other body corporate.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

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

As at 30 June 2018, 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 2018	Approximate percentage of shareholding in total issued share capital of the Company as at 30 June 2018
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%
China Create Capital Limited	Beneficial owner	69,260,000	H Shares	Long position	15.01%	3.93%
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%
Panhou Capital Management Limited	Beneficial owner	36,881,500	H Shares	Long position	7.99%	2.09%
Sino Wealthy Limited ²	Beneficial owner	24,887,500	H Shares	Long position	5.39%	1.41%
Rentian Technology Holdings Limited ²	Interest in controlled corporation	24,887,500	H Shares	Long position	5.39%	1.41%
King Pak Fu ³	Interest in controlled corporation	36,608,000	H Shares	Long position	7.93%	2.07%
Yang Jianbo	Beneficial owner	32,583,500	H Shares	Long position	7.06%	1.84%

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Notes:

1. 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 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.
2. According to the disclosure of interest notice submitted by Sino Wealthy Limited (“Sino Wealthy”) for filing on 18 December 2017, Sino Wealthy holds 24,887,500 H shares as a beneficial owner, while Rentian Technology Holdings Limited (“Rentian Technology”) indirectly holds 100% of the equity interests in Sino Wealthy, hence Rentian Technology is deemed to be interested in the H Shares held by Sino Wealthy.
3. 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 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 latest practicable date, the composition of the Board of Directors, the Board of Supervisors and senior management of the Company is as follows:

The Board of Directors of the Company has 10 directors, including: 4 executive directors, namely Mr. Li Baozhong, Mr. Shang Jinfeng, Ms. Liu Shuzhen and Mr. Liu Yongjian; 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 of the Company 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 senior management, namely Mr. Shang Jinfeng (Executive Director and President), Ms. Liu Shuzhen (Executive Director, Vice President and Chief Economic Officer), Mr. Liu Yongjian (Executive Director and Vice President), Mr. Gao Qiuli (Vice President and Chief Engineer), Mr. Zhao Wensheng (Chief Accountant and Director of Finance) 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 from the date of the 2017 Annual Report.

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Change of Supervisors

Mr. Mao Yuanli has resigned as a Supervisor and the Chairman of the first session of the Board of Supervisors due to reaching his retirement age, with effect from 25 June 2018. Mr. Yu Xuefeng was proposed to be elected by the Board of Supervisors as a Supervisor and the Chairman of the first session of the Board of Supervisors of the Company at the AGM for the Year of 2017 held on 25 June 2018. The term of office of Mr. Yu Xuefeng commences on 25 June 2018 and ends on the expiration of this session of Board of Supervisors. For details, see the circular dated 11 May 2018 and the announcement dated 25 June 2018 of the Company.

During the Reporting Period, there was no change of Directors and senior management.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the board of directors of Hebei Construction Group Corporation Limited

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

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial information set out on pages 30 to 81, which comprise the interim condensed consolidated statement of financial position of Hebei Construction Group Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

30 August 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June

	Notes	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
CONTINUING OPERATIONS			
Revenue	4	19,215,183	20,027,602
Cost of sales		(18,288,173)	(18,961,027)
Gross profit		927,010	1,066,575
Other income and gains	5	158,832	115,249
Selling and distribution expenses		(14,180)	(23,170)
Administrative expenses		(188,236)	(212,240)
Other operating expenses		(34,526)	(160,294)
Finance costs	6	(121,008)	(104,726)
Share of losses of associates:		(24,382)	(208)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	703,510	681,186
Income tax expense	8	(191,725)	(208,321)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		511,785	472,865
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations		-	26,722
PROFIT FOR THE PERIOD		511,785	499,587
Attributable to:			
Owners of the parent		551,334	503,236
Non-controlling interests		(39,549)	(3,649)
		511,785	499,587

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June

	Notes	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Earnings per share attributable to ordinary equity holders of the parent:			
Basic			
<i>(expressed in RMB per share)</i>			
- For profit for the period	10	0.31	0.39
- For profit from continuing operations for the period		0.31	0.37

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Audited)
PROFIT FOR THE PERIOD	511,785	499,587
OTHER COMPREHENSIVE INCOME		
Change in fair value of financial assets at fair value through other comprehensive income	60,700	-
Income tax effect	(15,175)	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	45,525	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	557,310	499,587
Attributable to:		
Owners of the parent	596,859	503,236
Non-controlling interests	(39,549)	(3,649)
	557,310	499,587

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	559,287	434,229
Investment properties		136,346	135,439
Prepaid land lease payments		36,064	36,495
Investments in associates	12	314,268	318,650
Financial assets at fair value through other comprehensive income	13	549,200	-
Available-for-sale investments	13	-	488,500
Deferred tax assets		280,593	255,925
Trade receivables	14	285,616	451,853
Contract assets	15	245,889	-
Receivables under service concession arrangements		-	42,278
Total non-current assets		2,407,263	2,163,369
CURRENT ASSETS			
Prepaid land lease payments		863	863
Inventories		86,871	77,782
Contract assets	15	30,735,904	-
Amounts due from contract customers		-	27,744,640
Properties under development		1,679,010	2,574,039
Completed properties held for sale		790,703	741,447
Trade and bills receivables	14	6,463,687	6,137,059
Prepayments, deposits and other receivables		5,427,683	5,808,804
Pledged deposits		538,688	222,640
Cash and cash equivalents	16	4,391,403	5,288,019
Assets classified as held for sale	17	50,114,812 1,417,423	48,595,293 -
Total current assets		51,532,235	48,595,293

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	18	33,156,811	30,849,740
Contract liabilities	15	4,922,366	-
Amounts due to contract customers		-	4,374,621
Other payables, advances from customers and accruals		5,124,744	7,074,032
Interest-bearing bank and other borrowings		2,082,794	1,847,362
Tax payable		536,569	565,644
Financial guarantee contracts	21	14,738	14,174
		45,838,022	44,725,573
Liabilities directly associated with the assets classified as held for sale	17	1,451,617	-
Total current liabilities		47,289,639	44,725,573
NET CURRENT ASSETS		4,242,596	3,869,720
TOTAL ASSETS LESS CURRENT LIABILITIES		6,649,859	6,033,089
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,629,560	1,721,780
Total non-current liabilities		1,629,560	1,721,780
Net assets		5,020,299	4,311,309

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	<i>Notes</i>	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	19	1,761,384	1,733,334
Reserves	20	2,839,842	2,169,353
		4,601,226	3,902,687
Non-controlling interests		419,073	408,622
Total equity		5,020,299	4,311,309

Li Baozhong
Director

Shang Jinfeng
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

Notes	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve*	Other reserve*	Special reserve**	Statutory surplus reserve*	Retained profits*	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2018 (audited)	1,733,334	1,388,526	-	-	174,557	606,270	3,902,687	408,622	4,311,309
Profit for the period	-	-	-	-	-	551,334	551,334	(39,549)	511,785
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	45,525	-	-	-	45,525	-	45,525
Over-allotment of IPO	28,050	73,630	-	-	-	-	101,680	-	101,680
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	-	50,000	50,000
Appropriation to statutory surplus reserve	-	-	-	-	30,606	(30,606)	-	-	-
Transfer to special reserve	-	-	-	297,696	-	(297,696)	-	-	-
Utilisation of special reserve	-	-	-	(297,696)	-	297,696	-	-	-
At 30 June 2018 (unaudited)	1,761,384	1,462,156	45,525	-	205,163	1,126,998	4,601,226	419,073	5,020,299

* As at 30 June 2018, these reserve accounts comprise the consolidated reserves of RMB2,839,842,000 (31 December 2017: RMB2,169,353,000), in the consolidated statements of financial position.

** In preparation of the financial statements, the Group has appropriated certain amount of retained profits to a special reserve fund for six months ended 30 June 2018, for safety production expense purposes as required by directives issued by relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained earnings until such special reserve was fully utilised.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Capital reserve*	Special reserve**	Statutory surplus reserve*	Retained profits*	Total			
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2017 (audited)	1,200,000	-	-	328,557	1,305,678	2,834,235	255,443	3,089,678	
Profit and total comprehensive income for the period	-	-	-	-	503,236	503,236	(3,649)	499,587	
Contribution by non-controlling interests through acquisition	-	-	-	-	-	-	9,800	9,800	
Disposal of discontinued operations	-	-	-	-	-	-	(93,862)	(93,862)	
Capital contribution by shareholders of the Company	19 100,000	-	-	-	-	100,000	-	100,000	
Acquisition of non-controlling interests	-	-	-	-	-	-	(2,000)	(2,000)	
Capital contribution by non-controlling shareholders	-	-	-	-	-	-	20,000	20,000	
Appropriation to statutory surplus reserve	-	-	-	70,385	(70,385)	-	-	-	
Dividends declared	9 -	-	-	-	(1,151,400)	(1,151,400)	(3,472)	(1,154,872)	
Capitalisation of retained profits and statutory surplus reverse	20 -	254,254	-	(253,511)	(743)	-	-	-	
Transfer to special reserve	-	-	385,139	-	(385,139)	-	-	-	
Utilisation of special reserve	-	-	(385,139)	-	385,139	-	-	-	
At 30 June 2017 (audited)	<u>1,300,000</u>	<u>254,254</u>	<u>-</u>	<u>145,431</u>	<u>586,386</u>	<u>2,286,071</u>	<u>182,260</u>	<u>2,468,331</u>	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Notes	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
from continuing operations		703,510	681,186
from discontinued operations		-	35,630
Adjustments for:			
Finance costs	6	121,008	104,726
Share of losses and profits of associates		24,382	208
Dividend income from available-for-sale investments	5	-	(309)
Dividend income from financial assets at fair value through other comprehensive income	5	(27,844)	-
Interest income	5	(110,878)	(67,688)
Gain on disposal of assets and liabilities of disposal groups classified as held for sale		-	(58,304)
Recognition of financial guarantee contracts	21	564	(4,575)
Changes in fair value of Investment property	5	(907)	(405)
Depreciation of items of property, plant and equipment	7, 11	22,418	31,422
Amortisation of prepaid land lease payments	7	431	399
(Reversal of)/impairment of trade receivables	7	(28,253)	74,542
Impairment of deposits and other receivables	7	10,252	83,802
Over-allotment option of IPO expense		9,065	-
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments	5	-	(21,957)
		723,748	858,677

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	<i>Notes</i>	2018 RMB'000 (Unaudited)	2017 <i>RMB'000</i> (Audited)
(Increase)/decrease in inventories		(9,089)	84,337
Decrease in amounts due from contract customers		27,744,640	859,811
(Decrease)/increase in amounts due to contract customers		(4,374,621)	267,195
Increase in contract assets		(30,981,793)	-
Increase in contract liabilities		5,114,998	-
(Increase)/decrease in properties under development		(221,807)	440,416
Increase in completed properties held for sale		(49,256)	(641,036)
(Increase)/decrease in trade and bills receivables		(132,138)	102,055
Decrease in receivables under service concession arrangements		42,278	-
Decrease/(increase) in prepayments, deposits and other receivables		87,637	(1,855,922)
Increase/(decrease) in trade and bills payables		2,307,071	(1,965,728)
Increase/(decrease) in other payables and accruals		1,022,852	(27,931)
Decrease in advances from customers		(1,873,287)	(53,375)
(Increase)/decrease in pledged deposits		(9,573)	314,828
Net cash flows from operating activities		(608,340)	(1,616,673)
Income tax paid		(259,177)	(222,820)
Net cash flows used in from operating activities		(867,517)	(1,839,493)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	<i>Notes</i>	2018 RMB'000 (Unaudited)	2017 <i>RMB'000</i> (Audited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		110,878	34,238
Dividends received from financial assets at fair value through other comprehensive income		27,844	-
Dividends received from available-for-sale investments		-	309
Payments for acquisition of items of property, plant and equipment		(151,626)	(55,938)
Addition of investment in associates		(20,000)	-
Advances of loans to associates and joint ventures		-	(51,500)
Repayment of loans to associates and joint ventures		-	180,039
Proceeds from disposal of items of property, plant and equipment, and prepaid land lease payments		2,191	37,487
Advance of proceeds from incoming disposal of assets and liabilities classified as held for sale		150,000	-
Proceeds from disposal of assets and liabilities of disposal groups classified as held for sale, net of cash		-	1,242,621
		<hr/>	<hr/>
Net cash flows generated from investing activities		119,287	1,387,256

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	<i>Notes</i>	2018 RMB'000 (Unaudited)	2017 <i>RMB'000</i> (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(121,008)	(217,150)
Received from the over-allotment option		92,615	-
Additions of interest-bearing bank borrowings and other borrowings		866,727	2,788,769
Repayment of interest-bearing bank borrowings and other borrowings		(852,993)	(2,875,819)
Dividends paid to shareholders		-	(1,031,400)
Dividends paid to non-controlling shareholders		-	(3,472)
Repayment of loans from related parties		(170,000)	(58,960)
Capital contribution by non-controlling shareholders		50,000	20,000
Capital contribution by shareholders of the Company		-	100,000
Acquisition of non-controlling interests		-	(2,000)
Payment of listing expenses		-	(1,410)
Net cash flows (used in)/generated from financing activities		(134,659)	(1,281,442)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(882,889)	(1,733,679)
Cash and cash equivalents at beginning of period		5,288,019	5,163,595
CASH AND CASH EQUIVALENTS AT END OF PERIOD		4,405,130	3,429,916
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		4,391,403	3,429,916
Cash and bank balances attributable to assets of disposal groups classified as held for sale		13,727	-
Cash and cash equivalents as stated in the statement of cash flows		4,405,130	3,429,916

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2018

1. CORPORATE INFORMATION

Hebei Construction Group Corporation Limited (“the Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The registered office address of the Company is No.125 Lugang Road, Baoding, the PRC.

During the six months ended 30 June 2018, the Group’s principal activities were as follows:

- Construction contracting
- Property development and other businesses

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Zhongru Investment Co., Ltd., which was incorporated in Baoding, China.

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). It was approved and authorised for issue by the board of directors on 30 August 2018.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017.

The unaudited interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands, except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current period's financial statements.

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers
Amendments to IAS 40	Transfers of Investment Property
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

- The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 11, IAS 18 and related Interpretations;
- The cumulative catch-up adjustment to the opening balance of retained profits (or other components of equity) as at 1 January 2018, either for all contracts or only for contracts that are not completed at the date of initial application, would be not significant and therefore not retrospectively adjusted in the consolidated statement of changes in equity for the six months ended 30 June 2018;
- As required for the interim condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 3 for the disclosure on disaggregated revenue;
- Disclosures for the comparative period in the notes to the financial statements would also follow the requirements of IAS 11, IAS 18 and related Interpretations. As a result, the disclosure of disaggregated revenue in note 3 would not include comparative information under IFRS 15;
- Except the reclassification of amounts due from customers for contract works and receivables under service concession arrangements to contract assets, amounts due to customers for contract works and advances from customers to contract liabilities and further disclosure set as note 15, the directors believe that the application of IFRS 15 has no significant impact on the amounts reported set out in the interim financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings as of 1 January 2018.

Changes to classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's debt financial assets are, as follows:

All the Group's debt financial assets are Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's cash and cash equivalents, pledged deposits, trade and bills receivables and financial assets included in prepayments, deposits and other receivables.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

IFRS 9 Financial Instruments (Continued)

Changes to classification and measurement (Continued)

Other financial assets are classified and subsequently measured, as follows:

All the Group's equity financial assets are Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

As of 1 January 2018, the category of loans and receivables under IAS 39, including cash and cash equivalents, pledged deposits, trade and bill receivables and financial assets included in prepayments, deposits and other receivables, were transferred to debt instruments at amortised cost under IFRS 9. Meanwhile, available-for-sale investments under IAS 39 were transferred to financial assets at fair value through other comprehensive income under IFRS 9.

The opening balance of retained profits (or other components of equity) as at 1 January 2018 was not restated as the new measurement requirement under IFRS 9 is not of significant financial impact.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(Continued)

IFRS 9 Financial Instruments (Continued)

Changes to the impairment calculation

IFRS 9 requires the Group to record an allowance for ECLs for all the debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For IFRS 9 impairment policy, the wording will be revised as follows:

For trade and bills receivables and contract assets, the Group apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the expected credit loss is based on the 12-month. The 12-month expected credit loss is the portion of lifetime that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the impairment will be based on the lifetime expected credit loss.

If the financial asset meets the definition of purchased or originated credit impaired, the impairment is based on the change in the ECLs over the life of the asset.

The impact of adopting expected credit loss model under IFRS 9 was not significant and, therefore, the Group made no adjustment to retained profits and accumulated other comprehensive income as of 1 January 2018.

Except as described above, the application of the amendments to IFRSs in the current period has had no significant impact on the Group's financial performance and positions for the current period and prior years and on the disclosures set out in these consolidated financial statements.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

With the adoption of IFRS 15 from 1 January 2018, the disaggregation of the Group's revenue from contracts with customers, including construction contracting, properties sales and others, for the six months ended 30 June 2018 is as follows:

	Six months ended 30 June 2018 RMB'000 (Unaudited)
Type of goods or service	
Building construction contracting	12,802,076
Infrastructure construction contracting	5,065,987
Specialized and other construction contracting	1,223,043
Intersegment sales	(357,982)
	<hr/>
Total revenue from contracts with construction contracting	18,733,124
Sale of properties	220,675
Others	258,909
	<hr/>
	19,212,708
	<hr/>
Timing of revenue recognition	
Services transferred over time	18,939,049
Goods transferred at a point in time	273,659
	<hr/>
	19,212,708
	<hr/>

The Group has derived substantially all of its business in the PRC.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) Construction contracting – this segment engages in the provision of services relating to construction contracting in architecture;
- (b) Others – this segment engages in the provision of property development and other services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax from continuing operations. The adjusted profit or loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2018

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue	19,091,106	514,153	19,605,259
Intersegment sales	<u>(357,982)</u>	<u>(34,569)</u>	<u>(392,551)</u>
Total Revenue from contracts with external customers (note 3)	18,733,124	479,584	19,212,708
Rental income	2,475	-	2,475
Total Revenue from external customers	<u>18,735,599</u>	<u>479,584</u>	<u>19,215,183</u>
Segment results	958,600	(188,600)	770,000
<i>Reconciliation:</i>			
Elimination of intersegment results			<u>(66,490)</u>
Profit before tax from continuing operations			<u>703,510</u>
Segment assets	60,004,696	6,778,165	66,782,861
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(14,260,786)</u>
Assets classified as held for sale			<u>1,417,423</u>
Total assets			<u>53,939,498</u>

4. SEGMENT INFORMATION (Continued)

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment liabilities	54,125,977	5,505,759	59,631,736
<i>Reconciliation:</i>			
Elimination of intersegment payables			(12,164,154)
Liabilities directly associated with the assets classified as held for sale			1,451,617
Total liabilities			48,919,199
Other segment information:			
Depreciation	16,607	5,811	22,418
Amortisation	-	431	431
Provision for impairment of trade receivables, deposits and other receivables	(50,228)	32,227	(18,001)
Share of losses of associates	-	24,382	24,382
Capital expenditure*	140,269	11,357	151,626

* Capital expenditure consists of additions to property, plant and equipment.

4. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2017

	Construction contracting <i>RMB'000</i> (Audited)	Others <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Segment revenue:			
Sales to external customers	19,066,837	960,765	20,027,602
Intersegment sales	190,104	-	190,104
Total revenue	19,256,941	960,765	20,217,706
<i>Reconciliation:</i>			
Elimination of intersegment sales			(190,104)
Revenue from continuing operations			20,027,602
Segment results	1,125,451	(36,019)	1,089,432
<i>Reconciliation:</i>			
Elimination of intersegment results			(408,246)
Profit before tax from continuing operations			681,186
Other segment information:			
Depreciation	24,063	7,359	31,422
Amortisation	-	399	399
Provision for impairment of trade receivables, deposits and other receivables	96,349	61,995	158,344
Share of losses of associates	15	193	208
Capital expenditure*	28,403	27,535	55,938

* Capital expenditure consists of additions to property, plant and equipment.

4. SEGMENT INFORMATION (Continued)

Geographical information

The Group has derived substantially all of its business in the PRC.

Information about major customers

The Group has a large number of customers, and no single customer from which the revenue accounted for more than 10% of the Group's total revenue for the six months ended 30 June 2018.

5. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains from continuing operations is as follow:

	Six months ended 30 June	
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Audited)
Other income		
Interest income	110,878	67,688
Dividend income from financial assets at fair value through other comprehensive income	27,844	-
Dividend income from available-for-sale investments	-	309
	138,722	67,997
Gains		
Reversal of impairment of trade receivables and deposits and other receivables	18,001	-
Government grant	297	800
Change in fair value of an investment property	907	405
Gain on disposal of assets and liabilities of disposal groups classified as held for sale	-	22,674
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments	-	21,957
Others	905	1,416
	20,110	47,252
	158,832	115,249

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Six months ended 30 June	
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Audited)
Interest on bank loans and other borrowings	181,193	165,213
Less: Interest capitalised	(60,185)	(60,487)
Finance costs	121,008	104,726

7. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax from continuing operations is arrived at after charging/
(crediting):

	Six months ended 30 June	
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Audited)
Cost of construction contracting (including depreciation)	18,273,762	18,293,305
Cost of others	14,411	667,722
Total cost of sales	18,288,173	18,961,027
Depreciation of items of property, plant and equipment	22,418	31,422
Amortisation of prepaid land lease payments	431	399
Total depreciation and amortisation	22,849	31,821
Research and development costs	13,409	14,431
Foreign exchange difference, net	32,610	-
(Reversal of impairment)/impairment of trade receivables and deposits and other receivables	(18,001)	158,344
Auditors' remuneration	2,800	3,492
Employee benefit expenses (including directors' and supervisors' remuneration):	104,153	134,854
- Wages, salaries and allowances	75,518	101,055
- Social insurance	22,280	28,555
- Welfare and other expenses	6,355	5,244
Interest income	(110,878)	(67,688)
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments	-	(21,957)
Change in fair value of an investment property	(907)	(405)
Dividend income from financial assets at fair value through other comprehensive income	(27,844)	-
Dividend income from available-for-sale investments	-	(309)
Gain on disposal of assets and liabilities of disposal groups classified as held for sale	-	(22,674)

8. INCOME TAX EXPENSE

Provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporation Income Tax Law which was approved on 16 March 2007 and became effective on 1 August 2008.

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated and made tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current income tax	223,916	180,498
LAT	7,652	29,709
Deferred income tax	(39,843)	(1,886)
Tax charge for the period from continuing operations	191,725	208,321
Tax charge for the period from discontinued operations	-	8,908
	191,725	217,229

8. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expense applicable to profit before tax using the statutory income tax rate applicable in Mainland China to the income tax expense at the Group's effective income tax during the period, are as follows:

	Six months ended 30 June	
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Profit before tax from continuing operations	703,510	681,186
Profit before tax from discontinued operations	-	35,630
	703,510	716,816
Income tax charge at the statutory income tax rate	175,878	179,204
Losses attributable to associates	6,096	52
Income not subject to tax	(6,961)	(77)
Expenses not deductible for tax purposes	(5,614)	88
Tax losses not recognised	14,108	15,794
Others	2,479	(114)
LAT	7,652	29,709
Tax effect of LAT deductible for PRC Corporate Income Tax ("CIT")	(1,913)	(7,427)
Tax charge for the period at the Group's effective rate	191,725	217,229
Tax charge from continuing operations at the Group's effective rate	191,725	208,321
Tax charge from discontinued operations at the Group's effective rate	-	8,908

9. DIVIDENDS

The dividends during the period are set out below:

	Six months ended 30 June	
	2018 <i>RMB'000</i> (Unaudited)	2017 <i>RMB'000</i> (Audited)
Dividends declared to owners of the parent	-	1,151,400

The board of the directors of the Company does not recommend the declaration of final dividend for the six months ended 30 June 2018.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,761,383,500 (2017: 1,283,333,333) in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculations of basic earnings per share are based on:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	551,334	476,514
From discontinued operations	-	26,722
	551,334	503,236

	Number of shares Six months ended 30 June	
	2018 (Unaudited)	2017 (Audited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,761,383,500	1,283,333,333

The Company executed over-allotment option of 28,049,500 shares in January 2018, and the Company's paid-in capital increased to RMB1,761,383,500 (Note 19).

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB151,626,000 (unaudited) (six months ended 30 June 2017: RMB65,080,000 (audited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB4,150,000 (unaudited) (six months ended 30 June 2017: RMB22,500,000 (audited)) were disposed.

12. INVESTMENTS IN ASSOCIATES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share of net assets	314,268	318,650
Loans to associates	536,828	72,409

The Group's trade receivable and payable balances with the associates are disclosed in the note 23 to the financial statements, respectively.

12. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the principal associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Rongcheng Hengda Construction Investment Co., Ltd.	Ordinary shares	The PRC/ Mainland China	29%	Construction contracting
Xiaoyan Culture Communication Co., Ltd.	Ordinary shares	The PRC/ Mainland China	31%	Exhibition service and culture transmission
Dalian Runtian Housing Development Co. Ltd.	Ordinary shares	The PRC/ Mainland China	15%	Infrastructure construction and landscaping construction
Baoding Zhucheng Real Estate Development Co., Ltd. ("BD Zhongcheng")	Ordinary shares	The PRC/ Mainland China	51%	Real estate development and operation, housing sales agency and rental agency
Chengdu New Era Tiancheng Property Co., Ltd. ("CD New Era")	Ordinary shares	The PRC/ Mainland China	30%	Real estate development and operation, housing sales agency and rental agency
Hebei Zitan Real Estate Development Co., Ltd.	Ordinary shares	The PRC/ Mainland China	40%	Real estate development and operation

The equity shares of Rongcheng Hengda Construction Investment Co., Ltd. are partially held by the Company.

The remaining companies are held through a wholly-owned subsidiary of the Company.

12. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Share of the associates' loss from continuing operations for the period	(24,382)	(3,559)
Share of the associates' total comprehensive loss	(24,382)	(3,559)
Aggregate carrying amounts of the Group's investments in the associates	314,268	318,650

13. FINANCIAL INSTRUMENTS

	2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Available-for-sale investments:		
Equity investments, at cost	-	488,500
Financial assets at fair value through other comprehensive income:		
Equity investments, at fair value	549,200	-

As of 1 January 2018, available-for-sale investments under IAS 39 were reclassified to financial assets at fair value through other comprehensive income under IFRS 9 (note 2.2).

14. TRADE AND BILLS RECEIVABLES

Trade receivables mainly represented receivables from construction contracting services. The payment terms are stipulated in relevant contracts. The Group's trading terms with its debtors are mainly on credit, except for new debtors, where payment in advance is normally required. The credit period offered by the Group is generally one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Trade receivables	6,499,875	6,562,157
Provision for impairment	(503,665)	(531,918)
Trade receivables, net	5,996,210	6,030,239
Bills receivable	753,093	558,673
	6,749,303	6,588,912
Portion classified as non-current assets	(285,616)	(451,853)
Current portion	6,463,687	6,137,059

14. TRADE AND BILLS RECEIVABLES (Continued)

At the end of the reporting period, the amounts of retentions held by debtors for contract works included in trade receivables for the Group are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Retentions in trade receivables	521,410	950,177
Provision for impairment	(6,321)	(31,558)
Retentions in trade receivables, net	515,089	918,619
Portion classified as non-current assets	(285,616)	(451,853)
Current portion	229,473	466,766

An ageing analysis of the Group's trade receivables, other than retention receivables based on the billing date and net of provision for impairment of trade receivables, as at the end of the reporting period is as follows:

14. TRADE AND BILLS RECEIVABLES (Continued)

Trade receivables

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 3 months	1,737,721	1,689,894
Over 3 months but less than 6 months	948,223	929,095
Over 6 months but less than 1 year	829,612	900,917
Over 1 year	1,965,565	1,591,714
	5,481,121	5,111,620

Retention receivables held by contract debtors arose from the construction work business and are settled within a period ranging from 2 years to 5 years after the completion of the construction work, as stipulated in the construction contracts. The due settlements of the Group's retention receivables as at the end of the reporting period are as follows:

Retention receivable

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Due within one year	128,750	160,103
Due after one year	285,616	451,853
	414,366	611,956

15. CONTRACT ASSETS/CONTRACT LIABILITIES

	As at 1 January 2018 RMB'000 (Audited)	As at 30 June 2018 RMB'000 (Unaudited)
Contract assets	27,786,918	30,981,793
Contract liabilities	(6,247,908)	(4,922,366)
	21,539,010	26,059,427

- (a) Contract assets are initially recognised for revenue earned from construction services as rights to receive consideration are conditional on successful completion of construction. Upon completion of service and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

The significant increase in contract assets in is the result of the increase in ongoing construction services at the six months period ended 2018. The completed contract performance accepted by customers were reclassified to trade receivables when the Group has unconditional right to the consideration.

- (b) Contract liabilities include short-term advances received to construction services, property development and other business. if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

15. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

	As at 1 January 2018 <i>RMB'000</i> (Audited)	As at 30 June 2018 <i>RMB'000</i> (Unaudited)
Contract liabilities from construction contracting	4,374,621	3,123,790
Contract liabilities from property development and other businesses	1,873,287	1,798,576
	6,247,908	4,922,366

Contract liabilities as at the end of the period will be recognised as revenue in the subsequent years.

Set out below is the amount of revenue recognised from:

	For the six months ended 2018 <i>RMB'000</i> (Unaudited)
Amounts included in contract liabilities at the beginning of the period	2,611,884
Performance obligations satisfied in previous years	26,926

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Cash and bank balances	3,644,921	4,708,203
Time deposits	1,285,170	802,456
	4,930,091	5,510,659
Less: Pledged time deposits:		
Pledged for bank loans	(308,144)	-
Pledged for bills payable	(121,178)	(114,933)
Pledged for mortgage	(83,065)	(85,562)
Pledged for others	(26,301)	(22,145)
Cash and cash equivalents	4,391,403	5,288,019

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

17. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

In June 2018, the Group decided to dispose of the 70% interests in Guangan Zhongcheng Real Estate Development Co., Ltd. to third parties. The disposal was classified as a disposal group held for sale as at 30 June 2018.

As at 30 June 2018, details of the assets and liabilities classified as held for sale are as follows:

	30 June 2018 RMB'000 (Unaudited)
<i>Assets</i>	
Property, plant and equipment	1,959
Properties under development	1,116,836
Pledged deposits	1,669
Prepayments, deposits and other receivables	283,232
Cash and cash equivalent	13,727
Assets classified as held for sale	1,417,423
<i>Liabilities</i>	
Trade and bills payables	(8,666)
Contract liabilities	(192,632)
Other payables, advances from customers and accruals	(1,248,853)
Tax payable	(1,466)
Liabilities directly associated with the assets classified as held for sale	(1,451,617)
Net liabilities directly associated with the disposal group	(34,194)

18. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables, as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 6 months	14,733,630	15,763,858
Over 6 months but less than 1 year	8,487,631	7,946,332
Over 1 year but less than 2 years	7,235,830	5,459,279
Over 2 years but less than 3 years	1,851,899	1,215,519
Over 3 years	847,821	464,752
	33,156,811	30,849,740

The trade and bills payables are non-interest-bearing.

Included in the trade and bills payables are trade payables of RMB741,536,000 (2017: RMB532,967,000) due to a fellow subsidiary.

19. SHARE CAPITAL

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Issued and fully paid: 1,761,384,000 (2017: 1,733,334,000) ordinary shares	1,761,384	1,733,334

A summary of movements in the Company's share capital are as follows:

	Share capital	
	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
At the beginning of the period/year	1,733,334	1,200,000
Issuances of new shares in over-allotment of initial public offering (i)	28,050	-
Capital injection by shareholders (ii)	-	100,000
Issue of new shares in initial public offering (iii)	-	433,334
At the end of the period/year	1,761,384	1,733,334

Notes:

- (i) On 5 January 2018, the Company exercised partially the over-allotment option in respect of additional 28,049,500 H shares. The over-allotment shares were issued at HK\$4.46 per H share.
- (ii) In January 2017, the Company's paid-in capital increased to RMB1,300,000,000 by capital injection of shareholders. The Company was a limited liability company and converted into a joint stock company with limited liability in April 2017. The Company's equity of RMB1,554,254,000 was converted into share capital with an amount of RMB1,300,000,000 and capital reserve with an amount of RMB254,254,000 of the joint stock company with limited liability. The capital of the Company upon conversion was RMB1,300,000,000, which was divided into 1,300,000,000 ordinary shares of RMB1 each.
- (iii) In December 2017, the Company issued 433,334,000 H shares through IPO at the price of HK\$4.46 per ordinary share. After closed, the capital of the Company increased to RMB1,733,334,000 which was divided into 1,733,334,000 ordinary shares of RMB1 each.

20. RESERVES

Statutory surplus reserve

In accordance with the PRC Company Law, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statements of changes in equity.

21. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, contingent liabilities provided for in the financial statements were as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Guarantees given to banks in connection with facilities granted to:		
- Third parties	354,020	354,020

As at 30 June 2018, the bank facilities granted to third parties subject to guarantees given to banks by the Group were utilised to the extent of approximately RMB291,910,000 (2017: RMB334,020,000).

21. FINANCIAL GUARANTEE CONTRACTS (Continued)

The balances of financial guarantee contracts are as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
The balances of financial guarantee contracts	14,738	14,174

22. CONTINGENT LIABILITIES

The Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB1,661,302,000 (2017: RMB1,705,192,000), as at 30 June 2018.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The directors of the Group consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made in the financial statements at the end of the reporting period.

23. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Joint venture			
Interest-bearing borrowings provided to	(i)	-	51,500
Interest income		-	2,483
Repayment of the borrowings provided to		-	90,000
Associates			
Construction contracting services provided to	(ii)	7,847	13,445
Repayment of the borrowing provided to		-	90,039
Interest expense		2,254	2,002
Advance to	(iv)	15,489	-
Repayment of the advance to		290,168	-
Key management personnel			
Sale of properties	(ii)	-	4,592
Repayment of interest-bearing borrowing from		-	58,960

23. RELATED PARTY TRANSACTIONS (Continued)

	Notes	Six months ended 30 June	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Audited)
Fellow Subsidiary			
Construction contracting services provided to	(ii)	3,397	81
Purchase of goods and service	(ii)	2,047,116	672,759
Purchase of rental service from		2,997	2,997
Interest-bearing borrowing from		-	1,910,000
Repayment of interest-bearing borrowing from	(iii)	170,000	605,000
Advance to		2,918	-
Interest expense		28,686	21,803

Notes:

- (i) On 18 May 2017, the Group provided loan of RMB51,500,000 to the joint venture which bears the interest rate of 15% and received all the repayment of RMB90,000,000 in June 2017.
- (ii) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (iii) The borrowing from fellow subsidiary of RMB1,265,000,000 bears the annum interest rate of 6.95%, and received the repayment of RMB605,000,000 in the year end 2017 and RMB170,000,000 in June 2018, the rest will mature on 2020.

- (b) Other transactions with related parties

As at 30 June 2018, the Group's interest-bearing bank and other borrowings of nil (2017: RMB127,500,000) were guaranteed or jointly guaranteed by the controlling shareholder and other related parties of our Group.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of the reporting period/year are as follows:

	30 June 2018 RMB'000 (Unaudited)
Financial assets	
Financial assets at fair value through other comprehensive income	549,200
Debt instruments at amortised cost:	
Trade and bills receivables	6,749,303
Financial assets included in deposits and other receivables	4,205,485
Pledged deposits	538,688
Cash and cash equivalents	4,391,403
	<u>15,884,879</u>
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and bills payables	33,156,811
Financial liabilities included in other payables, advances from customers and accruals	2,150,096
Interest-bearing bank and Other borrowings	3,712,354
	<u>39,019,261</u>

24. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	31 December 2017 RMB'000 (Audited)
Financial assets	
Available-for-sale financial investments:	
Available-for-sale investments	488,500
Loans and receivables:	
Trade and bills receivables	6,588,912
Financial assets included in deposits and other receivables	3,660,662
Pledged deposits	222,640
Cash and cash equivalents	5,288,019
	<u>16,248,733</u>
Financial liabilities	
Financial liabilities at amortised cost:	
Trade and bills payables	32,862,741
Financial liabilities included in other payables, advances from customers and accruals	2,706,257
Interest-bearing bank and Other borrowings	3,569,142
	<u>39,138,140</u>

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2018 RMB'000	31 December 2017 RMB'000	30 June 2018 RMB'000	31 December 2017 RMB'000
Financial liabilities				
Bank and other borrowings, non-current portion	1,629,560	1,721,780	1,368,647	1,446,386

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, the current portion of trade and bills receivables, trade payables, the current interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of trade and bills receivables and the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the non-current portion of interest-bearing bank and other borrowings as at the end of the reporting period was assessed to be insignificant.

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value

	Fair value measurement categorised into			
	Level 1 <i>RMB'000</i> (Unaudited)	Level 2 <i>RMB'000</i> (Unaudited)	Level 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Financial assets at fair value through other comprehensive income	-	549,200	-	549,200

No financial assets were measured in fair value at 31 December 2017.

Investment property

30 June 2018

	Fair value measurement categorised into			
	Level 1 <i>RMB'000</i> (Unaudited)	Level 2 <i>RMB'000</i> (Unaudited)	Level 3 <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Investment property	-	-	136,346	136,346

25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Investment property (Continued)

31 December 2017

	Fair value measurement categorised into			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investment property	-	-	135,439	135,439

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2017: nil).

26. COMMITMENTS

At the end of the reporting period/year, the Group had the following commitments:

	As at 30 June 2018 <i>RMB'000</i> (Unaudited)	As at 31 December 2017 <i>RMB'000</i> (Audited)
Contracted, but not provided for: Property, plant and equipment	165,255	5,403

27. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements, no significant event occurred after the reporting period.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements was approved and authorised for issue by the board of directors on 30 August 2018.

DEFINITIONS

“AGM”	annual general meeting of the Company
“Articles of Association” or “Articles”	the articles of association of the Company (as amended from time to time)
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“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 Hong Kong Listing Rules and as at the latest practicable date, refers to Mr. Li Baoyuan, Qianbao Investment and Zhongru Investment
“Director(s)”	the director(s) of the Company

“Guang’an Zhongcheng”	Guang’an Zhongcheng Real Estate Development Co., Ltd. (廣安中誠房地產開發有限公司), a company incorporated in the PRC on 6 January 2014 with limited liability and is directly held as to 100% by Zhongcheng Real Estate
“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
“Hengda Property”	Guang’an Dongfang Hengda Property Development Co., Ltd. (廣安東方恒達房地產開發有限公司), a company incorporated in the PRC on 12 April 2016 with limited liability
“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
“IFRSs”	International Financial Reporting Standards which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
“Initial Public Offering” or “IPO”	The initial public offering of the Company, the details of which is stated in the Prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

DEFINITIONS

“Prospectus”	the prospectus of the Company dated 5 December 2017
“Reporting Period”	the period of six months beginning from 1 January 2018 and ending on 30 June 2018
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“senior management”	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)”	holder(s) of the Share(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)”	supervisors of the Company
“the latest practicable date”	19 September 2018, namely the latest practicable date for determining certain information contained in the Interim Report
“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 on 4 August 1992 with limited liability, and directly and indirectly held as to 100% by the Company
“%”	per cent.



河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED