Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Hebei Construction Group Corporation Limited (河北建設集團股份有限公司) (the "**Company**") hereby announces the annual results of the Company and its subsidiaries for the year ended 31 December 2018. This announcement is in compliance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany the preliminary announcement of annual results.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement will be published on the HKEXnews website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") at www.hkexnews.hk and the website of the Company at www.hebjs.com.cn.

The annual report of the Company for 2018 will be published and dispatched to the Company's H shareholders in due course and will be published on the aforesaid website of the HKEXnews of the Hong Kong Stock Exchange as well as the website of the Company.

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

Hebei, China
25 March 2019

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

CONTENTS

CHAIRMAN'S STATEMENT 3

CORPORATE INFORMATION 5

FINANCIAL HIGHLIGHTS 7

BUSINESS OVERVIEW 9

MANAGEMENT DISCUSSION AND ANALYSIS 19

REPORT OF THE BOARD OF DIRECTORS 24

REPORT OF BOARD OF SUPERVISORS 42

SIGNIFICANT EVENTS 45

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS 48

CORPORATE GOVERNANCE REPORT 52

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES 67

SELECTED FINANCIAL STATEMENTS AND NOTES 85

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS 108

CHAIRMAN'S STATEMENT

Dear Shareholders,

At this cheerful moment, on behalf of the Board of Directors of Hebei Construction Group Corporation Limited, I would like to express my sincere gratitude to all Shareholders and the public for the concerns and support to the Company in the past year!

The year 2018 marked the first full financial year after the Listing of the Company in accordance with the requirements of the Listing Rules. In the past year, bearing in mind the trust and commitment of Shareholders, we stuck to the overarching goal to be "an enterprise with awareness, a legal person with character" (有思想的企業,有人格的法人) and in "character" we mean integrity and ethical conduct, widely recognized by property owners with various economic and technical indicators hitting another record high.

We ' e ed t he t -t to work hard on a high-quality financial platform such as H shares, which enabled the Company to continuously increase its influence in the domestic and international markets, improved its internal control system and business processes, and accelerated the accumulation of internal and external resources.

We da e t c e t e, adhere to scientific management, take the market-oriented approach, and press ahead among peers. The contract value hit the record high. In 2018, the Group's accumulative new contract value reached RMB67.748 billion, representing a year-on-year increase of 10.5%. Meanwhile, by means of a series of measures featuring "Model Transformation, Structural Adjustment, Management Enhancement and Award Priority", we achieved a steady increase in operating income and revenue. In 2018, the Group achieved operating income of RMB46.649 billion, a year-on-year increase of 13.3% and net profit of RMB1.133 billion, a year-on-year increase of 6.2%.

W t h t he f c ' -t g- e de e e t, new progress was obtained in the quality and technology of our projects. The Group was approved to establish the academician workstation, state post-doctorate research working station and the National Enterprise Technology Center. Meanwhile, it was accredited the standing councilorship of the Science and Technology Industrialization Network Alliance of the Chinese Academy of Sciences. Outpatient Building of Baoding No.1 Central Hospital Complex (保定市第一中心醫院門診綜合樓) was unanimously awarded the 2018 Lu Ban Award. We also garnered two China Steel Structure Gold Awards (中國鋼結構金獎), three Chinese Construction Project Decoration Awards (中國建築工程裝飾獎), one Guangsha Prize (廣廈獎

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)*
Mr. Liu Yongjian
Ms. Liu Shuzhen[1]
Mr. Zhao Wensheng[2]

Non-executive Directors
Mr. Li Baoyuan *(Honorary Chairman)*
Mr. Cao Qingshe *(Vice Chairman)*

Independent Non-executive Directors
Mr. Xiao Xuwen
Ms. Shen Lifeng
Ms. Chen Xin
Mr. Chan Ngai Sang Kenny

Supervisors
Mr. Mao Yuanli
(Former Chairman of the Board of Supervisors)[3]
Mr. Yu Xuefeng
(Chairman of the Board of Supervisors)[4]
Mr. Liu Jingqiao
Ms. Feng Xiujian
Mr. Yue Jianming
Mr. Wang Feng

Joint Company Secretaries
Mr. Li Wutie
Ms. Wong Wai Ling *(ACIS, ACS)*

Authorised Representatives
Ms. Shen Lifeng
Ms. Wong Wai Ling *(ACIS, ACS)*

Board Committees
Audit Committee
Ms. Shen Lifeng
(Chairwoman of the committee)
Mr. Li Baoyuan
Mr. Cao Qingshe
Ms. Chen Xin
Mr. Chan Ngai Sang Kenny

Remuneration and Appraisal Committee
Ms. Chen Xin
(Chairwoman of the committee)
Mr. Li Baozhong
Mr. Shang Jinfeng
Ms. Shen Lifeng
Mr. Chan Ngai Sang Kenny

Nomination Committee
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

1 Ms. Liu Shuzhen resigned as the executive Director, vice president and chief economic officer of the Company on 8 January 2019.
2 Mr. Zhao Wensheng took office as the executive Director of the Company on 25 February 2019.
3 Mr. Mao Yuanli resigned as Supervisor and chairman of the Board of Supervisors of the Company on 25 June 2018.
4 Mr. Yu Xuefeng took office as Supervisor and chairman of the Board of Supervisors of the Company on 25 June 2018.

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

	Year ended 31 December				
	2018	2017	2016	2015	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**46,649,243**	41,177,335	38,609,402	27,215,650	24,859,136
Cost of sales	**(44,082,321)**	(38,946,373)	(36,726,588)	(26,199,569)	(24,115,444)
Gross profit	**2,566,922**	2,230,962	1,882,814	1,016,081	743,692
Other income and gains	**202,101**	381,914	201,751	188,182	193,554
Selling and distribution costs	**(28,370)**	(39,300)	(65,955)	(13,238)	(20,135)
Administrative expenses	**(437,884)**	(423,257)	(325,698)	(252,293)	(238,489)
Other expenses	**(249,192)**	(399,368)	(212,882)	(59,523)	(78,406)
Finance costs	**(282,272)**	(182,537)	(230,343)	(186,476)	(121,920)
Share of profits and losses of:					
Associates	**(164,626)**	(3,559)	58,264	19,242	(6,366)
PROFIT BEFORE TAX	**1,606,679**	1,564,855	1,307,951	711,975	471,930
Income tax expense	**(473,625)**	(497,449)	(257,220)	(168,926)	(112,528)
PROFIT FOR THE YEAR	**1,133,054**	1,067,406	1,050,731	543,049	359,402
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	**–**	26,722	(237,128)	(132,816)	(8,091)
Fair value changes of financial assets at fair value through other comprehensive income	**81,200**	–	–	–	–
Impact of income tax	**(20,300)**	–	–	–	–
Other comprehensive income, net of tax	**60,900**	–	–	–	–
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,193,954**	1,094,128	813,603	410,233	351,311
Attributable to:					
Owners of the parent	**1,173,420**	1,052,246	768,178	406,277	358,486
Non-controlling interests	**20,534**	41,882	45,425	3,956	(7,175)
	1,193,954	1,094,128	813,603	410,233	351,311
Basic earnings per share attributable to ordinary equity holders of the parent	**0.63**	0.80	0.64	0.34	0.46

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2018	2017	2016	2015	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS	**60,720,038**	50,758,662	61,406,992	52,142,699	43,277,147
TOTAL LIABILITIES	**(55,031,645)**	(46,447,353)	(58,317,314)	(49,970,930)	(41,331,022)
NON-CONTROLLING INTERESTS	**(510,606)**	(408,622)	(255,443)	(90,862)	(95,495)
	5,177,787	3,902,687	2,834,235	2,080,907	1,850,630

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2018	2017	2016	2015	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**3,281,188**	2,163,369	1,524,130	2,446,183	2,260,468
Total current assets	**57,438,850**	48,595,293	59,882,862	49,696,516	41,016,679
Total assets	**60,720,038**	50,758,662	61,406,992	52,142,699	43,277,147
Equity attributable to owners of the parent	**5,177,787**	3,902,687	2,834,235	2,080,907	1,850,630
Non-controlling interests	**510,606**	408,622	255,443	90,862	95,495
Total equity	**5,688,393**	4,311,309	3,089,678	2,171,769	1,946,125
Total non-current liabilities	**1,365,450**	1,721,780	540,280	1,489,457	1,285,695
Total current liabilities	**53,666,195**	44,725,573	57,777,034	48,481,473	40,045,327
Total liabilities	**55,031,645**	46,447,353	58,317,314	49,970,930	41,331,022
Total equity and liabilities	**60,720,038**	50,758,662	61,406,992	52,142,699	43,277,147

BUSINESS OVERVIEW

Pa t I: I d t O e e

O e e f ac ec Ch a: In 2018, the annual nominal gross domestic product ("**GDP**") in China was RMB90,030.9 billion, representing an increase of 6.6% from last year based on comparable price. Despite the slowdown in growth, nominal GDP in China is still expected to show a CAGR of 7.9% from 2016 to 2021, reaching RMB106.3 trillion in 2021, driven by the strong potential in domestic consumption, government stimulus policy and continuous investment in fixed assets.

The construction industry plays a significant role in the development of national economy. Building construction, infrastructure construction and professional supporting services are important components of the construction industry in China. Total output value of the construction industry for 2018 was RMB23,508.6 billion, representing a year-on-year increase of 9.9%, which was higher than the national GDP growth. The national building construction area amounted to 14.09 billion sq.m., representing a year-on-year growth of 6.9%. The newly commenced construction area increased by 17.2% year-on-year to 2,093.42 million sq.m., of which newly commenced residential area went up by 19.7%. In 2018, national fixed assets investment (excluding farmers, the same hereafter) amounted to RMB63,563.6 billion, of which infrastructure investment (excluding in electricity, heat, fuel gas and water production and supply industries) increased by 3.8% from the last year.

O e e f ac ec he Be g-T a -Hebe Reg : The Beijing-Tianjin-Hebei Region, which is the region with the highest urbanization rate in Northern China, covers Beijing, Tianjin and 11 prefecture-level cities in Hebei Province (including Baoding, Tangshan, Langfang, Shijiazhuang, Xingtai, Handan, Hengshui, Cangzhou, Qinhuangdao, Zhangjiakou and Chengde). The coordinated development of the Beijing-Tianjin-Hebei Region aims at promoting the synergetic development of Beijing, Tianjin and Hebei. Its missions are to build a new capital-centered economic circle, to promote the innovation of regional development mechanism. It is an effective way to explore ecological civilization construction and the coordinated development of population, economy, resources and environment.

On 1 April 2017, the CPC Central Committee and the State Council issued a notice to set up Xiong'an New Area in Hebei Province. Located in the hinterland of Beijing, Tianjin and Baoding, Xiong'an New Area covers the three counties of Xiongxian, Rongcheng and Anxin in Hebei Province and their surrounding area. The decision is to relieve the non-capital functions of Beijing and to advance the coordinated development of the Beijing-Tianjin-Hebei Region. The establishment of Xiong'an New Area

Pa t II: O e e f C a , B e

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

- Construction contracting business. We provide construction contracting services mainly as a general contractor for building construction projects and infrastructure construction projects.

- Other businesses. We also engage in property development, service concession arrangements and other businesses.

Our total revenue increased from RMB41,177 million in 2017 to RMB46,649 million in 2018, representing a year-on-year growth of 13.3%. Our profit for the year increased by 6.2% from RMB1,067 million in 2017 to RMB1,133 million in 2018. A substantial majority of our revenue was generated from the construction contracting business, which mainly comprises building construction business, infrastructure construction business and specialized and other construction contracting business. Of which, new contract value increased by 10.5% from RMB61,309 million in 2017 to RMB67,748 million in 2018, and ongoing contract backlog increased by 21.2% from RMB67,266 million in 2017 to RMB81,554 million in 2018.

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

Yea	2017	**2018**
RMB100 million	613.09	
Share of Beijing-Tianjin-Hebei Region	56.66%	
Share of other regions	43.34%	

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

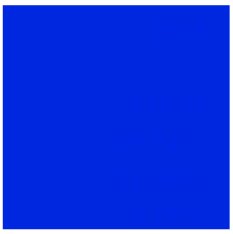
Yea	2017
RMB100 million	613.09
Share of building construction	63.46%
Share of infrastructure construction	33.68%
Share of specialized and other construction	2.86%

Ongoing contract backlog of building construction business (by region):

Yea	2017
RMB100 million	672.66
Share of Beijing-Tianjin-Hebei Region	61.27%
Share of other regions	38.73%

Ongoing contract backlog of the building construction business (by segment):

Yea	2017
RMB100 million	672.66
Share of building construction	70.51%
Share of infrastructure construction	23.16%
Share of specialized and other construction	6.33%



(1) B d g C c t B e

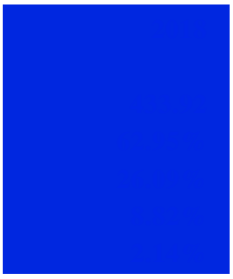
We provide construction contracting services for residential, public works, industrial and commercial construction projects. We undertook most of such construction projects as a general contractor. As a general contractor, we perform all the main aspects of the construction project, including building construction, foundation works, curtain wall construction, building decoration and fireproofing projects. We are also responsible for engaging subcontractors in providing construction services and the labor force for the construction project, coordinating the work of all parties, providing the major equipments and machinery, procuring raw materials and ensuring that the construction project is on schedule. In 2017 and 2018, new contract value of building construction projects was RMB38,909 million and RMB43,392 million, and ongoing contract backlog was RMB47,430 million and RMB56,881 million, respectively.

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

Yea	2017
RMB100 million	389.09
Share of Beijing-Tianjin-Hebei Region	53.60%
Share of other regions	46.40%

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

Yea	2017
RMB100 million	389.09
Share of residential construction	48.78%
Share of public building construction	37.26%
Share of industrial building construction	10.03%
Share of commercial building construction	3.93%



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

Yea	2017
RMB100 million	474.30
Share of Beijing-Tianjin-Hebei Region	60.67%
Share of other regions	39.33%

Ongoing contract backlog of the building construction business (by segment):

Yea	2017
RMB100 million	474.30
Share of residential construction	56.08%
Share of public building construction	27.79%
Share of industrial building construction	11.43%
Share of commercial building construction	4.70%

(2) Infrastructure Construction Business

In addition to building construction, which has been our core business, we are also providing increasing construction contracting services for municipal and transportation infrastructure projects, including facilities for water supply and treatment, gas and heating, urban pipelines, roads, bridges and airport runways. We undertook most of such construction projects as a general contractor. Our infrastructure construction customers are primarily local governments. In 2017 and 2018, new contract value of infrastructure construction projects was RMB20,648 million and RMB17,241 million, and ongoing contract backlog was RMB15,576 million and RMB17,196 million, respectively.

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

Yea	2017
RMB100 million	206,48
Share of Beijing-Tianjin-Hebei Region	60.90%
Share of other regions	39.10%

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

Yea	2017
RMB100 million	206,48
Share of municipal infrastructure construction	69.50%
Share of transportation infrastructure construction	30.50%

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

Yea	2017
RMB100 million	155.76
Share of Beijing-Tianjin-Hebei Region	58.14%
Share of other regions	41.86%

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

Yea	2017
RMB100 million	155.76
Share of municipal infrastructure construction	60.85%
Share of transportation infrastructure construction	39.15%

(3) 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. In 2017 and 2018, new contract value of specialized and other construction contracting business was RMB1,752 million and RMB7,115 million, and ongoing contract backlog was RMB4,260 million and RMB7,477 million, respectively.

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

Yea	2017
RMB100 million	17.52
Share of Beijing-Tianjin-Hebei Region	75.00%
Share of other regions	25.00%

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

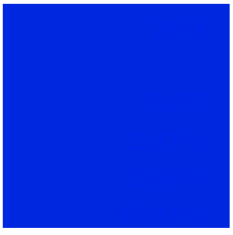
Yea	2017
RMB100 million	17.52
Share of electrical and mechanical installation	46.46%
Share of steel structures	8.50%
Share of other construction business	45.04%

Ongoing contract backlog of the specialized and other construction contracting business (by region):

Yea	2017
RMB100 million	42.60
Share of Beijing-Tianjin-Hebei Region	79.47%
Share of other regions	20.53%

Ongoing contract backlog of the specialized and other construction contracting business (by segment):

Yea	2017
RMB100 million	42.60
Share of electrical and mechanical installation	9.78%
Share of steel structures	10.09%
Share of other construction business	80.13%



Pa t III: Re ea ch a d De e e Ach e e e a d A a d

The Company has expanded its market to 31 provinces, municipalities and autonomous regions, as well as nearly 10 overseas countries. As of now, it has launched 22 projects and participated in 12 projects that won the Lu Ban Awards. The Company has received the "National Quality Award (全國質量獎)", "National Quality Project Award (國家優質工程獎)", "Steel Structure Gold Award (鋼結構金獎

4. In 2018, the Company was awarded one Lu Ban Award, three "Chinese Construction Decoration Project Awards (中國建築工程裝飾獎)", two "China Steel Structure Gold Awards (中國鋼結構金獎)" and 59 provincial-level quality construction awards.

5. In 2018, the Company was approved to establish the National Enterprise Technology Center, which set up a broader technology platform for the Group.

6. In 2018, the Company was approved to establish a postdoctoral research workstation, thereby introducing " external brain" to the Group and laying a solid technological foundation.

7. In 2018, the Organization Department of the CPC Hebei Provincial Committee, the Science and Technology Department of Hebei Province and the science and technology association of Hebei Province reviewed and recognized the Company's academician workstations, which introduced academician intelligence to enhance the Group's scientific and technological innovation capability.

8. In 2018, the Company joined the Science and Technology Industrialization Network Alliance initiated by the Chinese Academy of Sciences and held standing councilorship.

Pa t IV: O t

In 2019, the Company will continue to adopt the strategy of "foundation strengthening, business upgrade, further innovation and sustainable development". Centering on the performance excellence model and focusing on efficiency, it will pursue various goals with high-caliber talents by adopting information technology and innovation measures, while the Project Department will be guided by the operation manual to provide strong support. To this end, we will attach importance to the following tasks:

( ) F f g he Re b e f a L ed C a a d Sha g he De e e D de d h Sha eh de

The Shareholders' investment in the Company is an epitome of their trust and support to us. We have established a sense of respect for Shareholders and prioritize their interests. We will earnestly consider the interests of Shareholders and consciously safeguard their interests to satisfy and reassure them.

3. Daring to be a responsible enterprise

We will actively bear the responsibility with gratitude, and further shape our employees into individuals responsible for the Company, for families, for customers, and for the society and shape ourselves into an enterprise responsible for the "five stakeholders". We will earnestly practice faithful operation, compliance management, lawful tax payment and employment stimulation to actively reward the society.

4. Sharing development dividends with employees and their families

We will continue to rely on employees for development and grow with employees, sharing development dividends with them and creating a happy and decent life for them.

The Company is an enterprise with ideals, pursuits and responsibilities promising robust development momentum. We will make persistent efforts and ride on our success for sustainable development. Hebei Construction Group is committed to be a brand enterprise to the happiness of employees, pride of Shareholders and respect of the society. We are sure to be a century-old enterprise seeking common development with ever-lasting foundation!

FINANCIAL REVIEW

Operating Income, Operating Cost and Gross Profit

Revenue of the Group increased by 13.3%, or approximately RMB5,472 million from approximately RMB41,177 million in 2017 to RMB46,649 million in 2018, which was mainly due to a growth of RMB5,442 million in construction contracting business, a decrease of RMB703 million in property development business and an increase of RMB733 million in other business.

In particular:

(1) Segment operating results of construction contracting business

	2017				2018			
	Revenue *RMB100 million*	Cost *RMB100 million*	Gross profit *%*	Percentage *%*	Revenue *RMB100 million*	Cost *RMB100 million*	Gross profit *%*	Percentage *%*
Building construction business	244.64	235.72	3.6	62.9	**297.29**	**285.76**	**3.9**	**67.0**
Infrastructure construction business	95.03	90.60	4.7	24.4	**107.54**	**100.07**	**6.9**	**24.2**
Specialized and other construction business	49.42	46.68	5.5	12.7	**38.69**	**37.47**	**3.2**	**8.7**
Total	389.09	373.00	4.1		**443.52**	**423.30**	**4.6**	

When compared with the same period last year, of each category of the Group's revenue of

(2) The Group has been engaged in property development for many years. However, due to the Group's strategy policy to reduce the scale of property development, the related revenue significantly dropped.

(3) The other types income of the Group are mainly from the BOT business during construction period and concrete sales. The related income increased by RMB733 million in 2018 compared with 2017.

The gross profit margin of each business segment has increased. Gross profit margin from the construction contracting business increased from 4.1% in 2017 to 4.6% in 2018. As the Group has paid more attention to the quality of construction projects in recent years, generally speaking, the gross profit margin has increased steadily and the gross profit margin of each segment has also increased during the period.

Other Income and Gains

Other income and gains decreased by approximately RMB180 million from approximately RMB382 million in 2017 to RMB202 million in 2018, mainly due to no gains from disposal of subsidiaries and major long-term assets during the period.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately RMB11 million from RMB39 million in 2017 to RMB28 million in 2018, which was mainly attributable to the pre-sale of major projects of real estate companies in the previous years, and a decrease in sales staff salaries and advertising expenses.

Administrative Expenses

Administrative expenses increased by approximately RMB15 million from approximately RMB423 million in 2017 to approximately RMB438 million in 2018, which was mainly due to the increase in employee salaries this year.

Finance Costs

Finance costs, which are interest expenses on bank borrowings, increased by approximately RMB99 million from approximately RMB183 million in 2017 to approximately RMB282 million in 2018. The increase of finance costs 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 interest rates increased when compared with the same period last year.

Share of Profits and Losses of Associates

Share of losses of associates increased by approximately RMB161 million from approximately RMB4 million in 2017 to RMB165 million in 2018, which was mainly due to significant losses from associates.

Income Tax Expenses

Income tax expenses decreased by approximately RMB23 million from approximately RMB497 million in 2017 to approximately RMB474 million in 2018. The decrease in income tax expenses was mainly attributable to the decrease in the delivery by real estate enterprises this year, which led to a decrease in the impact of land value-added tax on income tax expenses.

Liquidity, Financial Resources and Capital Structure

The Group finances operations primarily through cash generated from operating activities and interest-bearing borrowings. As of 31 December 2018 and 31 December 2017, the Group had cash and cash equivalents of approximately RMB5,818 million and approximately RMB5,288 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.

Investments in Associates

The Group added an investment of RMB20 million to its associate Hebei Zitan Real Estate Development Co., Ltd. and holds a 40% stake, RMB17 million to Bozhou Xiangju Construction Engineering Co., Ltd. and holds a 11% stake, and RMB3 million to Zhongyuan Environmental Protection (Neihuang) LiangLi Ecological Construction Project Management Co., Ltd. and holds 5% stake. During the year, as a result of loss of control in a subsidiary, Guangan Zhengcheng Real Estate Development Co., Ltd. (廣安中誠房地產開發有限公司) due to partial disposal of equity interests, the remaining equity interests were accounted for as investment in associates.

Contract Assets

The Group adopted IFRS 15 in this period. According to the IFRS 15, amounts due from customers from contract works, receivables under service concession arrangements and undue retention receivable were reclassified to contract assets. The amounts due from customers from contract works and receivables under service concession arrangements increased by approximately 34.2%, from approximately RMB28,239 million as of 31 December 2017 to approximately RMB37,896 million as of 31 December 2018.

Trade and Bills Receivables

The balance of trade receivables decreased by approximately RMB186 million or 4.3% from approximately RMB6,588 million as of 31 December 2017 to approximately RMB6,402 million as of 31 December 2018 with basically no change.

Trade and Bills Payables

The balance of trade and bills payables increased by approximately RMB7,469 million from approximately RMB30,850 million as of 31 December 2017 to approximately RMB38,319 million as of 31 December 2018, mainly due to the increase in the quantities of new projects in 2018 in the current period, resulting in a corresponding increase in trade payables. The balance of bills payable increased by about RMB217 million from the end of last year, mainly due to the change of the settlement method between the Group and some of the long-term cooperative suppliers to settlement via bills.

Financial Ratios

	31 December 2018	31 December 2017
Current ratio (times) [(1)]	**1**	1
Quick ratio (times) [(2)]	**1**	1
Gearing ratio [(3)]	**61.2%**	82.8%
Return on assets [(4)]	**2.0%**	2.0%
Return on equity [(5)]	**22.7%**	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%.

B g a d A e t M t gage

As of 31 December 2018, the Group's interest-bearing borrowings were approximately RMB3,480 million (31 December 2017: approximately RMB3,569 million), which carried annual effective interest rates of 4.7% to 12.0% (31 December 2017: annual interest rates of 4.7% to 15.0%).

Ca t a E e d t e

In 2018, capital expenditures amounted to approximately RMB246 million, an increase of RMB118 million from RMB128 million in 2017, which was mainly due to the addition of construction in progress and the property purchased for office use.

Ca t a C t e t

The Group had a significant capital commitment of RMB235 million as of 31 December 2018.

RMB E cha ge Ra e F c t a t a d E cha ge R

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.

REPORT OF THE BOARD OF DIRECTORS

The Board hereby presents this report of the Board of Directors and annual results announcement, and the consolidated financial statements of the Group for 2018, which have been prepared in accordance with the IFRSs, to the Shareholders.

Corporate Information and Initial Public Offering

The Company is a joint stock company incorporated in the PRC with limited liability on 7 April 2017. The H Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 15 December 2017.

Basic information of the Company is set out in "Corporate Information" on page 5 to page 6 of this announcement.

Business Review

The Company is a leading non-state owned construction group in China, providing integrated solutions primarily for the construction contracting of buildings and infrastructure projects. Rooted in Hebei Province for 67 years, we are well-positioned to benefit from the coordinated development of the Beijing-Tianjin-Hebei Region, a national strategy of China.

We are principally engaged in the following businesses:

- **Construction contracting business**: The Group provides construction contracting services mainly as a general contractor for building construction projects and infrastructure construction projects.
- **Other business**: The Group also engages in property development, service concession arrangements and other businesses.

The discussion and analysis of the Group's results and performance, major factors affecting the results and financial condition during the year, and future development are set out in "Business Overview" on page 9 to page 18, "Management Discussion and Analysis" on page 19 to page 23, this "Report of the Board of Directors" and "Significant Events" on page 45 to page 47 of this announcement.

Details of major subsidiaries of the Company will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

E e a P c a d Pe f a ce f he C a

The Group has established and implemented an environmental compliance system to specify various environmental protection procedures and measures and ensure the Group's compliance with international standards and the relevant PRC laws and regulations. The Group has adopted corresponding environmental protection measures to ensure compliance with relevant laws and regulations, including noise control, air pollution control, as well as solid waste and waste water treatment.

In 2018, the Company attached great importance to environmental protection and always born in mind the social responsibilities of enterprises. In strict compliance with the national and industrial environmental protection laws and regulations and standards, the Company continuously strengthened the environmental management of construction projects in the lifecycle from design to procurement, construction, acceptance, delivery and utilization in line with the environmental management system established by GB/T 24001-2016 idt ISO14001:2015. Meanwhile, according to the ADLI model of excellent performance, it identified and evaluated environmental risk factors, formulated targeted measures to control them and specified responsible departments, personnel and emergency plans to minimize environmental risks and ensure the effective operation and continuous improvement of the environmental management system. Therefore, compliance indicators with local environmental protection laws and regulations achieved 100% with no major environmental protection incidents or major public disturbance and nuisance complaints surrounding the construction area.

The Company set up a green construction guarantee system with equal attention given to early planning and process control. It fully implemented green construction and new technologies for energy conservation and emission reduction, organized the preparation of a special plan for green construction to clarify the target index of "Four Conservations and One Protection (四節一環保)", and strengthened the control of pollutants such as construction dust, noise, wastewater, waste, domestic garbage, transportation spillage and light pollution, especially the "six one-hundred-percent (六個百分百)" standard for dust control on construction sites. Before the commencement (resumption) of the project, the amount of water and electricity will be budgeted and a reduction plan will be drawn up. Measures such as solar energy, rain/sewage recovery, recycling and standardized tool facilities will be taken to save energy and reduce consumption. Regular statistical analysis and comparison of the consumption of "water and electricity" and other energy resources will be carried out, and dynamic rectification will be made. Efforts will be made to build environmentally friendly and resource-saving green civilized and standardized construction sites, so as to construct green, clean, low-carbon and environment-friendly energy-saving buildings for customers.

In 2018, four projects of the Company were enrolled in the second batch of "Green Construction Demonstrative Project" in Hebei Province in 2018. At the same time, four projects passed the mid-term review and acceptance of the "Green Construction Demonstrative Project" in Hebei Province. The Company won several honors for in welcoming the competent department in charge of green construction, especially dust inspection during construction. The No. 8 Branch was awarded RMB60,000 as environmental protection funds from Beijing Economic Development Zone, and the Country Garden Project in Xiliu Lake of Zhengzhou of Shijiazhuang Branch was awarded the title of "Advanced Unit" in dust control by the High-tech Zone for three times.

Further details of the environmental policy and performance of the Company will be set out in the Environmental, Social and Governance Report to be issued by the Company when and as appropriate.

Compliance with Laws and Regulations

As a joint stock limited liability company established in the PRC with H Shares listed on the Hong Kong Stock Exchange, the Company is governed by the Company Law and other relevant domestic laws and regulations, the Listing Rules and the Securities and Futures Ordinance. The Company mainly conducts business in China and all of its operations are subject to the applicable PRC laws, administrative regulations, departmental regulations and other regulatory documents. The Company is principally under the supervision of the MOHURD, the NDRC, the MOFCOM, the Ministry of Emergency Management, the Ministry of Ecology and Environment and the local administrative authorities for environmental protection and is required to follow the regulations promulgated by such authorities in relation to qualifications for construction contracting and construction design, bids, property development, production safety, supervision of the quality and inspection and acceptance, environmental protection and labor and personnel.

The Group strictly abides by the following laws and regulations:

The Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, the Labor Dispute Mediation and Arbitration Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Implementing Measures for Having Interviews for the Work Safety Purpose (for Trial Implementation), the Administrative Measures for the Identification and Investigation of and Punishment Against Illegal Acts During Award and Undertaking of the Construction Contracts for Construction Projects, Administrative Measures for Construction Permits of Construction Projects, Regulations of Hebei Province on Water Pollution Prevention, Audit Law of the People's Republic of China, Accounting Standards for Business Enterprises-Basic Standards, Implementing Regulations of the Audit Law of the People's Republic of China, Supervision Law of the People's Republic of China, Criminal Law of the People's Republic of China, Contract Law of the People's Republic of China, Civil Procedure Law of the People's Republic of China, Environmental Protection Law of the People's Republic of China, General Rules of the Civil Law of the People's Republic of China, the Construction Law of the People's Republic of China, Bid Invitation and Bidding Law of the People's Republic of China, the Accounting Law of the People's Republic of China, Law of the People's Republic of China on Certified Public Accountants, the Budget Law of the People's Republic of China, Law of the People's Republic of China on Enterprise Income Tax, the Individual Income Tax Law of the People's Republic of China, Administrative Measures for the Takeover of Listed Companies, the Enterprise Bankruptcy Law of the People's Republic of China, Company Law of the People's Republic of China, Trademark Law of the People's Republic of China and Labor Union Law of the People's Republic of China.

The Group has implemented internal control to ensure the compliance with such laws and regulations. Having reviewed the Group's business, the Board is of the view that the Group is in compliance with the requirements of relevant laws and regulations in material respects.

U e f P ceed f he I a P b c Offe g

The Company was listed on the Main Board of the Hong Kong Stock Exchange since 15 December 2017. The net proceeds received by the Company from the initial public offering of new Shares for the Listing on the Stock Exchange and the issue of new Shares pursuant to the partial exercise of the Over-allotment Option (as defined in the Prospectus) were approximately HK$1,971.8 million (net of Stock Exchange trading fee, SFC transaction levy, share registration fee and fees charged by the receiving banks). The Company intends to use such proceeds for the proposed purposes set out in "Future Plans and Use of Proceeds" in the Prospectus of the Company dated 5 December 2017.

As of the end of the Reporting Period, the use of net proceeds from the Global Offering of the Company is set out below:

The e f e ceed e t he P ec	O g a a ca f e ceed		A f e ceed d a f 31 Dece be 2018		Re a g e ceed a f 31 Dece be 2018	
	Approximate amount (RMB million)	*Approximate percentage (%)*	*Approximate amount (RMB million)*	*Approximate percentage (%)*	*Approximate amount (RMB million)*	*Approximate percentage (%)*
Proceeds used to undertake the construction of certain construction contracting projects remaining to be completed	630.98	40	624.35	39.58	6.63	0.42
To fund equity investment commitments of the Group under existing and future PPP projects	630.98	40	0	0	630.98	40
To repay the principal of and interest on the Group's loans on or before their respective maturity dates	157.74	10	144.00	9.13	13.74	0.87
General corporate purposes	157.74	10	155.52	9.86	2.22	0.14
T a *	**1,577.44**	**100.00**	**923.87**	**58.57**	**653.57**	**41.43**

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

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

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

Domestically, the Company strictly controlled the raised funds according to the instructions of policy documents of the SAFE and the use of proceeds described in the Prospectus. As of 31 December 2018, the total amount of recycling funds was HK$1,380.30 million, the accumulative settlement of exchange with the recycling funds was approximately HK$1,380.18 million, the proceeds from the settlement of exchange were approximately RMB1,126.12 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 of 31 December 2018, approximately HK$0.12 million of foreign exchange was retained inside Mainland China but had not been settled, and approximately RMB202.24 million of foreign exchange was settled to RMB but had not been paid.

Overseas, according to the requirements of the SAFE that "not less than 70% of the raised funds shall be recycled to Mainland China for settlement of foreign exchange", as of 31 December 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) approximately HK$15.43 million was retained in the listing collection account opened with the Bank of China Hong Kong Branch. (2) A total of HK$134.00 million was transferred into Industrial Bank Hong Kong Branch, and approximately RMB107.02 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 RMB152.49 million was transferred into the proceeds from the settlement of foreign exchange in HK dollars. (4) A total of HK$259.00 million was transferred into Bank of Communications Hong Kong Branch, and approximately RMB213.56 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$0.32 million. (5) A total of HK$0.15 million was transferred into Wing Lung Bank, Limited.

Save as used above, as of 31 December 2018, the remaining funds of the Company's proceeds were approximately HK$16.02 million, and RMB675.31 million had not been used, which was deposited in a special account opened by the Company in the bank.

References are made to the circular dated 14 January 2019 of 2019 first extraordinary general meeting of the Company and the announcement dated 25 February 2019 of poll results of 2019 first extraordinary general meeting of the Company. On 25 February 2019, the proposal on change in use of net proceeds from the Global Offering was considered and approved at the 2019 first extraordinary general meeting of the Company, including (1) the equity investment amount initially to be used under the Group's existing and future PPP projects be adjusted to be used to fund the Group's existing and future equity investment; (2) certain net proceeds initially to be used to fund the Group's equity investment commitments under existing and future PPP projects (approximately RMB157.7 million) be allocated to be used for general corporate purposes of the Group, including but not limited to payment of office rent, maintenance costs, employee costs, professional expenses and other expenses in the daily operation of the Company. Save as above, there are no other changes in the use of net proceeds from the Global Offering of the Company.

The Company will gradually put the abovementioned net proceeds into use according to development strategy, market condition and the revised utilization plan. The Company expects that the remaining unused proceeds will be fully used by 31 December 2020. Set out below is the revised proceeds utilization plan of the Company, including the net proceeds used as of the date of this announcement:

Use of proceeds	**Amount of proceeds used as of the date of this announcement**		**Planned amount of proceeds to be used from the date of this announcement to 31 December 2020**	
	Approximate amount (RMB million)	*Approximate percentage (%)*	*Approximate amount (RMB million)*	*Approximate percentage (%)*
Proceeds used to undertake the construction of certain construction contracting projects remaining to be completed	624.35	39.58	6.63	0.42
To fund the Group's existing and future equity investment commitments	213.17	13.51	260.06	16.49
To repay the principal of and interest on the Group's loans on or before their respective maturity dates	144.00	9.13	13.74	0.87
General corporate purposes	155.77	9.87	159.72	10.13
Total *	**1,137.29**	**72.09**	**440.15**	**27.91**

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

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

Results and Distribution

The results of the Group for the year ended 31 December 2018 are set out in the Consolidated Statement

F a D de d I c e Ta A cab e O e ea Sha eh de

W hh d g a d Pa e f EIT beha f f O e ea N -Re de E e e Sha eh de

Pursuant to the applicable provisions of the EIT Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Circular on Issues Relating to the Withholding of EIT by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the SAT, the Company will withhold and pay EIT at the rate of 10% when it distributes the final dividend to overseas non-resident enterprise Shareholders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder on behalf of investors who invest in the H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect).

W hh d g a d Pa e f I d d a I c e Ta beha f f O e ea I d d a Sha eh de

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, the Tax Notice, the Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H Shareholders:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the final dividend;

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the final dividend. If relevant individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H Shareholders in the distribution of the final dividend; and

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H Shareholders in the distribution of the final dividend.

Share Capital Issue

As of 31 December 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 movement of the share capital of the Company during the Reporting Period will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

Repurchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, the Company and the Group did not repurchase, sale or redeem any of the Company's listed securities.

Property, Plant and Equipment

Details of property, plant and equipment of the Group for 2018 will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

Taxation

Details of the taxation of the Group for 2018 are set out in note 7 to the selected financial statements and notes.

Events after the Balance Sheet Date

Details of the events after the balance sheet date of the Group will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

Capital Reserve, Surplus Reserve and Special Reserve

Details of capital reserve, surplus reserve and special reserve of the Group for 2018 will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

Distributable Reserves

As of 31 December 2018, the distributable reserves (undistributed profits) of the Company amounted to RMB1,617 million.

Article 202 of the Articles of Association requires that, "the Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements."

There is no significant difference between the net assets as at the end of 2018 calculated by the Group based on the PRC accounting standards and the IFRS. Details of distributable reserves of the Company as at 31 December 2018 will be set out in the relevant note(s) to the financial statement to be included in the annual report published by the Company in due course.

The Board proposed to allocate 10% of the profit after tax to the statutory surplus reserve in accordance with the Company Law and the Articles of Association, without withdrawing from the discretionary common reserve.

Major Clients and Suppliers

For the year ended 31 December 2018, total sales to the five largest customers of the Company accounted for approximately 6.2% of the total revenue for the year, while the total sales to the largest customer accounted for approximately 1.8% of the total revenue for the year.

For the year ended 31 December 2018, the total purchase from the five largest suppliers of the Company accounted for approximately 10.0% of the cost of sales for the year, while the total purchase from the largest supplier accounted for approximately 8.8% of the cost of sales for the year.

During 2018, none of the Directors, their close associates or, to the knowledge of the Directors, any Shareholders of the Company holding more than 5% of the issued share capital of the Company had any interest in any of the five largest customers or suppliers of the Group.

The construction contracting customers of the Group mainly include universities, hospitals, civil aviation authorities, other government agencies and public institutions, state-owned enterprises and large property development companies in the PRC. The Group has been able to establish long-term and stable relationships with customers by leveraging the track record of providing high-quality, timely and safe construction contracting services. Most of the large customers have cooperated with the Group for multiple times, and the Group's longest cooperation with existing customers has been over 30 years. As of the end of the Reporting Period, the Group had over 600 customers to whom it has provided services in two or more projects. The Group will continue to designate members of senior and mid-level management maintain relationships with major clients by conducting periodic visits to collect their feedback, understand their needs and learn about their new projects. The Group typically wins contracts for the construction services through bidding and tender procedures.

The customers of the Group's property development business are mainly individuals who are purchasing residential or commercial properties. The Group conducts sales and marketing activities primarily through its own sales teams and sales agents. The Group's primary sales promotion methods are Internet advertisements, print materials, indoor exhibitions, outdoor advertisements and proactive engagement with target customers. Customers are given the option to pay the purchase price for property as a lump sum or to finance their purchase through a mortgage. In line with market practice, the Group makes arrangements with various banks to provide mortgage loans to customers, and provides guarantees for customers' mortgage loans.

The Group's procurement of raw materials and leasing of equipment and machinery are typically conducted either through a bidding process or directly from suppliers selected from a list of qualified suppliers. Since April 2016, the majority of such biddings have been conducted through Yuncai Network, a business-to-business online procurement platform developed, operated and owned by the Group. In addition, the Group's membership in the China Construction Industry Association also offers it access to a broader range of suppliers.

During the Reporting Period, the Group maintained good cooperation with major customers and suppliers. The Group kept close connection with customers and suppliers, and established a wide range of channels, including telephone, email and physical meeting to communicate with them on an ongoing basis, so as to obtain their feedbacks and suggestions.

E ee

Employees are the key to the Group's sustainable development. For details of the Group's employees, please refer to "Directors, Supervisors, Senior Management and Employees – Staff Information" on page 83 to page 84.

Ba L a a d O he B g

Details of bank loans and other borrowings of the Group as at 31 December 2018 will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

E ed De a d O e d e T e De

As of 31 December 2018, the Group had neither entrusted deposits in financial institutions in the PRC nor had it failed to collect any time deposits upon maturity.

E e a D a

In 2018, the Company donated a total of RMB5 million to local charities and governments of impoverished counties.

Directors, Supervisors and Senior Management

Set out below are details of the Directors, Supervisors and senior management of the Company during the year of 2018 and as of the date of this announcement:

Name	Position held in the Company	Date of Appointment
Directors, Supervisors and senior management		
Directors		
Executive Directors		
Mr. Li Baozhong	Chairman and executive Director	25 October 2010
Mr. Shang Jinfeng	Executive Director and president	31 March 2017
Mr. Liu Yongjian	Executive Director and vice president	20 December 2013
Mr. Zhao Wensheng	Executive Director, chief accountant and director of finance	25 February 2019
Non-executive Directors		
Mr. Li Baoyuan	Honorary chairman and non-executive Director	26 October 1997
Mr. Cao Qingshe	Vice chairman and non-executive Director	25 October 2010
Independent non-executive Directors		
Mr. Xiao Xuwen	Independent non-executive Director	15 December 2017
Ms. Shen Lifeng	Independent non-executive Director	15 December 2017
Ms. Chen Xin	Independent non-executive Director	15 December 2017
Mr. Chan Ngai Sang Kenny	Independent non-executive Director	15 December 2017
Supervisors		
Mr. Yu Xuefeng	Chairman of the Board of Supervisors and Shareholder Supervisor	25 June 2018
Mr. Liu Jingqiao	Employee Supervisor	31 March 2017
Ms. Feng Xiujian	Shareholder Supervisor	23 January 2013
Mr. Yue Jianming	Employee Supervisor	31 March 2017
Mr. Wang Feng	Shareholder Supervisor	31 March 2017
Senior Management		
Mr. Shang Jinfeng	Executive Director and president	31 March 2017
Mr. Liu Yongjian	Executive Director and vice president	17 January 2008
Mr. Gao Qiuli	Vice president and chief engineer	22 July 2001
Mr. Zhao Wensheng	Executive Director, chief accountant and director of finance	23 January 2013
Mr. Zhang Wenzhong	Chief economic officer	8 January 2019
Mr. Li Wutie	Board secretary and assistant to president	31 March 2017

Name	Position held	Term
Resigned Directors, Supervisors and senior management		
Ms. Liu Shuzhen	Former executive Director, vice president and chief economic officer	20 December 2013 to 8 January 2019
Mr. Mao Yuanli	Former chairman of the Board of Supervisors and Shareholder Supervisor	31 March 2017 to 25 June 2018

Changes of Directors, Supervisors and Senior Management

During the Reporting Period, Mr. Mao Yuanli resigned as a Supervisor of the first session of the Board of Supervisors and the chairman of the Board of Supervisors of the Company due to reaching his retirement age, with effect from 25 June 2018. Mr. Yu Xuefeng was elected as a Supervisor of the first session of the Board of Supervisors of the Company at the 2017 annual general meeting held on 25 June 2018 and was elected by the Board of Supervisors as the chairman of the Board of Supervisors. The term of office of Mr. Yu Xuefeng commenced on 25 June 2018 and will end 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, Ms. Liu Shuzhen resigned as an executive Director of the first session of the Board, a vice president and the chief economic officer of the Company due to reaching her retirement age, with effect from 8 January 2019. Mr. Zhao Wensheng was elected as the executive Director of the first session of the Board of the Company at the 2019 first extraordinary general meeting held on 25 February 2019. The term of office of Mr. Zhao Wensheng commenced on 25 February 2019 and will end on the expiration of this session of Board. For details, see the circular dated 14 January 2019 and the announcement dated 25 February 2019 of the Company.

During the Reporting Period, Mr. Zhang Wenzhong was elected as the chief economic officer of the Company at the 35th meeting of the first session of the Board held on 8 January 2019.

Save as disclosed above, as of the date of this announcement, there was no other change of Directors, Supervisors and senior management.

Biographies of the Directors, Supervisors and Senior Management

Biographies of the Directors, Supervisors and senior management of the Company are set out on page 70 to page 83 of this announcement.

Service Contracts of the Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company. The principal particulars of these service contracts: (1) include the term of appointment, which commences from the date of appointment and ends on the date of expiry of the current session of the Board/Board of Supervisors; and (2) are subject to termination in accordance with the respective terms.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to enter into a service contract with any members of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

Re e a f he D ec ; S e a d Se Ma age e

The Directors and Supervisors of the Company receive compensation in the form of fees, salaries, pension scheme contributions, discretionary bonus, housing and other allowances and benefits in kind.

Details of the Directors and the five highest paid individuals of the Group will be set out in the relevant notes to the financial statement to be included in the annual report published by the Company in due course.

During the Reporting Period, the remuneration of the senior management (except for Ms. Wong Wai Ling, one of the joint company secretaries of the Company who serves as the president of SWCS Corporate Services Group (Hong Kong) Limited). whose biographies are included in "Biographies of the Directors, Supervisors and Senior Management" in this announcement is disclosed in the corporate governance report herein.

I e e f D ec a d S e T a ac ; A a ge e C ac

During the Reporting Period, the Group has not directly or indirectly entered into any major transactions, arrangements or contracts relating to the business of the Company, in which the Directors, Supervisors or any of their connected entities have material interests, which still remain valid during or by the end of the year.

I e e f D ec ; S e a d Se Ma age e C e g B e e

During the Reporting Period, none of the Directors, Supervisors or their associates had any interests in any business which competes or is likely to compete directly or indirectly with the business of the Group or had any other conflicts of interest with the Group.

During the Reporting Period, none of the senior management of the Company or their associates had any interests in any business which competes or is likely to compete directly or indirectly with the business of the Group or had any other conflicts of interest with the Group.

I e e a d Sh P f D ec ; S e a d Ch ef E ec e f he C a he Sha e ; U de g Sha e a d Debe e f he C a a d A c a ed C a

As of 31 December 2018, save as disclosed in "Directors, Supervisors, Senior Management and Employees" in this announcement, none of the Directors, Supervisors and Chief Executives of the Company had any interests and/or short positions in Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out under Appendix 10 to the Listing Rules ("**M de C de**") to be notified to the Company and the Hong Kong Stock Exchange.

Rights of Directors and Supervisors to Acquire Shares or Debentures

None of the Directors and Supervisors or their respective associates were granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such rights.

Family Ties among Directors, Supervisors and Senior Management Members

As of the date of this announcement, Mr. Li Baozhong, a Director, and Mr. Li Baoyuan, a Director, are brothers. Mr. Li Baoyuan is the father of Mr. Li Wutie, who is a senior management member. Save for disclosed above, there are no financial, business or family relationships among the Directors, Supervisors and senior management members of the Company.

Insurance of Directors

As of the date of this announcement, the Company maintained valid directors insurance for its Directors.

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

For details of shareholding of substantial Shareholders in the Company, please refer to "Changes in Share Capital and Information of Shareholders – Interests and Short positions of Substantial Shareholders in the Shares and Underlying Shares of the Company" on page 50 to page 51.

Pre-Emptive Right and Share Option Arrangements

During 2018, the Company had no pre-emptive right and share option arrangements. There are no specific provisions under the PRC laws or the Articles of Association of the Company in relation to pre-emptive rights.

Permitted Indemnity Provisions

As of 31 December 2018, no directors were benefited from any effective permitted indemnity provisions.

Tax Reduction

Directors were not aware of any tax reduction enjoyed by Shareholders holding the securities of the Company.

Compliance with the Non-competition Undertakings by the Controlling Shareholders

The Company received the confirmation letters from Mr. Li Baoyuan, Zhongru Investment and Qianbao Investment, confirming that, in 2018, Mr. Li Baoyuan, Zhongru Investment and Qianbao Investment have fully complied with all undertakings given by them in favor of the Company under the non-competition undertakings.

Public Float

Based on the information that is publicly available to the Company and to the knowledge of the Directors of the Company, as of the date of this announcement, public Shareholders held not less than 26.2% of the Shares in issue of the Company, which was in compliance with the public float requirements under rules 8.08(1)(a) and (b) of the Hong Kong Listing Rules.

Non-Exempt Continuing Connected Transaction

During the Reporting Period, the following continuing connected transaction was entered into on normal commercial terms. Pursuant to Chapter 14A of the Listing Rules, it is subject to the reporting, annual review, announcement and independent Shareholders' approval (as the case may be) requirements under Chapter 14A of the Listing Rules.

Labor Subcontract Framework Agreement

The Company entered into a labor subcontract framework agreement with Baoding Tianli on 23 November 2017 (the "**Labor Subcontract Framework Agreement**"), pursuant to which Baoding Tianli provides labor subcontract services to the Group in the ordinary course of business, including but not limited to contracting for building construction projects and infrastructure construction projects, for which Baoding Tianli charges the Group subcontract fees (including subcontract service fees, labor wages and social insurance expenses, taxation, auxiliary materials and tools costs, and other fees).

The principal terms of the Labor Subcontract Framework Agreement include: (1) the pricing policy (see below); (2) relevant subsidiaries or associated companies of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Labor Subcontract Framework Agreement; and (3) the Labor Subcontract Framework Agreement is valid for a term of three years from the Listing Date and can be renewed for another three years upon its expiry as agreed by relevant parties to the agreement.

In accordance with the Labor Subcontract Framework Agreement, the total subcontract fee paid by the Group to Baoding Tianli is determined based on the following pricing policy: when the Group subcontracts labor supply for the construction projects, public bidding procedures will be applied. Prior to the bidding procedures, the Group will publish announcements on its bidding invitation on public websites. There must be at least three bidders who are Independent Third Parties attending the bidding procedures, otherwise the bidding will be canceled. The review panel for any bidding will consist of experts selected by the Group as well as the project manager, and the comparable quoted bidding prices (including subcontract service fees, labor wages and social insurance expenses, taxation, auxiliary materials and tools costs, and other fees) is an important, but not the only, factor to be considered. The review panel will also take into consideration factors including, but not limited to, the bidder's sufficient licenses and qualifications, business scale and capacities and its historical results, as well as make reference to prevailing market terms and prices. The bidder with the highest score comprehensively determined by the review panel wins, and the bidding price offered by the bidder will be implemented. Therefore, only in the event that Baoding Tianli wins the bidding with the highest score determined by the review panel, the Group will enter into business agreements with Baoding Tianli under the Labor Subcontract Framework Agreement.

Application has been made by the Company to the Stock Exchange for the waiver from compliance with the announcement and independent Directors' approval requirements under Chapter 14A of the Listing Rules in relation to the above connected transaction, with the condition that the total transaction amount of the non-exempt continuing connected transaction for each of 2017, 2018 and 2019 shall not exceed the annual caps set out in the Prospectus; the Stock Exchange has granted the above waiver.

During the Reporting Period, the waiver approved by the Stock Exchange for the total subcontract fees of the connected transaction was capped at RMB4,000 million for 2018. The actual total transaction amount under the above agreement between the Group and Baoding Tianli was RMB3,871 million for 2018.

C f a t b I de e de t N -e ec t e D ec t s

The independent non-executive Directors of the Company have reviewed the above continuing connected transaction and confirmed that the transaction was conducted in the ordinary course of business of the Group and on normal commercial terms or better, or where there were no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms to the Company no less favorable than term available to or from (as appropriate) Independent Third Parties, and the transaction was conducted in accordance with the relevant agreement governing the transactions, on fair and reasonable terms and in the interests of the Shareholders of the Company as a whole.

A d t , s Le tt e

Pursuant to Rule 14A.56 of the Listing Rules, the Company has appointed Ernst & Young ("**EY**") as the auditor to report on the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the works performed, EY has issued the letter to the Board confirming that, in respect of the continuing connected transaction disclosed above:

(a) nothing has come to EY's attention that causes it to believe that the disclosed continuing connected transaction has not been approved by the Board;

(b) for transactions involving the provision of products and service by the Group, nothing has come to EY's attention that causes it to believe that the transaction was not, in all material respects, conducted in accordance with the pricing policies of the Group;

(c) nothing has come to EY's attention that causes it to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(d) in connection with the total amount of the continuing connected transaction disclosed above, nothing has come to EY's attention that causes it to believe that such continuing connected transaction has exceeded the annual cap set by the Company.

Save as disclosed above, the Company and its connected parties did not enter into any other non-exempt connected transactions during the Reporting Period.

Audit Committee

The Audit Committee of the Board has reviewed the annual results of the Company for 2018 and the consolidated financial statements for the year ended 31 December 2018 prepared under the IFRSs.

Accounting Policies

The critical accounting policies adopted by the Company in the preparation of the consolidated financial statements for 2018 are the same as those adopted for the consolidated financial statements for the year ended 31 December 2017, except for IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contract with customers*, set out in note 3 to the selected Financial Statements and Notes.

Auditor

Zhongxingcai Guanghua Certified Public Accountant LLP was the auditor of the Company for the annual financial statements for 2016 under the CASBE.

In January 2017, the Board decided to appoint Ernst & Young as the reporting accountant for the Listing of the Company.

In November 2017, the Board decided to appoint Ernst & Young as the auditor of the Company for 2017 under the IFRSs and Ernst & Young Hua Ming LLP as the auditor of the Company for the audit of the annual financial report for 2017 under the CASBE. The proposed appointments were approved at the ninth extraordinary general meetings for 2017 of the Company and became effective.

In June 2018, upon consideration and approval at the 2017 annual general meeting of the Company, Ernst & Young was engaged as the auditor of the Company for 2018 under the IFRSs and Ernst & Young Hua Ming LLP as the auditor of the Company for the audit of the annual financial report for 2018 under the CASBE for a term commencing from the date of conclusion of the 2017 annual general meeting to the date of conclusion of the 2018 annual general meeting.

In March 2019, in view of the Company's proposed change to the adoption of only Chinese Accounting Standards in preparing financial statements, the Board proposed not to re-appoint Ernst & Young as the overseas auditor of the Company for 2019 and proposed to re-appoint Ernst & Young Hua Ming LLP as the Company's domestic auditor for 2019. The above-mentioned auditor shall prepare the financial statements in accordance with the Chinese Accounting Standards and undertake the duties of the overseas auditors in accordance with the Listing Rules with a term ending upon the conclusion of the 2019 annual general meeting of the Company. At the same time, the Board submitted to the general meeting

REPORT OF BOARD OF SUPERVISORS

In 2018, the Board of Supervisors of the Company adhered to the principle of good faith, diligently performed its supervisory duties and effectively safeguarded the legitimate rights and interests of the Company, the Shareholders and employees based on the principle of accountability to all Shareholders of the Company, in strict compliance with relevant rules and regulations such as the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors. The work report of the Board of Supervisors is as follows:

1. MEETINGS

On 26 March 2018, the third meeting of the first session of the Board of Supervisors was convened by the Board of Supervisors of the Company onsite at the headquarters of the Company. Of the five Supervisors entitled to attend the meeting, five Supervisors were present. The procedures for convening and holding the meeting were in compliance with the provisions of the Articles of Association and the Rules of Procedure of the Board of Supervisors. The proposals considered and approved at the meeting are as follows:

- Proposal on the 2017 Annual Report and Results Announcement of Hebei Construction Group Corporation Limited, Proposal on the 2017 Financial Report of Hebei Construction Group Corporation Limited, Proposal on the Work Report of the Board of Supervisors of Hebei Construction Group Corporation Limited for 2017, Proposal on 2017 Profit Distribution Plan of Hebei Construction Group Corporation Limited, Proposal on 2017 Annual remuneration of Supervisors of Hebei Construction Group Corporation Limited, Proposal on Re-election of Supervisors

On 25 June 2018, the fourth meeting of the first session of the Board of Supervisors was convened by the Board of Supervisors of the Company onsite at the headquarters of the Company. Of the five Supervisors entitled to attend the meeting, five Supervisors were present. The procedures for convening and holding the meeting were in compliance with the provisions of the Articles of Association and the Rules of Procedure of the Board of Supervisors. The proposal considered and approved at the meeting is as follows:

- Proposal on Election of the Chairman to the First Board of Supervisors of Hebei Construction Group Corporation Limited, pursuant to which, Mr. Yu Xuefeng was elected as the chairman of the first Board of Supervisors of the Company with the term of office the same as that of the members of the first Board of Supervisors.

On 28 August 2018, the fifth meeting of the first session of the Board of Supervisors was convened by the Board of Supervisors of the Company onsite at the headquarters of the Company. Of the five Supervisors were entitled to attend the meeting, five Supervisors were present. The procedures for convening and holding the meeting were in compliance with the provisions of the Articles of Association and the Rules of Procedure of the Board of Supervisors. The proposal considered and approved at the meeting is as follows:

- 2018 Interim Results Announcement of Hebei Construction Group Corporation Limited and 2018 Interim Report of Hebei Construction Group Corporation Limited

2. ATTENDANCE OF IMPORTANT MEETINGS

In 2018, the Supervisors attended two general meetings as required and were present at 12 Board meetings as non-voting delegates. By attending these important meetings, the Supervisors not only developed insights into the operation and management of the Company, but also actively participated in the consideration and discussion of resolutions and put forward their opinions and suggestions in a responsible manner, thus effectively supervised the procedures for convening these meetings and the discussion of proposals.

3. ROUTINE INSPECTIONS AND RESEARCHES

In 2018, the Board of Supervisors continually monitored the compliance of the Company's operation to ensure that the internal operation was in line with regulations and listing requirements.

4. INDEPENDENT OPINIONS AND SPECIAL EXPLANATIONS

(1) Having monitored the performance of duties of the Directors and senior management members of the Company and the legal compliance of the operation of the Company, the Board of Supervisors was of the view that the Board of the Company was able to make decisions according to the laws and in strict compliance with various requirements such as the Company Law and the Articles of Association and the major business decision-making procedures of the Company were lawful and valid; that the Company further optimized and improved various internal management systems and internal control mechanisms; that the Company disclosed significant information about the Company in a timely manner pursuant to the securities regulatory requirements such that the information disclosure was in compliance with regulations and the securities trading system for the informed parties of insider information was in place properly; that the Directors and senior management members were able to implement diligently and thoroughly relevant laws and regulations, the Articles of Association and the resolutions of the general meetings and the Board during the performanceœon frma53 Tm3Enus-US6 (C)0.5 (o)5 (o)0.5 (m)0.5 (pa)0.5 (n)6 (pn)0.5 (c)0.6 (e)110 yoon(e

(2) By communicating with the accounting firms in charge of the audit and review services for the Company, the Board of Supervisors examined the Company's financial statements, considered its periodic reports and the audit report of the accounting firm, regularly listened to the report of the internal audit department of the Company on the progress of internal audit work, and carried out effective supervision and inspection on the Company's financial management and operation through on-site inspection, research, etc. The Board of Supervisors was of the view that the Company had a sound financial system, regulated management practices and reasonable spending of fees during 2018.

(3) The Board of Supervisors monitored the utilization of the proceeds by the Company. It was of the view that, during the Reporting Period, the Company was able to manage and utilize the proceeds in accordance with national laws and regulations as well as the commitments made in the Prospectus. The use of proceeds from the Global Offering after change which was effective upon approval at the 2019 first extraordinary general meeting held on 25 February 2019 is in the best interests of the Company and all of its Shareholders. The Board of Supervisors will continue to oversee and inspect the utilization of the proceeds.

(4) The Board of Supervisors monitored the related party transactions and connected transaction conducted by the Company. It was of the view that such transactions were conducted in accordance with the Company Law, the Hong Kong Listing Rules as well as the Company's Articles of Association and the Rules Governing Related Party Transactions (《關聯交易管理制度》), and that the pricings of these related party transactions and connected transaction were fair, without violating the principles of openness, fairness and impartiality, and did not harm the interests of the Company and its minority Shareholders.

(5) The Board of Supervisors made a special explanation of the Company's internal control. It was of the view that in 2018, the internal control system of the Company underwent continuous enhancement, the evaluation of the internal control was effectively implemented and the internal control continued to improve as a whole, hence it was able to provide a reasonable assurance regarding the achievement of the internal control objective.

SIGNIFICANT EVENTS

Convening the 2018 Annual General Meeting

The 2018 annual general meeting of the Company will be convened at 10:00 a.m. on Thursday, 20 June 2019 at No. 329 Wusixi Road, Baoding City, Hebei Province. The notice and circular of convening the 2018 annual general meeting will be despatched in due course.

Closure of Register of Members

The 2018 annual general meeting

In order to ascertain the entitlements of the Shareholders to attend the 2018 annual general meeting, the register of members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 20 June 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the 2018 annual general meeting, all duly completed and signed share transfer documents together with relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares no later than 4:30 p.m. on Monday, 20 May 2019.

Final dividend

In order to ascertain the entitlements of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Saturday, 29 June 2019 to Thursday, 4 July 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to receive the proposed final dividend, all duly completed and signed share transfer documents together with relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares no later than 4:30 p.m. on Friday, 28 June 2019.

Further details on the distribution of final dividend are set out in "Report of the Board of Directors" on page 30 to page 32.

Material Litigation, Arbitration and Issues Generally Questioned by the Media

During the Reporting Period, the Group was not involved in any major litigation, arbitration and issues generally questioned by the media. The Directors were also not aware of any pending or potential significant litigations or claims.

Misappropriation of Funds and Settlement Progress During the Reporting Period

During the Reporting Period, the Company was not involved in any misappropriation of funds and settlement progress.

Bankruptcy and Restructuring

During the Reporting Period, the Company did not engage in any bankruptcy and restructuring.

TRANSACTIONS OF ASSETS AND MERGERS OF ENTERPRISES

During the Reporting Period, the Company was not involved in any transactions of assets and mergers of enterprises.

EQUITY INCENTIVES SCHEME OF THE COMPANY AND ITS IMPACT

During the Reporting Period, the Company did not have any equity incentives scheme.

MATERIAL CONTRACTS

During the Reporting Period, the Company or any of its subsidiaries had not entered into any material contracts with the Controlling Shareholders or any of their subsidiaries other than the Group, and the Group did not have any material service contracts with the Controlling Shareholders or any of their subsidiaries other than the Group.

EQUITY RIGHTS HELD IN OTHER LISTED COMPANIES

During the Reporting Period, the Company did not hold any equity rights in other listed companies.

On 25 March 2019, the Board considered and approved, among other things, the proposal on only adoption of the PRC Accounting Standards in preparing financial statements, the proposal on amendments to the Articles of Association, and the proposal on not re-appointment of overseas auditor and the proposed appointment of domestic auditor for 2019 and determination of its remuneration. In view of the relevant laws and regulations, in order to simplify the work process, improve work efficiency, reduce disclosure costs and audit fees, the Board decided that, for accounting years beginning from 1 January 2019, the Company changed to adopt only the PRC Accounting Standards in preparing its financial statements. In view of the adoption of only the PRC Accounting Standards in preparing financial statements of the Company, the Board proposed to amend certain articles of the Articles of Association and proposed not to re-appoint Ernst & Young as the Company's 2019 overseas auditor and proposed to re-appoint Ernst & Young Hua Ming LLP as the Company's 2019 domestic auditor, and submitted to the general meeting to grant authorization to the Board to further delegate such authority to the president, to determine the remuneration of the above auditor. The above proposals are subject to consideration and approval by the Shareholders at the 2018 annual general meeting of the Company. For details, please refer to the announcement of the Company dated 25 March 2019.

Save as disclosed in this announcement, from 1 January 2019 to the date of this announcement, there were no significant subsequent events.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Sha e Ca t a a d Cha ge Sha e Ca t a

The overseas listed foreign Shares of the Company (H Shares) were listed on the Main Board of the Stock Exchange on 15 December 2017, with a total share capital of 1,733,334,000 Shares. On 5 January 2018, the over-allotment options as stated in the Prospectus were partially exercised for the allotment of 28,049,500 H Shares. As a result, the share capital increased to 1,761,383,500 Shares.

As at 31 December 2018, the registered share capital of the Company was RMB1,761,383,500, divided into 1,761,383,500 ordinary Shares with a nominal value of RMB1.00, of which 1,300,000,000 were Domestic Shares and 461,383,500 were H Shares. During the Reporting Period, there was no change in the share capital of the Company.

I e e a d Sh t P t f D ec t ; S e a d Ch ef E ec t e he Sha e ; U de g Sha e Debe t e f he C a a d A c a ed C a t

As at 31 December 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:

I e e a d Sh t P t f D ec t ; S e a d Ch ef E ec t e he Sha e f he C a

Na e f he D ec t ; S e a d Ch ef E ec t e	Ca ac t	N be f Sha e e ed	C a f Sha e	Na t e f e e	A a e e ce age f ha eh d g he e ea c a f Sha e a a t 31 Dece be 2018	A a e e ce age f ha eh d g he t t a ed ha e ca a f he C a a a t 31 Dece be 2018
Mr. Li Baoyuan[1, 2]	Interest in controlled corporation	1,300,000,000	Domestic Shares	Long position	100%	73.8%

Notes:

1. As at 31 December 2018, Qianbao Investment directly holds 7.5% of the equity interests in the Company and 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at shareholders' general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Shares held by Zhongru Investment for the purpose of Part XV of the SFO.

2. As at 31 December 2018, 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 of the Company in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations

Name of the Director, Supervisor or Chief Executive	Name of associated corporation	Capacity	Number of shares held	Nature of interest	Approximate percentage of shareholding in associated corporation as at 31 December 2018
Mr. Li Baoyuan[1]	Qianbao Investment[2]	Beneficial owner	45,000,000 shares	Long position	90.00%
	Zhongru Investment[3]	Interest in controlled corporation	231,000,000 shares	Long position	100.00%
Mr. Li Baozhong	Qianbao Investment[2]	Beneficial owner	5,000,000 shares	Long position	10.00%
Mr. Cao Qingshe	Zhongru Investment[3]	Beneficial owner	5,000,000 shares	Long position	2.16%
Mr. Shang Jinfeng	Zhongru Investment[3]	Beneficial owner	1,000,000 shares	Long position	0.43%
Ms. Liu Shuzhen[4]	Zhongru Investment[3]	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Liu Yongjian	Zhongru Investment[3]	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Yu Xuefeng[5]	Zhongru Investment[3]	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Liu Jingqiao	Zhongru Investment[3]	Beneficial owner	498,960 shares	Long position	0.22%
Mr. Yue Jianming	Zhongru Investment[3]	Beneficial owner	498,960 shares	Long position	0.22%

1. As at 31 December 2018, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment ,which directly holds 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when they 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, Mr. Li Baoyuan, through Qianbao Investment, is deemed to be interested in 100% of the equity interests, or 231,000,000 Shares in Zhongru Investment.

2. As at 31 December 2018, the total share capital of Qianbao Investment is 50,000,000 shares.

3. As at 31 December 2018, the total share capital of Zhongru Investment is 231,000,000 shares.

4. Ms. Liu Shuzhen has resigned as a Director of the first session of the Board, a vice President and the Chief Economic Officer of the Company with effect from 8 January 2019.

5. Mr. Yu Xuefeng has been appointed as a Supervisor of the first session of the Board of Supervisors and the chairman of the Board of Supervisors of the Company with effect from 25 June 2018.

Save as disclosed above, so far as any Directors, Supervisors or chief executives of the Company are aware, as at 31 December 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 Hong Kong 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 Hong Kong Stock Exchange pursuant to the Model Code.

Rights of Directors and Supervisors to Acquire Shares or Debentures

As at 31 December 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.

Interests and Short Positions of Shareholders in the Shares and Underlying Shares of the Company

As at 31 December 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 held	Class of Shares	Nature of interest	Approximate percentage of the relevant class of Shares in issue as at 31 December 2018	Approximate percentage of the total Shares in issue as at 31 December 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	40,860,000	H Shares	Long position	8.86%	2.32%
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%
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%

1. As at 31 December 2018, 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 Shares held through Swift Fortune Investments Limited in which he is deemed to indirectly hold 100% of the equity interests.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2018.

For the year ended 31 December 2018, the Company has complied with the code provisions (the "**C de P**") of the Corporate Governance Code (the "**CG C de**") set out in Appendix 14 to the Listing Rules. It has established a set of corporate governance system with respect to Board composition, Board diversity policy, duties and procedures, remuneration structure of the Directors and senior management and appraisal of the Board, internal control and audit, joint company secretaries and communication between the Company and Shareholders.

In particular, the Chairman assumes the major responsibility for ensuring that sound corporate governance practices and procedures are in place. The Company has adopted a corporate governance policy, which sets out terms of reference for the Board, including but not limited to: formulation and review of the corporate governance policy and practices of the Company; review and monitoring of the training and continuous professional development of the Directors and senior management; review and monitoring of the policies and practices of the Company in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of compliance by staff and Directors with the code of conduct and compliance manual; and review of the compliance of the Company with the CG Code.

C a e G e a ce P ac ce

The Company recognizes the vital importance of good corporate governance to its success and sustainability. The Company studied relevant regulations thoroughly pursuant to the guidelines as stipulated in the Listing Rules, and introduced corporate governance practices appropriate for business operation and growth.

During the year ended 31 December 2018, the Company had complied with all the code provisions as set out in the Corporate Governance Code and had adopted most of the recommended best practices as set out therein.

BOARD

Responsibilities

The Board is held accountable for the general meeting and are primarily responsible for overall management and control of the Company as well as providing leadership and approving strategic policies and plans with a view to enhancing shareholder value. All Directors carry out their duties in good faith and in compliance with the applicable laws and regulations, and act in the interest of the Company and its Shareholders at all times.

All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries and senior management, with a view to ensuring compliance with the Board procedures and all applicable laws and regulations.

The Board is responsible for making decisions on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, operating plans and investment proposals, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment or dismissal of senior management of the Company and other significant financial and operational matters.

Directors have full and timely access to independent consultation with the senior management. Any Director and committee under the Board may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Company to the management. The respective functions of the Board and management of the Company were established and will be reviewed from time to time as appropriate. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Board composition

As at the date of this announcement, the Directors were as follows:

Executive Directors
Mr. Li Baozhong[1]
Mr. Shang Jinfeng
Mr. Liu Yongjian
Mr. Zhao Wensheng[2]

Non-executive Directors
Mr. Li Baoyuan[3]
Mr. Cao Qingshe

Independent Non-executive Directors

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

Notes:

1. Mr. Li Baozhong is the brother of Mr. Li Baoyuan and uncle of Mr. Li Wutie.

2. Ms. Liu Shuzhen has resigned as a Director of the first session of the Board, a vice President and the Chief Economic Officer of the Company with effect from 8 January 2019. Mr. Zhao Wensheng was appointed as a Director of the first session of the Board of the Company with effect from 25 February 2019.

3. Mr. Li Baoyuan is the brother of Mr. Li Baozhong and the father of Mr. Li Wutie.

Biographies of the Directors are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this announcement.

Saved for disclosed above, there are no relationships among the Directors, Supervisors and senior management, including financial, business, family or other material/relevant relationships.

During the Relevant Period, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing the appropriate professional accounting qualifications or related financial management expertise. The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has provided on annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors have brought a wide range of valuable business experience, knowledge and expertise to the Board for its effective functioning. Moreover, through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on the committees under the Board, all non-executive Directors make various contributions to the effective leadership of the Company.

Induction and Professional Development

All Directors are encouraged to participate in continuous professional development programs to sharpen and update their knowledge and skills. The Company has participated in continuous professional development through seminars and/or reading materials to develop and refresh its knowledge and skills. All Directors have provided training records to the Company.

For the year ended 31 December 2018, all Directors have been given relevant guideline materials and attended training regarding the duties and responsibilities of the Directors, relevant laws and regulations applicable to the Directors, and the disclosure of interest and business obligations of the Group.

Cha a a d P e de

The positions of the Chairman and the President are held separately. The role of Chairman is held by Mr. Li Baozhong, and the role of President is held by Mr. Shang Jinfeng.

The division of responsibilities between the Chairman and President is clearly established and set out in writing. The Chairman exercises such functions as presiding over general meetings, convening and presiding over meetings of the Board; supervising and checking on the implementation of the resolutions of the general meetings and the Board of Directors and receiving the work reports of the President, other senior management members of the Company and the persons-in-charge of the invested enterprises of the Company, so as to ensure that the Board performs its responsibilities and all key and appropriate issues are discussed by the Board in a timely manner. The President is responsible for the Board, appointed by the Board and has the delegated power to manage the Company and to oversee the activities of the Company on a day-to-day basis. His major functions include being in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report on his or her work to the Board of Directors; arranging for the implementation of the Company's annual business plans and investment plans, drafting the plan for establishment of the Company's internal management organization and the Company's basic management system and formulating the basic rules and regulations of the Company.

A e a d Re-E ec f D ec

Pursuant to the Articles of Association, Directors (including executive Directors, non-executive Directors and independent non-executive Directors) shall be subject to election at the general meetings with a term of office of three years and may be re-elected. However, an independent non-executive Director shall not serve more than nine years consecutively. The Company has implemented a set of effective procedures for the appointment of new Directors. The Nomination Committee shall, in accordance with provisions of the relevant laws and regulations and the Articles of Association, taking into account the actual situations of the Company, consider the selection criteria, selection procedures and terms of office of the Directors of the Company, and record and submit the resolutions to the Board for approval. All newly nominated Directors are subject to election and approval at the general meetings. Each of the Directors and Supervisors has entered into a contract pursuant to rule 19A.54 and rule 19A.55 of the Listing Rules with our Company which provides for, among others, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with the Company.

Board Committee

Audit Committee

The Company established the Audit Committee on 15 December 2017, with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee include:

1. to review significant financial policies of the Company and their implementation, and supervise the financial activities of the Company;

2. to review the financial information and relevant disclosures of the Company;

3. to consider and approve the risk management and internal control evaluation proposal of the Company, and supervise and evaluate the risk management and internal control of the Company;

4. to consider and approve the audit budget, remuneration of staff and appointment and dismissal of key senior officers of the Company, supervise and evaluate the internal audit of the Company and formulate the medium-to-long-term audit plan, annual working plan and structure of the internal audit system of the Company as authorized by the Board, and report to the Board;

5. to propose the appointment or dismissal of the external accounting firm, supervise the work of the external accounting firm, and evaluate the report of the external accounting firm to ensure that the external accounting firm undertakes its audit responsibilities;

6. to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

7. to monitor the non-compliance of the Company in respect of financial reporting and risk management and internal control; and

8. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

The Audit Committee currently consists of five non-executive Directors, three of whom are independent non-executive Directors. The members of the Audit Committee are currently Ms. Shen Lifeng, Mr. Li Baoyuan, Mr. Cao Qingshe, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny. It is currently chaired by Ms. Shen Lifeng, an independent non-executive Director.

During the year ended 31 December 2018, the Audit Committee convened two meetings to review the annual results announcement and annual report for the year ended 31 December 2017, the Financial Report for Year 2017 and the Financial Budget for Year 2018, to approve and review the internal control and risk management system of the Group and to oversee the audit process as well as to review the interim results announcement and interim report for the six months ended 30 June 2018.

Nomination Committee

The Company established the Nomination Committee on 15 December 2017, with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee include:

1. to formulate procedures and standards for the election of Directors and senior management and make recommendations to the Board in this regard;

2. to make recommendations to the Board on the nomination of candidates for Directors, Presidents and secretary of the Board;

3. to conduct preliminary examination of the eligibility of candidates for Directors and senior management;

4. to make recommendations to the Board on the nomination of candidates for chairmen and members of the Board Committees; and

5. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

The Nomination Committee currently consists of two executive Directors and three independent non-executive Directors. The members of the Nomination Committee are currently Mr. Li Baozhong, Mr. Shang Jinfeng, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny. It is currently chaired by Mr. Li Baozhong, the Chairman of the Board.

During the year ended 31 December 2018, the Nomination Committee convened one meeting, to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and the diversity of the Board.

Board Diversity Policy

The Company adopted the Board diversity policy on 5 June 2017, which is summarized as follows:

Overview of the policy

With a view to achieving sustainable and balanced development, the Company considers increasing diversity at the Board level as an essential element in achieving strategic objectives and sustainable development. All Board appointments are based on meritocracy and candidates are considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives and progress on achieving such objectives

The selection of candidates is based on a wide range of diversity perspectives with reference to the business model and special requirements of the Company, including but not limited to gender, ethnicity, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee reviews the policy and the measurable objectives on an annual basis, so as to ensure the continued effectiveness of the Board.

As at the date of this announcement, the Company had a total of 10 Directors, covering different gender and age groups. In addition to construction projects, members of the Board also accumulate industry and professional industry in finance, legal affairs and corporate governance. The Nomination Committee has reviewed the Board diversity policy and considers that, appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives and the Board diversity policy has been effective.

Nomination policy

The Company adopted the Director nomination policy on 25 March 2019. According to the Director nomination policy, the nomination Committee adopts the following selection procedures when recommending candidates for Directors:

(1) The Nomination Committee shall actively communicate with all business and functional departments of the Company to study the Company's need for Directors;

(2) The Nomination Committee may extensively look for suitable candidates among substantial Shareholders, the Company and its subsidiaries, as well as relevant industry institutions and market institutions;

(3) According to the criteria listed in the Company's Board diversity policy and Director nomination policy, identify and select the recommended candidates, and collect relevant information of the primary candidates to form written materials;

(4) Obtaining the nominee's consent to the nomination, otherwise he/she cannot be taken as the recommended candidate;

(5) Convening a meeting of the Nomination Committee to examine the qualifications of the primary candidates according to the qualifications of Directors;

(6) Before the election of new directors, providing relevant materials of the recommended candidates to the Board to consider; and

(7) Carrying out other follow-up work according to the Board's decisions and feedback.

In considering the nomination of recommended Directors, the Nomination Committee will take into account the Board diversity policy of the Company and abide by the following criteria:

i. The candidates will be recommended based on a series of diversified categories with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience;

ii. The impact of the proposed candidates on the structure and diversity of the Board;

iii. Whether the recommended candidates have the commitment to devote sufficient time and effectively perform his/her duties as directors. Therefore, consideration should be given to the number and nature of positions held by the candidate in public companies or organizations, as well as other work burdens that the candidate has undertaken;

iv. Whether the proposed candidate has caused potential/actual conflicts of interest as a result of his/her election;

v. Industry status, professionalism and independence of independent non-executive Director candidates;

vi. As for the proposed re-appointment of the independent non-executive Director, the time period he/she has served in the Company; and

vii. Other factors that the Nomination Committee may consider relevant.

Remuneration and Appraisal Committee

The Company established the Remuneration and Appraisal Committee on 15 December 2017, with written terms of reference in compliance with the CG Code. The primary duties of the Remuneration and Appraisal Committee include:

1. to organize and formulate the remuneration policy and plan of the Directors and senior management and submit to the Board for approval, and propose the remuneration distribution plan according to the performance evaluation of the Directors and senior management and submit to the Board for approval; and

2. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares of the Company are listed and the requirements of the Articles of Association, and as authorized by the Board.

The Remuneration and Appraisal Committee currently consists of two executive Directors and three independent non-executive Directors. The members of the Remuneration and Appraisal Committee are currently Ms. Chen Xin, Mr. Li Baozhong, Mr. Shang Jinfeng, Ms. Shen Lifeng and Mr. Chan Ngai Sang Kenny. It is currently chaired by Ms. Chen Xin, an independent non-executive Director.

During the year ended 31 December 2018, the Remuneration and Appraisal Committee convened one meeting, to review the policies of the remuneration of the Directors and senior management and the remunerations of the Directors and senior management in 2017.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

(a) to formulate, review and improve the corporate governance system and the implementation of the Company;

(b) to review and supervise the training and continuous professional development of the Directors and senior management;

(c) to review and supervise the compliance of the Company's policies with laws and relevant regulations of the securities regulatory authority where the Shares are listed and to make the relevant disclosure;

(d) to formulate, review and monitor the code of conduct and compliance manual applicable to the employees and Directors; and

(e) to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report.

During the year ended 31 December 2018, the above corporate governance function was performed and executed by the Board and the Board has reviewed the Company's compliance with the CG Code.

Board Meetings, Board Committee Meetings and the General Meeting

Meetings of the Board are divided into regular meetings and extraordinary meetings. The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given before all regular Board meetings, and notices of not less than five days will be given before extraordinary Board meetings, to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

During the year ended 31 December 2018, the Board convened 12 meetings.

During the year ended 31 December 2018, the attendance record of individual Director at the meetings of the Board meeting, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee and the general meeting is set out below:

Name of Director	Board meeting	Number of attendance/meeting(s)			
		Audit Committee meeting	Nomination Committee meeting	Remuneration and Appraisal Committee meeting	Annual general meeting
Executive Director					
Mr. Li Baozhong	12/12	—	1/1	1/1	1/1
Mr. Shang Jinfeng	12/12	—	1/1	1/1	1/1
Ms. Liu Shuzhen[1]	12/12	—	—	—	1/1
Mr. Liu Yongjian	12/12	—	—	—	1/1
Mr. Zhao Wensheng[2]	—	—	—	—	—
Non-executive Director					
Mr. Li Baoyuan	12/12	2/2	—	—	1/1
Mr. Cao Qingshe	12/12	2/2	—	—	1/1
Independent non-executive Director					
Mr. Xiao Xuwen	6/12	—	—	—	1/1
Ms. Shen Lifeng	9/12	2/2	1/1	1/1	1/1
Ms. Chen Xin	9/12	2/2	1/1	1/1	1/1
Mr. Chan Ngai Sang Kenny	6/12	2/2	1/1	1/1	1/1

Notes:

1. Ms. Liu Shuzhen has resigned as a Director of the first session of the Board of the Company with effect from 8 January 2019.

2. Mr. Zhao Wensheng has been appointed as a Director of the first session of the Board of the Company with effect from 25 February 2019.

Except for the annual general meeting, the Company did not convene other general meetings in 2018.

On 25 February 2019, the Company held the 2019 first extraordinary general meeting, at which the proposals on appointment of an executive Director and on change in use of the net proceeds from the Global Offering were considered and approved. For details, please refer to the circular dated 14 January 2019 of the 2019 first extraordinary general meeting of the Company and the announcement dated 25 February 2019 of the poll results of the 2019 first extraordinary general meeting.

C a ce h he N -C e t U de a g

Each of Mr. Li Baoyuan, Zhongru Investment and Qianbao Investment (the controlling shareholders of the Company as defined in the Listing Rules) has confirmed to the Company that he/it has complied with the non-competition undertakings given to the Company on 23 November 2017 during the year ended 31 December 2018. The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that the undertakings thereunder have been complied with for the year ended 31 December 2018.

Re e a t f he Se Ma age e t

Details of directors' remuneration will be set out in the relevant notes to the financial statements set out in the Company's annual report to be published in due course. Remunerations paid to a total of three senior management (excluding the Directors) by bands for the year ended 31 December 2018 are set out below:

Re e a t ba d	N be f d d a
RMB500,000 to RMB1,000,000	2
RMB200,000 to RMB500,000	1

Sec e T a ac t b D ec t a d S e

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors and has formulated and adopted the code of conduct for dealing in securities by Supervisors and employees. Based on specific enquiry made to all Directors and Supervisors, each of them has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended 31 December 2018.

The Company is not aware of any non-compliance with the Model Code by the Directors, Supervisors or employees for the year ended 31 December 2018.

R Ma age e t a d I e a C t

The Company has established the Inspection and Auditing Department to assist in supervision of the performance of headquarters functions and implementation of basic operating procedure and oversee the internal operation and implementation of basic work system of subsidiaries of the Group.

In particular, the Board acknowledges its responsibilities for overseeing the risk management and internal control system of the Group. It also supervises and inspects the works and the risk management and internal control of the Company through the Audit Committee, and reviews the effectiveness at least annually. For the year ended 31 December 2018, the Board had reviewed the annual effectiveness of the risk management and internal control system and considers that, the design and function of the risk management and internal control system remain effective and appropriate in all material aspects.

Based on the "Basic Standard of Corporate Internal Control" and its implementation guidelines, and with reference to the requirements of the SFC and the actual conditions of the Company, the Company formulated the "Internal Control Appraisal Management System of Hebei Construction Group《河北建設集團內部控制評價管理制度》" and "Articles of the Risk Management Committee of Hebei Construction Group《河北建設集團風控委員會章程》". This facilitated the establishment of a more comprehensive internal control and risk management system aiming at upgrading the operation management and risk management capabilities of the Company, promoting the sustainability of the Company and safeguarding the legal interest of the investors. The "internal control" of such systems refers to the business systems and operating processes of the Board, Board of Supervisors, management and all staff of the Company for attaining goals of internal control. Business systems under such systems include all individual business units of the Group managed with the top-down approach, such as the marketing system, human resources system and financial management system, as well as the wholly-owned subsidiaries, controlled subsidiaries, other subsidiaries and project groups under direct management. The Board of the Company is in charge of building and maintaining the internal control and risk management system. It has established the Audit Committee for reviewing the formulation and implementation of the internal control and risk management system. The management of the Company has established the risk management committee, which leads the internal control and risk management of the Company, while the supervision and audit department evaluates the construction and implementation of the internal control system. Based on the internal control and risk management system, the Company organises risk assessment on a yearly basis to collect information on risks for rectification. In 2018, the Company performed more relatively comprehensive risk assessment and internal control, which covered the headquarters and the subsidiaries of the Group. It also prepared the 2018 Risk and Internal Control Report. The Board and the senior management of the Company attach great importance to the problems and risks identified and carried out rectification and improvement, which ensured compliant and efficient business operation of the Company.

In view of the above, the Company has a complete internal control structure in place, and an appropriate set-up for the internal audit department and staff, which effectively ensure the supervision and implementation of internal control procedures. The internal control and evaluation of the Company give a full and fair view of the actual situation and play an important role in supporting the compliant operation of the Company in the long run.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Company:

(i) is aware of its obligations under the SFO and the Listing Rules and the overriding principle that inside information should be announced as soon as reasonably practicable if it is the subject of a decision;

(ii) conducts its affairs with close regard to the applicable laws and regulations; and

(iii) has communicated to all relevant staff regarding the requirement under the applicable laws and regulations. During the Relevant Period, no person with knowledge of insider information was found using insider information to buy and sell the Company's Shares.

J C a Sec e a e

The joint company secretaries of the Company are Mr. Li Wutie ("**M . L**

The remuneration paid to Ernst & Young in respect of the audit services rendered for the year ended 31 December 2018 was RMB4.6 million. Ernst & Young did not provide any non-audit services to the Company for the year ended 31 December 2018.

Communication with Shareholders and Investor Relations

The Shareholders' communication policy of the Company aims to maintain transparency and provide timely information of the major development of the Group to Shareholders and investors. General meetings of the Company are formal channels for communication between Shareholders and the Board. The Chairman of the Board and the chairman of the committees under the Board (or, in their absence, other members of the respective committees) will make themselves available at the general meetings to have direct communication with the Shareholders.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the investor relations department of the Company at the following address or to the following email account:

Address:	No. 329 Wusixi Road, Jingxiu District, Baoding City, Hebei Province, the PRC
Email:	hebeijianshe@hebjs.com.cn

Shareholders' Rights

Convening Extraordinary General Meeting by Shareholders

In accordance with Article 70 to the Articles of Association, a Shareholder alone or the Shareholders together holding at least 10 percent of the Company's Shares shall have the right to make a request to the Board in writing that it call an extraordinary general meeting. The Board shall, in accordance with laws and the Articles of Association, give a written response on whether or not it agrees to call such meeting within 10 days after receipt of the request.

If the Board agrees to call an extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholder(s) is required for any changes to be made in the notice to the original proposal.

If the Board does not agree to call such meeting, or fails to give a response within 10 days after receipt of the request, the Shareholder alone or Shareholders together holding at least 10 percent of the Shares shall have the right to propose to the Board of Supervisors in writing in order to call the extraordinary general meeting.

If the Board of Supervisors agrees to call the extraordinary general meeting, it shall issue a notice calling such meeting within 5 days after receipt of the request. The consent of the relevant Shareholder(s) is required for any changes to be made in the notice to the original request.

If the Board of Supervisors fails to issue the notice of the general meeting by the prescribed deadline, it shall be deemed to have failed to convene and preside over such meeting, and a Shareholder alone or Shareholders together holding at least 10 percent of the Shares of the Company for at least 90 days in succession may himself/herself/themselves convene and preside over such meeting.

In accordance with Article 71 to the Articles of Association, Shareholders requesting the convening of a class meeting shall do so by the procedure set forth below:

(i) two or more Shareholders holding in aggregate at least 10 percent of the Shares carrying the voting right at the meeting to be held may sign one or more written requests of identical form and content requesting that the Board convene a class meeting and stating the topics to be discussed at the meeting. The Board shall convene the class meeting as soon as possible after having received the aforementioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made.

(ii) if the Board fails to issue a notice to convene such meeting within 30 days after having received the aforementioned written request, the Shareholders who made such request may themselves convene the meeting within four months after the Board received the request. The procedure for the Shareholders to convene such meeting shall, to the extent possible, be identical to the procedure for the Board to convene the general meetings.

If Shareholders convene and hold a meeting themselves because the Board failed to hold such meeting pursuant to the request as mentioned above, the reasonable expenses incurred by such Shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent Directors.

Putting Forward Proposals at General Meetings

In accordance with Article 76 to the Articles of Association, when the Company is to hold an annual general meeting, the Board, the Board of Supervisors and a Shareholder alone or Shareholders together holding 3 percent or more of the Company's Shares shall be entitled to propose motions to the Company.

A Shareholder alone or Shareholders together holding at least 3 percent of the Shares of the Company may submit extempore motions in writing to the convener 10 days prior to the date of such meeting. The convener shall issue a supplementary notice of the general meeting and make a public announcement of the contents of such extempore motion within two days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such extempore motion shall fall within the authority of the general meeting, and contain a clear topic and a specific resolution.

Constitutional Documents

The following changes regarding the Articles of Association have taken place for the year ended 31 December 2018 and up to the date of this announcement:

1. The revised Articles of Association, which were passed and adopted by the Company at the 2017 ninth extraordinary general meeting held on 10 November 2017, came into effect on 12 January 2018.

2. The revised Articles of Association, which were passed and adopted by the Company at the 2017 annual general meeting held on 25 June 2018, came into effect on 25 June 2018.

The table below sets forth certain information on the Directors:

Name	Age	Position	Major duties
Executive Directors			
Mr. Li Baozhong	49	Chairman of the Board and executive Director	Responsible for convening and chairing general meetings and Board meetings; Responsible for overall management of the Group and deciding major strategies and the development and investment plan of the Group
Mr. Shang Jinfeng	42	Executive Director and President	Participating in formulation of business plans, strategic and major decisions of the Group as a member of the Board; Deciding and guiding external affairs, major planning and auditing events and major business activities of the Company
Mr. Zhao Wensheng	49	Executive Director, Chief Accountant and Director of Finance	Participating in formulation of business plans, strategic and major decisions of the Group as a member of the Board; Responsible for overall financial and capital management of the Group
Mr. Liu Yongjian	55	Executive Director and vice President	Participating in formulation of business plans, strategic and major decisions of the Group as a member of the Board; Responsible for, among others, production safety and risk control of the Group

Name	Age	Position	Main duties
Non-executive Directors			
Mr. Li Baoyuan	68	Honorary Chairman of the Board and non-executive Director	Responsible for convening and chairing general meetings and Board meetings; Participating in the formulation of business plans, strategic and major decisions of the Group as a member of the Board
Mr. Cao Qingshe	54	Vice Chairman of the Board and non-executive Director	Participating in formulation of business plans, strategic and major decisions of the Group as a member of the Board
Mr. Xiao Xuwen	66	Independent non-executive Director	Supervising and offering independent judgment to the Board and/or serving as chairman and/or member of certain committees of the Board
Ms. Shen Lifeng	53	Independent non-executive Director	Same as above
Ms. Chen Xin	36	Independent non-executive Director	Same as above
Mr. Chan Ngai Sang Kenny	54	Independent non-executive Director	

Mr. Shang Jinfeng (商金峰), aged 42, is an executive Director and the President of the Company since 31 March 2017. Mr. Shang is also a member of the Nomination Committee and the Remuneration and Appraisal Committee under the Board of the Company. Mr. Shang also serves as a director of HCG Tianchen Construction Engineering, Hebei Lvjian Investment Company (河北綠建投資股份公司) and Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), and the general manager of Baoding Mancheng District Zhongbao Investment Co., Ltd. (保定市滿城區中寶投資有限公司). Mr. Shang has over 21 years of experience in the construction engineering industry and corporate management. His previous primary work experience includes: serving as a technician, the person in charge of technology and the project manager of HCG Tianchen Construction Engineering from July 1998 to October 2008; a vice general manager in charge of production of HCG Tianchen Construction Engineering from March 2008 to December 2010; a standing vice general manager and the general manager of HCG Tianchen Construction Engineering from December 2010 to January 2017; and a vice President and a standing vice President of the Company from December 2013 to March 2017.

Mr. Shang obtained an undergraduate diploma in urban construction from the Agricultural University of Hebei Province in Baoding, the PRC in July 1998 and an EMBA degree from Peking University in Beijing, the PRC in January 2016. Mr. Shang obtained the qualifications of national certified constructor from the Ministry of Construction of the PRC in January 2008 and senior engineer from the Qualification Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in December 2013. Mr. Shang was accredited the "Wusi Youth Medal of Baoding City (保定市五四青年獎章)" jointly from China Communist Youth League Baoding Committee, Bureau of Human Resources and Social Security of Baoding and Baoding Youth Federation in May 2012. Mr. Shang has been awarded as the "Excellent Enterprise Manager in Construction Industry (建築業優秀企業管理者)" by Hebei Building Industry Association for five times from 2012 to 2017 and a second-level candidate of "New Century Triple Talents Project of Hebei Province" (河北省新世紀"三三三人才工程") by Leading Group of "Triple Talents Project" of Hebei Province (河北省"三三三人才工程"領導小組) in December 2015.

Mr. Zhao Wensheng (趙文生), aged 49, is the chief accountant and the director of finance of the Company since 23 January 2013 and an executive Director of the Company since 25 February 2019. Mr. Zhao also serves as a director of Tianjin Tianzheng Construction Engineering Co., Ltd., Zhuozhou Zhongzhou Water Co., Ltd. (涿州市中洲水業有限公司) and Hebei Construction Group Infrastructure Construction Co., Ltd. (河北建設集團基礎設施建設有限公司). Mr. Zhao Wensheng also serves as the general manager of Baoding Jucheng Investment Co., Ltd. Mr. Zhao Wensheng also serves as the chairman of the board of supervisors of HCG Zhuocheng Road and Bridge Engineering (河北建設集團卓誠路橋工程), HCG Installment Engineering (河北建設集團安裝工程), HCG Decoration Engineering (河北建設集團裝飾工程) and Zhongji United Investment Holdings Co., Ltd. (中冀聯合投資控股有限公司), and a supervisor of HCG Tianchen Construction Engineering (河北建設集團天辰建築工程), Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), Baoding Mancheng Zhongbao Investment Co., Ltd. (保定市滿城區中寶投資有限公司), Hebei Lvjian Investment Company (河

M．L　Yǐgǎ(劉永建), aged 55, is an executive Director of the Company since 20 December 2013 and a vice President of the Company since 17 January 2008. Mr. Liu also serves as a director of HCG Decoration Engineering and Hebei Zhiping Construction Equipment Leasing Co., Ltd. (河北治平建築設備租賃有限公司), respectively. Mr. Liu is also an external postgraduate tutor in the Institute of Urban and Rural Construction of Agricultural University of Hebei and an adjunct professor at the College of Civil Engineering and Architecture of Hebei University. Mr. Liu has over 34 years of experience in the construction engineering industry and corporate management. His previous primary work experience includes: serving as a technician, quality inspection technician of Engineering Division I of No. 1 Construction Engineering Company of Hebei Province and project manager of the company from July 1985 to December 2000; a vice manager and the manager of the First Branch of the Company from January 2001 to December 2010; and a vice President (non-standing) of the Company from January 2008 to December 2010.

Mr. Liu obtained a technical secondary school diploma in industrial and civil construction from Hebei Institute of Architecture and Civil Engineering in Zhangjiakou, the PRC in July 1985, an academic diploma from a post-secondary course for construction engineering (through correspondence course) from Hebei University of Architecture in Zhangjiakou, the PRC in June 2001, a master of engineer degree in water conservancy and hydropower engineering from Agricultural University of Hebei Province in Baoding, the PRC in June 2002 and a doctor's degree of engineering in structural engineering from Tianjin University in Tianjin, the PRC in June 2012. Mr. Liu obtained the qualifications of national certified constructor (in construction engineering major) from the Ministry of Construction of the PRC in January 2008 and senior engineer from the Qualification Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in June 2009. Mr. Liu was selected as a third-level candidate of the "New Century Triple Talents Project of Hebei Province" (河北省新世紀"三三三人才工程") by the Leading Group of New Century "Triple Talents Project" of Hebei Province (河北省"三三三人才工程"領導小組) in December 2007; the "2008 Young and Middle-aged Experts with Outstanding Contribution to Hebei Province (河北省有突出貢獻中青年專家)" by the People's Government of Hebei Province in August 2008.

Mr. Cao Qinghe (曹清社), aged 54, is a vice Chairman of the Board and a non-executive Director of the Company since 31 March 2017. Mr. Cao is also a member of the Audit Committee under the Board of the Company. Mr. Cao also serves as an executive director and the general manager of Zhongming Zhiye, the general manager of Zhongru Investment, and a director of Zhongcheng Real Estate and Shenxian Mountain Tourism Development Co., Ltd. (神仙山旅遊發展有限公司) respectively. Mr. Cao has over 32 years of experience in corporate management and the construction engineering industry. His previous primary work experience includes: serving as a vice manager and the manager of the Instalment Branch of No. 1 Construction Engineering Company of Hebei Province (河北省第一建築工程公司安裝分公司) from September 1996 to December 2004; a vice President of the Company from June 2001 to December 2004; a standing vice President of the Company from January 2005 to December 2005; and the President of the Company from January 2006 to March 2017.

Mr. Cao obtained a bachelor's degree of engineering in heating ventilation from the Urban Construction Department of Hebei University of Architecture (河北建築工程學院) in Zhangjiakou, the PRC in July 1987 and a master's degree of engineering in architecture and civil engineering from Tianjin University in Tianjin, the PRC in March 2003. Mr. Cao obtained the qualification of senior engineer from the Professional Technician Management Division of the Hebei Provincial Department of Human Resources and Social Security (河北省人力資源和社會保障廳專業技術人員管理處) in December 2003 and the qualification of national first-class certified constructor from the Ministry of Construction of the PRC in January 2008, respectively. Mr. Cao was awarded the first session of "Top Ten Excellent Youth (十大傑出青年)" jointly by China Communist Youth League Baoding Committee (共青團保定市委員會) and other authorities in September 1995, the "Model Worker of Baoding City for years 1998 to 2000 (保定市1998-2000年勞動模範)" by the People's Government of Baoding City in April 2001; "Excellent Worker for Urban Construction for 2001 (2001年度城市建設先進工作者)" by the People's Government of Baoding City in March 2002; "Excellent Individual for Construction of Lu Ban Award (創建魯班獎工程先進個人)" by China Construction Industry Association in December 2012; and "National Excellent Worker in Construction Industry (全國建築業先進工作者)" by China Construction Industry Association in October 2016. He also obtained the "First-class Award for Technology Improvement (科技進步一等獎)" from the Ministry of Construction of Hebei Province in April 2003 for the Experiment and Device Development Project of Biofilm Filtering Reactor for Recycling of Urban Sewage (用於城市污水回用的生物膜過濾反應器實驗及設備開發項目), the "Second-class Award for Science and Technology of Hebei Province (河北省科學技術二等獎)" from the People's Government of Hebei Province in December 2014, and the "Quality Award (Individual) of Hebei Government (河北省政府質量獎(個人獎))" from the People's Government of Hebei Province in December 2013.

Independent Non-Executive Directors

Mr. Xiao Xuwen (肖緒文), aged 66, is an independent non-executive Director of the Company since 15 December 2017. Mr. Xiao also serves as consulting chief engineer of the technology center of China State Construction Engineering Corporation Ltd (中國建築股份有限公司) (a listed Company on the Shanghai Stock Exchange, stock code: 601668) and a professor of School of Civil Engineering of Tongji University. Mr. Xiao is a vice president of China Construction Industry Association, a standing vice president of China Construction Industry Association Branch of Green Building and Construction (中國建築業協會綠色建造與施工分會) and a standing vice head of the Construction Engineering Technology Expert Committee of China Construction Industry Association (中國建築業協會建築工程技術專家委員會). Mr. Xiao has more than 41 years of experience in the construction engineering industry (especially specializing in research and development of construction engineering technologies) and corporate management. His previous primary work experience includes: consecutively serving in various positions of China Construction Eighth Division (中國建築第八工程局) from May 1983 to January 2008, including as a technician, a designer, the head of the Design Institute, a vice chief engineer (at division level) and the chief engineer, and serving as the general manager of the Technology Department of China State Construction Engineering Corporation Ltd from January 2008 to June 2012.

Mr. Xiao graduated from Tsinghua University in Beijing, the PRC in January 1977, majoring in industry and civil construction. Mr. Xiao obtained the qualification of senior engineer (professor level) from China State Construction Engineering Corporation (中國建築工程總公司) in December 2000. Mr. Xiao obtained the Second Prizes of the National Science and Technology Progress Award (國家科學技術進步獎二等獎) from the State Council for Research on Construction Technology of Modern Stadiums (現代化體育場施工技術研究), Research and Application of Construction Technology on Prestressing Force of Long-span Space Steel Structure (大跨空間鋼結構預應力施工技術研究與應用) and Key Technology and Application of Super High and Complicated High-rise Architecture Structures (超高及複雜高層建築結構關鍵技術與應用) in February 2007, November 2010 and December 2013, respectively.

Ms. Shen Lifeng (申麗鳳), aged 53, is an independent non-executive Director of the Company since 15 December 2017. Ms. Shen is also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration and Appraisal Committee under the Board of the Company. Ms. Shen also serves as chief director in charge of PRC businesses of Chong & Partners LLP. Ms. Shen is a standing committee member of the Federation of Industry and Commerce of Hebei Province (河北省工商業聯合會) and a vice president of the General Chamber of Commerce of Hebei Province (河北省總商會). Her term ended on 31 December 2017. Ms. Shen is a founding arbitrator of the Arbitration Committees of Shijiazhuang and Langfang, respectively. Ms. Shen has more than 29 years of experience in law, investment and financing management and corporate management. Her previous primary work experience includes: serving as a teaching assistant in the Department of Law of Hebei University from September 1987 to October 1989; the director of the legal department, an assistant to the general manager and a vice general manager of Hebei Textiles Import and Export (Group) Company (河北省紡織品進出口(集團)公司) from October 1989 to May 2006; a standing vice general manager and a member of the discipline-inspection committee of Shenglun International Industrial Group Co., Ltd. (聖侖國際實業集團股份有限公司), responsible for the reorganization and restructuring of the SOE from May 2006 to December 2007; and an executive director and the general manager of Shaanxi Kunzheng Mining Co., Ltd. (陝西坤正礦業股份有限公司) from September 2008 to August 2014.

Ms. Shen obtained a bachelor of law degree from the Department of Law of Hebei University in Baoding, the PRC in July 1987, graduated from the Department of Economics of Hebei University in Baoding, the PRC in May 1999 and obtained a master's degree of economics in world economy, obtained a doctor of law degree in civil and commercial law from the School of Law of Peking University in Beijing, the PRC in June 2005 and a master's degree in Buddhist studies from the Faculty of Arts of the University of Hong Kong in Hong Kong in November 2015. Ms. Shen obtained the qualifications of lawyer from the Lawyer's Qualification Review Committee of the Ministry of Justice (司法部律師資格審查委員會) in June 1998 and senior economist from the Qualification Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in November 1998, respectively. Ms. Shen was accredited the 2004 "Top Ten Excellent Youth of Hebei (河北十大傑出青年)" and the first-class merit for individuals (個人一等功) by the China Communist Youth League Committee of Hebei Province (共青團河北省委員會) and Hebei Provincial Department of Human Resources and Social Security and the "Top Ten Excellent Youth of Enterprises contributed by Hebei SASAC (河北省國資委所出資企業十大傑出青年)" by Hebei SASAC in 2005, respectively. Ms. Shen was also elected and served as the representative of the sixth and seventh sessions of the Party Congress of Hebei Province.

M? Che X (陳欣), aged 36, is an independent non-executive Director of the Company since 15 December 2017. Ms. Chen is also the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee and under the Board of the Company. Ms. Chen is currently the director of human resources consultant of Talentpool (HK) Limited. Ms. Chen has more than 11 years of experience in corporate management. Her previous primary work experience includes: serving as a financial advisor and accountant assistant in the financial department, and a deputy manager of the personnel unit in administration & personnel department of COSCO (HK) Industry & Trade Holdings Ltd. from February 2008 to February 2016; and the head of HR and administration department of Zhongrong International Securities Co., Ltd. from February 2016 to May 2016. Ms. Chen was the Hong Kong director of human resources of Fortune Fountain Capital Limited in 2017.

Ms. Chen obtained a bachelor's degree in accounting and finance from University of Southampton in Southampton, the United Kingdom in June 2006, and a master's degree in international management from University of London, King's College in London, the United Kingdom in December 2007.

M r . Cha Nga Sa g Ke (陳毅生), aged 54, is an independent non-executive Director of the Company since 15 December 2017. Mr. Chan is also a member of the Audit Committee and the Nomination Committee and Remuneration and Appraisal Committee of the Board of the Company. Prior to joining the Company, Mr. Chan worked at Ernst & Young from July 1989 to March 1997. Since April 1997 to date, he has served as the principal of Kenny Chan & Co. Mr. Chan has served as an independent non-executive director of CMIC Ocean En-Tech Holding Co., Ltd. (stock code: 00206) since October 2005, an independent non-executive director of Kingland Group Holdings Limited (stock code: 1751) since December 2016, an independent non-executive director of Minsheng Education Group Company Limited (stock code: 1569) since March 2017 and an independent non-executive director of Zhongyuan Bank Co., Ltd. (stock code: 1216) since May 2017.

Mr. Chan obtained a bachelor of commerce degree in accounting and finance from The University of New South Wales in Sydney, Australia in October 1988. He is a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants and a chartered accountant (New Zealand).

M . Y X efe g (于學峰), aged 56, is the deputy secretary of the Party Committee, secretary of the discipline committee and chairman of the trade union of the Company as well as the chairman of the Board of Supervisors and shareholder Supervisor since 25 June 2018. Mr. Yu also serves as the legal person, manager and director of Baoding Langzhuo Guan-Baoding Railway Construction Co., Ltd., and serves as a director of Luanping Zhongcheng Real Estate Development Co., Ltd. (灤平中誠房地產開發有限公司), Zhongming Zhiye Co., Ltd., Hebei Baocang Expressway Co., Ltd. (河北保滄高速公路有限公司), and Jiuzhou Zongheng Railway. Investment Co., Ltd. (九州縱橫城際鐵路投資有限公司), Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司), Baoding Baofeng Agricultural Ecology Technology Co., Ltd. (保定市保豐農業生態科技有限公司), Hebei Tianbo Construction Technology Co., Ltd. (河北天博建設科技有限公司) and Laiyuan Zhongcheng Construction Development Co., Ltd. (淶源中誠建設發展有限公司). Mr. Yu's previous primary work experience includes: serving as the deputy chief of the industry section of Baoding Economic and Trade Commission from August 1984 to July 1998; the assistant to the President of the Company from August 1998 to July 2001; the vice President of the Company from August 2001 to April 2017; the chief accountant of Baoding Taihang Heyi Cement Co., Ltd. from September 2002 to November 2004; the chief accountant of Hebei Baocang Expressway Co., Ltd from December 2004 to October 2011; the general manager, chief accountant, vice chairman and secretary of the party committee of Zhongcheng Real Estate Development Co., Ltd. from November 2011 to September 2017.

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

M . L J g a (劉景喬), aged 57, is an employee Supervisor of the Company since 31 March 2017. Mr. Liu also serves as the director of the Office of Party and Administration of the Company, the chairman of board of directors of Yuncai Network Technology Co., Ltd. (雲採網絡技術有限公司), Shenxian Mountain Tourism Development Co., Ltd. (神仙山旅遊發展有限公司) and Fuping County Ruifu Building Material Co., Ltd. (阜平縣瑞阜建材有限公司), respectively and an executive director of Fuping County Hongyi Labor Service Co., Ltd. (阜平縣紅阜勞務服務有限公司) a director of Hebei Qianyuan Agricultural Technology Development Co., Ltd. (河北乾元農業科技開發有限公司) and a director of Baoding Huawo Engineering Technology Consulting Co., Ltd. (保定華沃工程技術諮詢有限公司). Mr. Liu's previous primary work experience includes: serving as an employee of the health system of Fuping County of Hebei Province from August 1981 to August 1986; the head of the reporting group of the publicity department of the Party committee of Fuping County of Hebei Province and an organizer (at deputy division level) of the organization department of the Party Committee of Fuping County of Hebei Province; a secretary of the Company from September 1994 to January 2001; a deputy director of the office of the Party Committee and the Board secretary of the Company from January 2001 to December 2012; a deputy office director of the Company from April 2002 to February 2009; an office director of the Company, a director of the General Management Office, a deputy head of the Security Department and the secretary to the Party Committee of the Company from February 2009 to December 2012; and the Board secretary of the Company from November 2010 to April 2017.

Mr. Liu obtained an undergraduate academic diploma in law (through correspondence course) from Open College of the Central Party School of C.P.C. (中共中央黨校函授學院) in Beijing, the PRC in December 2001.

M? Fe g X a (馮秀健), aged 41, is a shareholder Supervisor of the Company since 23 January 2013. Ms. Feng also serves as a vice Chief Accountant and the head of Finance Management Department of the Company, a director of Tianjin Tianzheng Construction Engineering Co., Ltd. (天津天正建築工程有限責任公司) and a supervisor of Zhongcheng Real Estate, Hebei Zhiping Construction Equipment Leasing Co., Ltd. (河北治平建築設備租賃有限公司), Yuncai Network Technology Co., Ltd. (雲採網絡技術有限公司), Hebei Zhongru Software Technology Co., Ltd. (河北中儒軟件科技股份有限公司), Hebei Construction Group Steel Structure Engineering Co., Ltd. (河北建設集團鋼結構工程有限公司), Hebei Construction Group Zhengyuan Concrete Co., Ltd. (河北建設集團正源混凝土有限公司), Jiuzhou Zongheng Railway. Investment Co., Ltd. (九州縱橫城際鐵路投資有限公司), Baoding Langzhuo Gubao Intercity Railway Engineering Co., Ltd. (保定廊涿固保城際鐵路工程有限公司), Hebei Lvjian Investment Company (河北綠建投資股份公司) and Baoding Taihang Heyi Cement Co., Ltd. (保定太行和益水泥有限公司), respectively. Ms. Feng's previous primary work experience includes: serving as an accountant of the Steel Structures Branch of the Company from September 2000 to August 2004; a deputy head and the head (at division level) of the Finance Division of Concrete Branch of the Company from August 2004 to May 2009; and a deputy head of the Finance Management Department of the Company from June 2009 to December 2009.

Ms. Feng obtained a bachelor's degree in accounting from Hebei University of Economics and Business in Shijiazhuang, the PRC in July 2000. Ms. Feng obtained the qualification of senior accountant from the Office of Qualification Reform Leading Group of Hebei Province (河北省職稱改革領導小組辦公室) in December 2008.

M．Y eJa ˊ ˇg(岳建明), aged 46, is an employee Supervisor of the Company since 31 March 2017. Mr. Yue also serves as the head of the Legal Affairs Department of the Company, the legal representative and executive director of Beijing Zhongjian Zhilian Management Consulting Co., Ltd. (北京中建智聯管理諮詢有限公司), a director of Inner Mongolia Xinglifeng Construction Management Co., Ltd. (內蒙古興利豐建設管理有限公司) and a supervisor of Tianjin Tianzheng Construction Engineering Co., Ltd.(天津天正建築工程有限責任公司), Beijing Rungucheng Investment Management Co., Ltd.(北京市潤穀誠投資管理有限公司), HCG Tianchen Construction Engineering, HCG Zhuocheng Road and Bridge Engineering, HCG Installment Engineering and HCG Garden Engineering, respectively. He is also a consultation expert of National Development and Reform Commission, a mediator of Mediation Centre of China Construction Industry Association, an arbitrator of China International Economics and Trade Arbitration Commission and Shanghai Arbitration Commission, a consultant expert of Hebei Urban Construction Investment & Financing Association, an editor of textbook for the National Grade I Practising Qualification Certificate Constructor Examination, a vice director committee member of the Real Estate and Construction Engineering Law Profession Committee of China Legal Consulting Centre (中國法律諮詢中心房地產與建築工程法律專業委員會), an expert in the NDRC expert pool (國家發改委PPP專家庫), a council member of China Experts Association (中國專家學者協會), an adjunct professor at the College of Political Science and Law of Hebei University, a researcher of Real Estate Law Research Centre of China University of Political Science and Law, a member of the Legal Expert Consulting Committee of the People's Government of Baoding (保定市人民政府法制專家諮詢委員會), a researcher of the China Behavior Law Association and Joint Major and Difficult Cases Research Centre (中國行為法學會、法聯重大疑難案件研究中心) and a researcher of Arbitrator 295C04FA029502D0Tj/T1 1 Th0 0.52i 0.tr Diffi(r)0.5 ommissiffi(r)0.5cultion an(0.tr Diffiajor(r)0.5Rvior Lar and Diff

M . Wa g Fe g (王豐), aged 39, is a shareholder Supervisor of the Company since 31 March 2017. Mr. Wang also serves as the head of the Inspection and Auditing Department of the Company, and a supervisor of HCG Tianchen Construction Engineering, HCG Decoration Engineering, HCG Zhuocheng Land and Road Engineering, HCG Installment Engineering, HCG Garden Engineering, Tianjin Tianzheng Construction Engineering Co., Ltd.(天津天正建築工程有限責任公司) and Hebei Construction Group Infrastructure Construction Co., Ltd. (河北建設集團基礎設施建設有限公司

M . Ga Q (高秋利), aged 61, is a vice President and the Chief Engineer of the Company since 22 July 2001. Mr. Gao also serves as the chairman of the board of directors of Hebei Lvjian Investment Company (河北綠建投資股份公司), the legal representative and executive director of Hebei Zhongbao New Building Materials Manufacturing Co., Ltd.(河北中寶新型建材製造有限公司), and a director of HCG Installment Engineering and Hebei Zhongru Software Technology Co., Ltd (河北中儒軟件科技股份有限公司) respectively. Mr. Gao has over 38 years of experience in the construction engineering industry and technical and quality management. His previous primary work experience includes: serving as a technician and the person in charge of technology of No. 1 Construction Engineering Company of Hebei Province from July 1981 to December 1988; the head in charge of technology and the head of No. 1 Construction Engineering Company of Hebei Province from January 1988 to November 1994; a deputy head and the head (at division level) of the quality and technology division of No. 1 Construction Engineering Company of Hebei Province from December 1994 to November 1997; a vice chief engineer and a vice general manager of No. 1 Construction Engineering Company of Hebei Province from December 1997 to December 1998; and the chief engineer and a vice general manager of No. 1 Construction Engineering Company of Hebei Province from January 1999 to June 2001.

Mr. Gao obtained an academic diploma of undergraduate course in architecture engineering (through correspondence course) from Harbin University of Civil Engineering and Architecture (currently known as Harbin Institute of Technology) in Harbin, the PRC in July 1997, a master's degree in architecture and civil engineering from Tianjin University in Tianjin, the PRC in March 2002, and a doctor's degree of engineering in architecture technology and management from Tianjin University in Tianjin, the PRC in June 2011. Mr. Gao obtained the qualification of senior engineer from Qualification Reform Leading Group Office of Hebei Province (河北省職稱改革領導小組辦公室) in December 2002 and the qualification of national certified constructor from the Ministry of Construction of the PRC in January 2008, respectively. Mr. Gao was awarded the National Advanced Construction Technology Individual for the "Tenth Five-year Period" by the Ministry of Construction of the PRC in June 2006 and received the Second-class Award for Technology Improvement from the People's Government of Hebei Province in December 2007 and December 2014 respectively. He obtained the National Quality Award for Individuals from the General Administration of Quality Supervision, Inspection and Quarantine of the PRC in September 2011 and the Second-class Award for National Technology Improvement Award from the State Council of the PRC in December 2011.

M r . L i W e i (李武鐵), aged 32, is the Board secretary of the Company since 31 March 2017 and the assistant to the President of the Company since January 2015 and served as the head of the Financial and Securities Department of the Company since 4 June 2018. Mr. Li also serves as the general manager of Shenzhen Zhongru Investment Co., Ltd. (深圳中儒投資有限公司). Mr. Li's previous primary work experience includes working at the Inspection and Audit Department and Market Operation Department of the Company from July 2013 to December 2014.

Mr. Li obtained a Bachelor of Science (economics) degree in financial and business economics from Royal Holloway and Bedford New College of University of London in London, the United Kingdom in August 2011, and a Master of Science degree in accounting, accountability and financial management from King's College of London in London, the United Kingdom in December 2012.

Mr. Li is the son of Mr. Li Baoyuan, the Honorary Chairman and non-executive Director of the Company, and nephew of Mr. Li Baozhong, the Chairman and executive Director of the Company.

J i C a i Sec e a i e s

M r . L i W e i (李武鐵). For biography of Mr. Li, please refer to "Senior Management" above.

M s . W o n g Wa i L i n g (黃慧玲), is one of the joint company secretaries of the Company. Ms. Wong has more than 14 years of experience in corporate secretarial affairs. Ms. Wong is the president of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for assisting listed companies in professional company secretarial work. Prior to joining SWCS Corporate Services Group (Hong Kong) Limited, she worked in a corporate service provider and the company secretarial department of an international accounting firm. Ms. Wong obtained a Bachelor of Arts degree in marketing and public relations from the Hong Kong Polytechnic University and a master's degree in corporate governance

Staff Incentive

The Group has established a comprehensive performance appraisal system. Through the combination of quarterly appraisal on KPI indicators and yearly all-round appraisal, it linked annual operating goals with the performance appraisal of all departments and staff. The appraisal system combined objective appraisal, indicator appraisal, appraisal based on letter of commitment to objectives at the management level, quantitative appraisal on KPI indicators, quarterly appraisal and yearly allround appraisal, building the comprehensive performance appraisal system covering the Company, departments, subsidiaries and individuals. Tasks were broken down level by level for full coverage of key indicators and level-by-level management was adopted for attaining goals. The Company aligns business operation with individual incentive by a number of measures and means, for the purpose of boosting creativity of the organisation and individuals. It pursues long-term corporate development in a manner responsible to the Shareholders and society.

Staff Training

The Group attaches great importance to building a sound corporate culture, strives to improve the overall quality of employees and actively conducts comprehensive staff training at different levels. During the Reporting Period, it has pushed forward the development of systems, training courses, trainer qualification and training management in accordance with corporate strategy and arrangement of key undertakings of the year, and with the support of the Company's training system. On that basis, it coordinated and planned company-level training programs for different departments and subordinate companies. As at 31 December 2018, the Group has provided training for a total of 28,818 employees in 69,794 days and total training expenditure amounting to approximately RMB3.4035 million.

Employee Salary and Remuneration

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.

Pension Scheme

A total of 81 employees of the Company retired in 2018. Such employees are entitled to the social pension insurance scheme approved by local labour and social security authorities.

Further details of employment policy of the Company will be set out in the "Environmental, Social and Governance Report" to be published by the Company when and appropriate.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	2017 *RMB'000*
CONTINUING OPERATIONS		
Revenue	*5*	41,177,335
Cost of sales		(38,946,373)
Gross profit		2,230,962
Other income and gains	*5*	381,914
Selling and distribution expenses		(39,300)
Administrative expenses		(423,257)
Impairment losses on financial and contract assets, net		(375,630)
Other expenses		(23,738)
Finance costs		(182,537)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2017
	RMB'000
PROFIT FOR THE YEAR	1,094,128
OTHER COMPREHENSIVE INCOME	
Equity investments designated at fair value through other comprehensive income:	
Changes in fair value	–
Income tax effect	–
	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	–
OTHER COMPREHENSIVE INCOME, FOR THE YEAR, NET OF TAX	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,094,128
Attributable to:	
Owners of the parent	1,052,246
Non-controlling interests	41,882
	1,094,128

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2017 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment		434,229
Investment property		135,439
Prepaid land lease payments		36,495
Investments in associates		318,650
Equity investments designated at fair value through other comprehensive income		–
Available-for-sale investments		488,500
Deferred tax assets		255,925
Trade receivables	*13*	451,853
Contract assets	*14*	–
Receivables under service concession arrangements		42,278

	Notes	2017 *RMB'000*
CURRENT LIABILITIES		
Trade and bills payables	*15*	30,849,740
Amounts due to contract customers		4,374,621
Other payables and accruals		7,088,206
Interest-bearing bank and other borrowings		1,847,362
Tax payable		565,644
Total current liabilities		44,725,573
NET CURRENT ASSETS		3,869,720
TOTAL ASSETS LESS CURRENT LIABILITIES		6,033,089
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings		1,721,780
Total non-current liabilities		1,721,780
Net assets		4,311,309
EQUITY		
Equity attributable to owners of the parent		
Share capital		1,733,334

No significant effect of the initial application of IFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Note	Increase/(decrease) RMB'000
Assets		
Amounts due from contract customers	*(i)*	(27,744,640)
Trade receivables	*(i)*	(451,853)
Receivables under service concession arrangements	*(i)*	(42,278)
Contract assets		28,238,771
Total assets		–
Liabilities		
Amounts due to contract customers	*(ii)*	(4,374,621)
Receipt in advance	*(ii)*	(1,873,287)
Contract liabilities	*(ii)*	6,247,908
Total liabilities		–

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 as a result of the adoption of IFRS 15. The adoption of IFRS 15 has had no impact on the statement of profit or loss, other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under IFRS 15 and the second column shows what the amounts would have been had IFRS 15 not been adopted:

Consolidated statement of financial position as at 31 December 2018:

		Amounts reported under		Increase/
		IFRS 15	Previous IFRS	(decrease)
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from contract Customers	*(i)*	–	36,665,536	(36,665,536)
Trade receivables	*(i)*	–	487,373	(487,373)
Receivables under service concession arrangements	*(i)*	–	743,494	(743,494)
Contract assets	*(i)*	37,896,403	–	37,896,403
Total assets		37,896,403	37,896,403	–
Amounts due to contract Customers	*(ii)*	–	4,039,166	(4,039,166)
Advances from customers	*(ii)*	–	818,132	(818,132)
Contract liabilities	*(ii)*	4,857,298	–	4,857,2984,857,2984,857,298

( ) **C ct e ce**

Before the adoption of IFRS 15, contract costs were recognised as an asset provided it was probable that they would be recovered. Such costs represented an amount due from the customers and were recorded as amounts due from contract customers in the statement of financial position before the construction services were billed to customers. Upon the adoption of IFRS 15, a contract asset is recognised when the Group performs by transferring goods or services to customers and the Group's right to consideration is conditional. Accordingly, the Group reclassified RMB27,744,640,000 from amounts due from contract customers to contract assets as at 1 January 2018.

Before the adoption of IFRS 15, retention receivables arising from construction contracts, that were conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, were included in trade receivables. Upon adoption of IFRS 15, retention receivables are reclassified to contract assets. Accordingly, the Group reclassified RMB487,373,000 from trade receivables to contract assets as at 1 January 2018.

Before the adoption of IFRS 15, the receivables recognized under service concession arrangements in the scope of IFRIC Interpretation 12 Service Concession Arrangements were conditional to receive cash on the satisfaction of the service quality by the grantor as stipulated in the contracts, were recorded as receivables under service concession arrangements. Upon adoption of IFRS 15, receivables under service concession arrangements are reclassified to contract assets. Accordingly, the Group reclassified RMB42,278,000 from receivables under service concession arrangements to contract assets as at 1 January 2018.

As at 31 December 2018, the adoption of IFRS 15 resulted in a decrease in amounts due from contract customers of RMB36,665,536,000, a decrease in trade receivables of RMB487,373,000, a decrease in receivables under service concession arrangements of RMB743,494,000, and an increase in contract assets of RMB37,896,403,000.

( ) **C de a ece ed f c e ad a ce**

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as advances from customers in other payables and amounts due to contract customers. Under IFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals.

Therefore, upon adoption of IFRS 15, the Group reclassified RMB4,374,621,000 from amount due to contract customers and RMB1,873,287,000 from advances from customers to contract liabilities, respectively, as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB4,039,166,000 was reclassified from amount due to contract customers and RMB818,132,000 from advances from customers to contract liabilities for the provision of construction and pre-sales of properties.

(b) 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.

There are no significant transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

C a ***f ca ***a d*** ***ea*** ***e e***

The following information sets out the impacts of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses ("**ECL**").

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as at 1 January 2018 is as follows:

	Note	IAS 39 Ca eg	IAS 39 A	Re-c a ***f ca	IFRS 9 A	IFRS 9 Ca eg
			RMB'000		*RMB'000*	
Equity investments designated at fair value through other comprehensive income			–	488,500	488,500	FVOCI[1]
From: Available-for-sale investments	*(i)*	AFS[2]	488,500	(488,500)	–	
Bill receivables			–	558,673	558,673	FVPL[4]
From: Bill receivables	*(ii)*	L&R[3]	558,673	(558,673)	–	
			1,047,173	–	1,047,173	

1 FVOCI: Financial assets at fair value through other comprehensive income
2 AFS: Available-for-sale investments
3 L&R: Loans and receivables
4 FVPL: Financial assets at fair value through profit or loss

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) The Group's bills receivables are managed with a business model under which bills receivables are not held to collect contractual cash flows but endorsed to suppliers prior to their expiry date. Accordingly, these bills receivables are reclassified as FVPL upon adoption of IFRS 9.

Other than the reclassification mentioned above, as of 1 January 2018, other financial assets previously classified as loans and receivables under IAS 39 were reclassified to financial assets at amortized cost under IFRS 9 at their original carrying values, and there have been no changes to the classification or measurement of financial liabilities as a result of the adoption of IFRS 9.

Cha ge t he a e ca c a t

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The impact of adopting expected credit loss model under IFRS 9 was not significant and, therefore, the Group made no adjustment to reserves as of 1 January 2018 for the changes in impairment.

Cha ge t hedg g acc g

The changes to hedging accounting would not have financial impact on the Group's financial statements as it does not have hedging transactions.

All the other new and revised IFRSs above have no significant financial effect on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

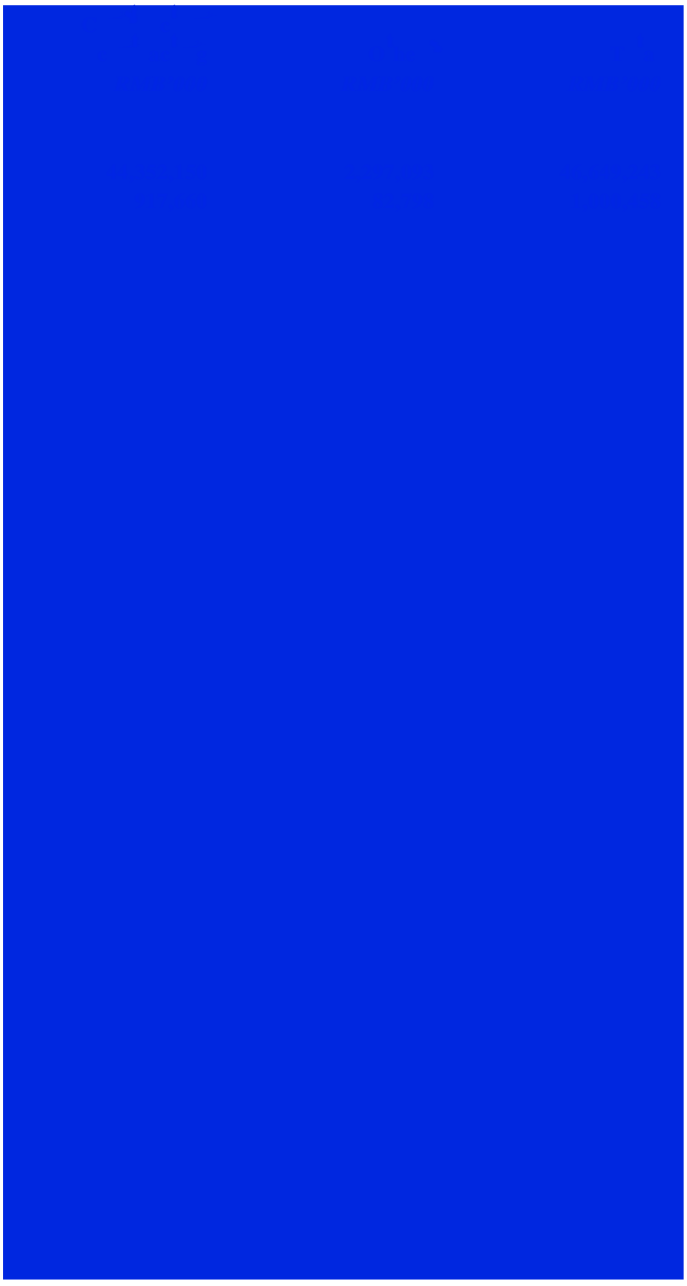
For management purposes, the Group is organised into business units based on their services and products and has two reportable operating segments as follows:

(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, service concession arrangements 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

Yea e ded 31 Dece be 2018



Seg e e e *(note 5)*
Sales to external customers
Intersegment sales

Year ended 31 December 2017

	Construction contracting *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers	38,909,449	2,267,886	41,177,335
Intersegment sales	703,958	39,546	743,504
Total revenue	39,613,407	2,307,432	41,920,839
Reconciliation:			
Elimination of intersegment sales			(743,504)
Revenue from continuing operations			41,177,335
Segment results	1,425,341	320,137	1,745,478
Reconciliation:			
Elimination of intersegment results			(180,623)
Profit before tax from continuing operations			1,564,855
Segment assets	56,223,560	7,450,735	63,674,295
Reconciliation:			
Elimination of intersegment receivables			(12,915,633)
Total assets			50,758,662
Segment liabilities	51,537,489	6,116,163	57,653,652
Reconciliation:			
Elimination of intersegment payables			(11,206,299)
Total liabilities			46,447,353
Other segment information:			
Depreciation	31,070	8,763	39,833
Amortisation	–	863	863
Impairment loss on financial assets, net	351,464	24,166	375,630
Share of losses of associates	122	3,437	3,559
Capital expenditure	75,486	52,165	127,651

Geographical information

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

Information about major customers

The Group has diversified customers, and no single customer from which the revenue was derived accounted for more than 10% of the Group's total revenue for the year ended 31 December 2018 (2017: nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2017 *RMB'000*
Revenue from contracts with customers	–
Construction contracts	38,909,449
Sale of properties	2,154,976
Sale of goods and other services	107,619
Revenue from other sources	
Gross rental income	5,291
	41,177,335

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	Construction contracting *RMB'000*	Others *RMB'000*	Total *RMB'000*
Type of goods or services			
Building construction contracting	29,727,837	–	29,727,837
Infrastructure construction contracting	10,754,327	690,229	11,444,556
Specialized and other construction contracting	3,499,139	–	3,499,139
Sale of properties	–	1,454,806	1,454,806
Sale of goods and other services	369,322	147,901	517,223
Total revenue from contracts with customers	44,350,625	2,292,936	46,643,561
Timing of revenue recognition			
Services transferred over time	43,981,303	699,808	44,681,111
Goods transferred at a point in time	369,322	1,593,128	1,962,450
Total revenue from contracts with customers	44,350,625	2,292,936	46,643,561

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2018

Segments	Contracting construction *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from contracts with customers			
External customers	44,350,625	2,292,936	46,643,561
Intersegment sales	917,660	57,923	975,583
	45,268,285	2,350,859	47,619,144
Intersegment adjustments and eliminations	(917,660)	(57,923)	(975,583)
Total revenue from contracts with customers	44,350,625	2,292,936	46,643,561

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2018 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Building construction contracting	**1,775,648**
Infrastructure construction contracting	**1,144,074**
Specialized and other construction contracting	**201,293**
Sale of properties	**1,204,007**
	4,325,022

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 90 days from delivery, except for new customers, where payment in advance is normally required.

6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2017 *RMB'000*
Cost of construction contracting	37,299,983
Cost of others	1,646,390
Total cost of sales	38,946,373
Depreciation*	39,833
Amortisation of prepaid land lease payments*	863
Total depreciation and amortisation	40,696
Research and development costs	29,600
Government grants released**	(1,529)
Impairment of financial and contract assets, net	
Impairment of trade receivables, net	97,376
Impairment of contract assets, net	–
(Reversal of)/ impairment of financial assets included in prepayments, other receivables and other assets, net	278,254
Auditors' remuneration	6,800
Employee benefit expenses (including directors' and supervisors' remuneration):	227,731
Wages, salaries and allowances	180,073
Social insurance	38,135
Welfare and other expenses	9,523
Interest income	(176,102)
Foreign exchange differences, net	–
Gain on disposal of items of property, plant and equipment, and prepaid land lease payments	(39,980)
Change in fair value of an investment property	(2,069)
Dividend income from equity investments at fair value through other comprehensive income/available-for-sale investments	(30,009)
Gain on disposal of subsidiaries	(107,069)
Gain on disposal of assets and liabilities of disposal groups classified as held for sale	(22,674)

* The amounts of these expenses are included in "Cost of sales", "Selling and distribution expenses" and "Administrative expenses", in the consolidated statements of profit or loss.

** Government grants mainly consists of fund received from finance bureau in support of the Group's service concession arrangement service.

7. 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 and became effective on 1 January 2008 (the "**Ne C a e I c e Ta La** ").

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("**LAT**") and other relevant subsequent amendment 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

8. DIVIDENDS

The dividends during the year are set out below:

	2017 *RMB'000*
Dividends declared to owners of the parent	1,651,400

The rates of distribution are not presented as the dividends during 2017 are declared prior to the listing of the Company's shares and this information is not meaningful for the purpose of this report.

A final dividend for the year ended 31 December 2018 of RMB0.30 (tax inclusive) per ordinary share, totalling approximately RMB528,415,050 is to be proposed at the upcoming annual general meeting according to the resolution passed at the Board meeting held on 25 March 2019. These financial statements have not reflected this proposed dividend.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,761,075,000 (2017: 1,309,315,000) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2018 and 2017 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

The calculations of basic and diluted earnings per share are based on:

	2017 *RMB'000*
Ea g	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	
From continuing operations	1,025,524
From discontinued operations	26,722
	1,052,246

	2017
Sha e	
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	1,309,315,000

10. CONSTRUCTION CONTRACTS

	2017 *RMB'000*
Gross amounts due from contract customers	27,744,640
Gross amounts due to contract customers	(4,374,621)
	23,370,019
Contract costs incurred plus recognised profits less recognised losses	208,994,086
Less: Progress billings	(185,624,067)
	23,370,019

11. PROPERTIES UNDER DEVELOPMENT

	2017 *RMB'000*
Carrying amount at 1 January	3,604,501
Decrease in relation to the disposal of subsidiaries	(974,975)
Additions	1,646,225
Transferred to completed properties held for sale	(1,701,712)
	2,574,039

As at 31 December 2018, certain of the Group's properties under development with a net carrying amount of approximately RMB293,603,000 (2017: RMB125,566,000) were pledged to secure bank facilities granted to the Group.

12. COMPLETED PROPERTIES HELD FOR SALE

	2017 *RMB'000*
Carrying amount at 1 January	816,426
Decrease in relation to the disposal of subsidiaries	(254,882)
Transferred from properties under development	1,701,712
Transferred to cost of properties sold	(1,521,809)
	741,447

13. 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.

	2017 *RMB'000*
Trade receivables	6,562,157
Provision for impairment	(531,918)
Trade receivables, net	6,030,239
Bills receivable at fair value through profit or loss	–
Bills receivable at amortised cost	558,673
	6,588,912
Portion classified as non-current assets	(451,853)
Current portion	6,137,059

Included in the Group's trade and bills receivables are amounts due from the Group's associates and fellow subsidiaries of RMB6,987,000 (2017: RMB15,923,000) and RMB10,310,000 (2017: RMB419,000), respectively, which are repayable on credit terms similar to those offered to the major debtors of the Group.

As at 31 December 2018, there were no trade and bills receivables of the Group (2017: RMB38,876,000) pledged to secure certain bank facilities granted to the Group.

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:

	2017 *RMB'000*
Retentions in trade receivables	950,177
Provision for impairment	(31,558)
Retentions in trade receivables, net	918,619
Portion classified as non-current assets	(451,853)
Current portion	466,766

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

T ade ece ab e

	2017 *RMB'000*
Within 3 months	1,689,894
3 months to 6 months	929,095
6 months to 1 year	900,917
Over 1 year	1,591,714
	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:

Re e ece ab e

	2017 *RMB'000*
Due within one year	160,103
Due after one year	451,853
	611,956

The movements in the loss allowance for impairment of trade receivables are as follows:

	2017 *RMB'000*
At beginning of the year	434,542
Impairment losses, net	97,376
At end of the year	531,918

I a e t de IFRS 9 f the ea e ded 31 Dece be 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

A a t 31 Dece be 2018

Ge e a t e :
Current and within 1 year
More than one year but within 2 years
More than 2 years

I a e t de IAS 39 f the ea e ded 31 Dece be 2017

Included in the above provision for impairment of trade receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 was a provision for individually impaired trade receivables of RMB278,891,000 with a carrying amount before provision of RMB278,891,000.

The ageing analysis of the trade receivables as at 31 December 2017 that are were not individually nor collectively considered to be impaired is as follows:

	2017 *RMB'000*
Neither past due nor impaired	611,956

Receivables that were neither past due nor impaired relate to a large number of diversified debtors for whom that was no recent history of default.

T a fe ed f a c a a e t ha a e t de ec g ed the e t e t

The Group endorsed certain bills receivable accepted by banks in Mainland China (the "**E d ed B** ") with a carrying amount of RMB327,091,000 (2017: RMB307,073,000) as at 31 December 2018, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**E d e e**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse was RMB327,091,000 (2017: RMB307,073,000) as at 31 December 2018.

Transfer of financial assets that are derecognised in their entirety

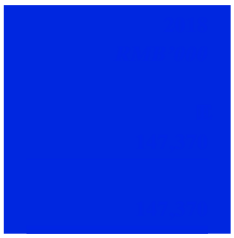
The Group endorsed certain bills receivable accepted by banks in Mainland China (the "**Derecognised Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB369,689,000 (2017: RMB155,915,000) as at 31 December 2018. The Derecognised Bills have a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the recognised bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

14. CONTRACT ASSETS

The remaining contract assets of RMB36,745,266,000 are expected to be recovered or settled within 3 years upon completion of services and acceptance by the customer.

The movements in the loss allowance for impairment of contract assets are as follows:



At beginning of year	
Impairment losses, net	
At end of year	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

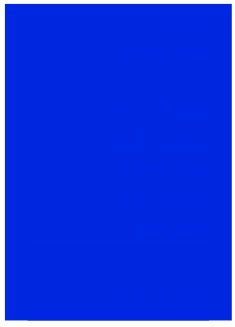
Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

A a t 31 Dece be 2018

	E ec ted a e	G ca a g	E ec ted c ed e
	RMB'000	*RMB'000*	*RMB'000*
Construction services	0.39%	38,043,773	147,370

15. 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:



	2017
	RMB'000
Within 6 months	15,763,858
6 months to 1 year	7,946,332
1 to 2 years	5,459,279
2 to 3 years	1,215,519
Over 3 years	464,752
	30,849,740

The trade and bills payables are non-interest-bearing and repayable on demand.

The trade payables included in a disposal group of RMB6,943,000 are aged over three months.

Included in the trade and bills payables are trade payables of RMB1,950,423,000 (2017: RMB552,343,000) due to a fellow subsidiary, which are repayable on demand, which represents credit terms similar to those offered by the fellow subsidiary to their major customers.

16. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 31 December 2018.

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

"Articles of Association" or "Articles"	the articles of association of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Baoding SASAB"	State-owned Assets Supervision and Administration Bureau of Baoding (保定市國有資產管理局), which has been changed to Baoding SASAC since 2008 to perform the obligations as the contributor of state-owned assets under the delegation of the People's Government of Baoding
"Baoding SASAC"	State-owned Assets Supervision and Administration Commission of Baoding (保定市國有資產監督管理委員會)
"Audit Committee"	the Audit Committee of the Board
"Baoding Tianli"	Baoding Tianli Labor Service Co., Ltd. (保定天力勞務有限公司), a limited liability company incorporated in the PRC on 27 November 2001, which is a company indirectly owned as to 75% by a Controlling Shareholder of the Company as of the date of this announcement, thus a connected person of the Company
"Baoding Zhongcheng"	Baoding Zhongcheng Investment Management Co., Ltd. (保定中誠投資管理有限公司), a limited liability company incorporated in the PRC on 20 September 2007, which is a subsidiary wholly owned by the Company as of the date of this announcement
"Beijing-Tianjin-Hebei Region"	an economic region in China comprising Beijing, Tianjin, and Hebei Province
"Belt and Road Initiative"	a development strategy and framework, proposed by the PRC that focuses on connection and cooperation among countries primarily in Eurasia, which consists of the land-based "Silk Road Economic Belt" and oceangoing "Maritime Silk Road"
"Board" or "Board of Directors"	the board of Directors of the Company
"Board Committee(s)"	collectively, the Remuneration and Appraisal Committee, the Audit Committee and the Nomination Committee

"Board of Supervisors"	the board of Supervisors of the Company
"CASBE"	Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
"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)
"Company Law"	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

"Global Offering"	Hong Kong Public Offering and International Offering and listing on the Main Board of the Hong Kong Stock Exchange of H shares of the Company, details of which are set out in the Prospectus
"Group" or "we", "us"	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
"H Share(s)"	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
"H Share Registrar"	Tricor Investor Services Limited
"HCG Garden Engineering"	Hebei Construction Group Garden Engineering Co., Ltd. (河北建設集團園林工程有限公司), a limited liability company incorporated in the PRC on 26 December 2006, which is an indirect wholly-owned subsidiary of the Controlling Shareholder of the Company as of the date of this announcement, thus a connected person of the Company
"HCG Installment Engineering"	Hebei Construction Group Installment Engineering Co., Ltd. (河北建設集團安裝工程有限公司), a limited liability company incorporated in the PRC on 10 August 2004, which was owned as to 61.11% and 38.89% by the Company and Baoding Zhongcheng, a subsidiary of the Company, respectively, as of the date of this announcement
"HCG Zhuocheng Road and Bridge Engineering"	Hebei Construction Group Zhuocheng Road and Bridge Engineering Co., Ltd. (河北建設集團卓誠路橋工程有限公司), a limited liability company incorporated in the PRC on 6 January 1998, and owned as to 95.24% and 4.76% by the Company and Baoding Zhongcheng, a subsidiary of the Company, respectively, as of the date of this announcement
"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"	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)
"Independent Third Party(ies)"	party(ies) not connected with the Company within the meaning of the Hong Kong Listing Rules as far as the Directors are aware after having made all reasonable enquiries
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	15 December 2017, the date on which the Company's overseas listed foreign Shares (H Shares) were listed on the Main Board of the Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Lu Ban Award"	the Lu Ban Award for Construction Engineering in China (中國建設工程魯班獎), the highest and most prestigious award given by the MOHURD for construction quality excellence
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-rural Development of the PRC (中華人民共和國住房和城鄉建設部), formerly known as the Ministry of Construction
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the Nomination Committee of the Board
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Prospectus"	the prospectus of the Company dated 5 December 2017

"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Qianbao Investment"	Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As of the date of this announcement, Qianbao Investment directly and indirectly through Zhongru Investment held approximately 73.8% equity interest of the Company in aggregate and is a Controlling Shareholder of the Company
"Remuneration and Appraisal Committee"	the Remuneration and Appraisal Committee of the Board
"Reporting Period" or "2018" or "the Year"	the year beginning from 1 January 2018 and ending on 31 December 2018
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"senior management"	senior management of the Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	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
"SME(s)"	small and medium enterprise(s)

"SOE(s)"	state-owned enterprise(s)
"State"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context requires otherwise
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, unless the context requires otherwise
"Supervisor(s)"	supervisors of the Company
"Xiong'an New Area"	established in Hebei Province in April 2017, as part of PRC government's measures to advance the coordinated development of the Beijing-Tianjin-Hebei Region. This new area currently spans the three counties of Xiongxian, Rongcheng and Anxin
"Zhongming Zhiye"	Zhongming Zhiye Co., Ltd. (中明置業有限公司), a company incorporated in the PRC on 1 December 2016 with limited liability. As of the date of this announcement, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the Controlling Shareholders of the Company, respectively. Hence, Zhongming Zhiye is a connected person of the Company
"Zhongru Investment"	Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010. As of the date of this announcement, Zhongru Investment directly held 68.3% equity interest of the Company and is a Controlling Shareholder of the Company
"%"	per cent.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this announcement in connection with the Group and its business. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"BOT"	Build-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the rights to undertake the financing, design, construction, operation and certain of wastewater treatment or water supply facilities in a concession period, during which the enterprise can charge service fees based on the service to cover its costs of investment, operation and maintenance and obtain reasonable returns, while, upon the expiration of the concession period, the relevant facilities will be transferred back to the government at nil consideration
"CAGR"	compound annual growth rate
"contract value"	final negotiated or proposed price of a contract before tax
"curtain wall"	an outer covering of a building in which the outer walls are non-structural, designed to handle all loads imposed on it as well as keep air and water from penetrating the building envelope
"electrical and mechanical installation"	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
"EPC"	engineering, procurement and construction, a common form of contracting model whereby the contractor is commissioned by the project owner to carry out such project work as survey, design, procurement, construction testing and commissioning of an engineering project, or any combination of the above, either through the contractor's own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
"m^2" or "sq.m."	square meters
"output value"	the total amount of pecuniary investment by project owners in a construction project (excluding land price and including other construction works subcontracted to other parties of the same construction project)

"PC"	procurement construction, a common form of contracting model whereby the contractor is commissioned by the project owner