



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



2023

INTERIM REPORT

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CORPORATE INFORMATION

Basic information of the Company is set out below:

LEGAL NAME OF THE COMPANY

河北建設集團股份有限公司

ENGLISH NAME OF THE COMPANY

Hebei Construction Group Corporation Limited

DIRECTORS

Executive Directors¹

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

Mr. Shang Jinfeng (*President*)

Mr. Zhao Wensheng

Mr. Tian Wei²

Mr. Zhang Wenzhong²

Non-executive Director

Mr. Li Baoyuan (*Honorary Chairman*)

Independent Non-executive Directors

Ms. Shen Lifeng

Ms. Chen Xin

Mr. Chan Ngai Sang Kenny

SUPERVISORS³

Mr. Wang Feng

(*Chairman of the Board of Supervisors*)⁴

Mr. Yue Jianming

Mr. Chen Qinghan⁵

JOINT COMPANY SECRETARIES

Mr. Li Wutie

Ms. Wong Wai Ling (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

Ms. Shen Lifeng

Ms. Wong Wai Ling (*ACG, HKACG*)

BOARD COMMITTEES

Audit Committee

Ms. Shen Lifeng

(*Chairwoman of the committee*)

Mr. Li Baoyuan

Ms. Chen Xin

Mr. Chan Ngai Sang Kenny

Notes:

1. Due to the imminent retirement, Mr. Liu Yongjian did not seek re-election as a Director upon the expiry of his term of office as a Director, and ceased to serve as an executive Director of the Company with effect from 26 June 2023.
2. At the Board meeting held on 27 March 2023, the Board proposed to nominate Mr. Tian Wei and Mr. Zhang Wenzhong as candidates for the executive Directors of the third session of the Board of Directors of the Company. The above proposals were considered and approved by way of ordinary resolutions at the 2022 AGM held on 26 June 2023 and their terms of office became effective on 26 June 2023. For details, please refer to the announcements of the Company dated 27 March 2023 and 26 June 2023 respectively, and the circular of the 2022 AGM dated 25 May 2023.
3. Due to reaching retirement age, Mr. Yu Xuefeng and Mr. Liu Jingqiao did not seek re-election as Supervisors upon the expiry of their terms of office as Supervisors. Due to work commitment, Ms. Feng Xiujian did not seek re-election as a Supervisor upon the expiry of her term of office as a Supervisor. They ceased to serve as Supervisors of the Company with effect from 26 June 2023.
4. At the meeting of the Board of Supervisors held on 26 June 2023, the Board of Supervisors resolved to elect Mr. Wang Feng as the chairman of the third session of the Board of Supervisors of the Company, whose term of office became effective from 26 June 2023. For details, please refer to the announcement of the Company dated 26 June 2023.
5. At the employee representative meeting of the Company, Mr. Chen Qinghan was elected as an employee representative Supervisor of the third session of the Board of Supervisors of the Company, whose term of office became effective from 26 June 2023.

Remuneration and Appraisal Committee

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

Nomination Committee

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

Strategic Committee

Mr. Li Baozhong (*Chairman of the committee*)
Mr. Shang Jinfeng
Mr. Zhao Wensheng

REGISTERED OFFICE

125 Lugang Road
Jingxiu District
Baoding, Hebei Province
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

125 Lugang Road
Jingxiu District
Baoding, Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
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Wanchai, Hong Kong

STOCK SHORT NAME AND STOCK CODE

HEBEI CONS (01727)

H SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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CORPORATE INFORMATION

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AUDITOR

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Certified Public Accountants
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PRC

FINANCIAL HIGHLIGHTS

As of 30 June 2023, our revenue amounted to RMB14,949 million, representing a decrease of 9.9% as compared with the corresponding period of 2022.

As of 30 June 2023, our net profit amounted to RMB111 million, representing a decrease of 27.9% as compared with the corresponding period of 2022.

As of 30 June 2023, our earnings per Share amounted to RMB0.07, representing a decrease of RMB0.02 as compared with the corresponding period of 2022.

BUSINESS OVERVIEW

PART I: OVERVIEW OF COMPANY'S BUSINESS

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

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

A substantial majority of our revenue is generated from the construction contracting business, which mainly comprises of building construction business, infrastructure construction business and specialized and other construction contracting business. In the first half of 2023, our new contract value was RMB14,335 million, representing a decrease of 32.47% as compared with RMB21,229 million for the corresponding period of last year.

New contract value (by region):

	For the six months ended 30 June	
	2023	2022
<i>(RMB100 million)</i>		
Share of Beijing-Tianjin-Hebei	143.35	212.29
Share of other regions	91.24%	79.24%
	8.76%	20.76%

New contract value (by segment):

	For the six months ended 30 June	
	2023	2022
<i>(RMB100 million)</i>		
Share of building construction	143.35	212.29
Share of infrastructure construction	53.54%	71.59%
Share of specialized and other construction	32.21%	19.91%
	14.25%	8.50%

Building Construction Business

We provide construction contracting services for residential, public works, industrial and commercial construction projects. We undertake most of such construction projects as a general contractor. As a general contractor, we undertake all main aspects of construction projects, including building construction, foundation work, curtain wall construction, building decoration and fire engineering. We are also responsible for engaging subcontractors in providing construction services and the labor force for construction projects, coordinating the works of all parties, providing the major equipment and machinery, procuring raw materials and ensuring that construction projects are carried out on schedule. In the first half of 2023, the new contract value from the building construction business was RMB7,675 million, compared with RMB15,197 million for the corresponding period of last year.

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

	For the six months ended 30 June	
	2023	2022
<i>(RMB100 million)</i>		
Share of residential construction	76.75	151.97
Share of public building construction	27.18%	29.58%
Share of industrial building construction	50.97%	57.23%
Share of commercial building construction	21.74%	12.52%
	0.11%	0.67%

BUSINESS OVERVIEW

Infrastructure Construction Business

In addition to our core building construction business, we are also providing construction contracting services for municipal and transportation infrastructure projects, including facilities for water supply and treatment, gas and heating, urban pipelines, landscaping, roads, bridges and airport runways. We undertake most of such construction projects as a general contractor. Our infrastructure construction customers are primarily local governments. In the first half of 2023, the new contract value from the infrastructure construction business was RMB4,617 million, compared with RMB4,226 million for the corresponding period of last year.

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

	For the six months ended 30 June	
	2023	2022
<i>(RMB100 million)</i>		
Share of municipal infrastructure construction	46.17	42.26
Share of transportation infrastructure construction	69.91%	89.97%
	30.09%	10.03%

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, construction of steel structures and decoration. 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. Decoration usually refers to the decoration and fixture handling after the completion of the major construction of the building. In the first half of 2023, the new contract value from the specialized and other construction contracting business was RMB2,042 million, compared with RMB1,806 million for the corresponding period of last year.

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

	For the six months ended 30 June	
	2023	2022
<i>(RMB100 million)</i>	20.42	18.06
Share of electrical and mechanical installation	35.37%	9.97%
Share of steel structures	4.10%	1.22%
Share of decoration	23.73%	25.91%
Share of other construction business	36.79%	62.90%

Representative projects of new contracts

Business segment	Name of project	Contract value (RMB100 million)	Region
Residential building	General Contracting of Construction of the Residential Project on the Land of Jinbinbao (Gua) No. 2022-17 (津濱保(掛)2022-17號地住宅項目施工總承包)	3.02	Tianjin
	Section I of the Construction Project of Relocation Housing for Renovation of Xidayuan Area in Baoding (保定市西大園片區改造回遷安置房建設項目施工一標段)	3.35	Hebei
	General Contracting of the Zizaifengjing Project (自在峰璟工程總承包)	4.86	Hebei
	EPC General Contracting of the Jinhuijiayuan Project (錦湖家園項目EPC總承包)	3.12	Hebei

BUSINESS OVERVIEW

Business segment	Name of project	Contract value (RMB100 million)	Region
Public building	High-quality Dairy Cow Ecological Breeding and Farming Zone Project in Jining District of Ulanqab (烏蘭察布市集寧區優質奶牛生態繁育養殖園區項目)	4.88	Inner Mongolia Autonomous Region
	EPC General Contracting of the Construction Project of Phase II of the New County Hospital of Gu'an County People's Hospital (固安縣人民醫院新縣醫院二期建設項目EPC總承包)	4.33	Hebei
	Cangzhou Economic and Trade Vocational Education Park Project - Cangzhou School of Industry and Trade (滄州市經貿職業教育園項目—滄州工貿學校)	4.32	Hebei
	Tsinghua University Science Museum and Ancillary Service Building Project (清華大學科學博物館及服務配套樓項目)	3.95	Beijing
	General Contracting for Construction of Hua'an Industrial Baoding Hi-Tech Digital Intelligence Valley Project (華安產業保定高新數智谷項目施工總承包工程)	2.92	Hebei
Industrial building	Construction Project of North Zone of Dezhou Vegetable Basket Cold Chain Logistics Industrial Park (德州市菜籃子冷鏈物流產業園北區建設工程)	2.90	Shandong
	EP General Contracting of Baoding South Second Ring Pipeline Network and Supporting Municipal Infrastructure Upgrading and Transformation Project (保定市南二環管網及配套市政基礎設施提升改造工程EP工程總承包)	8.81	Hebei
Municipal infrastructure construction	General Contracting of Design and Construction of Urban and Rural Integrated Pipeline Network and Ancillary Facilities Transformation Project in Jingxiu District of Baoding (Section II) (保定市競秀區城鄉一體化管網及配套設施改造工程設計施工總承包(二標段))	3.02	Hebei
Transportation infrastructure construction	Construction of Runway of the West Airfield of Guangzhou Baiyun International Airport Phase III Expansion Project (Section II) (廣州白雲國際機場三期擴建工程西飛行區場道工程施工(二標段))	6.81	Guangdong

Representative projects of construction in progress

Business segment	Name of project	Executive contract	
		value	Region
		(RMB100 million)	
Public building	Beijing New Airport Education and Scientific Research Station Project (北京新機場教育科研基地項目)	7.17	Beijing
	General Contracting of Construction of Baoding Hospital under China Academy of Chinese Medical Sciences Guang'anmen Hospital (中國中醫科學院廣安門醫院保定醫院工程總承包)	19.43	Hebei
	Project of Overall Relocation of Wen'an County Hospital (文安縣醫院整體遷建工程)	6.57	Hebei
	General Contracting (EPC) of Design and Construction of the Construction Project of the New Campus of Shunping County Hospital (順平縣醫院新院區建設項目設計、施工總承包 (EPC))	6.07	Hebei
	Baoding National University Science and Technology Park Science and Innovation Zone Project (Productive Services) (保定國家大學科技園科創分園項目(生產性服務業))	7.82	Hebei
	Knowledge City ZSCXN-B3-2 (Medical City) Project (知識城ZSCXN-B3-2(醫療城)項目)	12.60	Guangdong
	Construction Project of Shengzhou Culture and Media Center (嵊州市文化傳媒中心建設工程)	5.64	Zhejiang
	Construction Project of Phase II of the New Campus of Baoding Qingyuan District People's Hospital (保定市清苑區人民醫院新院區二期建設項目)	5.18	Hebei
	Construction of Area A of Diangu Financial Center (電谷金融中心A區施工)	6.82	Hebei

BUSINESS OVERVIEW

Business segment	Name of project	Executive contract value (RMB100 million)	Region
	Construction of 101 Medical General Building, Zhengding New District Hospital (North Phase I) of the No. 2 Hospital of Hebei Medical University (河北醫科大學第二醫院正定新區醫院(北區一期)101醫療綜合樓施工)	7.68	Hebei
	Cangzhou Economic and Trade Vocational Education Park Project - Cangzhou School of Industry and Trade (滄州市經貿職業教育園項目-滄州工貿學校)	4.32	Hebei
	Construction of Medical General Building, Scientific Research Building and Medical Quarantine Building for the Relocation Project of Hohhot No.2 Hospital (呼和浩特市第二醫院遷建項目醫療綜合樓、科研樓、醫護隔離樓等工程施工)	7.10	Inner Mongolia Autonomous Region
	General Contracting of Construction of the Project of Inpatient Complex of the Affiliated Hospital of Hebei University (河北大學附屬醫院住院綜合樓項目施工總承包)	4.30	Hebei
	Construction Project of Outpatient Complex and Ophthalmology Building of the East Campus of Baoding No.1 Central Hospital (保定市第一中心醫院東院門診綜合樓和眼科大樓項目施工)	3.99	Hebei
	Building A3# - Building A6# and Zone 2 of Underground Parking Lot of Baoding National University Science and Technology Park Science and Innovation Zone Project (Productive Services) (保定國家大學科技園科創分園項目(生產性服務業)A3#樓-A6#樓及地下車庫二區)	3.92	Hebei

Business segment	Name of project	Executive contract value (RMB100 million)	Region
Residential building	Phase II Project of Renovation of Urban Villages in Longtun New Town of Botou (泊頭市龍屯新城城中村改造二期項目)	9.54	Hebei
	General Contracting of Phase II of North Area of Hengshui Yongjin Peninsula Project (衡水雍錦半島北區II期項目總包工程)	6.12	Hebei
	Section I of the Construction Project of Relocation Housing for Renovation of Xidayuan Area in Baoding (保定市西大園片區改造回遷安置房建設項目施工一標段)	3.35	Hebei
	General Contracting of the Zizaifengjing Project (自在峰璟工程總承包)	4.86	Hebei
	General Contracting of the Construction Project of South Zone of Lot A in the West Side of Beihu Core Area, Tianqiao District, Jinan (濟南市天橋區北湖核心區西側片區地塊A南區建設項目施工總承包工程)	10.78	Shandong
	Landun Shangpin Garden Project (Residential Buildings 1#-19#, Ancillary Buildings 1#-4#, Kindergarten and Underground Parking Lot) (蘭頓尚品雅園項目(1#-19#住宅樓、配套用房1#-4#、幼兒園、地下車庫))	4.52	Hebei
	General Contracting of Construction of Phase II of Changlingju Commercial and Residential Project (長嶺居商住項目二期工程施工總承包)	4.23	Guangdong
	General Contracting of Phase 5A of Area 1A of Wolong Bay International Business District Public Facilities and Residential Project (臥龍灣國際商務區公共設施及住宅項目一A區5A期總承包工程)	3.87	Liaoning
	Resettlement Housing Construction Project In Sifeng District, Pingshui (平水四豐區塊安置房建設工程)	3.75	Zhejiang
	Gaoke Luwan International Community Land Lot No. DK4 (BQ3-9-8) Phase II Section C Construction and Installation Project (高科麓灣國際社區DK4號(BQ3-9-8)地塊二期C標段建安工程)	3.40	Shaanxi

BUSINESS OVERVIEW

Business segment	Name of project	Executive contract value (RMB100 million)	Region
Commercial building	Construction Contract of Linzhi Red Star Macalline International Furniture Shopping Plaza Construction Project (林芝紅星美凱龍國際家居購物廣場建設項目施工合同)	1.41	Tibet Autonomous Region
	Hengbai International Plaza Construction Project (衡百國際廣場建設項目)	2.35	Hebei
	ZXZ-010 Plot F3 Other Mixed-Use Land Project under the Zhuxinzhuang New Area (Phase II) Tier 1 Land Development Project in Changping District, Beijing (5 projects including Huicong Building) (北京市昌平區朱辛莊新區(二期)土地一級開發項目ZXZ-010地塊F3其他類多功用地項目(慧聰大廈等5項))	2.45	Beijing
	Gu'an Laikangjun North Lakeside Commercial (Elderly Care and Healthcare Project Phase II) Project (固安來康郡·大湖北側商業(養老健康養生項目二期項目)項目)	4.00	Hebei
	Industrial building	EPC General Contracting of Section One of Phase II of the Hebei Mancheng Economic Development Zone Infrastructure Transformation and Upgrade Project (河北滿城經濟開發區基礎設施改造提升項目二期一標段EPC總承包)	7.82
	Construction of the Project of Hebei Laiyuan Economic Development Zone Standardized Technology Innovation Park (河北涞源經濟開發區標準化科創園項目施工)	4.36	Hebei
	China Smart Network Backbone (Langfang • Gu'an) Phase II Project (中國智能骨幹網(廊坊•固安)二期項目)	4.49	Hebei
	EPC General Contracting of the Dezhou Emergency Supplies Reserve and Cold Chain Logistics Supporting Base Project (德州市應急物資儲備及冷鏈物流保障基地項目EPC總承包)	3.00	Shandong
	Project of Scientific Research Building No. 101 of Phase II of Testing and Inspection Center (試驗與檢測中心二期工程101號科研實驗樓項目)	2.56	Beijing
	General Contracting of Construction of New Plant No. 2401 of the Non-metallic Thermal Structures High-end Manufacturing Capability Enhancement Project (非金屬熱結構高端製造能力提升項目新建2401號廠房施工總承包)	2.19	Tianjin

Business segment	Name of project	Executive contract value (RMB100 million)	Region
Transportation infrastructure construction	Section Four of Construction of Runway and Underpass of Harbin Taiping International Airport Expansion Project (Phase II) (哈爾濱太平國際機場二期擴建工程場道及下穿通道工程施工四標段)	4.46	Heilongjiang
	New Hohhot Airport Airfield Runway Project (FXQ-CD-03) Section Construction (呼和浩特新機場飛行區場道工程(FXQ-CD-03)標段施工)	4.88	Inner Mongolia Autonomous Region
	Section 003 of the Airfield Project of T3B Terminal and Fourth Runway of Chongqing Jiangbei International Airport (重慶江北國際機場T3B航站樓及第四跑道工程飛行區場道工程003標段)	6.16	Chongqing
	Construction Project of Sandaogou-Cuochoo Section of Dandong-Altay National Highway (G331) (Contract Section BLSG01) (國道丹東至阿勒泰公路(G331)三道溝至錯草段建設項目(BLSG01合同段))	4.11	Jilin
Municipal infrastructure construction	EPC General Contracting of the Innovative Manufacturing Industrial Park Infrastructure Construction Project (創新製造產業園基礎設施建設項目EPC總承包)	13.62	Hebei
	Construction of Yili Modern Intelligent Health Valley Core Launch Area Infrastructure Construction Project - Taigemu Avenue (Phase II) (伊利現代智慧健康谷核心啟動區基礎設施建設項目-台閣牧大道(二期)施工)	1.49	Inner Mongolia Autonomous Region
	Section Two of General Contracting of Road Construction (Phase I) of the Baoding Culture and Sports New City and Supporting Infrastructure Construction Project (保定市文體新城及配套基礎設施工程建設項目道路(一期)工程施工總承包二標段)	3.49	Hebei
	Shaxi Town Area (Including Management Area) of Section Four of Taicang Drainage Pipeline Network Leakage Repair Project (EPC General Contracting) (太倉市排水管網查漏補缺工程(EPC總承包)4標沙溪鎮片區(含管理區))	2.61	Jiangsu
	Phase I of the Road Project for the South Side of Dalongwan Third Bridge in Jiangbei Centralized Area (Section II) (江北集中區大龍灣三橋南側片區道路工程一期(二標段))	1.37	Anhui

BUSINESS OVERVIEW

Business segment	Name of project	Executive contract value (RMB100 million)	Region
Electrical and mechanical installation	EPC General Contracting of 50MW Wind Farm Project in Chenzui Town, Wuqing District, Tianjin (天津武清區陳咀鎮50MW風電場項目EPC總承包)	2.57	Tianjin
	General Contracting of Design and Construction of 110kV Cable Project of Phase I of Incremental Distribution Pilot Project of Hydrogen Energy Research Demonstration Zone in Baoding Automobile Technology Industrial Park (保定汽車科技產業園氫能科研示範區增量配電試點項目一期110kV線路工程設計施工總承包)	1.05	Hebei
Steel structures	Construction of Anyue Jiayuan Residence Affordable Housing Project (Phase II) (Residential buildings 8#, 10#-13#, commercial building and kindergarten) (安悅佳苑小區保障性住房項目(二期)(8#、10#-13#住宅樓及商業、幼兒園)施工)	2.93	Hebei
Decoration	Beijing New Airport Education and Scientific Research Station Decoration Project (北京新機場教育科研基地裝修工程)	0.81	Beijing
	Professional Subcontracting of Section II of Curtain Wall Project of Beijing New Airport Education and Scientific Research Station (北京新機場教育科研基地幕牆工程二標段專業分包合同)	0.36	Beijing
	Curtain Wall for Shenzhen Park Digital Industrial Base Project (深圳圓數字產業基地項目幕牆工程)	0.57	Hebei
Specialized and Other Construction	Comprehensive Treatment of Baoding Fu River Water System (Phase II) - Huanghuagou Ecological Facility Comprehensive Improvement Project (General Contracting) (保定市府河水系綜合治理(二期)-黃花溝生態設施綜合提升工程(工程總承包))	9.06	Hebei
	General Contracting of Ecological and Greenery Engineering of the Baoding Shenzhen High-Tech Innovation Industrial Park Infrastructure Construction Project (保定深圳高新技術科技創新產業園基礎設施建設項目生態綠化工程工程總承包)	4.31	Hebei
	Construction of New Surface Water Plant and Ancillary Works in Qingyuan District of Baoding (Water Supply Pipeline and Water Plant Foundation Treatment Work Section) (保定市清苑區新建地表水廠及配套工程施工(輸水管線和水廠地基處理工程部分))	1.70	Hebei

Representative projects of completed projects

Business segment	Name of project	Executive contract value (RMB100 million)	Region
Public building	Construction of Shijiazhuang College Training Base Project (石家莊學院實訓基地項目施工)	1.08	Hebei
	Scientific Research Complex at 4# of Phase II of the Langfang Pilot Test Base of Technical Institute of Physics and Chemistry under Chinese Academy of Sciences (中國科學院理化技術研究所廊坊中試基地二期4#科研綜合樓)	1.76	Hebei
	EPC General Contracting Project of New Construction (Design, Procurement and Construction) of Tianji Campus of Post Road Primary School Education Group (郵政路小學教育集團天驥校區新建工程(設計、採購、施工)EPC總承包項目)	1.09	Jiangxi
Residential building	Phase I of the Project of Transformation of Carpark of BAIC Group Off-road Vehicle into Designated Relocation Housing in Beijing (Plot SY00-0007-6032) (北京北汽越野車棚改定向安置房項目一期(SY00-0007-6032地塊)工程)	3.85	Beijing
	Section I of Shuiyuehuajun Project in Leting County (樂亭縣水悅華郡項目第一標段)	1.67	Hebei
	Gaoyang County Changrun • Jiaye Residential Community Project (Buildings 5#, 6#, 7# and 11# and Portion of Underground Carpark) (高陽縣長潤•嘉業住宅小區項目(5#、6#、7#、11#樓及部分地下車庫))	1.48	Hebei
	Gaoyang County Changrun • Jiaye Residential Community Project (Buildings 8#, 9# and 10#, Main Entrance and Portion of Underground Carpark) (高陽縣長潤•嘉業住宅小區項目(8#、9#、10#樓、大門及部分地下車庫))	1.02	Hebei
Industrial building	General Contracting of Design, Procurement and Construction of Changjiang District High-standard Intelligent Factory Construction Project (昌江區高標準智能化廠房建設項目設計採購施工總承包)	1.34	Jiangxi
Transportation infrastructure construction	National Highway G205 Yanshan County Round-town Section Renovation Project (國道G205鹽山縣繞城段改建工程)	2.90	Hebei
Municipal infrastructure construction	Beiqiao Area Road Traffic and Environment Improvement Project (北橋片區道路交通和環境提升工程)	1.05	Guangdong

PART II: RESEARCH AND DEVELOPMENT ACHIEVEMENTS AND AWARDS

In the first half of 2023, the Company achieved remarkable results in various aspects of technology innovation, including implementation of technology research and development projects, construction and operation of technology platform and application and licensing of intellectual property.

1. Provincial science and technology projects: 11 of our projects were admitted by the Hebei Provincial Department of Housing and Urban-Rural Development as construction technology projects, 3 of our projects were admitted as technology demonstration projects, 32 of our projects were admitted as new technology application demonstration projects, and 13 of our projects were admitted by Hebei Building Industry Association as technology projects in 2023.
2. Enterprise level science and technology projects: in 2022, we incurred research and development expenses of RMB237 million for 326 enterprise level science and technology projects. In the first half of 2023, we initiated 201 enterprise level research and development projects and carried out research and development activities in an orderly manner.
3. Technology progress and awards: 2 of our projects (namely the “Research on Mechanism of Microscopic Damage of Concrete and Key Technologies for Detection and Repair” and the “Research on Frost Heaving Characteristics and Key Technologies for Frost Damage Prevention in Cold Area Transportation Tunnels”) received the 2022 Scientific and Technological Progress Awards from the Provincial Government, and 34 of our projects received the Scientific and Technological Progress Awards for Construction Industry in Hebei Province. 19 new technology application demonstration projects, eight green construction technology demonstration projects and 17 technology research and development plan projects passed the acceptance inspection by the Hebei Provincial Department of Housing and Urban-Rural Development, and 30 achievements were assessed to be at an advanced level in China. We submitted 62 new patent applications and obtained 49 new patents (including 2 invention patents).

4. Construction and operation of technology platform: we carried out platform construction and operation with increased efforts, completed the re-assessment for national enterprise technology center, completed the assessment for national prefabricated construction industrial base, completed the acceptance report for construction of academician workstation and passed the expert acceptance inspection organized by the municipal science and technology bureau, and the assessment for admission and graduation of the postdoctoral workstations were carried out in an orderly manner.
5. Intellectual property: we patented our key technologies in a timely manner. As of the end of June 2023, we obtained 49 new patents (including 2 invention patents), and submitted 62 patent applications (including 13 applications for invention patents).

PART III: OUTLOOK

In the first half of 2023, the Group's businesses remained steady and well-organized, and its market development efforts continued in a favourable trend by securing various large-scale and high-quality projects with great regional presence, and the branches in various cities, districts and counties in the key areas of the Beijing-Tianjin-Hebei region continued to grow.

In the second half of the year, the Company will continue to adhere to the general keynote of maintaining stable operation while seeking progress, focus on each business line and implement effective measures to expand income sources, reduce costs and enhance quality and efficiency.

Firstly, we will focus on the key factors of market development. We will continue to strengthen regional market organization, consolidate the market in Baoding headquarters while putting efforts in expanding business in other cities and counties in Hebei Province, with great emphasis on market expansion in Xiong'an New Area. The branches and subsidiaries outside Hebei Province will adhere to the strategy of rooting in the provincial capital and radiating to the surrounding area to achieve orderly development.

BUSINESS OVERVIEW

Secondly, we will strive to ensure great performance in the main business of construction. We will require all levels of organization and all employees to maintain a constant focus on safety and always put the principle of “life as the top priority” into practice. By upholding the spirit of craftsmanship, we will provide high-quality products and services, and accelerate our transformation from a traditional contractor to a leading integrated service provider for construction projects and a leading municipal service provider.

Thirdly, we will put great efforts in refined operational management. We will persist in dynamic analysis of projects and hold monthly economic analysis meetings for all projects. We will capitalize on various types of high-quality projects such as special government bond projects to ensure fruitful outputs and returns. We will also continue to promote centralized procurement to facilitate cost reduction and efficiency enhancement, and consistently publish the purchase prices of comparable raw materials on a regular basis.

Fourthly, We will build a sustainable source of power to drive talent development. Young cadres are the backbone of the Company’s long-term development. Benefiting from our comprehensive talent selection and nurturing mechanisms, we have been able to identify and develop a steady stream of young cadres who bring fresh ideas and energy to the Company for sustainable development. Moving forward, we will continue to maintain a young workforce by boldly selecting and appointing young talent, proactively provide opportunities and support to outstanding young cadres, place great importance on the selection and development of reserve cadres, and continuously build a scientifically structured talent pool.

In the second half of the year, the Company will continue to unite all staff to seek development with concerted efforts, facilitate future growth with hard work and diligence, and strive to serve the society, reward our Shareholders and benefit our employees with outstanding performance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue, Cost of sales and Gross Profit

The construction business revenue for the six months ended 30 June 2023 amounted to RMB14,949 million, representing a decrease of approximately RMB1,641 million as compared with the corresponding period of last year, which was mainly due to the decrease in segment revenue from construction contracting of RMB1,364 million.

Segment operating results of construction contracting business

	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Revenue (RMB100 million)	Cost (RMB100 million)	Gross profit margin %	Percentage %	Revenue (RMB100 million)	Cost (RMB100 million)	Gross profit margin %	Percentage %
Building construction business	94.30	89.85	4.7	64.2	113.18	108.06	4.5	70.4
Infrastructure construction business	41.09	38.46	6.4	27.9	35.43	33.27	6.1	22.1
Specialized and other construction business	11.63	11.09	4.6	7.9	12.05	11.41	5.3	7.5
Total	147.02	139.40	5.2		160.66	152.74	4.9	

The revenue from construction contracting business for the six months ended 30 June 2023 decreased by RMB1,364 million, which was mainly due to the fact that certain major projects of the Group were completed as compared to the same period of last year.

The change in revenue from construction contracting segment is analyzed as follows:

- (1) For building construction business, being the largest revenue contributor to construction contracting business, during the Reporting Period, affected by the macro-economic situation, the property market remained in the doldrums. As a result, revenue from the building construction business decreased by RMB1,888 million as compared to the same period of last year. The impact of the increase in shutdown costs caused by the Covid-19 Pandemic was basically eliminated in the current period, thus the gross profit margin increased as compared with the same period of last year;

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) The revenue from infrastructure construction business increased by RMB566 million as compared to the same period of last year, which was mainly due to the addition of a number of large-scale infrastructure construction projects in the current period, such as the design and construction general contracting of the backstreet and alleys pipeline network (sewage and rainwater) renovation and upgrading project in Lianchi District, Baoding City, and the design and construction general contracting of the second bidding section of the renovation project of the pipeline network and ancillary facilities for the urban-rural integration in Jingxiu District, Baoding City;
- (3) In the first half of 2023, the revenue from specialized and other construction business decreased by RMB42 million as compared to the same period of last year. Such business mainly includes mechanical and electrical installation and steel structure, which has a shorter construction period. The number of new projects of specialized and other construction business secured during the Reporting Period was lower than that of the first half of 2022, resulting in lower revenue as compared to the same period of last year. Meanwhile, certain projects with high gross profit were completed in the current period, resulting in a decrease in gross profit.

Selling and Distribution Expenses

The selling and distribution expenses for January to June 2023 amounted to RMB0.49 million, representing a slight decrease as compared to the same period of last year due to the decrease in travel expense.

General and Administrative Expenses

In the first half of 2023, the Group's general and administrative expenses amounted to RMB280 million, representing a decrease of RMB3 million as compared to the same period in 2022, which was mainly attributable to the slight decrease in office expenses in the current period.

Research and Development Expenses

The research and development expenses of the Group for the first half of 2023 amounted to RMB69 million, representing an increase of RMB47 million as compared to the corresponding period of 2022. The research and development expenses are mainly the costs incurred for research of special projects or production process by the Group, including the cost of materials utilised and salary of senior engineers involved in research and development. The increase in research and development costs was mainly due to the implementation of a number of new construction technology research and development projects during the Reporting Period.

Impairment Losses of Credit Losses

Impairment losses of credit losses for January to June 2023 amounted to RMB87 million, representing an increase of RMB53 million as compared to the same period of 2022, which was mainly due to the increase in the aging of certain receivables, resulting in an increase in the bad debt provision of the portfolio.

Impairment Losses on Assets

The reversal of impairment losses on assets for January to June 2023 amounted to RMB9.7 million, as compared to impairment losses on assets of RMB135 million incurred in the same period of 2022, which was mainly due to the decrease in newly defaulted customers in the current period as compared to the same period of last year, as well as the gradual settlement of contract assets in previous years, resulting in a decrease in the accrued bad debt provision of contract assets.

Investment Income

The investment losses for January to June 2023 amounted to RMB8.4 million, representing a decrease of RMB33.5 million as compared to the investment income of the same period of 2022, which was mainly due to the decrease in dividends declared by the investees as compared to the same period of last year.

Income Tax Expenses

The income tax expenses for January to June 2023 amounted to RMB46 million, representing a decrease of RMB16 million as compared to the same period of last year, which was mainly due to the decrease in profit before tax in the current period as compared to the same period of last year.

Net Profit

Based on the above factors, net profit for the first half of 2023 was RMB111 million, representing a decrease of approximately RMB43 million as compared with the same period of last year.

Liquidity, Financial Sources and Capital Structure

The Group finances operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 30 June 2023 and 31 December 2022, the Group had cash and cash equivalents of approximately RMB7,342 million and approximately RMB8,488 million, respectively. For the liquidity and capital structure of the funds of the Group, please refer to the financial ratios below.

Currency Funds

As at 30 June 2023, the currency funds of the Group were RMB7,926 million, representing a decrease of RMB1,197 million as compared with that at the end of 2022, which was mainly due to the net cash outflows resulted from operating activities.

Financial Policy

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

Long-term Equity Investments

As at 30 June 2023, the long-term equity investment was RMB506 million, representing a decrease of RMB10 million as compared with that at the end of 2022, which was mainly due to the change in profit or loss of investments under equity method.

Accounts Receivable and Long-term Receivables

As at 30 June 2023, the net value of accounts receivable was RMB7,423 million, representing a decrease of RMB392 million as compared with that at the end of 2022, and the overall change was insignificant.

The balance of long-term receivables (including the portion due within one year) was RMB210 million, representing a decrease of RMB3 million as compared with that at the end of 2022, and the overall change was insignificant.

Other Receivables

As at 30 June 2023, the balance of other receivables of the Group was RMB2,328 million, representing a decrease of approximately RMB32 million as compared to that at the end of last year, which was mainly due to the fact that some projects have been completed and related deposits have been recovered.

Contract Assets and Construction Services Contract Liabilities

The net value of contract assets as at 30 June 2023 was RMB38,937 million, representing a decrease of approximately RMB3,980 million as compared with that at the end of 2022, which was mainly due to the decrease in revenue during the Reporting Period. Contract liabilities as at 30 June 2023 were RMB6,425 million, representing a decrease of approximately RMB515 million as compared with that at the end of 2022, which was mainly due to the recognition of revenue from the completion of normal construction work volumes in the current period in respect of certain construction projects with receipt in advance undertaken in the previous year.

Other Equity Instrument Investments

The carrying value of other equity instrument investments as at 30 June 2023 was RMB714 million, representing a decrease of approximately RMB30 million as compared with that at the end of 2022, which was mainly due to the decrease in the fair value of other equity instrument investments held as a result of the impact of the market situation.

Borrowings

The bank borrowings of the Group mainly include long-term and short-term borrowings from financial institutions.

As at 30 June 2023, the Group's interest-bearing borrowings were approximately RMB6,291 million (31 December 2022: approximately RMB5,989 million).

Bills and Accounts Payable

The balance of accounts payable as at 30 June 2023 was RMB30,585 million, representing a decrease of RMB6,002 million as compared with that at the end of 2022. Such change was mainly due to the decrease in business volume which led to a corresponding decrease in procurement amount during the Reporting Period; in addition, affected by the economic downturn, downstream suppliers were under financial pressure and the proportion of cash paid for major materials and subcontracting increased. The balance of bills payable increased by RMB189 million compared with that at the end of the previous year, which was mainly due to the increase in the proportion of bill payment by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

Capital expenditures in the first half of 2023 were approximately RMB34 million, representing a decrease of RMB25 million as compared to the same period of 2022, which was mainly due to no significant capital expenditure for procurement of fixed assets during the Reporting Period.

Capital Commitment

As at 30 June 2023, the Group did not have any material capital commitment.

Financial Ratios

	30 June 2023	31 December 2022
Current ratio (times) ⁽¹⁾	1.0	1.0
Quick ratio (times) ⁽²⁾	1.0	1.0
Gearing ratio ⁽³⁾	100.3%	97.1%
Return on assets ⁽⁴⁾ (not annualized)	0.2%	0.5%
Return on equity ⁽⁵⁾ (not annualized)	1.8%	5.2%

Notes:

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

Significant Acquisition or Disposal

During the Reporting Period, the Group did not have any significant acquisition or disposal.

Contingent Liabilities

As at 30 June 2023, the banking facilities granted to third parties subject to guarantees given to the banks by the Group were utilised to the extent of approximately RMB698 million, and contingent liabilities arising from pending litigation or arbitration amounted to RMB22 million.

RMB Exchange Rate Fluctuations and Exchange Risks

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

Employee and Remuneration Policies

As of 30 June 2023, the Group has had a total of 8,638 full-time employees (31 December 2022: 9,104). Through integrating human resources strategy and based on different job classification, the Group has established a performance and competence-oriented remuneration system and competitive remuneration standards with reference to the remuneration level of relevant enterprises in the same region and the same industry, which provided effective guarantee for recruiting, retaining and motivating talents, as well as the pursuit of human resources strategy of the Company. The Group adheres to the principle of people-oriented and education first, establishes a three-level, four-tier and five-section staff education and training system, pays attention to the growth of young employees, and adopts the main training modes of "one-to-one apprenticeship" and "358 talent training plan" to help employees realize their plans of career development. The Company has established a talent pool of candidates for key positions and cooperated with Tsinghua University to provide special training for reserve cadres in the form of "advanced training courses for key positions".

Asset Pledge

For details of the Group's asset pledge during the Reporting Period, please refer to note V-11 to the financial statements.

OTHER MATTERS

ISSUED SHARE CAPITAL

As at 30 June 2023, the total share capital of the Company was RMB1,761,383,500, divided into 1,761,383,500 Shares with a nominal value of RMB1.00 each. During the Reporting Period, there was no change in the share capital of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

During the six months ended 30 June 2023, the Company had complied with all the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and had adopted most of the recommended best practices as set out therein.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code for all Directors and Supervisors to conduct transactions of the Company's securities. The Company has made specific inquiries to all Directors and Supervisors, and they all confirmed that they have complied with the standards specified in the Model Code during the six months ended 30 June 2023.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 27 March 2023, the Board of Directors considered and approved, among other things, the resolution on proposed amendments to the Articles of Association, mainly to amend certain provisions of the Articles of Association in relation to, among others, the appointment, removal and remuneration of accounting firms and the composition of the Board of Directors and the Board of Supervisors. The above resolution was considered and approved by way of a special resolution at the 2022 AGM held on 26 June 2023. The amended Articles of Association became effective on 26 June 2023 and the full text of the Articles of Association has been published on the HKEXnews website of the Hong Kong Stock Exchange and the Company's website. For details, please refer to the announcements of the Company dated 27 March 2023 and 26 June 2023 respectively, and the circular of the 2022 AGM dated 25 May 2023.

Save as mentioned above, there was no major changes on the Articles of Association by the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Group did not purchase, sell or redeem any listed securities of the Company during the Reporting Period.

DIVIDEND DISTRIBUTION

2022 Final Dividend

According to the "Profit Distribution Proposal for 2022" considered and approved by the Shareholders at the 2022 AGM convened on 26 June 2023, in order to ensure the continuous and stable operation of the Company and to safeguard the long-term interests of all Shareholders, and taking into account the Company's business plan and capital requirements for 2023, the Company did not distribute a final dividend to Shareholders for the year ended 31 December 2022. For details, please refer to the Company's circular dated 25 May 2023 and the announcement dated 26 June 2023 published on the website of the Hong Kong Stock Exchange.

2023 Interim Dividend

The Board does not recommend the distribution of interim dividend for the six months ended 30 June 2023.

OTHER MATTERS

SIGNIFICANT SUBSEQUENT EVENTS

Save as disclosed in the interim report, there has been no major subsequent event of the Group from 30 June 2023 to the Latest Practicable Date.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The members of the Audit Committee of the Company are Ms. Shen Lifeng (Chairwoman of the committee), Mr. Li Baoyuan, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny. The Audit Committee of the Company has reviewed and confirmed the Group's interim results announcement for the six months ended 30 June 2023, the 2023 interim report and the unaudited interim financial statements for the six months ended 30 June 2023 prepared in accordance with CASBE.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

SHARE CAPITAL AND CHANGES IN SHARE CAPITAL

The overseas-listed foreign-invested Shares (H Shares) of the Company 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. As at 5 January 2018, the over-allotment option described in the Prospectus was partially exercised, and 28,049,500 H Shares were allotted, increasing the number of Shares to 1,761,383,500 Shares.

As at 30 June 2023, the total share capital in issue of the Company was RMB1,761,383,500, divided into 1,761,383,500 ordinary Shares with a nominal value of RMB1.00 each, including 1,300,000,000 Domestic Shares and 461,383,500 H Shares. During the Reporting Period, there was no change in the share capital of the Company.

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

As at 30 June 2023, 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:

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares of the Company

Name of the Directors, Supervisors and chief executives	Capacity	Number of Shares			Approximate percentage of shareholding in the relevant class of Shares as at 30 June 2023	Approximate percentage of shareholding in the total issued share capital of the Company as at 30 June 2023
		interested	Class of Shares	Nature of interest		
Mr. Li Baoyuan ¹	Interest in controlled corporation	1,300,000,000	Domestic Shares	Long position	100%	73.80%

Note:

- As at 30 June 2023, Qianbao Investment directly holds 5.54% of the equity interests in the Company and 34.89% of the equity interests in Zhongru Investment. In addition, each of the 138 individuals holding in aggregate the remaining 65.11% 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. As at 30 June 2023, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment, and Qianbao Investment directly or indirectly holds 100% of the equity interests in Zhongru Investment and directly holds 5.54% of the equity interests in the Company. Therefore, Mr. Li Baoyuan is deemed to be interested in 100% of the equity interests, or 289,000,000 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.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares of Associated Corporations of the Company

Name of the Directors, Supervisors and chief executives	Name of associated corporation	Capacity	Number of ordinary shares interested in the associated corporation	Nature of interest	Approximate percentage of issued share capital of associated corporation as at 30 June 2023
Directors					
Mr. Li Baoyuan ¹	Qianbao Investment ²	Beneficial owner	45,000,000	Long position	90.00%
	Zhongru Investment ³	Interest in controlled corporation	289,000,000	Long position	100.00%
Mr. Li Baozhong	Qianbao Investment ²	Beneficial owner	5,000,000	Long position	10.00%
Mr. Shang Jinfeng	Zhongru Investment ³	Beneficial owner	5,000,000	Long position	1.73%
Mr. Zhao Wensheng	Zhongru Investment ³	Beneficial owner	3,000,000	Long position	1.04%
Mr. Tian Wei	Zhongru Investment ³	Beneficial owner	3,000,000	Long position	1.04%
Mr. Zhang Wenzhong	Zhongru Investment ³	Beneficial owner	3,000,000	Long position	1.04%
Supervisors					
Mr. Chen Qinghan	Zhongru Investment ³	Beneficial owner	1,000,000	Long position	0.35%
Mr. Wang Feng	Zhongru Investment ³	Beneficial owner	1,000,000	Long position	0.35%
Mr. Yue Jianming	Zhongru Investment ³	Beneficial owner	1,000,000	Long position	0.35%

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

Notes:

1. As at 30 June 2023, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment, and Qianbao Investment directly holds 34.89% of the equity interests in Zhongru Investment. In addition, each of the 138 individuals holding in aggregate the remaining 65.11% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at shareholders' general meeting of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Mr. Li Baoyuan (through Qianbao Investment) is deemed to be interested in 100% of the equity interests, or 289,000,000 shares, in Zhongru Investment.
2. As at 30 June 2023, the total share capital of Qianbao Investment is 50,000,000 shares.
3. As at 30 June 2023, the total share capital of Zhongru Investment is 289,000,000 shares.

Save as disclosed above, so far as any Directors, Supervisors or chief executives of the Company are aware, as at 30 June 2023, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGES IN SHARE CAPITAL AND INFORMATION OF SHAREHOLDERS

RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

As of 30 June 2023, 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 SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, 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 kept under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Class of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares as at 30 June 2023	Approximate percentage of shareholding in total issued share capital of the Company as at 30 June 2023
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%	5.54%

Note:

- As at 30 June 2023, Qianbao Investment directly holds 5.54% of the equity interests in the Company and 34.89% of the equity interests in Zhongru Investment. In addition, each of the 138 individuals holding in aggregate the remaining 65.11% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Domestic Shares held by Zhongru Investment for the purpose of Part XV of the SFO.

INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, the composition of the Board of Directors, the Board of Supervisors and senior management of the Company is as follows:

The Board of Directors of the Company has 9 Directors, including: 5 executive Directors, namely Mr. Li Baozhong, Mr. Shang Jinfeng, Mr. Zhao Wensheng, Mr. Tian Wei and Mr. Zhang Wenzhong; 1 non-executive Director, namely Mr. Li Baoyuan; and 3 independent non-executive Directors, namely Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny.

The Board of Supervisors of the Company has 3 Supervisors, including: 2 non-employee representative Supervisors, namely Mr. Yue Jianming and Mr. Wang Feng; and 1 employee representative Supervisor, namely Mr. Chen Qinghan.

The Company has a total of 9 members of senior management, namely Mr. Shang Jinfeng (executive Director and President), Mr. Zhao Wensheng (executive Director, Vice President, Chief Accountant and Director of Finance), Mr. Liu Yongjian (Vice President), Mr. Liu Xingyue (Vice President), Mr. Lü Qian (Vice President), Mr. Zhang Wenzhong (executive Director and Vice President), Mr. Chen Liewei (Vice President and Chief Economic Officer), Mr. Tian Wei (executive Director and Vice President) and Mr. Li Wutie (Board Secretary and Assistant to the President).

CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes of Directors

At the 2022 AGM of the Company held on 26 June 2023, (i) Mr. Li Baozhong, Mr. Shang Jinfeng, Mr. Zhao Wensheng, Mr. Tian Wei and Mr. Zhang Wenzhong have been appointed as executive Directors of the third session of the Board; (ii) Mr. Li Baoyuan has been appointed as a non-executive Director of the third session of the Board; and (iii) Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny have been appointed as independent non-executive Directors of the third session of the Board. In addition, due to the imminent retirement, Mr. Liu Yongjian, an executive Director of the second session of the Board, did not seek re-election as a Director upon the expiry of his term of office as a Director, and ceased to serve as an executive Director of the Company with effect from 26 June 2023.

At the first meeting of the third session of the Board of the Company held on 26 June 2023, the Board has resolved to elect Mr. Li Baoyuan as the honorary chairman of the third session of the Board of the Company and Mr. Li Baozhong as the chairman of the third session of the Board of the Company, whose terms of office shall start from 26 June 2023 and end at the expiration of the term of the third session of the Board of the Company.

Mr. Chan Ngai Sang Kenny, an independent non-executive Director of the Company, has served as an independent non-executive director of Jinshang Bank Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 2558), since 25 June 2023.

Changes of Supervisors

At the 2022 AGM of the Company held on 26 June 2023, Mr. Wang Feng and Mr. Yue Jianming have been appointed as the non-employee representative Supervisors of the third session of the Board of Supervisors of the Company. Meanwhile, upon the approval at the employee representative meeting of the Company, effective from 26 June 2023, Mr. Chen Qinghan has been elected as an employee representative Supervisor of the third session of the Board of Supervisors of the Company.

At the first meeting of the third session of the Board of Supervisors of the Company held on 26 June 2023, the Board of Supervisors has resolved to elect Mr. Wang Feng as the chairman of the third session of the Board of Supervisors of the Company, whose term of office shall start from 26 June 2023 and end at the expiration of the term of the third session of the Board of Supervisors of the Company.

Changes of Senior Management

At the first meeting of the third session of the Board of the Company held on 26 June 2023, the Board has resolved to (i) re-appoint Mr. Shang Jinfeng as the President of the Company; (ii) appoint Mr. Zhao Wensheng as a Vice President of the Company and re-appoint him as the Chief Accountant and Director of Finance of the Company; (iii) re-appoint Mr. Liu Yongjian as a Vice President of the Company; (iv) re-appoint Mr. Liu Xingyue as a Vice President of the Company; (v) re-appoint Mr. Lü Qian as a Vice President of the Company; (vi) re-appoint Mr. Zhang Wenzhong as a Vice President of the Company; (vii) re-appoint Mr. Chen Liewei as a Vice President and the Chief Economic Officer of the Company; (viii) re-appoint Mr. Tian Wei as a Vice President of the Company; and (ix) re-appoint Mr. Li Wutie as the Board Secretary of the Company, whose terms of office shall start from 26 June 2023 and end on the date when the fourth session of the Board of the Company is established and has appointed the new session of senior management.

Save as disclosed in this report, there is no change in the information of Directors, Supervisors and chief executive of the Company that is required to be disclosed pursuant to the provisions of Rule 13.51B(1) of the Listing Rules.

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

30 June 2023
RMB'000

Assets	<i>Note V</i>	30 June 2023 (Unaudited)	31 December 2022
Current assets			
Cash and cash equivalents		7,926,308	9,123,019
Held-for-trading financial assets		4,263	3,118
Accounts receivable	1	7,423,103	7,815,567
Receivables at fair value through other comprehensive income		282,809	349,485
Prepayments		690,337	733,145
Other receivables		2,328,118	2,360,433
Inventories		168,434	182,032
Contract assets		35,920,100	40,014,033
Current portion of non-current assets		45,660	43,128
Other current assets		547,200	501,931
Total current assets		55,336,332	61,125,891
Non-current assets			
Long-term receivables	1	164,783	170,123
Long-term equity investments	2	505,788	515,706
Contract assets		3,016,485	2,903,035
Other equity instrument investments		714,266	744,459
Investment property		101,400	99,200
Fixed assets	3	968,056	981,409
Construction in progress		169,676	155,975
Right-of-use assets		23,218	17,969
Intangible assets		95,229	96,332
Deferred tax assets		854,553	821,751
Total non-current assets		6,613,454	6,505,959
Total assets		61,949,786	67,631,850

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

30 June 2023

RMB'000

Liabilities and owners' equity	<i>Note V</i>	30 June 2023 (Unaudited)	31 December 2022
Current liabilities			
Short-term borrowings		2,845,903	2,415,411
Bills payable		1,016,392	827,662
Accounts payable	4	30,584,875	36,587,127
Contract liabilities		6,424,717	6,939,618
Employee benefits payable		205,828	202,120
Taxes payable		788,972	773,370
Other payables		6,611,402	6,184,596
Current portion of non-current liabilities		699,983	896,633
Other current liabilities		3,730,297	3,943,783
Total current liabilities		52,908,369	58,770,320
Non-current liabilities			
Long-term borrowings		2,755,942	2,684,830
Lease liabilities		11,492	9,225
Total non-current liabilities		2,767,434	2,694,055
Total liabilities		55,675,803	61,464,375
Owners' equity			
Share capital		1,761,384	1,761,384
Capital reserve		1,662,063	1,662,063
Other comprehensive income		130,793	152,476
Surplus reserve		545,068	545,068
Retained profit		1,990,607	1,873,811
Total equity attributable to owners of the Company		6,089,915	5,994,802
Non-controlling interests		184,068	172,673
Total owners' equity		6,273,983	6,167,475
Total liabilities and owners' equity		61,949,786	67,631,850

The financial statements have been signed by:

Legal Representative: Financial controller:

Accounting supervisor:

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023
RMB'000

	Note V	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Revenue	5	14,948,567	16,589,225
Less: Cost of sales		14,145,504	15,712,887
Taxes and surcharges		35,480	39,488
Selling and distribution expenses		488	743
General and administrative expenses		279,616	282,746
Research and development expenses		69,325	22,222
Finance costs		180,874	172,103
Including: Interest expenses		197,852	188,018
Interest income		15,659	13,480
Add: Other income		3,078	1,271
Investment (losses)/income		(8,382)	25,167
Including: Share of losses of joint ventures and associates		(7,583)	(63)
Losses on derecognition of financial assets at amortised cost		(2,154)	(8,567)
Gains on fair value changes		2,365	384
Impairment losses of credit losses	6	(87,044)	(34,206)
Impairment gains/(losses) on assets	7	9,672	(134,562)
Gains from disposal of assets		102	-
Operating profit		157,071	217,090
Add: Non-operating income		1,072	3,276
Less: Non-operating expenses		1,167	4,629
Total profit		156,976	215,737
Less: Income tax expenses	8	45,785	61,626
Net profit		111,191	154,111

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023

RMB'000

	Note V	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Classified by the continuity of operation			
Net profit from continuing operations		111,191	154,111
Classified by the ownership			
Net profit attributable to owners of the Company		116,796	159,234
Loss attributable to non-controlling interests		(5,605)	(5,123)
Other comprehensive loss, net of tax		(21,683)	(8,894)
Other comprehensive loss, net of tax, attributable to shareholders of the parent		(21,683)	(8,894)
Other comprehensive loss that cannot be reclassified to profit and loss			
Changes in fair value of other equity instrument investments		(22,645)	(9,787)
Other comprehensive income that will be reclassified to profit and loss			
Changes in fair value of receivables at fair value through other comprehensive income		962	893
Total comprehensive income		89,508	145,217
Including:			
Total comprehensive income attributable to owners of the Company		95,113	150,340
Total comprehensive loss attributable to non-controlling interests		(5,605)	(5,123)
Earnings per share (RMB/share)			
Basic and diluted earnings per share	10	0.07	0.09

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

Period from 1 January to 30 June 2023

RMB'000

	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Opening balance of the period	1,761,384	1,662,063	152,476	-	545,068	1,873,811	5,994,802	172,673	6,167,475
II. Changes for the period									
(I) Total comprehensive income	-	-	(21,683)	-	-	116,796	95,113	(5,605)	89,508
(II) Capital contribution and reduction by shareholders									
1. Capital contribution by minority shareholders	-	-	-	-	-	-	-	17,000	17,000
(III) Special reserve									
1. Appropriation for the period	-	-	-	298,971	-	-	298,971	-	298,971
2. Use in the period	-	-	-	(298,971)	-	-	(298,971)	-	(298,971)
III. Closing balance of the period	1,761,384	1,662,063	130,793	-	545,068	1,990,607	6,089,915	184,068	6,273,983

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)
 Period from 1 January to 30 June 2022
 RMB'000

	Attributable to shareholders of the parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal		
I. Opening balance of the period	1,761,384	1,662,063	178,092	-	500,912	1,591,242	5,693,693	178,899	5,872,592
II. Changes for the period									
(I) Total comprehensive income	-	-	(8,894)	-	-	159,234	150,340	(5,123)	145,217
(II) Special reserve									
1. Appropriation for the period	-	-	-	331,785	-	-	331,785	-	331,785
2. Use in the period	-	-	-	(331,785)	-	-	(331,785)	-	(331,785)
III. Closing balance of the period	1,761,384	1,662,063	169,198	-	500,912	1,750,476	5,844,033	173,776	6,017,809

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023
RMB'000

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
I. CASH FLOWS USED IN OPERATING ACTIVITIES:		
Cash received from sales of goods or rendering of services	20,359,567	20,953,643
Other cash receipts related to operating activities	4,945,535	5,311,557
	<u>25,305,102</u>	<u>26,265,200</u>
Subtotal of cash inflows from operating activities		
Cash paid for goods and services	21,080,646	21,151,221
Cash paid to and for employees	528,989	498,345
Taxes paid	398,791	537,745
Other cash payments related to operating activities	4,532,532	6,012,429
	<u>26,540,958</u>	<u>28,199,740</u>
Subtotal of cash outflows from operating activities		
Net cash flows used in operating activities	<u>(1,235,856)</u>	<u>(1,934,540)</u>
II. CASH FLOWS USED IN INVESTING ACTIVITIES:		
Cash received from return of investment	3,346	1,463
Cash received from investment income	15,846	12,065
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,034	162
	<u>20,226</u>	<u>13,690</u>
Subtotal of cash inflows from investing activities		
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	33,851	59,387
Cash paid to acquire investments	4,586	7,454
	<u>38,437</u>	<u>66,841</u>
Subtotal of cash outflows from investing activities		
Net cash flows used in investing activities	<u>(18,211)</u>	<u>(53,151)</u>

The accompanying notes to financial statements form an integral part of these financial statements

INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023

RMB'000

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
III. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash proceeds from investments by others	17,000	-
Including: Cash received from capital contributions from minority shareholders of subsidiaries	17,000	-
Cash received from borrowings	<u>2,102,153</u>	<u>1,717,162</u>
Subtotal of cash inflows from financing activities	<u>2,119,153</u>	<u>1,717,162</u>
Cash paid for repayments of debts	1,799,719	1,255,243
Cash paid for distribution of dividends, profits or interest repayment	194,963	186,143
Other cash payments related to financing activities	<u>18,582</u>	<u>23,971</u>
Subtotal of cash outflows from financing activities	<u>2,013,264</u>	<u>1,465,357</u>
Net cash flows from financing activities	<u>105,889</u>	<u>251,805</u>
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,319</u>	<u>2,435</u>
V. NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,146,859)</u>	<u>(1,733,451)</u>
Add: Opening balance of cash and cash equivalents	<u>8,488,419</u>	<u>8,307,228</u>
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>7,341,560</u>	<u>6,573,777</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY BALANCE SHEET (UNAUDITED)

30 June 2023
RMB'000

Assets	30 June 2023 (Unaudited)	31 December 2022
Current assets		
Cash and cash equivalents	5,864,587	6,836,634
Held-for-trading financial assets	2,267	2,130
Accounts receivable	5,633,991	6,115,320
Receivables at fair value through other comprehensive income	222,107	264,790
Prepayments	507,126	589,786
Other receivables	1,753,526	1,859,525
Inventories	116,775	125,825
Contract assets	27,348,498	31,366,876
Other current assets	296,775	261,952
Total current assets	<u>41,745,652</u>	<u>47,422,838</u>
Non-current assets		
Long-term equity investments	3,177,134	3,111,693
Other equity instrument investments	714,266	744,459
Investment property	101,400	99,200
Fixed assets	723,117	733,077
Construction in progress	80,494	80,343
Right-of-use assets	14,941	9,659
Intangible assets	388	420
Deferred tax assets	619,245	594,810
Total non-current assets	<u>5,430,985</u>	<u>5,373,661</u>
Total assets	<u>47,176,637</u>	<u>52,796,499</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY BALANCE SHEET (UNAUDITED)

30 June 2023

RMB'000

Liabilities and owners' equity	30 June 2023 (Unaudited)	31 December 2022
Current liabilities		
Short-term borrowings	1,787,765	1,986,040
Bills payable	361,385	426,178
Accounts payable	24,982,627	29,553,083
Contract liabilities	4,711,356	5,411,042
Employee benefits payable	152,825	146,351
Taxes payable	550,198	530,493
Other payables	5,308,048	5,191,153
Current portion of non-current liabilities	552,200	412,726
Other current liabilities	2,929,016	3,092,255
Total current liabilities	<u>41,335,420</u>	<u>46,749,321</u>
Non-current liabilities		
Long-term borrowings	55,449	302,812
Lease liabilities	8,258	5,314
Total non-current liabilities	<u>63,707</u>	<u>308,126</u>
Total liabilities	<u>41,399,127</u>	<u>47,057,447</u>
Owners' equity		
Share capital	1,761,384	1,761,384
Capital reserve	1,447,379	1,447,379
Other comprehensive income	131,554	153,389
Surplus reserve	319,950	319,950
Retained profit	2,117,243	2,056,950
Total owners' equity	<u>5,777,510</u>	<u>5,739,052</u>
Total liabilities and owners' equity	<u>47,176,637</u>	<u>52,796,499</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY INCOME STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023
RMB'000

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Revenue	11,351,903	13,531,785
Less: Cost of sales	10,823,771	12,958,574
Taxes and surcharges	25,971	29,797
Selling and distribution expenses	276	480
General and administrative expenses	204,786	206,463
Research and development expenses	60,774	6,591
Finance costs	89,763	92,434
Including: Interest expenses	101,532	103,801
Interest income	10,450	8,932
Add: Other income	100	360
Investment (losses)/income	(2,833)	26,655
Including: Share of (losses)/gains of joint ventures and associates	(4,346)	222
Losses on derecognition of financial assets at amortised cost	(1,124)	(7,083)
Gains on fair value changes	2,336	400
Impairment losses of credit losses	(107,183)	(55,045)
Impairment gains/(losses) on assets	8,776	(69,527)
Gains from disposal of assets	107	-
Operating profit	47,865	140,289
Add: Non-operating income	29,869	31,481
Less: Non-operating expenses	466	4,038
Total profit	77,268	167,732
Less: Income tax expenses	16,975	44,872
Net profit	60,293	122,860
Other comprehensive loss, net of tax	(21,835)	(8,358)
Other comprehensive loss that cannot be reclassified to profit and loss		
Changes in fair value of other equity instrument investments	(22,645)	(9,787)
Other comprehensive income that will be reclassified to profit and loss		
Changes in fair value of receivables at fair value through other comprehensive income	810	1,429
Total comprehensive income	38,458	114,502

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

Period from 1 January to 30 June 2023
RMB'000

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Opening balance of the period	<u>1,761,384</u>	<u>1,447,379</u>	<u>153,389</u>	<u>-</u>	<u>319,950</u>	<u>2,056,950</u>	<u>5,739,052</u>
II. Changes for the period							
(I) Total comprehensive income	-	-	(21,835)	-	-	60,293	38,458
(II) Special reserve							
1. Appropriation for the period	-	-	-	227,038	-	-	227,038
2. Use in the period	-	-	-	(227,038)	-	-	(227,038)
III. Closing balance of the period	<u>1,761,384</u>	<u>1,447,379</u>	<u>131,554</u>	<u>-</u>	<u>319,950</u>	<u>2,117,243</u>	<u>5,777,510</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN OWNERS' EQUITY (UNAUDITED)

Period from 1 January to 30 June 2022

RMB'000

	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. Opening balance of the period	<u>1,761,384</u>	<u>1,447,379</u>	<u>179,023</u>	<u>-</u>	<u>292,919</u>	<u>1,813,671</u>	<u>5,494,376</u>
II. Changes for the period							
(I) Total comprehensive income	-	-	(8,358)	-	-	122,860	114,502
(II) Special reserve							
1. Appropriation for the period	-	-	-	270,636	-	-	270,636
2. Use in the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(270,636)</u>	<u>-</u>	<u>-</u>	<u>(270,636)</u>
III. Closing balance of the period	<u>1,761,384</u>	<u>1,447,379</u>	<u>170,665</u>	<u>-</u>	<u>292,919</u>	<u>1,936,531</u>	<u>5,608,878</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY CASH FLOW STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023
RMB'000

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
I. CASH FLOWS USED IN OPERATING ACTIVITIES:		
Cash received from sales of goods or rendering of services	16,275,469	17,140,779
Other cash receipts related to operating activities	3,887,769	4,209,321
Subtotal of cash inflows from operating activities	<u>20,163,238</u>	<u>21,350,100</u>
Cash paid for goods and services	16,266,931	17,181,342
Cash paid to and for employees	409,170	348,550
Taxes paid	272,633	376,257
Other cash payments related to operating activities	3,870,305	4,632,921
Subtotal of cash outflows from operating activities	<u>20,819,039</u>	<u>22,539,070</u>
Net cash flows used in operating activities	<u>(655,801)</u>	<u>(1,188,970)</u>
II. CASH FLOWS USED IN INVESTING ACTIVITIES:		
Cash received from return of investment	50	-
Cash received from investment income	10,637	7,498
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	409	21
Subtotal of cash inflows from investing activities	<u>11,096</u>	<u>7,519</u>
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	7,877	26,554
Cash paid to acquire investments	7,630	14,905
Subtotal of cash outflows from investing activities	<u>15,507</u>	<u>41,459</u>
Net cash flows used in investing activities	<u>(4,411)</u>	<u>(33,940)</u>

The accompanying notes to financial statements form an integral part of these financial statements

COMPANY CASH FLOW STATEMENT (UNAUDITED)

Period from 1 January to 30 June 2023

RMB'000

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
III. CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES:		
Cash received from borrowings	<u>1,074,000</u>	<u>1,114,184</u>
Subtotal of cash inflows from financing activities	<u>1,074,000</u>	<u>1,114,184</u>
Cash paid for repayments of debts	<u>1,381,983</u>	985,722
Cash paid for distribution of dividends, profits or interest repayment	<u>98,151</u>	103,394
Other cash payments related to financing activities	<u>7,150</u>	<u>16,418</u>
Subtotal of cash outflows from financing activities	<u>1,487,284</u>	<u>1,105,534</u>
Net cash flows (used in)/from financing activities	<u>(413,284)</u>	<u>8,650</u>
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,319</u>	<u>2,435</u>
V. NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,072,177)</u>	(1,211,825)
Add: Opening balance of cash and cash equivalents	<u>6,401,993</u>	<u>6,218,987</u>
VI. CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	<u>5,329,816</u>	<u>5,007,162</u>

The accompanying notes to financial statements form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023
RMB'000

I. BASIC INFORMATION

Hebei Construction Group Co., Ltd. (河北建設集團有限公司), the predecessor of Hebei Construction Group Corporation Limited (the “Company”), was established on 29 September 1997 with the approval of the People’s Government of Baoding City. It was established by the state-owned enterprise restructuring of certain state-owned assets and legal entities of No. 1 Construction Engineering Company of Hebei Province (河北省第一建築工程公司), which had 50 years of history, as well as the merging of Architectural Design Institute, legal entities, Baoding Furnace Plant and Baoding Concrete Pipe Plant. On 7 April 2017, the Company completed the shareholding system reform, was converted into a joint stock company and renamed as “Hebei Construction Group Corporation Limited”. The registered address of the Company is No. 125 Lugang Road, Baoding, Hebei Province, and the legal representative is Li Baozhong. The Company does not have a fixed business term.

Upon the proposal by the Board of Directors of the Company and approval by the general meeting, and according to the Reply on the Approval of Issuance of Overseas-Listed Foreign-Invested Shares by Hebei Construction Group Corporation Limited (Zheng Jian Xu Ke [2017] No. 2056) (證監許可[2017]2056號文《關於核准河北建設集團股份有限公司發行境外上市外資股的批覆》) from the CSRC, the Company completed the initial issue of 433,334,000 overseas-listed foreign-invested shares (H shares) to overseas investors. The over-allotment option was exercised on 5 January 2018 and issued 28,049,500 additional overseas-listed foreign-invested shares (H shares), and a total of 461,383,500 H shares were issued, with a nominal value of RMB1.00 each. The H shares were verified by Zhongxingcai Guanghua Certified Public Accountants LLP with the capital verification report of Zhongxingcai Guanghua Yan Zi (2019) No. 309003. The registered capital of the Company increased to RMB1,761,383,500 after the initial public offering of H shares.

The major operating activities of the Company and its subsidiaries (hereinafter referred to as the “Group”) are general contracting of construction works.

The Group’s parent company and ultimate parent company are Zhongru Investment Co., Ltd. (incorporated in the PRC) and Qianbao Investment Co., Ltd. (incorporated in the PRC), respectively, with their principal place of business in the PRC.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Report by the Ministry of Finance and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The financial statements do not include all the information and disclosures required for the annual financial statements and therefore need to be read together with the 2022 annual financial statements.

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

III. CHANGE OF ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates used in the financial statements are consistent with those used in the 2022 financial statements.

IV. SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Information about subsidiaries

During the period, the Company established Hebei Tianying Construction Engineering Co., Ltd., Tangshan Yuanzhu Construction Engineering Co., Ltd., HCG Tianyong Construction Engineering Co., Ltd., HCG Zhichuang Construction Engineering Co., Ltd., HCG Zhuoxin Construction Engineering Co., Ltd., Guizhou Tianze Construction Engineering Co., Ltd. and HCG Harbin Airport Construction Co., Ltd. During the period, Tangshan Yuanzhu Construction Engineering Co., Ltd., a subsidiary of the Company, acquired 100% equity interest in Jiangxi Xinsui Construction Engineering Co., Ltd. During the period, Tianchu Construction Engineering Co., Ltd., a subsidiary of the Company, was deregistered. During the period, the Company transferred the equity interest in HCG Henan Zhongyuan Engineering Co., Ltd., a subsidiary. Saved as disclosed above, the scope of the consolidated financial statements was consistent with that of last year.

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounts receivable and long-term receivables

The accounts receivable of the Group are mainly receivables for construction contracting business. The credit period of accounts receivable is generally one to three months. All accounts receivable are non-interest-bearing.

An ageing analysis of accounts receivable is as follows:

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	5,723,555	6,342,449
1 to 2 years	1,544,477	1,472,920
2 to 3 years	643,552	452,479
Over 3 years	713,256	667,174
	8,624,840	8,935,022
Less: Impairment allowance	1,201,737	1,119,455
	7,423,103	7,815,567

Except for project quality deposits receivable, the ageing of accounts receivable was calculated since the invoice date. The ageing of the project quality deposits receivable is calculated from the later of the invoice date and the expiry of the warranty period.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Accounts receivable and long-term receivables (Continued)

The Group's long-term receivables are mainly receivables for the provision of build-operate-transfer water supply services, which will be settled in installments during a period from 1 to 25 years.

	30 June 2023 (Unaudited)	31 December 2022
Long-term concession project receivables	210,443	213,251
Less: Long-term receivables due within one year	45,660	43,128
	164,783	170,123

The ageing of long-term receivables shall be calculated since the date when the budget needed for the completion of concession project is settled. The management of the Group considers that long-term receivables have no bad debt provision for lifetime expected credit losses as of 30 June 2023 (31 December 2022: nil).

2. Long-term equity investments

During the period from 1 January to 30 June 2023, the Group acquired a long-term equity investment in Baoding Nongtou Construction Engineering Co., Ltd. at a consideration of RMB260,000 (for the period from 1 January to 30 June 2022: acquisition of a long-term equity investment in Hebei Zefen Construction and Installation Company Limited at a consideration of RMB735,000).

During the period from 1 January to 30 June 2023, the Group did not dispose of any long-term equity investment (for the period from 1 January to 30 June 2022: disposal of its long-term equity investment in Beijing Rungucheng Investment Management Co., Ltd. with a carrying value of RMB45,000, resulting in an investment gain of RMB341,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Fixed assets

During the period from 1 January to 30 June 2023, the Group acquired fixed assets with an original cost of RMB20,150,000 (for the period from 1 January to 30 June 2022: RMB9,943,000).

During the period from 1 January to 30 June 2023, the Group disposed of fixed assets with a carrying value of RMB19,493,000 (for the period from 1 January to 30 June 2022: RMB14,850,000) and generated gain on disposal of assets of RMB102,000 (for the period from 1 January to 30 June 2022: Nil).

4. Accounts payable

Accounts payable are non-interest bearing and are generally settled within an agreed period.

The ageing analysis of accounts payable is as follows:

	30 June 2023 (Unaudited)	31 December 2022
Within 1 year	19,212,728	24,767,196
1 to 2 years	8,092,356	7,595,664
2 to 3 years	2,065,019	2,799,728
Over 3 years	1,214,772	1,424,539
	30,584,875	36,587,127

The ageing of accounts payable was calculated since the date the procurement was recognised.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Operating revenue

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Revenue from major business	14,702,101	16,066,045
Revenue from other business	246,466	523,180
	14,948,567	16,589,225

The operating revenue is as follows:

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Revenue from contracts with customers	14,937,119	16,572,864
Rental income	11,448	16,361
	14,948,567	16,589,225

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Operating revenue (Continued)

The operating revenue generated by contracts with customers is set out as follows:

Period from 1 January to 30 June 2023 (Unaudited)

Reporting segment	Construction	Others	Total
Major operating regions			
China (excluding Hong Kong, Macau and Taiwan)	14,402,166	502,178	14,904,344
Other countries and regions	32,775	-	32,775
	<u>14,434,941</u>	<u>502,178</u>	<u>14,937,119</u>
Major products			
Building construction	9,430,063	-	9,430,063
Infrastructure construction	3,695,584	413,808	4,109,392
Specialised and other construction	1,162,646	-	1,162,646
Sales of goods and others	146,648	68,775	215,423
Sewage and reclaimed water treatment	-	19,595	19,595
	<u>14,434,941</u>	<u>502,178</u>	<u>14,937,119</u>
Timing of revenue recognition			
At a point in time			
Sales of goods and others	146,648	68,775	215,423
Within a period of time			
Building construction	9,430,063	-	9,430,063
Infrastructure construction	3,695,584	413,808	4,109,392
Specialised and other construction	1,162,646	-	1,162,646
Sewage and reclaimed water treatment	-	19,595	19,595
	<u>14,434,941</u>	<u>502,178</u>	<u>14,937,119</u>

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Operating revenue (Continued)

Period from 1 January to 30 June 2022 (Unaudited)

Reporting segment	Construction	Others	Total
Major operating regions			
China (excluding Hong Kong, Macau and Taiwan)	15,905,128	553,812	16,458,940
Other countries and regions	113,924	-	113,924
	<u>16,019,052</u>	<u>553,812</u>	<u>16,572,864</u>
Major products			
Building construction	11,318,081	-	11,318,081
Infrastructure construction	3,099,100	444,035	3,543,135
Specialised and other construction	1,204,829	-	1,204,829
Sales of goods and others	397,042	90,522	487,564
Sewage and reclaimed water treatment	-	19,255	19,255
	<u>16,019,052</u>	<u>553,812</u>	<u>16,572,864</u>
Timing of revenue recognition			
At a point in time			
Sales of goods and others	397,042	90,522	487,564
Within a period of time			
Building construction	11,318,081	-	11,318,081
Infrastructure construction	3,099,100	444,035	3,543,135
Specialised and other construction	1,204,829	-	1,204,829
Sewage and reclaimed water treatment	-	19,255	19,255
	<u>16,019,052</u>	<u>553,812</u>	<u>16,572,864</u>

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Operating revenue (Continued)

The information related to performance obligations of the Group is as follows:

Construction services

The performance obligation is fulfilled within the time when the service is provided, and the contract price is usually settled within 90 days after the project payment is invoiced. Generally, the customer retains a certain percentage as the warranty money. The warranty money is usually settled after the warranty period expires, because according to the contract, the Group's right to receive the final payment depends on the customer's satisfaction with the service quality over a period of time.

Sale of goods

The performance obligation is fulfilled when the goods is delivered to the customer. For old customers, the contract price is usually settled within 90 days of delivery; for new customers, advance payment is usually required.

Sewage and reclaimed water treatment

The performance obligation is fulfilled within the period of provision of relevant services. The contract period for sewage and reclaimed water treatment is 25 years. The contract sum is normally paid within 90 days after settlement.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Credit impairment losses

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Losses from impairment of account receivable	(82,282)	(23,271)
Gains/(losses) from impairment of other receivables	1,361	(8,905)
Impairment losses on financial guarantee contracts	(6,123)	(2,030)
	(87,044)	(34,206)

7. Asset impairment gains/(losses)

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Impairment gain/(loss) for contract assets	9,672	(134,562)

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Income tax expenses

	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Current income tax expenses	71,214	101,597
Deferred income tax expenses	(25,429)	(39,971)
	45,785	61,626

Note: Provision for income tax of the Group has been made at 25% on the estimated taxable profit generated in the PRC.

9. Profit distribution

During the period from 1 January to 30 June 2023, the Group did not make any profit distribution.

During the period from 1 January to 30 June 2022, the Group did not make any profit distribution.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. Earnings per share

	Period from 1 January to 30 June 2023 RMB per share (Unaudited)	Period from 1 January to 30 June 2022 RMB per share (Unaudited)
Basic earnings per share Continuing operations	0.07	0.09

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

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

	Period from 1 January to 30 June 2023 (Unaudited) RMB'000	Period from 1 January to 30 June 2022 (Unaudited) RMB'000
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company		
Continuing operations	116,796	159,234
Shares		
Weighted average number of ordinary shares in issue of the Company	1,761,383,500	1,761,383,500

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

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Assets with restricted ownership

	30 June 2023 (Unaudited)	31 December 2022
Cash and cash equivalents	584,748	634,600 <i>Note 1</i>
Accounts receivable	34,823	135,611 <i>Note 2</i>
Receivables at fair value through other comprehensive income	8,491	- <i>Note 3</i>
Contract assets	2,688,954	2,757,523 <i>Note 2</i>
Long-term receivables (including long-term receivables due within one year)	210,443	213,251 <i>Note 2</i>
Investment property	101,400	99,200 <i>Note 4</i>
Fixed assets	252,904	162,502 <i>Note 5</i>
Intangible assets	94,841	95,913 <i>Note 5</i>
	<u>3,976,604</u>	<u>4,098,600</u>

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Assets with restricted ownership (Continued)

Note 1: As at 30 June 2023, the Group's cash and cash equivalents with restricted ownership included bill deposits of RMB160,039,000 (31 December 2022: RMB172,921,000), legally freezing of RMB424,709,000 (31 December 2022: RMB458,611,000) and letters of guarantee of nil (31 December 2022: RMB3,068,000).

Note 2: As at 30 June 2023, the Group obtained a short-term borrowing of RMB40,739,000 jointly secured by accounts receivable with the carrying amount of RMB34,823,000 and contract assets with the carrying amount of RMB61,450,000. As at 30 June 2023, the Group obtained a long-term borrowing of RMB2,041,679,000 and a short-term borrowing of RMB2,240,000 jointly secured by contract assets with the carrying amount of RMB2,627,504,000 and long-term receivables with the carrying amount of RMB210,443,000. As at 31 December 2022, the Group obtained a short-term borrowing of RMB158,392,000 jointly secured by accounts receivable with the carrying amount of RMB135,611,000 and contract assets with the carrying amount of RMB179,620,000. As at 31 December 2022, the Group obtained a long-term borrowing of RMB2,071,898,000 and a short-term borrowing of RMB19,533,000 jointly secured by contract assets with the carrying amount of RMB2,577,903,000 and long-term receivables with the carrying amount of RMB213,251,000.

Note 3: As at 30 June 2023, the Group obtained a short-term borrowing of RMB8,491,000 secured by receivables at fair value through other comprehensive income with the carrying amount of RMB8,491,000. As at 31 December 2022, the Group did not obtain short-term borrowing secured by receivables at fair value through other comprehensive income.

Note 4: As at 30 June 2023, the Group obtained a short-term bank borrowings of RMB100,100,000 (31 December 2022: RMB100,101,000) secured by investment property with the carrying amount of RMB101,400,000 (31 December 2022: RMB99,200,000).

Note 5: As at 30 June 2023, the Group obtained a short-term borrowings of RMB268,331,000 (31 December 2022: RMB188,236,000) secured by fixed assets with the carrying amount of RMB252,904,000 (31 December 2022: RMB162,502,000) and intangible assets with the carrying amount of RMB94,841,000 (31 December 2022: RMB95,913,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VI. SEGMENT REPORT

1. Operating segments

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

- (1) The construction contracting segment mainly engages in the construction general contracting and subcontracting business;
- (2) The “others” segment mainly includes service concession arrangements and other services of the Group.

The management monitors the results of the business units separately for the purpose of decision making regarding resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit. The indicator is measured consistently with the Group’s total profit from continuing operations.

Period from 1 January to 30 June 2023 (Unaudited)

	Construction contracting	Others	Adjustment and offset	Total
Sales to external customers	14,434,941	513,626	-	14,948,567
Intersegment sales	102,538	12,857	(115,395)	-
Gains on investments in joint ventures and associates	(4,078)	(3,505)	-	(7,583)
Credit impairment losses	64,456	22,588	-	87,044
Asset impairment losses	(12,360)	2,688	-	(9,672)
Depreciation and amortisation	26,065	19,354	-	45,419
Total profit	204,095	(46,070)	(1,049)	156,976

VI. SEGMENT REPORT (Continued)**1. Operating segments** (Continued)

Period from 1 January to 30 June 2022 (Unaudited)

	Construction contracting	Others	Adjustment and offset	Total
Sales to external customers	16,019,052	570,173	-	16,589,225
Intersegment sales	87,688	24,806	(112,494)	-
Gains on investments in joint ventures and associates	281	(344)	-	(63)
Credit impairment losses	(40,923)	75,129	-	34,206
Asset impairment losses	125,763	65,832	(57,033)	134,562
Depreciation and amortisation	25,826	11,318	-	37,144
Total profit	287,536	(69,619)	(2,180)	215,737

2. Other information***Geographical information****Revenue from external transactions*

As the majority of the Group's revenue is derived from customers in Mainland China, no further information of geographical segments is required. Revenue from external transactions is analysed by geographic locations where the customers are located.

Total non-current assets

All non-current assets held by the Group are located in Mainland China. Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

Information about major customers

No operating revenue from a single customer accounted for more than 10% of the Group's revenue.

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VII. FAIR VALUE

1. Fair value of financial instruments

The management has assessed that the fair values of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, bills and accounts payables and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The following are the carrying amount and fair value of financial instruments except for lease liabilities and the financial instruments for which the difference between the carrying amount and fair value is immaterial:

	Carrying amount		Fair value	
	30 June 2023 (Unaudited)	31 December 2022	30 June 2023 (Unaudited)	31 December 2022
Fixed-rate long-term borrowings	<u>1,607,008</u>	<u>1,480,547</u>	<u>1,515,885</u>	<u>1,435,906</u>

At each balance sheet date, the finance department analyses the movements in the fair value of the financial instruments and determines the major input applicable to the valuation.

VII. FAIR VALUE (Continued)

1. Fair value of financial instruments (Continued)

The fair values of financial assets and financial liabilities are determined based on the amount for which an asset could be exchanged or a liability is settled, between knowledgeable, willing parties in an arm's length transaction, other than in a forced or liquidation sale. The following methods and assumptions were used in the assessment of fair value.

The fair value of long-term receivables and long-term borrowings is calculated by discounting the future cash flows using market yield currently available for other financial instruments with similar contract terms, credit risk and residual term as the discount rate. As at 30 June 2023 and 31 December 2022, the Group's exposure to non-performance risk associated with the long-term borrowings is assessed to be insignificant. As of 30 June 2023 and 31 December 2022, the fair value of long-term receivables approximates their carrying amount.

The fair values of listed equity instrument investments are determined by the market value. Investments in unlisted equity instruments are estimated at fair value using the market approach based on unobservable market prices or interest rate assumptions. The Group needs to determine comparable public companies based on industry, size, leverage and strategy, and calculates an appropriate market multiple, such as price to earnings ("P/E") multiple and price to net assets ("P/B") multiple, for each comparable public company identified. Adjustments are made based on company-specific facts and circumstances, taking into account factors such as liquidity and size differences between comparable public companies. The Group believes that the fair value estimated using valuation techniques is reasonable and the most appropriate value as of the balance sheet date.

For the fair value of the non-listed equity instrument investment, the Group estimated the potential impact of adopting other reasonable and possible assumptions as input value in the valuation model.

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VII. FAIR VALUE (Continued)

2. Fair value of investment property using the fair value model

	Valuation technique	Significant unobservable inputs	Range or weighted average	
			30 June 2023 (Unaudited)	31 December 2022
RT-Mart	Yield approach	Yield rate Annual market rental (per square meter)	6.50% 100-111	6.50% 100-111

3. Fair value hierarchy

Assets measured at fair value:

30 June 2023 (Unaudited)

	Inputs used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Held-for-trading financial assets	4,263	-	-	4,263
Receivables at fair value through other comprehensive income	-	282,809	-	282,809
Other equity instrument investments	68,023	-	646,243	714,266
Leased property	-	-	101,400	101,400
	72,286	282,809	747,643	1,102,738

VII. FAIR VALUE (Continued)

3. Fair value hierarchy (Continued)

31 December 2022

	Inputs used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Held-for-trading financial assets	3,118	-	-	3,118
Receivables at fair value through other comprehensive income	-	349,485	-	349,485
Other equity instrument investments	55,222	-	689,237	744,459
Investment property	-	-	99,200	99,200
	<u>58,340</u>	<u>349,485</u>	<u>788,437</u>	<u>1,196,262</u>

The fair value of receivables at fair value through other comprehensive income is calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar credit risk and remaining maturities.

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VII. FAIR VALUE (Continued)

3. Fair value hierarchy (Continued)

The following is an overview of the significant unobservable inputs in the fair value measurement categorised within level 3:

	Fair value at the end of the period/year	Valuation technique	Unobservable inputs	Scope (Weighted average)
Non-listed equity investments				
Baoding Commercial Bank Co., Ltd.	30 June 2023: 577,000 31 December 2022: 607,500	Listed companies comparison method	P/B multiple Median of peers Discount for liquidity	30 June 2023: 0.7-1.0 31 December 2022: 0.7-1.0 30 June 2023: 30% 31 December 2022: 30%
Baoding Taihang Heyi Environmental Technology Co., Ltd.	30 June 2023: 61,000 31 December 2022: 72,500	Listed companies comparison method	P/E multiple Median of peers Discount for liquidity	30 June 2023: 0.8-1.2 31 December 2022: 0.8-1.3 30 June 2023: 30% 31 December 2022: 30%
Qinhuangdao Smooth Road Construction Co., Ltd.	30 June 2023: 8,000 31 December 2022: 9,000	Listed companies comparison method	P/B multiple Median of peers Discount for liquidity	30 June 2023: 0.7-2.0 31 December 2022: 0.9-2.2 30 June 2023: 30% 31 December 2022: 30%
Xihua County Jijiantongda Construction Co., Ltd.	30 June 2023: 243 31 December 2022: 237	Listed companies comparison method	P/B multiple Median of peers Discount for liquidity	30 June 2023: 1.5-3.0 31 December 2022: 1.6-4.0 30 June 2023: 30% 31 December 2022: 30%
Investment property RT-Mart	30 June 2023: 101,400 31 December 2022: 99,200	Discounted cash flow method	Yield rate Annual market rental (per square metre)	30 June 2023: 6.50% 31 December 2022: 6.50% 30 June 2023: 100-111 31 December 2022: 100-111

VII. FAIR VALUE (Continued)**3. Fair value hierarchy** (Continued)

The following is an overview of the significant unobservable inputs in the fair value measurement categorised within level 3: (Continued)

There were no transfers of fair value measurements of the Group's financial assets and financial liabilities between Level 1 and Level 2 and no transfers into or out from Level 3.

Liabilities disclosed at fair value

30 June 2023 (Unaudited)

	Inputs used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Fixed-rate long-term borrowings	-	1,515,885	-	1,515,885

31 December 2022

	Inputs used in fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Fixed-rate long-term borrowings	-	1,435,906	-	1,435,906

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Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Related party relationships

Related parties involved in transactions:

Name of related party	Related party relationships
Qianbao Investment Co., Ltd.	Ultimate holding company
Zhongru Investment Co., Ltd.	Parent company
Jianwei County Yizongliangheng Project Management Company Limited ("Yizongliangheng")	Associate
Bozhou Xiangju Construction Company Limited ("Bozhou Xiangju")	Associate
Zhongyuan Environmental (Neihuang) Liangli Ecological Construction Project Management Company Limited ("Zhongyuan Environmental")	Associate
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	Joint venture
Bazhou Hengzhiheng Gardening and Greenery Engineering Co., Ltd.	Joint venture
Zhongming Zhiye Group Co., Ltd.	Other enterprises under common control by the parent company
Baoding Tianli Labor Service Co., Ltd.	Other enterprises under common control by the parent company
Hebei Tianbo Construction Technology Co., Ltd.	Other enterprises under common control by the parent company
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	Other enterprises under common control by the parent company
Sanhe Baolan Heat Co., Ltd.	Other enterprises under common control by the parent company
Zhongcheng Real Estate Development Co., Ltd.	Other enterprises under common control by the parent company
Xi'an Zhongyuan Real Estate Development Co., Ltd.	Other enterprises under common control by the parent company
Baoding Taiji Real Estate Development Co., Ltd.	Other enterprises under common control by the parent company
Huailai Zhongcheng Real Estate Development Co., Ltd.	Other enterprises under common control by the parent company
Hebei Construction Group Qianqiu Management Co., Ltd.	Other enterprises under common control by the parent company

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

1. Related party relationships (Continued)

Name of related party	Related party relationships
Hebei Qianyuan Red Agricultural Group Co., Ltd.	Other enterprises under common control by the parent company
Huailai Jingsheng Real Estate Development Co., Ltd.	Other enterprises under common control by the parent company
Hebei Zhongcheng Property Management Co., Ltd.	Other enterprises under common control by the parent company
Guangan Zhongcheng Real Estate Development Co., Ltd.	Associate of other enterprises under common control by the parent company
Hebei Zitan Real Estate Development Co., Ltd.	Associate of other enterprises under common control by the parent company
Baoding Zhucheng Real Estate Development Co., Ltd.	Associate of other enterprises under common control by the parent company
Chengdu New Era Tiancheng Properties Co., Ltd.	Associate of other enterprises under common control by the parent company
Datang Baoding Heat Supply Co., Ltd.	Associate of other enterprises under common control by the parent company
Hebei Baocang Expressway Co., Ltd.	Associate of other enterprises under common control by the parent company
Hebei Baoyu Surveying Service Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Sanhe Jinshibang Real Estate Development Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Fuping County Ruifu Building Material Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Hebei Keshengxing Start-up Incubator Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Huailai Shengcheng Real Estate Development Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Qinhuangdao Dadi Zhuoyue Geotechnical Engineering Co., Ltd.	Subsidiary of other enterprises under common control by the parent company
Key management personnel	Key management personnel of the Group

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties

(1) Sales or purchases of goods and rendering or receipt of services

Rendering of services to related parties

	Note	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Xi'an Zhongyuan Real Estate Development Co., Ltd.	(1)a	61,441	87,500
Zhongyuan Environmental	(1)b	40,119	22,573
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	(1)c	24,049	74,212
Huailai Shengcheng Real Estate Development Co., Ltd.	(1)d	17,989	3,230
Baoding Zhucheng Real Estate Development Co., Ltd.	(1)e	14,752	7,058
Huailai Jingsheng Real Estate Development Co., Ltd.	(1)f	11,974	20,033
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	(1)g	5,266	4,116
Huailai Zhongcheng Real Estate Development Co., Ltd.	(1)h	2,662	25,371
Zhongcheng Real Estate Development Co., Ltd.	(1)i	2,568	-
Hebei Baocang Expressway Co., Ltd.	(1)j	444	-
Datang Baoding Heat Supply Co., Ltd.	(1)k	153	16
Sanhe Jinshibang Real Estate Development Co., Ltd.	(1)l	-	49,876
Baoding Taiji Real Estate Development Co., Ltd.	(1)m	-	8,434
Guangan Zhongcheng Real Estate Development Co., Ltd.	(1)n	-	1,664
		181,417	304,083

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)**(1) Sales or purchases of goods and rendering or receipt of services** (Continued)*Receipt of services from related parties*

	<i>Note</i>	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Baoding Tianli Labor Service Co., Ltd.	<i>(1)o</i>	1,341,190	1,322,986
Qinhuangdao Dadi Zhuoyue Geotechnical Engineering Co., Ltd.	<i>(1)p</i>	10,658	5,855
Hebei Zhongcheng Property Service Co., Ltd.	<i>(1)q</i>	3,816	4,146
Hebei Qianyuan Red Agricultural Group Co., Ltd.	<i>(1)r</i>	1,137	-
Hebei Tianbo Construction Technology Co., Ltd.	<i>(1)s</i>	886	1,856
Hebei Baoyu Surveying Service Co., Ltd.	<i>(1)t</i>	7	94
Fuping County Ruifu Building Material Co., Ltd.	<i>(1)u</i>	-	872
		1,357,694	1,335,809

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(2) Related party leases

As lessee

	Note	Type of leased asset	Period from 1 January to 30 June 2023 (Unaudited) Leasing fees	Period from 1 January to 30 June 2022 (Unaudited) Leasing fees
Zhongming Zhiye Group Co., Ltd.	(2)a	Office building	3,432	2,776

Note: The transaction price of property lease between the Group and its related party was determined by both parties through negotiation with reference to market prices and other factors.

(3) Guarantees to/from related parties

Providing guarantees to related parties

Period from 1 January to 30 June 2023 (Unaudited)

Guaranteed party	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	(3)a	600,000	2019/8/29	2036/12/20	No	558,750

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(3) Guarantees to/from related parties (Continued)

Receiving guarantees from related parties

Period from 1 January to 30 June 2023 (Unaudited)

Guarantor	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Zhongming Zhiye Group Co., Ltd.	(3)b	399,847	2019/4/1	2024/4/1	No	-
Zhongming Zhiye Group Co., Ltd.	(3)c	200,000	2019/12/30	2023/12/29	No	-
Zhongru Investment Co., Ltd.	(3)d	70,000	2020/8/18	2024/2/10	No	-
Zhongming Zhiye Group Co., Ltd.	(3)e	160,000	2020/11/17	2025/11/16	No	-
Zhongming Zhiye Group Co., Ltd.	(3)f	25,000	2020/12/22	2023/12/21	No	-
Zhongming Zhiye Group Co., Ltd.	(3)g	140,000	2020/12/28	2025/12/27	No	-
Zhongming Zhiye Group Co., Ltd.	(3)h	200,000	2020/12/31	2024/12/30	No	-
Zhongming Zhiye Group Co., Ltd.	(3)i	100,000	2021/11/25	2026/11/25	No	97,000
Zhongming Zhiye Group Co., Ltd.	(3)j	25,000	2021/12/8	2025/12/9	No	-
Zhongming Zhiye Group Co., Ltd.	(3)k	200,000	2021/12/31	2025/12/30	No	-
Zhongru Investment Co., Ltd.	(3)l	70,000	2022/2/17	2023/2/16	Yes	-
Zhongcheng Real Estate Development Co., Ltd.	(3)m	290,000	2022/3/19	2023/3/18	Yes	-
Zhongcheng Real Estate Development Co., Ltd.	(3)n	120,000	2022/6/8	2024/6/6	No	110,000
Zhongcheng Real Estate Development Co., Ltd.	(3)o	30,000	2022/6/14	2024/6/11	No	28,000

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Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(3) Guarantees to/from related parties (Continued)

Receiving guarantees from related parties (Continued)

Guarantor	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Zhongcheng Real Estate Development Co., Ltd.	(3)p	100,000	2022/6/14	2024/6/11	No	-
Zhongcheng Real Estate Development Co., Ltd.	(3)q	34,000	2022/6/20	2023/6/20	Yes	-
Zhongming Zhiye Group Co., Ltd.	(3)r	25,000	2022/12/1	2026/11/29	No	25,000
Zhongming Zhiye Group Co., Ltd.	(3)s	200,000	2022/12/30	2023/12/29	No	200,000
Zhongru Investment Co., Ltd.	(3)t	70,000	2023/1/28	2024/1/28	No	70,000
Zhongcheng Real Estate Development Co., Ltd.	(3)u	100,000	2023/6/12	2024/6/12	No	100,000
Zhongcheng Real Estate Development Co., Ltd.	(3)v	34,000	2023/6/12	2024/6/12	No	34,000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)**(3) Guarantees to/from related parties** (Continued)*Providing guarantees to related parties*

2022

Guaranteed party	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	(3)a	600,000	2019/8/29	2036/12/20	No	568,500

Receiving guarantees from related parties

2022

Guarantor	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Zhongming Zhiye Group Co., Ltd.	(3)b	399,847	2019/4/1	2024/4/1	No	-
Zhongming Zhiye Group Co., Ltd.	(3)c	200,000	2019/12/30	2023/12/29	No	-
Zhongru Investment Co., Ltd.	(3)d	70,000	2020/8/18	2024/2/10	No	-
Zhongming Zhiye Group Co., Ltd.	(3)e	160,000	2020/11/17	2025/11/16	No	-
Zhongming Zhiye Group Co., Ltd.	(3)f	25,000	2020/12/22	2023/12/21	No	-
Zhongming Zhiye Group Co., Ltd.	(3)g	140,000	2020/12/28	2025/12/27	No	-
Zhongming Zhiye Group Co., Ltd.	(3)h	200,000	2020/12/31	2024/12/30	No	-
Zhongming Zhiye Group Co., Ltd.	(3)i	100,000	2021/11/25	2026/11/25	No	98,000
Zhongming Zhiye Group Co., Ltd.	(3)j	25,000	2021/12/8	2025/12/9	No	-

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(3) Guarantees to/from related parties (Continued)

Receiving guarantees from related parties (Continued)

Guarantor	Note	Amount of guarantees	Inception date of guarantee	Expiration date of guarantee	Whether guarantee has been performed	The actual guaranteed amount
Zhongming Zhiye Group Co., Ltd.	(3)k	200,000	2021/12/31	2025/12/30	No	-
Zhongru Investment Co., Ltd.	(3)l	70,000	2022/2/17	2023/2/16	No	70,000
Zhongcheng Real Estate Development Co., Ltd.	(3)m	290,000	2022/3/19	2023/3/18	No	290,000
Zhongcheng Real Estate Development Co., Ltd.	(3)n	120,000	2022/6/8	2024/6/6	No	115,000
Zhongcheng Real Estate Development Co., Ltd.	(3)o	30,000	2022/6/14	2024/6/11	No	29,000
Zhongcheng Real Estate Development Co., Ltd.	(3)p	100,000	2022/6/14	2024/6/11	No	100,000
Zhongcheng Real Estate Development Co., Ltd.	(3)q	34,000	2022/6/20	2023/6/20	No	34,000
Zhongming Zhiye Group Co., Ltd.	(3)r	25,000	2022/12/1	2026/11/29	No	25,000
Zhongming Zhiye Group Co., Ltd.	(3)s	200,000	2022/12/30	2023/12/29	No	200,000
Zhongming Zhiye Group Co., Ltd.	(3)w	108,000	2018/10/26	2022/10/25	Yes	-
Zhongcheng Real Estate Development Co., Ltd.	(3)x	150,000	2020/6/15	2022/6/8	Yes	-
Zhongming Zhiye Group Co., Ltd.	(3)y	30,000	2021/2/1	2022/1/27	Yes	-
Zhongru Investment Co., Ltd.	(3)z	70,000	2021/7/29	2022/2/10	Yes	-
Zhongcheng Real Estate Development Co., Ltd.	(3)aa	35,000	2021/8/26	2022/8/26	Yes	-

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions

	Note	Period from 1 January to 30 June 2023 (Unaudited)	Period from 1 January to 30 June 2022 (Unaudited)
Emolument of key management personnel	(4)a	3,717	2,191

Notes:

(1) SALES OR PURCHASES OF GOODS AND RENDERING OR RECEIPT OF SERVICES

- (a) During the period from 1 January to 30 June 2023, the Group provided construction services to Xi'an Zhongyuan Real Estate Development Co., Ltd. at the market price of RMB61,441,000 (for the period from 1 January to 30 June 2022: RMB87,500,000).
- (b) During the period from 1 January to 30 June 2023, the Group provided construction services to Zhongyuan Environmental at the market price of RMB40,119,000 (for the period from 1 January to 30 June 2022: RMB22,573,000).
- (c) During the period from 1 January to 30 June 2023, the Group provided construction services to Qinhuangdao Yuanyi Road Construction Management Co., Ltd. at the market price of RMB24,049,000 (for the period from 1 January to 30 June 2022: RMB74,212,000).
- (d) During the period from 1 January to 30 June 2023, the Group provided construction services to Huailai Shengcheng Real Estate Development Co., Ltd. at the market price of RMB17,989,000 (for the period from 1 January to 30 June 2022: RMB3,230,000).
- (e) During the period from 1 January to 30 June 2023, the Group provided construction services to Baoding Zhucheng Real Estate Development Co., Ltd. at the market price of RMB14,752,000 (for the period from 1 January to 30 June 2022: RMB7,058,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(1) SALES OR PURCHASES OF GOODS AND RENDERING OR RECEIPT OF SERVICES
(Continued)

- (f) During the period from 1 January to 30 June 2023, the Group provided construction services to Huailai Jingsheng Real Estate Development Co., Ltd. at the market price of RMB11,974,000 (for the period from 1 January to 30 June 2022: RMB20,033,000).
- (g) During the period from 1 January to 30 June 2023, the Group provided construction services to Chengde Summer Resort Cultural Industrial Park Co., Ltd. at the market price of RMB5,266,000 (for the period from 1 January to 30 June 2022: RMB4,116,000).
- (h) During the period from 1 January to 30 June 2023, the Group provided construction services to Huailai Zhongcheng Real Estate Development Co., Ltd. at the market price of RMB2,662,000 (for the period from 1 January to 30 June 2022: RMB25,371,000).
- (i) During the period from 1 January to 30 June 2023, the Group provided construction services to Zhongcheng Real Estate Development Co., Ltd. at the market price of RMB2,568,000 (for the period from 1 January to 30 June 2022: Nil).
- (j) During the period from 1 January to 30 June 2023, the Group provided construction services to Hebei Baocang Expressway Co., Ltd. at the market price of RMB444,000 (for the period from 1 January to 30 June 2022: Nil).
- (k) During the period from 1 January to 30 June 2023, the Group provided construction services to Datang Baoding Heat Supply Co., Ltd. at the market price of RMB153,000 (for the period from 1 January to 30 June 2022: RMB16,000).
- (l) During the period from 1 January to 30 June 2023, the Group did not provide any construction services to Sanhe Jinshibang Real Estate Development Co., Ltd. (for the period from 1 January to 30 June 2022: RMB49,876,000).

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

- (1) SALES OR PURCHASES OF GOODS AND RENDERING OR RECEIPT OF SERVICES (Continued)
- (m) During the period from 1 January to 30 June 2023, the Group did not provide any construction services to Baoding Taiji Real Estate Development Co., Ltd. (for the period from 1 January to 30 June 2022: RMB8,434,000).
- (n) During the period from 1 January to 30 June 2023, the Group did not provide any construction services to Guangan Zhongcheng Real Estate Development Co., Ltd. (for the period from 1 January to 30 June 2022: RMB1,664,000).
- (o) During the period from 1 January to 30 June 2023, the Group received labour services from Baoding Tianli Labor Service Co., Ltd. at the market price of RMB1,341,190,000 (for the period from 1 January to 30 June 2022: RMB1,322,986,000).
- (p) During the period from 1 January to 30 June 2023, the Group received engineering surveying services from Qinhuangdao Dadi Zhuoyue Geotechnical Engineering Co., Ltd. at the market price of RMB10,658,000 (for the period from 1 January to 30 June 2022: RMB5,855,000).
- (q) During the period from 1 January to 30 June 2023, the Group received property management services from Hebei Zhongcheng Property Management Co., Ltd. at the market price of RMB3,816,000 (for the period from 1 January to 30 June 2022: RMB4,146,000).
- (r) During the period from 1 January to 30 June 2023, the Group purchased agricultural products from Hebei Qianyuan Red Agricultural Group Co., Ltd. at the market price of RMB1,137,000 (for the period from 1 January to 30 June 2022: Nil).
- (s) During the period from 1 January to 30 June 2023, the Group received testing services from Hebei Tianbo Construction Technology Co., Ltd. at the market price of RMB886,000 (for the period from 1 January to 30 June 2022: RMB1,856,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

- (1) SALES OR PURCHASES OF GOODS AND RENDERING OR RECEIPT OF SERVICES (Continued)
- (t) During the period from 1 January to 30 June 2023, the Group received testing services from Hebei Baoyu Surveying Service Co., Ltd. at the market price of RMB7,000 (for the period from 1 January to 30 June 2022: RMB94,000).
- (u) During the period from 1 January to 30 June 2023, the Group purchased construction material from Fuping County Ruifu Building Material Co., Ltd. at the market price of RMB0 (for the period from 1 January to 30 June 2022: RMB872,000).
- (2) RELATED PARTY LEASES
- (a) During the period from 1 January to 30 June 2023, the Group leased an office building from Zhongming Zhiye Co., Ltd. and incurred leasing fees of RMB3,432,000 (for the period from 1 January to 30 June 2022: RMB2,776,000) under the lease contract.
- (3) GUARANTEES TO/FROM RELATED PARTIES
- (a) The Group provided a guarantee with an amount of RMB600,000,000 for Qinhuangdao Yuanyi Road Construction Management Co., Ltd. at nil consideration from 29 August 2019 to 20 December 2036, and the actual guaranteed amount as of 30 June 2023 was RMB558,750,000 (2022: amount of guarantee: RMB600,000,000, actual guaranteed amount: RMB568,500,000).
- (b) From 1 April 2019 to 1 April 2024, Zhongming Zhiye provided a credit guarantees for the debt of RMB399,847,000 of the Group, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB399,847,000, actual guaranteed amount: Nil).

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(3) GUARANTEES TO/FROM RELATED PARTIES (Continued)

- (c) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB200,000,000 for the Group at nil consideration from 30 December 2019 to 29 December 2023, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB200,000,000, actual guaranteed amount: Nil).
- (d) Zhongru Investment Co., Ltd. provided a guarantee with an amount of RMB70,000,000 for the Group at nil consideration from 18 August 2020 to 10 February 2024, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB70,000,000, actual guaranteed amount: Nil).
- (e) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB160,000,000 for the Group at nil consideration from 17 November 2020 to 16 November 2025, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB160,000,000, actual guaranteed amount: Nil).
- (f) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB25,000,000 for the Group at nil consideration from 22 December 2020 to 21 December 2023, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB25,000,000, actual guaranteed amount: Nil).
- (g) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB140,000,000 for the Group at nil consideration from 28 December 2020 to 27 December 2025, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB140,000,000, actual guaranteed amount: Nil).

NOTES TO FINANCIAL STATEMENTS

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VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(3) GUARANTEES TO/FROM RELATED PARTIES (Continued)

- (h) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB200,000,000 for the Group at nil consideration from 31 December 2020 to 30 December 2024, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB200,000,000, actual guaranteed amount: Nil).
- (i) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB100,000,000 for the Group at nil consideration from 25 November 2021 to 25 November 2026, and the actual guaranteed amount as of 30 June 2023 was RMB97,000,000 (2022: amount of guarantee: RMB100,000,000, actual guaranteed amount: RMB98,000,000).
- (j) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB25,000,000 for the Group at nil consideration from 8 December 2021 to 9 December 2025, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB25,000,000, actual guaranteed amount: Nil).
- (k) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB200,000,000 for the Group at nil consideration from 31 December 2021 to 30 December 2025, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB200,000,000, actual guaranteed amount: Nil).
- (l) Zhongru Investment Co., Ltd. provided a guarantee with an amount of RMB70,000,000 for the Group at nil consideration from 17 February 2022 to 16 February 2023, and as of 30 June 2023, the guarantee has been fully performed (2022: amount of guarantee: RMB70,000,000, actual guaranteed amount: RMB70,000,000).

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(3) GUARANTEES TO/FROM RELATED PARTIES (Continued)

- (m) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB290,000,000 for the Group at nil consideration from 19 March 2022 to 18 March 2023, and as of 30 June 2023, the guarantee has been fully performed (2022: amount of guarantee: RMB290,000,000, actual guaranteed amount: RMB290,000,000).
- (n) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB120,000,000 for the Group at nil consideration from 8 June 2022 to 6 June 2024, and the actual guaranteed amount as of 30 June 2023 was RMB110,000,000 (2022: amount of guarantee: RMB120,000,000, actual guaranteed amount: RMB115,000,000).
- (o) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB30,000,000 for the Group at nil consideration from 14 June 2022 to 11 June 2024, and the actual guaranteed amount as of 30 June 2023 was RMB28,000,000 (2022: amount of guarantee: RMB30,000,000, actual guaranteed amount: RMB29,000,000).
- (p) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB100,000,000 for the Group at nil consideration from 14 June 2022 to 11 June 2024, and as of 30 June 2023, the Group has repaid the borrowings but the guarantee has not been fully performed (2022: amount of guarantee: RMB100,000,000, actual guaranteed amount: RMB100,000,000).
- (q) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB34,000,000 for the Group at nil consideration from 20 June 2022 to 20 June 2023, and as of 30 June 2023, the guarantee has been fully performed (2022: amount of guarantee: RMB34,000,000, actual guaranteed amount: RMB34,000,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(3) GUARANTEES TO/FROM RELATED PARTIES (Continued)

- (r) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB25,000,000 for the Group at nil consideration from 1 December 2022 to 29 November 2026, and the actual guaranteed amount as of 30 June 2023 was RMB25,000,000 (2022: amount of guarantee: RMB25,000,000, actual guaranteed amount: RMB25,000,000).
- (s) Zhongming Zhiye Co., Ltd. provided a guarantee with an amount of RMB200,000,000 for the Group at nil consideration from 30 December 2022 to 29 December 2023, and the actual guaranteed amount as of 30 June 2023 was RMB200,000,000 (2022: amount of guarantee: RMB200,000,000, actual guaranteed amount: RMB200,000,000).
- (t) Zhongru Investment Co., Ltd. provided a guarantee with an amount of RMB70,000,000 for the Group at nil consideration from 28 January 2023 to 28 January 2024, and the actual guaranteed amount as of 30 June 2023 was RMB70,000,000 (2022: Nil).
- (u) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB100,000,000 for the Group at nil consideration from 12 June 2023 to 12 June 2024, and the actual guaranteed amount as of 30 June 2023 was RMB100,000,000 (2022: Nil).
- (v) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB34,000,000 for the Group at nil consideration from 12 June 2023 to 12 June 2024, and the actual guaranteed amount as of 30 June 2023 was RMB34,000,000 (2022: Nil).
- (w) Zhongming Zhiye Group Co., Ltd. provided a guarantee with an amount of RMB108,000,000 for the Group at nil consideration from 26 October 2018 to 25 October 2022, and as of 31 December 2022, the guarantee has been fully performed.

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

2. Major transactions with related parties (Continued)

(4) Other related party transactions (Continued)

Notes: (Continued)

(3) GUARANTEES TO/FROM RELATED PARTIES (Continued)

- (x) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB150,000,000 for the Group at nil consideration from 15 June 2020 to 8 June 2022, and as of 31 December 2022, the guarantee has been fully performed.
- (y) Zhongming Zhiye Group Co., Ltd. provided a guarantee with an amount of RMB30,000,000 for the Group at nil consideration from 1 February 2021 to 27 January 2022, and as of 31 December 2022, the guarantee has been fully performed.
- (z) Zhongru Investment Co., Ltd. provided a guarantee with an amount of RMB70,000,000 for the Group at nil consideration from 29 July 2021 to 10 February 2022, and as of 31 December 2022, the guarantee has been fully performed.
- (aa) Zhongcheng Real Estate Development Co., Ltd. provided a guarantee with an amount of RMB35,000,000 for the Group at nil consideration from 26 August 2021 to 26 August 2022, and as of 31 December 2022, the guarantee has been fully performed.

(4) OTHER MAJOR RELATED TRANSACTIONS

- (a) During the period from 1 January to 30 June 2023, the total emolument of key management personnel incurred by the Group amounted to RMB3,717,000 (for the period from 1 January to 30 June 2022: RMB2,191,000).

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

3. Balances of amounts due from related parties

(1) Accounts receivable

	30 June 2023 (Unaudited)		31 December 2022	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Baoding Zhucheng Real Estate Development Co., Ltd.	52,317	1,927	50,819	2,070
Huilai Jingsheng Real Estate Development Co., Ltd.	33,645	565	10,864	277
Xi'an Zhongyuan Real Estate Development Co., Ltd.	24,214	245	45,297	457
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	14,986	369	12,230	473
Huilai Shengcheng Real Estate Development Co., Ltd.	12,422	125	-	-
Zhongyuan Environmental	11,745	119	-	-
Chengdu New Era Tiancheng Properties Co., Ltd.	9,557	97	9,557	97
Baoding Taiji Real Estate Development Co., Ltd.	8,200	83	2,341	24
Sanhe Jinshibang Real Estate Development Co., Ltd.	8,000	81	8,000	81
Hebei Zitan Real Estate Development Co., Ltd.	4,584	167	10,826	109
Bozhou Xiangju	1,200	58	1,200	58
Hebei Baocang Expressway Co., Ltd.	183	2	15	-
Zhongcheng Real Estate Development Co., Ltd.	131	1	64	3
Datang Baoding Heat Supply Co., Ltd.	14	-	16	-
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	-	-	4,820	49
	181,198	3,839	156,049	3,698

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

3. Balances of amounts due from related parties (Continued)**(2) Contract assets**

	30 June 2023 (Unaudited)		31 December 2022	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Qinhuangdao Yuanyi Road Construction Management Co., Ltd.	176,349	1,781	214,928	2,171
Xi'an Zhongyuan Real Estate Development Co., Ltd.	147,780	1,493	152,861	1,544
Yizongliangheng	134,943	1,363	134,943	1,363
Guangan Zhongcheng Real Estate Development Co., Ltd.	124,261	1,255	124,261	1,255
Sanhe Jinshibang Real Estate Development Co., Ltd.	101,894	1,029	101,894	1,029
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	84,748	856	95,138	961
Huailai Zhongcheng Real Estate Development Co., Ltd.	42,165	426	39,424	398
Huailai Jingsheng Real Estate Development Co., Ltd.	36,887	373	49,397	499
Huailai Shengcheng Real Estate Development Co., Ltd.	34,787	351	45,913	464
Baoding Zhucheng Real Estate Development Co., Ltd.	34,263	346	21,190	214
Hebei Zitan Real Estate Development Co., Ltd.	26,338	265	26,338	265
Zhongcheng Real Estate Development Co., Ltd.	21,596	218	26,751	270
Zhongyuan Environmental	13,859	140	16,202	164
Baoding Taiji Real Estate Development Co., Ltd.	12,781	129	41,377	418
Bozhou Xiangju	5,711	58	5,711	58
Sanhe Baolan Heat Co., Ltd.	2,030	21	2,030	21
Datang Baoding Heat Supply Co., Ltd.	1,375	14	1,375	14
Hebei Baocang Expressway Co., Ltd.	31	-	-	-
Hebei Qianyuan Red Agricultural Group Co., Ltd.	-	-	7,432	75
	1,001,798	10,118	1,107,165	11,183

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

3. Balances of amounts due from related parties (Continued)

(3) Other receivables

	30 June 2023 (Unaudited)		31 December 2022	
	Book balance	Bad debt allowance	Book balance	Bad debt allowance
Huilai Zhongcheng Real Estate Development Co., Ltd.	33,611	340	34,580	348
Zhongcheng Real Estate Development Co., Ltd.	12,018	121	12,311	124
Baoding Taiji Real Estate Development Co., Ltd.	1,773	18	5,339	54
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	2,829	29	1,964	96
Hebei Keshengxing Start-up Incubator Co., Ltd.	612	29	612	29
Bazhou Hengzhiheng Gardening and Greenery Engineering Co., Ltd.	106	1	56	1
Xi'an Zhongyuan Real Estate Development Co., Ltd.	-	-	50	3
Huilai Jingsheng Real Estate Development Co., Ltd.	-	-	49	-
Huilai Shengcheng Real Estate Development Co., Ltd.	-	-	44	-
Hebei Zhongcheng Property Service Co., Ltd.	-	-	9	-
Qianbao Investment Co., Ltd.	-	-	5	-
	50,949	538	55,019	655

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

3. Balances of amounts due from related parties (Continued)**(4) Accounts payable**

	30 June 2023 (Unaudited)	31 December 2022
Baoding Tianli Labor Service Co., Ltd.	978,927	1,268,121
Qinhuangdao Dadi Zhuoyue Geotechnical Engineering Co., Ltd.	13,556	8,739
Fuping County Ruifu Building Material Co., Ltd.	3,259	4,467
Hebei Tianbo Construction Technology Co., Ltd.	3,949	3,788
Hebei Construction Group Qianqiu Management Co., Ltd.	480	480
Hebei Baoyu Surveying Service Co., Ltd.	328	326
	<u>1,000,499</u>	<u>1,285,921</u>

(5) Other payables

	30 June 2023 (Unaudited)	31 December 2022
Baoding Zhucheng Real Estate Development Co., Ltd.	60,901	60,901
Key management personnel	15,810	16,364
Hebei Qianyuan Red Agricultural Group Co., Ltd.	14,938	11,575
Zhongming Zhiye Group Co., Ltd.	8,669	3,715
Qianbao Investment Co., Ltd.	8,650	8,650
Hebei Construction Group Qianqiu Management Co., Ltd.	2,458	2,458
	<u>111,426</u>	<u>103,663</u>

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

VIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(Continued)

3. Balances of amounts due from related parties (Continued)

(6) Contract liabilities

	30 June 2023 (Unaudited)	31 December 2022
Baoding Zhucheng Real Estate Development Co., Ltd.	19,941	20,170
Huailai Jingsheng Real Estate Development Co., Ltd.	14,754	12,812
Zhongcheng Real Estate Development Co., Ltd.	13,272	9,296
Xi'an Zhongyuan Real Estate Development Co., Ltd.	9,375	157
Baoding Taiji Real Estate Development Co., Ltd.	8,200	-
Guangan Zhongcheng Real Estate Development Co., Ltd.	4,636	4,636
Chengde Summer Resort Cultural Industrial Park Co., Ltd.	4,620	2,148
Datang Baoding Heat Supply Co., Ltd.	1,961	2,130
Huailai Shengcheng Real Estate Development Co., Ltd.	-	3,488
Hebei Baocang Expressway Co., Ltd.	-	266
	76,759	55,103

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

IX. CONTINGENCIES

	30 June 2023 (Unaudited)	31 December 2022	<i>Notes</i>
Contingent liabilities arising from providing external guarantees	698,191	718,941	<i>Note 1</i>
Contingent liabilities arising from unresolved litigation or arbitration	22,185	21,361	<i>Note 2</i>
	720,376	740,302	

Note 1: As at 30 June 2023, the principal and interest of the banking facilities granted to third parties subject to guarantees given to the banks by the Group amounted to RMB698,191,000 (31 December 2022: RMB718,941,000), and other current liabilities related to financial guarantee contracts amounted to RMB28,920,000 (31 December 2022: RMB23,781,000). The Group assessed overdue status of relevant borrowings, financial position of relevant debtors, and economic condition in the debtor's industry as at each balance sheet date, and was of view that the relevant credit risk of such part of financial guarantee contracts has not increased significantly since initial recognition. Therefore, the loss allowance for the Group's financial guarantee contracts is not determined based on the amount of lifetime expected credit losses, but measured at the amount of the future 12-month expected credit losses of the above financial guarantee contracts. During the period from 1 January to 30 June 2023, there was no change in the Group's assessment method and major assumptions. Based on the assessment of the management of the Group, there was no significant expected impairment provision made for the relevant financial guarantees.

Note 2: The Group is involved in disputes, litigations or claims with customers, subcontractors, suppliers and other parties in the course of its operations. After consultation with the relevant legal advisers and after management's careful estimation of the outcome of such outstanding disputes, litigations or claims, the Group has no disputes, litigations or claims that are likely to result in losses. No provision will be made for the abovementioned outstanding disputes, litigations and claims for which the ultimate outcome cannot be reasonably estimated or for which, in the opinion of management, it is not probable that such disputes, litigations or claims will have a material adverse effect on the Group's results of operations or financial position.

NOTES TO FINANCIAL STATEMENTS

Period from 1 January to 30 June 2023

RMB'000

X. COMMITMENTS

As at 30 June 2023, the Group had no material capital commitment (31 December 2022: Nil).

XI. POST BALANCE SHEET DATE EVENTS

As at the date of approval for publication of these financial statements, the Group has no material post balance sheet date events that require disclosure.

XII. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by resolution of the Board of the Company on 28 August 2023.

DEFINITIONS

“AGM”	annual general meeting of the Company
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
“Audit Committee”	the Audit Committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“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, as amended, supplemented or otherwise modified from time to time
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this interim report, 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)

DEFINITIONS

“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 Committee of the Tenth National People’s Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on 28 December 2013 and became effective on 1 March 2014, and lastly amended on 26 October 2018 and became effective on the same day
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and as of the Latest Practicable Date, refers to Mr. Li Baoyuan, Qianbao Investment and Zhongru Investment
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group” or “we” or “us” or “our”	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 traded in HK dollars and listed on the Hong Kong Stock Exchange
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	7 September 2023, being the latest practicable date for the purpose of ascertaining certain information contained in this interim report
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Prospectus”	the prospectus of the Company dated 5 December 2017
“Qianbao Investment”	Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As of the Latest Practicable Date, 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
“Reporting Period”	the period of six months commencing on 1 January 2023 and ending on 30 June 2023
“RMB”	Renminbi, the lawful currency of the PRC
“senior management”	the senior management of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s) of the Company

DEFINITIONS

“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
“Zhongming Zhiye”	Zhongming Zhiye Group Co., Ltd. (中明置業集團有限公司) (previously known as 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 Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the Controlling Shareholders of the Company, respectively
“Zhongru Investment”	Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010. As of the Latest Practicable Date, Zhongru Investment directly held approximately 68.3% equity interest of the Company and is a Controlling Shareholder of the Company
“%”	per cent



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

