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河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

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

(Stock Code: 1727)

D C U LABEL T A ACT
D A U T T T A L T C A

T L D A U

The Board announces that on 13 June 2018 (after trading hours), Zhongcheng Real Estate (as the Vendor), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hengda Property (as the Purchaser), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 100% equity interests in Guang'an Zhongcheng. Upon the Completion of the Disposal, the Company and its subsidiaries will no longer hold any equity interests in the Target Company.

L T U L L U CAT

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

T U D U C T

The Board announces that on 13 June 2018 (after trading hours), Zhongcheng Real Estate (as the Vendor), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Hengda Property (as the Purchaser), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the 100% equity interests in Guang'an Zhongcheng. Upon the Completion of the Disposal, the Company and its subsidiaries will no longer hold any equity interests in the Target Company.

The major terms of the Equity Transfer Agreement are set out below:

1. D

13 June 2018

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- (i) Vendor: Zhongcheng Real Estate
- (ii) Purchaser: Hengda Property
- (iii) Guarantor: Zodigrand

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, the guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

3. D

The 100% equity interests in Guang'an Zhongcheng as held by Zhongcheng Real Estate.

4. C, B, D

The Consideration payable by the Purchaser to the Vendor shall be RMB486,110,000. The Consideration of the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser by taking into considerations of various factors, including (i) the base value of the assets in the Projects of the Target Company to be sold; (ii) the characteristics and prospects of the industry in which the Target Company operates; (iii) the current business development of the Target Company; and (iv) the future business development of the Target Company.

The Vendor and the Purchaser agreed that the Purchaser shall pay the Consideration of the Disposal to the Vendor in instalments, specifically:

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The first part of the Consideration (RMB360,000,000 in total) shall be paid in three instalments:

- ① The Purchaser shall pay RMB50,000,000 to the Vendor within one working day from entering into the Equity Transfer Agreement;
- ② The Purchaser shall pay RMB100,000,000 to the Vendor within five working days from entering into the Equity Transfer Agreement;
- ③ The Purchaser shall pay RMB210,000,000 to the Vendor within 15 working days from entering into the Equity Transfer Agreement.

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The second part of the Consideration (RMB126,110,000 in total) shall be paid in two instalments:

- ① The Purchaser shall pay RMB90,000,000 to the Vendor before 31 December 2018;
- ② The Purchaser shall pay the remaining equity transfer price of RMB36,110,000 to the Vendor in one lump sum within 30 days after the completion of the relocation for the relevant parcels of lands by the Vendor.

5. C

The Vendor shall cooperate with the Purchaser for the completion of the change of business registration for the 70% equity interests of the Target Company within ten working days from the payment of the first part of the Consideration by the Purchaser. The Vendor shall cooperate with the Purchaser for the completion of the change of business registration for the remaining 30% equity interests in the Target Company upon the payment of the second part of the Consideration by the Purchaser and the completion of development and construction and project settlement of the Remaining Projects by the Vendor.

The date of completion of the equity transfer of the Target Company shall be the date of completion of the above change of business registration (being the date on which the Target Company has obtained the new business license and the notice of change of business registration). From the date of completion of change of business registration for 70% equity interests in the Target Company (being the date on which the Target Company has obtained the new business license and the notice of change of business registration), the financial results of the Target Company will no longer be consolidated into the financial statements of the Company. Upon the completion of Disposal, the Company and its subsidiaries will no longer hold any equity interests in the Target Company.

6.

In order to ensure Zhongcheng Real Estate collects the Consideration in a timely manner under the Equity Transfer Agreement, ZodiGrand agreed to provide joint liability guarantee to Zhongcheng Real Estate for the obligation of Hengda Property for the duly settlement of the Consideration under the Equity Transfer Agreement.

光安 中城 房地产有限公司 为 中城 地产 提供 担保

Guang'an Zhongcheng is a company incorporated in the PRC on 6 January 2014 with limited liability and is directly held as to 100% by Zhongcheng Real Estate. Guang'an Zhongcheng is primarily engaged in the real estate development business.

The table below sets out the audited total assets and net assets of Guang'an Zhongcheng as at 31 December 2016 and 31 December 2017 prepared under the China Accounting Standards for Business Enterprises:

	Unit: B'000	
	A	31 D
	2017	2016
Total assets	1,135,998.42	1,079,408.64
Net assets	20,579.70	40,292.80

The table below sets out the audited total revenue and profit/(loss) of Guang'an Zhongcheng for the two financial years ended 31 December 2016 and 31 December 2017 prepared under the China Accounting Standards for Business Enterprises:

	Unit: B'000	
	2017	31 D
	2017	2016
Total revenue	208,827.57	235,469.61
Profit/(Loss) before income tax expense	(19,713.10)	(6,332.99)
Profit/(Loss) after income tax expense	(19,713.10)	(6,332.99)

“ AT T L C A A D T L L D ”

The Company is a joint stock company incorporated in the PRC on 7 April 2017 with limited liability and is engaged in the provision of integrated solutions primarily for the construction contracting of buildings and infrastructure projects.

Zhongcheng Real Estate is a joint stock company incorporated in the PRC on 4 August 1992 with limited liability, which is directly and indirectly owned as to 100% by the Company. Zhongcheng Real Estate is primarily engaged in real estate development business.

“ AT T L U C A L ”

Hengda Property is a company incorporated in the PRC on 12 April 2016 with limited liability. It is primarily

ACCOUNTING TREATMENT

The Company is expected to record an unaudited gain before tax of approximately RMB0 for the Disposal. The unaudited gain before tax was calculated with reference to the net proceeds from the Disposal offset by the carrying value of the Group's investment in the Target Company, without taking into account the impacts of tax and transaction expenditures. The Board intended to use the net proceeds from the Disposal for repayment of borrowings to Zhongcheng Real Estate and outstanding amount to other suppliers owed by the Target Company, replenishment of the liquidity of Zhongcheng Real Estate and its daily operation.

Based on the above, it is expected that the Disposal would not have material impact on the consolidated financial position of the Group.

BOARD OF DIRECTORS' VIEW

The Board (including independent non-executive Directors) is of the view that the Disposal is in the best interests of the Company on the grounds that:

Recently, there is a growing supply of lands, a prolonged downturn of the local land and property market and a low demand for commodity housing in the region where the Projects are located. The Group has invested substantial land and project construction cost for the Projects in the early stage. However, as at the date of entering into the Equity Transfer Agreement, the sales performance of the Projects did not meet expectations due to the unfavorable conditions of the local property market. Besides, as the current land price in the region where the Projects are located has dropped below the price at which Zhongcheng Real Estate acquired the land use rights of such land plots, taking into consideration the fact that the Group does not enjoy significant competitive advantages in the local property market, the Projects will face potentially greater loss as a whole. As such, the Directors believed that the Disposal will stop the continued loss from the Projects.

Having considered and approved the resolution on the Disposal, the Directors of the Company (including independent non-executive Directors) are of the view that (i) the Disposal is on normal commercial terms or better terms; (ii) the terms and conditions of the Disposal are fair and reasonable; and (iii) the Disposal is in the interest of the Company and Shareholders as a whole.

LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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

“Board”	the board of Directors of the Company
“Company”	Hebei Construction Group Corporation Limited, a joint stock company incorporated in the PRC on 7 April 2017 with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01727)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Equity Transfer Agreement
“Consideration”	the consideration for the disposal of the 100% equity interests in the Target Company pursuant to the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 100% equity interests in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 13 June 2018 entered into among the Purchaser, Vendor and the guarantor in relation to the Disposal
“Group”	the Company and its subsidiaries
“Guang’an Zhongcheng” or “Target Company”	Guang’an Zhongcheng Real Estate Development Co., Ltd.* (廣安中誠房地產開發有限公司), a company incorporated in the PRC on 6 January 2014 with limited liability and is directly held as to 100% by Zhongcheng Real Estate
“Hengda Property”	Guang’an Dongfang Hengda Property Development Co., Ltd.* (廣安東方恒達房地產開發有限公司), a company incorporated in the PRC on 12 April 2016 with limited liability and a third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan

“Projects”	certain property development projects of Guang’an Zhongcheng as at the date of entering into the Equity Transfer Agreement
“Remaining Projects”	projects remained to be temporarily held and operated by Zhongcheng Real Estate through the Target Company after Zhongcheng Real Estate completes the transfer of its 70% equity interests in the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zhongcheng Real Estate” or “Vendor”	Zhongcheng Real Estate Development Co., Ltd.* (中誠房地產開發股份有限公司), a joint stock company incorporated in the PRC on 4 August 1992 with limited liability, and directly and indirectly held as to 100% by the Company
“Zodigrand”	Zodigrand Group Co., Ltd.* (中迪禾邦集團有限公司), a company incorporated in the PRC on 10 October 2006 with limited liability, and a third party independent of the Company and its connected persons
“%”	per cent

By Order of the Board
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Hebei, the PRC
 13 June 2018

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