Jujiang Construction Group Co., Ltd.
巨匠建設集團股份有限公司

(*A joint stock limited liability company established in the People's Republic of China*)
(Stock Code: 1459)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2016	2015	Change
	RMB'000	RMB'000	%
Revenue	**1,999,078**	2,139,776	(6.6)
Gross profit	**118,180**	110,093	7.3
Gross profit margin	***5.91%***	*5.14%*	*0.77*
Profit for the period	**47,958**	45,508	5.4
Net profit margin	***2.40%***	*2.13%*	*0.27*
Basic and diluted earnings per share (RMB)	**0.09**	0.11	

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Jujiang Construction Group Co., Ltd. (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016, together with the comparative figures for the six months ended 30 June 2015. The interim results have been reviewed by the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June

	Notes	**2016 RMB'000 (Unaudited)**	2015 RMB'000 (Audited)
Revenue	4	**1,999,078**	2,139,776
Cost of sales		**(1,880,898)**	(2,029,683)
Gross profit		**118,180**	110,093
Other income and gains	4	**16,364**	781
Administrative expenses		**(37,242)**	(36,502)
Other expenses		**(7,944)**	9,755
Finance costs		**(22,434)**	(22,516)
PROFIT BEFORE TAX	5	**66,924**	61,611
Income tax expense	6	**(18,966)**	(16,103)
PROFIT FOR THE PERIOD		**47,958**	45,508
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**47,958**	45,508
Profit attributable to:			
Owners of the parent		**47,975**	45,672
Non-controlling interests		**(17)**	(164)
		47,958	45,508
Total comprehensive income attributable to:			
Owners of the parent		**47,975**	45,672
Non-controlling interests		**(17)**	(164)
		47,958	45,508
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	7	**0.09**	0.11

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2016 RMB'000 (Unaudited)**	As at 31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**132,329**	122,684
Prepaid land lease payments		**9,434**	9,579
Intangible assets		**1,445**	1,435
Available-for-sale investment		**3,600**	3,600
Deferred tax assets		**16,785**	17,850
Trade receivables	8	**13,046**	14,421
Prepayments, deposits and other receivables		**27,518**	34,604
Other non-current assets		**150**	437
Total non-current assets		**204,307**	204,610
CURRENT ASSETS			
Prepaid land lease payments		**291**	291
Inventories		**5,097**	2,863
Trade and bills receivables	8	**766,035**	395,434
Prepayments, deposits and other receivables		**618,948**	722,251
Amounts due from contract customers	9	**2,470,000**	2,720,263
Pledged deposits		**16,079**	10,640
Cash and cash equivalents		**37,331**	49,218
Total current assets		**3,913,781**	3,900,960
CURRENT LIABILITIES			
Trade and bills payables	10	**1,875,333**	2,168,474
Other payables, advances from customers and accruals		**190,734**	245,285
Amounts due to contract customers	9	**242,241**	87,976
Interest-bearing bank borrowings	11	**699,536**	699,060
Tax payable		**118,252**	106,404
Total current liabilities		**3,126,096**	3,307,199
NET CURRENT ASSETS		**787,685**	593,761
TOTAL ASSETS LESS CURRENT LIABILITIES		**991,992**	798,371

	Notes	**As at 30 June 2016 RMB'000 (Unaudited)**	As at 31 December 2015 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		**28,810**	24,402
Total non-current liabilities		**28,810**	24,402
Net assets		**963,182**	773,969
EQUITY			
Equity attributable to owners of the parent			
Share capital		**533,360**	400,000
Reserves		**424,975**	369,105
		958,335	769,105
Non-controlling interests		**4,847**	4,864
Total equity		**963,182**	773,969

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Qitang Commune Construction Agency, was established in the People's Republic of China (the "PRC") on 25 October 1965 as a collective economy agency (集體經濟社). In July 1996, the Company was converted into a company with limited liability. The Company became a joint stock company with limited liability on 29 December 2014 and changed its name to Jujiang Construction Group Co., Ltd. in preparation for the listing. The registered office address of the Company is Gaoqiao Town, Jiaxing City, Zhejiang Province, the PRC. The Company's H share were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 January 2016 (the "Listing Date").

During the six months ended 30 June 2016, the Group's principal activities were as follows:

- Construction contracting
- Others – design, survey and consultancy, etc.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Zhejiang Jujiang Holdings Group Co., Ltd.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). It was approved and authorised for issue by the Board on 25 August 2016.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of the new standards and interpretations effective as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards and interpretations effective as of 1 January 2016 include:

Annual Improvements 2012–2014 Cycle	Amendments to a number of IFRS
IFRS 14	Regulatory Deferral Accounts
Amendments to IFRS 11	Accounting for Acquisitions of Interests
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 1	Disclosure Initiative

These new standards and interpretation do not have significant impact on the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) Construction contracting – this segment engages in the provision of services relating to construction contracting in architecture;

(b) Others – provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of municipal management and construction, installation of lifting equipment, sale of construction materials and civil defense products and provision of services relating to construction contracting in architecture.

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

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

For the six months ended 30 June 2016	**Construction contracting RMB'000 (Unaudited)**	**Others RMB'000 (Unaudited)**	**Elimination RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment revenue:				
Sales to external customers	**1,989,598**	**9,480**	**-**	**1,999,078**
Intersegment sales	**-**	**27**	**(27)**	**-**
Total revenue	**1,989,598**	**9,507**	**(27)**	**1,999,078**
Segment results	**74,285**	**(7,361)**	**-**	**66,924**
Income tax expense	**(19,039)**	**73**	**-**	**(18,966)**
Profit for the period	**55,246**	**(7,288)**	**-**	**47,958**
Other segment information:				
Interest income	**76**	**32**	**-**	**108**
Finance costs	**20,369**	**2,065**	**-**	**22,434**
Depreciation	**3,294**	**465**	**-**	**3,759**
Amortisation	**274**	**9**	**-**	**283**
Provision for – impairment of trade receivables, deposits and other receivables	**4,712**	**3**	**-**	**4,715**
Capital expenditure*	**13,529**	**75**	**-**	**13,604**

As at 30 June 2016	**Construction contracting RMB'000 (Unaudited)**	**Others RMB'000 (Unaudited)**	**Elimination RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment assets	**4,183,799**	**104,833**	**(170,544)**	**4,118,088**
Segment liabilities	**3,164,315**	**65,285**	**(74,694)**	**3,154,906**

For the six months ended 30 June 2015	Construction contracting RMB'000 (Audited)	Others RMB'000 (Audited)	Elimination RMB'000 (Audited)	Total RMB'000 (Audited)
Segment revenue:				
Sales to external customers	2,131,996	7,780	–	2,139,776
Intersegment sales	203	364	(567)	–
Total revenue	2,132,199	8,144	(567)	2,139,776
Segment results	63,872	(2,261)	–	61,611
Income tax expense	(16,639)	536	–	(16,103)
Profit for the period	47,233	(1,725)	–	45,508
Other segment information:				
Interest income	475	8	–	483
Finance costs	21,496	1,020	–	22,516
Depreciation	4,125	488	–	4,613
Amortisation	246	38	–	284
Reversal of impairment of trade receivables, deposits and other receivables	(9,811)	(170)	–	(9,981)
Capital expenditure*	208	100	–	308

As at 31 December 2015	Construction contracting RMB'000 (Audited)	Others RMB'000 (Audited)	Elimination RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	4,135,533	104,426	(134,389)	4,105,570
Segment liabilities	3,312,548	57,590	(38,537)	3,331,601

Note:

* Capital expenditure mainly consists of additions of property, plant and equipment and intangible assets.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents: (1) the values of services rendered; (2) appropriate proportion of contract revenue of construction contracting; and (3) the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue		
Construction contracting	**1,989,598**	2,131,996
Others	**9,480**	7,780
	1,999,078	2,139,776
Other income and gains		
Interest income	**108**	483
Government grant*	**11,505**	90
Dividend income	**3,600**	–
Others	**1,151**	208
	16,364	781

Note:

*Government grant mainly consists of Tongxiang Government grants in relation to the Listing.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cost of construction contracting (including depreciation)	**1,871,632**	2,021,247
Cost of others	**9,266**	8,436
Total cost of sales	**1,880,898**	2,029,683
Depreciation of items of property, plant and equipment	**3,759**	4,613
Amortisation of prepaid land lease payments	**145**	146
Amortisation of intangible assets	**138**	138
Total depreciation and amortisation	**4,042**	4,897
Impairment of trade receivables	**3,922**	1,823
Impairment/(reversal of impairment) of deposits and other receivables	**793**	(11,804)
Total impairment/ (reversal of impairment) losses, net	**4,715**	(9,981)
Minimum lease payments under operating leases of land and buildings	**206**	467
Auditors' remuneration	**1,119**	1,526
Employee benefit expenses (including Directors' and Supervisors' remuneration) :		
Wages, salaries and allowances	**13,122**	11,285
Social insurance	**3,370**	3,739
Welfare and other expenses	**923**	926
	17,415	15,950
Interest income	**(108)**	(483)

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current income tax – Mainland China		
- Charge for the period	**17,733**	15,957
- Under provision in prior years	**168**	–
Deferred income tax	**1,065**	146
Tax charge for the period	**18,966**	16,103

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the six months ended 30 June 2016 and 2015 is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Profit before tax	**66,924**	61,611
Income tax charge at the statutory income tax rate (25%)	**16,731**	15,403
Expenses not deductible for tax purposes	**695**	700
Adjustments in respect of current tax of previous year	**168**	–
Tax losses not recognised	**1,372**	–
Tax charge for the period at the effective rate	**18,966**	16,103

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the six months ended 30 June 2016.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the those periods.

The following reflects the income and share data used in the basic earnings per share computation:

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Earnings:		
Profit for the period attributable to owners of the parent, used in the basic earnings per share calculation	**47,975**	45,672
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**524,567,000**	400,000,000

For the purpose of presenting earnings per share, the calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares. The weighted average number of ordinary shares used in the calculation for each of the reporting period is the number of ordinary shares in issue, adjusted for the capitalisation as if it had occurred before the earliest period presented.

8. TRADE AND BILLS RECEIVABLES

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

	As at 30 June 2016	As at 31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	**753,909**	374,813
Provision for impairment	**(23,238)**	(19,316)
Trade receivables, net	**730,671**	355,497
Bills receivable	**48,410**	54,358
	779,081	409,855
Portion classified as non-current assets [1]	**(13,046)**	(14,421)
Current portion	**766,035**	395,434

(1) The non-current portion of trade receivables mainly represents the amounts of retentions held by customers at the end of each of the reporting period, which will be paid at the end of the retention period.

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Retentions in trade receivables	**23,812**	26,807
Provision for impairment	**(49)**	(30)
Retentions in trade receivables, net	**23,763**	26,777
Portion classified as non-current assets	**(13,046)**	(14,421)
Current portion	**10,717**	12,356

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 3 months	**509,289**	201,907
3 months to 6 months	**70,962**	36,304
6 months to 1 year	**77,776**	51,306
1 to 2 years	**32,696**	37,217
2 to 3 years	**23,091**	22,256
3 to 4 years	**12,001**	5,546
4 to 5 years	**3,922**	479
Over 5 years	**934**	482
	730,671	355,497

The movements in provision for impairment of trade receivables are as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
At beginning of the period	**19,316**	19,750
Impairment losses recognised	**3,922**	400
Impairment losses reversed	**-**	(834)
At end of the period	**23,238**	19,316

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of approximately RMB10,590,000 (unaudited) and approximately RMB11,090,000 with aggregate carrying amounts before provision of approximately RMB10,590,000 (unaudited) and approximately RMB11,090,000 as at 30 June 2016 and 31 December 2015, respectively.

The individually impaired trade receivables relate to customers that were in default in principal payments or were in financial difficulties and only a portion of the receivables is expected to be recovered.

An aged analysis of the trade receivables, that are neither individually nor collectively considered to be impaired, is as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Neither past due nor impaired	**531,263**	227,438
Past due within 1 year but not impaired	**146,061**	86,000
	677,324	313,438

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of approximately RMB43,250,000 (unaudited) and approximately RMB50,576,000 as at 30 June 2016 and 31 December 2015 respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse approximately RMB43,250,000 (unaudited) and approximately RMB50,576,000 as at 30 June 2016 and 31 December 2015 respectively.

Transferred financial assets that are derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of, approximately RMB177,537,000 (unaudited) and approximately RMB73,663,000 as at 30 June 2016 and 31 December 2015, respectively. The Derecognised Bills have a maturity from one to six months at the end of the each of reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the reporting period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively.

9. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Amount due from contract customers	**2,470,000**	2,720,263
Amount due to contract customers	**(242,241)**	(87,976)
	2,227,759	2,632,287

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Accumulated contract costs incurred plus recognised profits less recognised losses to date	**27,248,244**	25,210,988
Less: Accumulated progress billing received and receivable	**(25,020,485)**	(22,578,701)
	2,227,759	2,632,287

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables, as at the reporting period, based on the invoice date, is as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 6 months	**1,477,663**	1,849,404
6 months to 1 year	**145,781**	225,707
1 to 2 years	**216,447**	65,628
2 to 3 years	**15,824**	18,521
Over 3 years	**19,618**	9,214
	1,875,333	2,168,474

The trade payables are non-interest-bearing and are normally settled within terms from three to six months.

11. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2016			As at 31 December 2015		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Bank loans – mortgaged	**5.9-7.5**	**2016-2017**	**544,700**	4.8-9.5	2016	524,200
Bank loans –guaranteed	**5.1-21.6**	**2016-2017**	**154,836**	5.1-21.6	2016	174,860
			699,536			699,060

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	**699,536**	699,060

Notes:

(a) Certain of the Group's buildings with a net carrying amount of approximately RMB98,090,000 (unaudited) and approximately RMB99,397,000 as at 30 June 2016 and 31 December 2015, respectively, were pledged to secure general banking facilities granted to the Group.

(b) As at 30 June 2016 and 31 December 2015, the Group's interest-bearing bank borrowings of approximately RMB627,786,000 (unaudited) and approximately RMB602,310,000, respectively, are jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

12. COMMITMENTS

As at 30 June 2016, the Group did not have any significant commitments.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's rapid economic growth over the years has spurred the development of its construction industry. Given China's continuous urbanization in relation to improving community functions and facilities in urban areas, the demand for construction industry is expected to maintain its momentum. In 2016, the urbanization rate of China was 61.8%. Urbanization rate represents the rate of change in the size of the urban population over a certain period. By 2020, it is projected that approximately 100 million of the rural population will settle in urban areas, which will bring significant demand for new urban residential construction. In line with the historical trend of increases in the average fee for construction projects, the total output value of construction industry in China increased from approximately RMB9,603.1 billion for the year ended 31 December 2010 to approximately RMB18,075.7 billion for the year ended 31 December 2015, representing a CAGR of 13.5%. The total output value of China's construction industry approximately RMB7,746.2 billion for the six months ended 30 June 2016, representing an increase of 7.0%.

BUSINESS REVIEW

During the first half of 2016, the Group mainly focused on strengthening its position in the local Jiaxing market, as well as capturing growth opportunities in other regions in Zhejiang Province and other provinces and regions in China. The Group strategically established eleven branch offices, of which three were set up in various cities within Zhejiang Province and eight were set up in other provinces, namely, Jiangsu, Anhui, Shandong and Liaoning Provinces, to focus on providing the services and products in second and third-tier cities with sizeable economies and an active real estate market. As the Group has successfully undertaken certain large scale construction projects, the Group is in the process of setting up a branch office in Jiangxi Province, where the Group believes there is significant market potential. The Group has formed strong relationships with long-term customers and has established a well-recognized brand and reputation through the dedication to provide reliable, timely and high-quality services and products.

The Group is now considering and exploring the possibility of issuance of ordinary shares of the Company to be traded in Renminbi on the Shanghai Stock Exchange or Shenzhen Stock Exchange (to be finally determined by the Board)("Proposed A Share Offering"). In light of the foregoing, (i) a registration for pre-listing tutoring regarding the Proposed A Share Offering was accepted by the Zhejiang branch office of the China Securities Regulatory Commission ("CSRC") on 3 June 2016, and (ii) the Group has engaged AJ Securities Company Limited* (愛建證券有限責任公司) as the offering counseling agency for the purpose of the Proposed A Share Offering.

The Group has also been devoted to research and development to drive improvement and innovation in construction technologies, and the Group intends to continue to invest in research and development. As at 30 June 2016, the Group had successfully developed a total of 27 national-level and provincial-level construction process methodologies. As of the same date, the Group also owned 27 patented technologies, which the Group has incorporated into its construction processes. In addition, the Muxin Art Museum (木心美術館) constructed by the Group was awarded the 2016 World Architecture Festival Award, the most influential and major architectural award in the world to date.

For the six months ended 30 June 2016, approximately 99.5% of the revenue was contributed by the construction contracting business. The Group recorded a revenue of approximately RMB1,999.1 million for the six months ended 30 June 2016, decreased by 6.6% as compared with the same period in 2015. Profit for the period rose by 5.4% to approximately RMB48.0 million. The Group's performance maintained a steady growth.

	For the six months ended 30 June			
	2016		2015	
	RMB'million	**%**	RMB'million	%
Construction contracting business				
Residential	**728.0**	**36.4**	663.1	31.0
Commercial	**940.9**	**47.1**	1,182.3	55.2
Industrial	**140.9**	**7.0**	187.0	8.7
Public works	**179.8**	**9.0**	99.6	4.7
	1,989.6	**99.5**	2,132.0	99.6
Other business	**9.5**	**0.5**	7.8	0.4
Total revenue	**1,999.1**	**100.0**	2,139.8	100.0

During the six months ended 30 June 2016, the Group pushed forward high-end projects and cooperated with high-value customers, including securing quality new customers such as Greentown China Holdings Limited (綠城中國控股有限公司) and Shida Creative Tourism Development Yangzhong Limited (世達創意旅遊開發揚中有限公司). Compared with the value of backlog of about RMB5,126.6 million as at 30 June 2015, the value of backlog declined by 4.4% to approximately RMB4,902.1 million as at 30 June 2016. The decline was mainly due to the impacts of slackened growth in fixed asset investment and continued decline in real estate investment. In addition, with the full implementation of replacement of business tax (the "Tax Reform") by value-added tax in the construction industry by the government since May 2016, the Group has paid more attention to project risk control and attached more importance to quality customers when negotiating new projects. As at the date of this announcement, the Group has fully assessed the financial impact of the Tax Reform. It expected that there will be an improvement in second half of 2016, the Group will actively to look for high-margin project to tender for.

	For the six months ended 30 June	
	2016	2015
	RMB'million	RMB'million
Opening value of backlog	**4,999.4**	4,756.4
Net value of new projects[(1)]	**1,921.0**	2,575.5
Revenue recognized[(2)]	**(2,018.3)**	(2,205.3)
Closing value of backlog[(3)]	**4,902.1**	5,126.6

Notes:

(1) Net value of new contracts means the total contract value of new construction contracting contracts which were awarded to us during the relevant period indicated.

(2) Revenue recognized means the revenue that has been recognized during the relevant period indicated, such amounts are before deducting business tax.

(3) Closing value of backlog means the total contract value for the remaining work of construction projects before the percentage of completion of such projects reached 100% as of the end of the relevant period indicated.

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue decreased by 6.6% from approximately RMB2,139.8 million for the six months ended 30 June 2015 to approximately RMB1,999.1 million for the six months ended 30 June 2016 primarily because of the decrease in revenue from commercial construction projects as a result of completion of some major projects in 2015, partly offset by an increase in revenue from residential construction projects as a result of recovery of the residential real estate market during this period.

Gross profit increased by 7.3% from approximately RMB110.1 million for the six months ended 30 June 2015 to approximately RMB118.2 million for the six months ended 30 June 2016, and gross profit margin increased slightly from 5.14% to 5.91% during the same period. The increase in gross profit was primarily due to improvement of gross profit margin of new projects since the Group obtained the Premium Class Certificate for General Building Construction Contracting Work ("Premium Class Certificate"). The Group devoted much attention to selecting prestigious and high-margin projects to tender for.

Other income and gains

Other income and gains increased significantly by approximately RMB15.6 million from approximately RMB0.8 million for the six months ended 30 June 2015 to approximately RMB16.4 million for the six months ended 30 June 2016 primarily because we received one-off government grants of approximately RMB11.5 million for the six months ended 30 June 2016 in relation to the Listing and a dividend income from an available-for-sale investment amounting to approximately RMB3.6 million.

Administrative expenses

The administrative expenses increased by 2.0% from approximately RMB36.5 million for the six months ended 30 June 2015 to approximately RMB37.2 million for the six months ended 30 June 2016. Such increase was primarily due to increase in salaries and employee benefits of approximately RMB 1.5 million which was offset by decrease in professional fee in relation to the Listing amounting to approximately RMB0.4 million.

Other expenses

Other expenses recorded an expense of approximately RMB7.9 million and an accounting credit of approximately RMB9.8 million for the six months ended 30 June 2016 and 2015, respectively. For the six months ended 30 June 2016, the other expenses mainly represented a provision of bad debts amounting to approximately RMB4.7 million as there was a reversal of provision of bad debts of approximately RMB10.0 million for the six months ended 30 June 2015.

Finance costs

Finance costs slightly decreased by 0.4% from approximately RMB22.5 million for the six months ended 30 June 2015 to approximately RMB22.4 million for the six months ended 30 June 2016 as the average the loan balance did not have any material change.

Income tax expense

Income tax expenses increased by 18.0% from approximately RMB16.1 million for the six months ended 30 June 2015 to approximately RMB19.0 million for the six months ended 30 June 2016 primarily because of an increase in the provision of tax as a result of our increased profit. Our effective tax rate increased from 26.1% for the six months ended 30 June 2015 to 28.3% for the six months ended 30 June 2016 primarily because a tax loss of a subsidiary was not recognized for accounting purpose.

Profit for the period

Profit for the period increased by 5.4% from approximately RMB45.5 million for the six months ended 30 June 2015 to approximately RMB48.0 million for the six months ended 30 June 2016. Profit margin increased from 2.13% to 2.40% during the same period due to the increased gross profit of our construction contracting business. Such profit margin is in line with our competitive pricing strategy to attract business opportunities in the competitive and fragmented market in which we operate.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are primarily funded through cash generated from operating activities, net proceeds received from the global offering of H shares of the Company ("Global Offering") completed in January 2016 and interest-bearing bank borrowings. As of 30 June 2016 and 31 December 2015, the Group had cash and cash equivalents of approximately RMB37.3 million and approximately RMB49.2 million, respectively.

Treasury Policies

The Group monitors the cash flows and cash balance on a regular basis and seeks to maintain an optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies throughout the period under review. In the future, the Group intends to finance its operations through cash generated from operating activities, interest-bearing bank borrowings. Other than normal bank borrowings that the Group obtained from commercial banks and potential debt financing plans, the Group does not expect to have any material external debt financing plan in the near future.

Amounts due from contract customers

The amounts due from contract customers decreased from approximately RMB2,720.3 million as of 31 December 2015 to approximately RMB2,470.0 million as of 30 June 2016, representing 69.7% and 63.1% of the total current assets as of the same dates. The decrease in the proportion of the amounts due from contract customers to the total current assets was primarily because of increase in billings to the customers. Since May 2016, the PRC government implemented the Tax Reform in the construction industry, the Group increased its billing to the customers before the Tax Reform. As a result, trade and bills receivables increased from approximately RMB395.4 million as at 31 December 2015 to approximately RMB766.0 million as at 30 June 2016 and the amounts due from construct customers were decreased accordingly.

Trade and bill payables

Trade and bills payables decreased from approximately RMB2,168.5 million as of 31 December 2015 to approximately RMB1,875.3 million as of 30 June 2016. Such decrease was in line with decrease in costs of sales for the six months ended 30 June 2016.

Borrowings and charge on assets

As of 30 June 2016, the Group relied on interest-bearing bank borrowings in the amount of approximately RMB699.5 million (31 December 2015: approximately RMB699.1 million) which are repayable within 1 year and carried effective interest rate with a range from 5.1% to 21.6% per annum (31 December 2015: 4.8% to 21.6% per annum).

As at 30 June 2016, certain general banking facilities of the Group were secured by the Group's land use rights and buildings of approximately RMB 98.1 million (31 December 2015: approximately RMB99.4 million).

Gearing ratio

The gearing ratio was 67.1% as at 30 June 2016 while the ratio as at 31 December 2015 was 82.6%.The decrease was mainly attributable to a steady increase in the total equity during the period and the net proceeds from the Global Offering.

Gearing ratio represents net debt divided by total equity as of the end of a year/period. Net debt is defined as all borrowings deducted by cash and bank balances and pledged deposits.

Capital Expenditure

Capital expenditures increased from approximately RMB0.9 million for the year ended 31 December 2015 to approximately RMB13.6 million for the six months ended 30 June 2016 primarily because the Group have made sufficient investments in the previous years to satisfy the needs of the business operations during the period.

Capital Commitments

As at 30 June 2016, the Group did not have any significant commitments.

Contingent liabilities

As at 30 June 2016, the Group had no material contingent liabilities.

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals during the six months ended 30 June 2016.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets for the six months ended 30 June 2016.

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2016, the Group had total of 694 employees, of which 581 were based in Jiaxing City, and 113 were based in other areas in Zhejiang Province and in other provinces and regions in China. For the six months ended 30 June 2016, the Group incurred total staff costs of approximately RMB17.4 million, representing an increase of approximately 8.8% as compared with those in 30 June 2015, mainly attributable to increase in headcount and salary incremental.

The Group believes that the long-term growth depends on the expertise, experience and development of the employees. The salaries and benefits of the employees depend primarily on their type of work, position, length of service with us and local market conditions. In order to improve the employees' skills and technical expertise, the Group provide regular training to the employees.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange on 12 January 2016. The net proceeds from the Company's issue of new shares amounted to approximately RMB140.2 million, which are intended to be applied in compliance with the intended use of proceeds set out in the section headed ''Future Plans and Use of Proceeds'' contained in the prospectus of the Company dated 30 December 2015 (the "Prospectus"). As at 30 June 2016, the Company has used the proceeds of approximately RMB132.4 million for funding of new construction projects, repayment of the loans, purchase of new equipment and machinery and general corporate purposes. As at 30 June 2016, the unused balance of the proceeds from the Global Offering of approximately RMB7.8 million was placed into short-term demand deposits.

As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

FUTURE PROSPECTS

The company will continue to develop according to plan at the beginning of the year, so that the Group's continuous development includes:

(1) Leverage the Premium Class Certificate and Grade A Engineering Design (Construction Industry) Certificate to provide complete construction solutions for larger-scale and more complex construction projects

(2) Develop business opportunities to undertake build-transfer and public-private partnership projects

(3) Capture opportunities in the international market and actively participate in overseas construction and infrastructure projects

Furthermore, with the development of science and technology, advanced technology plays a major role in promoting the development of the industry. Currently, the construction industry is advocating application of the information technology of Building Information Modelling ("BIM Technology") throughout the whole process of project design, construction, operation and maintenance to enhance overall benefits. As important technological measures of promoting innovative development of the building and construction industry, application and promotion of the BIM Technology will have an immense impact on the scientific and technological advancement as well as the transformation and upgrade of the building and construction industry. The Group has aligned itself with industry trends to fully leverage the advantages of the BIM Technology, fully pushing forward the progress of applying the BIM Technology to the Zhenshi Headquarters Building (振石總部大樓) project. To prepare itself for future development, the Group has also gradually developed pilot projects including Xianghu Leisure Manor (湘湖逍遙莊園), Scientific Innovation Park Phase II (科創園二期) and Municipal Utility Ducts (市政管廊). The Group will strengthen its BIM Technology team, and through professional training and technological exchanges, a professional core team has initially been set up, with a group of BIM application technical staff in place in the project department.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As of the Listing Date to 30 June 2016, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this announcement, none of the controlling shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "Code Provisions") of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. Throughout the period since the Listing Date to 30 June 2016, the Company has fully complied with the Code Provisions, except for the following deviations.

Pursuant to Code Provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Group does not have a separate chairman and general manager (which is equivalent to chief executive officer) and Mr. Lv Yaoneng currently performs these two roles. Our Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and general manager of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

According to Code Provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Company is negotiating with the relevant insurance agents about the liability insurance for the Directors and will arrange such insurance cover in due course.

Save as disclosed above, our Company expects to comply with the CG Code set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the CG Code each financial year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct regarding Directors' and Supervisors' securities transactions on terms or less exactly than the requested standard set out in the Model Code. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the period from the Listing Date to 30 June 2016.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

EVENTS AFTER THE REPORTING PERIOD

As of the date of this announcement, the Group has no significant events after the reporting period required to be disclosed.

PUBLICATION OF THE CONDENSED CONSOLIDATED INTERIM RESULTS AND 2016 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.jujiang.cn) and the 2016 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules on 23 December 2015. The Audit Committee consists of three members, namely Mr. Wong Ka Wai, Mr. Lin Tao and Mr. Xu Guoqiang, all being our independent non-executive Directors. Mr. Wong Ka Wai has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

The Audit Committee has discussed with the management and external auditor the accounting principles and policies adopted by the Group, and reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016.

On behalf of the Board
Jujiang Construction Group Co., Ltd.
Mr. Lv Yaoneng
Chairman

Zhejiang Province, the PRC, 25 August 2016

As of the date of this announcement, the Board comprises Mr. Lv Yaoneng, Mr. Lv Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, as executive Directors; and Mr. Xu Guoqiang, Mr. Lin Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.