



巨匠建设

JUJIANG CONSTRUCTION GROUP

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



2016
Interim Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lv Yaoneng (Chairman)
Mr. Lv Dazhong
Mr. Li Jinyan
Mr. Lu Zhicheng
Mr. Shen Haiquan
Mr. Zheng Gang

Independent Non-Executive Directors

Mr. Xu Guoqiang
Mr. Lin Tao
Mr. Wong Ka Wai

SUPERVISORS

Mr. Shen Bingkun
(resigned with effect from 20 August 2016)
Mr. Zou Jiangtao
Mr. Lv Zili
Mr. Chen Xiangjiang
Mr. Lv Xingliang
(appointed with effect from 20 August 2016)

AUDIT COMMITTEE

Mr. Wong Ka Wai (Chairman)
Mr. Lin Tao
Mr. Xu Guoqiang

NOMINATION COMMITTEE

Mr. Lin Tao (Chairman)
Mr. Lv Yaoneng
Mr. Xu Guoqiang

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Xu Guoqiang (Chairman)
Mr. Lv Yaoneng
Mr. Lin Tao

JOINT COMPANY SECRETARIES

Mr. Hong Kam Le
Mr. Zhong Zhihua
(resigned with effect from 31 August 2016)
Mr. Jin Shuigan
(Appointed with effect from 31 August 2016)

AUTHORISED REPRESENTATIVES

Mr. Lv Yaoneng
Mr. Zhong Zhihua
(resigned with effect from 31 August 2016)
Mr. Jin Shuigan
(appointed with effect from 31 August 2016)

LEGAL ADVISER

As to Hong Kong Law
Li & Partners

AUDITOR

Ernst & Young

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Construction Bank Corporation Tongxiang Branch
Industrial and Commercial Bank of China Limited Tongxiang Branch
China Guangfa Bank Jiaxing Branch
Industrial Bank Co., Ltd Jiaxing Branch
Ping An Bank Co., Ltd Yuhang Branch
Bank of Communications Co., Ltd Tongxiang Branch
China Merchants Bank Co., Ltd Jiaxing Tongxiang Branch
Evergrowing Bank Co., Ltd Jiaxing Branch

CORPORATE INFORMATION

REGISTERED ADDRESS

Gaoqiao Town
Jiaxing City
Zhejiang Province
PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No. 669
Qingfeng South Road (South) Tongxiang City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

22/F,
World-Wide House
19 Des Voeux Road Central
Hong Kong

STOCK CODE

1459

WEBSITE

www.jujiang.cn

FINANCIAL SUMMARY

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Jujiang Construction Group Co., Ltd (“Jujiang Construction” or the “Company”, together with the subsidiaries, the “Group”) is the largest construction company in Jiaxing, Zhejiang Province in terms of output value in 2014, holding a market share of 10.4%, according to Ipsos. The Group was established in 1965 as one of the earliest construction companies in Jiaxing, a city currently with a population of more than 4.5 million and strong commercial and light industrial activities. With 50 years’ experience in the construction industry, the Group has built a successful track record in the industry in which the Group operates.

The Group successfully obtained the Premium Class Certificate for General Building Construction Contracting Work (“Premium Class Certificate”) and the Grade A Engineering Design (Construction Industry) Certificate (“Engineering Design Certificate”) on 28 January 2015 after undergoing a stringent review process. As of 30 June 2016, the Group was one of a few numbers construction company in Zhejiang Province holding both certificates. The Premium Class Certificate is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Certificate is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. Holding these two key certificates as well as other certificates, the Group is able to provide fully-integrated construction solutions, which consist of construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide. The Group believes holding these certificates will also allow us to charge a premium rate for our services, resulting in higher profit margins in our construction projects.

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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. On 25 August 2016, the Board announced that it had resolved to propose to apply for an initial public offering and listing of the Company’s A Shares in order to further optimize the corporate governance structure of the Company, develop domestic and international financing platforms and improve the liquidity of all Shares held by the Shareholders. The Board proposed to seek the Shareholders’ approval by way of special resolutions for, among other things, the Proposed A Share Offering at the extraordinary general meeting, domestic shareholders’ class meeting and H shareholders’ class meeting of the Company (collectively referred to as the “Meetings”) to be convened on or around 24 October 2016. It was proposed that the total number of A Shares to be issued will be not more than 59,262,223 A Shares, representing approximately 11.11% of the total existing issued share capital of the Company at the date of this report and before the issue, and approximately 10.00% of total enlarged issued share capital of the Company after the issue; and representing approximately 14.82% of the existing issued Domestic Shares of the Company at the date of this report and before the issue, and approximately 12.90% of the enlarged issued Domestic Shares of the Company after the issue, assuming that there are no other changes to the issued share capital of the Company. For more details, please refer to the announcement of the Company dated 25 August 2016.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended
30 June

	2016 RMB'million	2015 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. The Group devoted much attention to selecting prestigious and high-margin projects to tender for.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. The Company currently has not adopted any share award scheme or share option scheme.

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

The Company was listed on the Stock Exchange of Hong Kong Limited ("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.

During the six months ended 30 June 2016, the Group has applied the net proceeds as follows:

	Actual usage up to 30 June 2016
	RMB'000
Use	
– Funding of new construction	86,050
– Repayment of the loans	26,487
– Purchase of new equipment and machinery	13,243
– General corporate purposes	6,600
	132,380

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 Engineering Design 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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

SHARE CAPITAL

The share capital structure of the Company as at 30 June 2016 is as follows:

Class of Shares	Number of shares	Approximate percentage of the total issued share capital
Domestic shares	400,000,000	75.0%
H shares in issue	133,360,000	25.0%
Total	533,360,000	100.0%

OTHER INFORMATION

INTERIM DIVIDEND

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

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.

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

As of 30 June 2016, save as disclosed below, no directors ("Directors"), supervisors ("Supervisors") and the chief executive of the Company has any interests or short positions in the Shares of the Company ("Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which will be 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Stock Exchange, details are as follows:

The Company

Director/Supervisor	Nature of interest	Number of shares of the relevant corporation (including associated corporation) held ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company
Mr. Lv Yaoneng ⁽²⁾	Interest of controlled corporation	204,000,000 Domestic Shares (L)	38.25%	51%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) Zhejiang Jujiang Holdings Group Co., Ltd.* (浙江巨匠控股集团有限公司) ("Jujiang Holdings") is held as to approximately 51.33% by Mr. Lv Yaoneng. Mr. Lv Yaoneng controls the exercise of more than one-third of the voting rights at the general meetings of Jujiang Holdings and are deemed to be interested in its interest in the Company by virtue of the SFO.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2016, none of the Directors, Supervisors and chief executives of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company, and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

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

As of 30 June 2016, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Shareholders	Nature of interest	Number of Shares held ⁽¹⁾⁽²⁾	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of Shares ⁽³⁾
Jujiang Holdings ⁽⁴⁾	Beneficial Owner	204,000,000 Domestic Shares (L)	51%	38.25%
Ms. Shen Hongfen ⁽⁵⁾	Interest of spouse	204,000,000 Domestic Shares (L)	51%	38.25%
Zhejiang Jujiang Equity Investment Management Co., Ltd* (浙江巨匠股權投資管理股份有限公司) ("Jujiang Equity Investment") ⁽⁶⁾	Beneficial Owner	196,000,000 Domestic Shares (L)	49%	36.75%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) The calculation is based on the percentage of shareholding in the Domestic Shares.
- (3) The calculation is based on the total number of 533,360,000 Shares in issue.
- (4) Jujiang Holdings will be directly interested in approximately 38.25% in the Company.

OTHER INFORMATION

- (5) Ms. Shen Hongfen (沈洪芬), the spouse of Mr. Lv Yaoneng, is deemed to be interested in Mr. Lv Yaoneng's interest in the Company by virtue of the SFO.
- (6) Jujiang Equity Investment will be directly interested in approximately 36.75% in the Company.

Save as disclosed above, as of 30 June 2016, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During the six months ended 30 June 2016, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

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 Rules Governing the Listing of Securities on the Stock Exchange (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.

OTHER INFORMATION

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 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 the construction contracting service master agreement dated 10 September 2015 ("2015 Master Agreement") entered into between the Company and Jujiang Holdings will be expired on 31 December 2016, and the Board expects that the existing annual cap for the transactions contemplated under the 2015 Master Agreement for a term ending on 31 December 2016 ("Existing Annual Cap") will no longer be sufficient, and therefore the Board has proposed to revise the Existing Annual Cap, and on 25 August 2016 (after trading hours), the Company and Jujiang Holdings entered into a construction contracting service master agreement ("2016 Master Agreement") to extend the terms of the 2015 Master Agreements to 31 December 2018.

On 25 August 2016, the Board announced that it had resolved to propose to apply for an initial public offering and listing of the Company's A Shares. The Board proposed to seek the Shareholders' approval by way of special resolutions for, among other things, the Proposed A Share Offering at the Meetings to be convened on or around 24 October 2016. The Board also resolved to approve the proposal of (i) the appointment of Mr. Yu Jingxuan (余景選) as shareholder representative supervisor in place of Mr. Lv Zili (呂自力); (ii) the appointment of Mr. Zhu Jialian (朱家煉) as an independent non-executive Director in place of Mr. Xu Guoqiang (徐國強); (iii) the establishment of the strategic committee of the Company; and (iv) the continuing connected transactions contemplated under the 2016 Master Agreement and the revised annual caps for the three years ended 31 December 2018 contemplated thereunder, subject to the Shareholders' approval at the extraordinary general meeting of the Company.

For more details, please refer to the announcement of the Company dated 25 August 2016 and the notices of the Meetings dated 9 September 2016.

OTHER INFORMATION

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
Lv Yaoneng
Chairman

Zhejiang Province, the PRC, 25 August 2016

* for identification purposes

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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To the board of directors of Jujiang Construction Group Co., Ltd.

(Established in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statements set out on pages 21 to 52, which comprise the interim condensed consolidated statement of financial position of Jujiang Construction Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board.

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

Hong Kong

25 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT 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	5	(22,434)	(22,516)
PROFIT BEFORE TAX	6	66,924	61,611
Income tax expense	7	(18,966)	(16,103)
PROFIT FOR THE YEAR		47,958	45,508
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, 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)	8	0.09	0.11

The Board did not recommend an interim dividend for the six months ended 30 June 2016 (six months ended 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	9	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	11	13,046	14,421
Prepayments, deposits and other receivables	12	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	11	766,035	395,434
Prepayments, deposits and other receivables	12	618,948	722,251
Amounts due from contract customers	10	2,470,000	2,720,263
Pledged deposits	13	16,079	10,640
Cash and cash equivalents	13	37,331	49,218
Total current assets		3,913,781	3,900,960
CURRENT LIABILITIES			
Trade and bills payables	14	1,875,333	2,168,474
Other payables, advances from customers and accruals	15	190,734	245,285
Amounts due to contract customers	10	242,241	87,976
Interest-bearing bank and other borrowings	16	699,536	699,060
Tax payable		118,252	106,404
Total current liabilities		3,126,096	3,307,199

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
NET CURRENT ASSETS		787,685	593,761
TOTAL ASSETS LESS CURRENT LIABILITIES		991,992	798,371
NON-CURRENT LIABILITIES			
Other payables and accruals	15	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	17	533,360	400,000
Reserves	18	424,975	369,105
		958,335	769,105
Non-controlling interests		4,847	4,864
Total equity		963,182	773,969

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Note	Attributable to owners of the parent								
	Share capital	Capital reserve	Special reserve	Statutory		Retained profits	Total	Non-controlling interests	Total equity
				surplus reserve	reserve				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2016	400,000	180,587	-	20,180	168,338	769,105	4,864	773,969	
Profit for the period					47,975	47,975	(17)	47,958	
Total comprehensive income for the period	-	-	-	-	47,975	47,975	(17)	47,958	
Issue of shares (note 17(ii))	133,360	19,046	-	-	-	152,406	-	152,406	
Share issue expenses		(11,151)	-	-	-	(11,151)	-	(11,151)	
Transfer to special reserve (i)	-	-	49,181	-	(50,870)	-	-	-	
Utilisation of special reserve (i)	-	-	(49,181)	-	50,870	-	-	-	
At 30 June 2016 (Unaudited)	533,360	188,482	-	20,180	216,313	958,335	4,847	963,182	

For the six months ended 30 June 2015

Note	Attributable to owners of the parent								
	Share capital	Capital reserve	Special reserve	Statutory		Retained profits	Total	Non-controlling interests	Total equity
				surplus reserve	reserve				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2015	400,000	180,587	-	9,868	80,133	670,588	4,857	675,445	
Profit for the period	-	-	-	-	45,672	45,672	(164)	45,508	
Total comprehensive income for the period	-	-	-	-	45,672	45,672	(164)	45,508	
Transfer to special reserve (i)	-	-	48,763	-	(48,763)	-	-	-	
Utilisation of special reserve (i)	-	-	(48,763)	-	48,763	-	-	-	
At 30 June 2015 (Audited)	400,000	180,587	-	9,868	125,805	716,260	4,693	720,953	

Note:

- (i) In preparation of the financial statements, the Group has appropriated a certain amount of retained profits to a special reserve fund for each of the six months ended 30 June 2015 and 2016, for safety production expense purpose as required by directives issued by relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		66,924	61,611
Adjustments for:			
Finance costs	5	22,434	22,516
Dividend income from available for-sale investments		(3,600)	–
Interest income	6	(108)	(483)
Exchange difference, net		455	–
Depreciation of items of property, plant and equipment		3,759	4,613
Amortisation of intangible assets		138	138
Amortisation of prepaid land lease payments		145	146
Impairment of trade receivables	11	3,922	1,823
Impairment/(reversal of impairment) of deposits and other receivables	12	793	(11,804)
Gain on disposal of items of property, plant and equipment, net		(110)	–
		94,752	78,560
(Increase)/decrease in inventories		(2,234)	4,557
Decrease/(increase) in amounts due from/to contract customers		404,528	(116,677)
(Increase)/decrease in trade and bills receivables		(373,148)	38,794
Decrease/(increase) in prepayments, deposits and other receivables		109,133	(130,984)
Increase in pledged deposits		(5,439)	(13,944)
Decrease in trade and bills payables		(293,141)	(105,872)
(Decrease)/increase in other payables, advances from customers and accruals		(42,236)	64,262
Cash flows used in operations		(107,785)	(181,304)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June

	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Interest received		108	483
Income tax paid		(6,052)	(11,525)
Net cash flows used in operating activities		(113,729)	(192,346)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		(13,457)	(308)
Payments for acquisition of intangible assets		(147)	–
Proceeds from disposal of items of property, plant and equipment		163	–
Net cash flows used in investing activities		(13,441)	(308)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(22,434)	(22,516)
New bank loans		551,126	371,880
Repayment of bank loans		(550,650)	(406,680)
Borrowings and repayments of loans to related parties		(223,950)	(865,636)
Borrowings and repayments of loans from related parties		223,950	1,125,764
Borrowings and repayments of loans to others		(1,500)	(10,037)
Borrowings and repayments of loans from others		800	3,010
Proceeds from issue of shares		141,702	–
Share issue expenses		(3,306)	(465)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June

	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Net cash flows from financing activities		115,738	195,320
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,432)	2,666
Effect of foreign exchange rate changes		(455)	-
Cash and cash equivalents at beginning of period		49,218	26,646
CASH AND CASH EQUIVALENTS AT END OF PERIOD		37,331	29,312
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	53,410	85,296
Less: Pledged deposits		16,079	55,984
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		37,331	29,312

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. The registered office address of the Company is Gaoqiao Town, Jiaying City, Zhejiang Province, the PRC. The Company's H shares 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 AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING SEGMENT INFORMATION *(continued)*

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING SEGMENT INFORMATION *(continued)*

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/(loss) 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING SEGMENT INFORMATION *(continued)*

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 RMB'000 (Unaudited)	2015 RMB'000 (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 the Tongxiang Government fund due to the Group listed in Hong Kong.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. FINANCE COSTS

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Interest on other borrowings wholly repayable within one year	22,434	21,231
Interest on discounted bills receivable	–	1,285
	22,434	22,516

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Cost of construction contracting (including depreciation)	1,871,632	2,021,247
Cost of others	9,266	8,436
	1,880,898	2,029,683
Total cost of sales		
Depreciation of items of property, plant and equipment (note (a))	3,759	4,613
Amortisation of prepaid land lease payments	145	146
Amortisation of intangible assets	138	138
	4,042	4,897
Total depreciation and amortisation		
Impairment of trade receivables	3,922	1,823
Impairment/(reversal of impairment) of deposits and other receivables	793	(11,804)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. PROFIT BEFORE TAX *(continued)*

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Total impairment/ (reversal of impairment) losses, net	4,715	(9,981)
Minimum lease payments under operating leases of land and buildings (note (b))	206	467
Auditors' remuneration	1,119	1,526
Employee benefit expenses (including Directors' and Supervisors' remuneration) (note (c)) :		
- 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)

Notes:

- (a) Depreciation of approximately RMB2,336,000 (unaudited) and approximately RMB3,138,000 are included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2016 and 2015, respectively.
- (b) Minimum lease payments of approximately RMB206,000 (unaudited) and approximately RMB241,000 are included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2016 and 2015, respectively.
- (c) Employee benefit expenses of approximately RMB17,415,000 (unaudited) and approximately RMB15,950,000 are included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2016 and 2015, respectively.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Current income tax – Mainland China		
– Charge for the period	17,733	15,957
– Under provision in prior year	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 RMB'000 (Unaudited)	2015 RMB'000 (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 prior year	168	–
Tax losses not recognised	1,372	–
Tax charge for the period at the effective rate	18,966	16,103

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. 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

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB13,457,000 (Unaudited) (six months ended 30 June 2015: RMB308,000).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB53,000 (Unaudited) (six months ended 30 June 2015: RMB0) were disposed of, which resulted in a net profit on disposal of approximately RMB110,000 (Unaudited) (six months ended 30 June 2015: nil).

10. 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. 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 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (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
Portion classified as non-current assets ⁽¹⁾	779,081 (13,046)	409,855 (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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND BILLS RECEIVABLES *(continued)*

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND BILLS RECEIVABLES *(continued)*

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 there was no recent history of default.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. TRADE AND BILLS RECEIVABLES *(continued)*

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Deposits and other receivables	314,757	355,007
Provision for impairment of deposits and other receivables	(31,978)	(31,185)
	282,779	323,822
Prepayment to suppliers	360,087	433,033
Dividend receivables	3,600	-
	646,466	756,855
Portion classified as non-current assets ⁽¹⁾	(27,518)	(34,604)
Current portion	618,948	722,251

- (1) The non-current portion of deposits and other receivables mainly represents performance guarantee amounts held by customers at the end of the reporting period.

The movements in provision for impairment of deposits and other 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	31,185	39,931
Impairment losses recognised	2,006	4,017
Impairment losses reversed	(1,213)	(12,763)
At the end of the period	31,978	31,185

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(continued)

An aged analysis of the deposits and other 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	230,689	268,112
Past due within 1 year but not impaired	21,000	49,883
	251,689	317,995

None of the balances except for the deposits and other receivables disclosed above is either past due or impaired, as they relate to balances for which there was no recent history of default.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Cash and bank balances	37,331	49,218
Time deposits	16,079	10,640
	53,410	59,858
Less: Pledged time deposits:		
Pledged bank balances for bank notes and letters of credit	(16,079)	(10,640)
Cash and cash equivalents	37,331	49,218

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

(continued)

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

14. 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Advances from customers	23,228	61,962
Accrued salaries, wages and benefits	6,816	9,066
Other taxes payable	122,931	127,641
Other payables	66,569	71,018
	219,544	269,687
Portion classified as non-current liabilities ⁽¹⁾	(28,810)	(24,402)
Current portion	190,734	245,285

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

- (1) The non-current portion mainly represents the performance guaranteed amounts from subcontractors and suppliers of the Group at the end of the reporting period.

16. INTEREST-BEARING BANK AND OTHER 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

(continued)

	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 set out in note 21(c), as at 30 June 2016 and 31 December 2015, the Group's interest-bearing bank loans and other borrowings of approximately RMB627,786,000 (unaudited) and approximately RMB602,310,000, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

17. SHARE CAPITAL

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Share capital	533,360	400,000

The movements in share capital are as follows:

	Note	As at 30 June 2016	
		Number of shares 000 (Unaudited)	Nominal value RMB'000 (Unaudited)
At beginning of the period		400,000	400,000
Public offer of H shares	(i)	133,360	-
At end of the period		533,360	400,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. SHARE CAPITAL *(continued)*

- (i) On 12 January 2016, the Group's H share were listed on the Main Board of Stock Exchange. The Group issued 133,360,000 shares with the par value of RMB 1 each.

	As at 31 December 2015	
	Number of shares '000 (Audited)	Nominal value RMB'000 (Audited)
At beginning and end of the year	400,000	400,000

18. RESERVES

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

19. OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the reporting period, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within one year	392	989
In the second to fifth years, inclusive	-	-
After five years	-	-
	392	989

20. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the reporting period:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Construction contracting services provided to:		
Fellow subsidiaries	58,705	102,793
Associate of fellow subsidiaries	72,399	94,973
Design, survey and consultancy services provided to:		
Fellow subsidiaries	–	3
Sales of goods:		
Fellow subsidiaries	–	1,254
Purchase of raw materials:		
A company of which the controlling shareholder of the Company is a director	3,748	17,331
Receipt of labour services:		
Fellow subsidiaries	–	189,676
Borrowings and repayments of loans provided to:		
The holding company	200,950	–
Fellow subsidiaries	23,000	865,636
Borrowings and repayments of loans received from:		
The holding company	200,950	19,900
Fellow subsidiaries	23,000	1,105,864

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. RELATED PARTY TRANSACTIONS *(continued)*

- (b) The aggregate amounts of remuneration of the Directors and supervisors of the Company during the periods, disclosed pursuant to the Listing Rules, are as follows:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Audited)
Fees	–	–
Other emoluments:		
-Salaries, allowances and benefits in kind	502	584
-Performance-related bonuses	–	–
-Pension schemes	25	22
	527	606

- (c) Other transactions with related parties:

The Group's interest-bearing bank loans and other borrowings of RMB627,786,000 (unaudited) and RMB602,310,000 as at 30 June 2016 and 31 December 2015, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, as set out in note 16(b).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. RELATED PARTY TRANSACTIONS *(continued)*

(d) Outstanding balances with related parties:

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Accounts receivable:		
Fellow subsidiaries	61,404	18,970
Associate of fellow subsidiaries	65,336	4,458
Accounts payable:		
Fellow subsidiaries	1,018	16,830
A company of which the controlling shareholder of the Company is a director	46,199	56,912
Advances from customers:		
Associate of fellow subsidiaries	–	5,500
Prepayment to a supplier:		
Fellow subsidiaries	–	42,389
Other receivables:		
Fellow subsidiaries	99,820	115,920
Close family member of the ultimate controlling shareholder	–	–
Associate of fellow subsidiaries	25,000	25,020
Key management person of the holding company	950	954
Other payables:		
Fellow subsidiaries	50	50
Amount due from contract customers:		
Fellow subsidiaries	53,710	104,049
Associate of fellow subsidiaries	119,854	141,223
Amount due to contract customers:		
Fellow subsidiaries	6,148	592
Associate of fellow subsidiaries	13,685	4,249

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. EVENTS AFTER THE REPORTING PERIOD

As the construction contracting service master agreement dated 10 September 2015 (“2015 Master Agreement”) entered into between the Company and Jujiang Holdings will be expired on 31 December 2016, and the Board expects that the existing annual cap for the transactions contemplated under the 2015 Master Agreement for a term ending on 31 December 2016 (“Existing Annual Cap”) will no longer be sufficient, and therefore the Board has proposed to revise the Existing Annual Cap, and on 25 August 2016 (after trading hours), the Company and Jujiang Holdings entered into a construction contracting service master agreement (“2016 Master Agreement”) to extend the terms of the 2015 Master Agreements to 31 December 2018.

On 25 August 2016, the Board announced that it had resolved to propose to apply for an initial public offering and listing of the Company’s A Shares. The Board proposed to seek the Shareholders’ approval by way of special resolutions for, among other things, the Proposed A Share Offering at the Meetings to be convened on or around 24 October 2016. The Board also resolved to approve the proposal of (i) the appointment of Mr. Yu Jingxuan (余景選) as shareholder representative supervisor in place of Mr. Lv Zili (呂自力); (ii) the appointment of Mr. Zhu Jialian (朱家煉) as an independent non-executive Director in place of Mr. Xu Guoqiang (徐國強); (iii) the establishment of the strategic committee of the Company; and (iv) the continuing connected transactions contemplated under the 2016 Master Agreement and the revised annual caps for the three years ended 31 December 2018 contemplated thereunder, subject to the Shareholders’ approval at the extraordinary general meeting of the Company.

For more details, please refer to the announcement of the Company dated 25 August 2016.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 August 2016.