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

2017 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. Yu Jingxuan
Mr. Lin Tao
Mr. Wong Ka Wai

SUPERVISORS

Mr. Zou Jiangtao
Mr. Chen Xiangjiang
Mr. Lv Xingliang
Mr. Zhu Jialian

AUDIT COMMITTEE

Mr. Yu Jiagxuan (Chairman)
Mr. Wang Ka Wai
Mr. Lin Tao

NOMINATION COMMITTEE

Mr. Lin Tao (Chairman)
Mr. Lv Yaoneng
Mr. Yu Jingxuan

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Wong Ka Wai (Chairman)
Mr. Lv Yaoneng
Mr. Lin Tao

STRATEGIC COMMITTEE

Mr. Lv Yaoneng (Chairman)
Mr. Lin Tao
Mr. Zheng Gang

JOINT COMPANY SECRETARIES

Mr. Hong Kam Le
Mr. Jin Shuigan

AUTHORISED REPRESENTATIVES

Mr. Lv Yaoneng
Mr. Jin Shuigan

LEGAL ADVISER

As to Hong Kong Law
Li & Partners

As to PRC Law
AILBright Law Office

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
China Construction Bank Corporation Qingbei Branch
China Construction Bank Corporation Xingfu Branch
Industrial and Commercial Bank of China Limited Tongxiang Branch
Industrial Bank Co., Ltd Jiaxing Branch
Bank of Communications Co., Ltd Tongxiang Branch
China Merchants Bank Co., Ltd Jiaxing Tongxiang Branch
Tongxiang Rural Commercial Bank Gaoqiao 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		
	2017	2016	
	Unaudited	Unaudited	Change
	RMB'000	RMB'000	%
Revenue	**2,080,395**	1,999,078	4.07
Gross profit	**114,435**	118,180	(3.17)
Gross profit margin	***5.50%***	*5.91%*	*(0.41)*
Profit for the period	**51,936**	47,958	8.29
Net profit margin	***2.50%***	*2.40%*	*0.10*
Basic and diluted earnings per share (RMB)	**0.10**	0.09	

OVERVIEW

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 2017, the Group was one of 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. It is expected that the urbanization rate of China for 2017 will be 59.2%. The urbanization rate represents the rate of change in the size of the urban population over a certain period. By 2020, it is expected 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 China's construction industry in China increased from approximately RMB8,587.1 billion for the six months ended 30 June 2017, increased by 10.9% as compared with the same period in 2016.

BUSINESS REVIEW

In the first half of 2017, the Company made significant achievements in business expansion. While maintaining and furthering cooperation relationships with major customers, including Country Garden Holdings Company Limited ("Country Garden"), China Vanke Co., Ltd. ("Vanke"), Greentown China Holdings Limited ("Greentown"), Jiayuan Chuangsheng Holding Group Co., Ltd. ("Jiayuan"), Sunac China Holdings Limited ("Sunac"), Zhenshi Holding Group Co., Ltd. ("Zhenshi") and Tongkun Group Co., Ltd. ("Tongkun"), the Company successfully expanded its business footprint to surrounding cities and other provinces, including undertaking two projects with a total cost of RMB408 million in Zhengzhou City, the provincial capital of Henan Province. Meanwhile, the Company also actively pushed forward the development of quality business by striving to undertake quality business with economy of scale and market influence to boost brand awareness. The improvement in business quality was significant in the first half of the year, and among the contracted business projects newly undertaken, ten were worth over RMB50 million, and six over RMB100 million.

In addition, the Company has been placing a great deal of emphasis on innovation in production technologies. In the first half of 2017, the Company leveraged on the "Academician Workstations" and "Industry-Academic Research" platforms to expand the scale of technological cooperation with external parties, aiming to offer technical support to its on-going projects, and in the first half of the year, one application for national patents filed by the Company was accepted, two patents were approved, and four excellent QC accomplishment awards at the municipal-level were granted.

In the first half of 2017, the Company won many important awards at the provincial, municipal and county levels, including sixteen for overall performance, eleven for quality works, and dozens for construction safety and attainment of standards. In particular, the Zhenshi Headquarters Building （振石總部大樓） project, a pioneer project in applying the Building Information Modeling Technology ("BIM Technology") with achievements in adopting a standard construction process, was among the 17th batch of New Construction Technology Application Demonstration Projects, which enhanced our status as an influential brand.

For the six months ended 30 June 2017, approximately 99.0% of the revenue was contributed by the construction contracting business. The Group recorded a revenue of approximately RMB2,080.4 million for the six months ended 30 June 2017, increased by 4.1% as compared with the same period in 2016. Profit for the period rose by 8.3% to approximately RMB51.9 million. The Group's performance maintained a steady growth.

	For the six months ended 30 June			
	2017		2016	
	RMB'million	**%**	RMB'million	%
Construction contracting business				
Residential	**999.6**	**48.1**	728.0	36.4
Commercial	**821.1**	**39.5**	940.9	47.1
Industrial	**118.7**	**5.7**	140.9	7.0
Public works	**119.3**	**5.7**	179.8	9.0
	2,058.7	**99.0**	1,989.6	99.5
Other business	**21.7**	**1.0**	9.5	0.5
Total revenue	**2,080.4**	**100.0**	1,999.1	100.0

During the first half of the year, the Group pushed forward high-end projects and cooperated with high-value customers, including securing quality new customers such as Country Garden, Vanke and Greentown. Compared with the value of backlog of about RMB4,902.1 million as at 30 June 2016, the value of backlog increased by 6.46% to approximately RMB5,219.0 million as at 30 June 2017.

	For the six months ended 30 June	
	2017	2016
	RMB'million	RMB'million
Opening value of backlog	**5,422.6**	4,999.4
Net value of new projects[1]	**1,860.1**	1,921.0
Revenue recognized[2]	**(2,063.7)**	(2,018.3)
Closing value of backlog[3]	**5,219.0**	4,902.1

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/value added 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 increased by 4.07% from approximately RMB1,999.1 million for the six months ended 30 June 2016 to approximately RMB2,080.4 million for the six months ended 30 June 2017 primarily because of increase of construction constructing business amounting to approximately RMB69.1 million and increase of other amounting to approximately RMB12.2 million for the six months ended 30 June 2017. Increase in construction constructing business was the results of increase in revenue from residential construction projects amounting to approximately RMB271.6 million, which was offsetting by decrease in revenue from other construction projects amounting to RMB202.5 million. Since 2016, the Group focused to develop a good relationship with 2 new high value customers, the strategies have been well achieved. During the period, revenue contributed by 2 new high value customers in residential properties business were RMB97.1 million as there was nil for the six months ended 30 June 2016. Decrease in other construction constructing business is the results of some of major projects were nearly completed in 2016 and the Group focused on high value customers and high value projects in order to have a healthy development.

Gross profit decreased by 3.17% from approximately RMB118.2 million for the six months ended 30 June 2016 to approximately RMB114.4 million for the six months ended 30 June 2017, and gross profit margin decreased from 5.91% to 5.50% during the same period. The decrease in gross profit was a result of decrease in gross profit margin. The decrease in gross profit margin was primarily due to decrease in overall profit margin of each of business sector, especially for public projects. During the six months ended 30 June 2017, decrease in profits margin of public projects was a results of overrun of a project and finalized revenue of a project was lower than the budgeted revenue. The Group devoted much attention to selecting prestigious and high-margin projects to tender for.

Other income and gains

Other income and gains decreased significantly by approximately RMB7.8 million from approximately RMB16.4 million for the six months ended 30 June 2016 to approximately RMB8.6 million for the six months ended 30 June 2017 primarily because we received one-off government grants of approximately RMB11.0 million for the six months ended 30 June 2016 in relation to the Listing as no such government grant was incurred for the six months ended 30 June 2017.

Administrative expenses

Administrative expenses decreased by 11.7% from approximately RMB37.2 million for the six months ended 30 June 2016 to approximately RMB32.9 million for the six months ended 30 June 2017. Such decrease was primarily due to decrease in professional fee in relation to the Listing amounting to approximately RMB3.3 million.

Other expenses

Other expenses decreased by 44.4% from approximately RMB7.9 million for the six months ended 30 June 2016 to approximately RMB4.4 million for the six months ended 30 June 2017. Such decreased represented a reversal of impairment of other receivables amounting to approximately RMB3.6 million for the six months ended 30 June 2017 as there was an impairment loss of other receivables amounting to RMB0.8 million for the six months ended 30 June 2016.

Finance costs

Finance costs decreased by 22.6% from approximately RMB22.4 million for the six months ended 30 June 2016 to approximately RMB17.4 million for the six months ended 30 June 2017 due to decrease in average of the loan balance during the period as compared with that average balance in last period.

Income tax expense

Income tax expenses decreased by 13.0% from approximately RMB19.0 million for the six months ended 30 June 2016 to approximately RMB16.5 million for the six months ended 30 June 2017. Such decrease was primarily due to over-provision for income tax in prior year and an income not subject to tax in relation to dividend income contributed from available-for-sales investment for the six months ended 30 June 2017. Our effective tax rate therefore decreased from approximately 28.3% for the six months ended 30 June 2016 to approximately 24.1% for the six months ended 30 June 2017.

Profit for the period

Profit for the period increased by 8.3% from approximately RMB48.0 million for the six months ended 30 June 2016 to approximately RMB51.9 million for the six months ended 30 June 2017. Net profit margin increased from approximately 2.40% for the six months ended 30 June 2016 to approximately 2.50% for the six months ended 30 June 2017, primarily due to the decrease in finance costs and administrative expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are funded through cash generated from operating activities and bank borrowings. As of 30 June 2017 and 31 December 2016, the Group had cash and cash equivalents of approximately RMB57.5 million and approximately RMB65.0 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, and save for the non-public issuance of corporate bonds as approved at the annual general meeting of the Company on 19 May 2017, 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 RMB2,998.3 million as of 31 December 2016 to approximately RMB2,794.9 million as of 30 June 2017, representing 71.0% and 69.7% 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 the Group actively to issue billings to the customers.

Trade and bill payables

Trade and bills payables decreased from approximately RMB2,330.5 million as of 31 December 2016 to approximately RMB2,035.0 million as of 30 June 2017. Such decrease was a result of improvement of operating cash flow.

Borrowings and charge on assets

As of 30 June 2017, the Group relied on interest-bearing borrowings in the amount of approximately RMB570.9 million (31 December 2016: approximately RMB644.5 million) which are repayable within 1 year and carried effective interest rate with a range from 4.4% to 20.4% per annum (31 December 2016: 4.4% to 21.6% per annum).

As at 30 June 2017, certain general banking facilities of the Group were secured by the Group's land use rights and buildings of approximately RMB97.4 million (31 December 2016: approximately RMB98.2 million). Save as disclosed in this report, there was no charge on the Group's assets as at 30 June 2017.

On 19 May 2017, the resolutions in relation to issuance of the non-public issuance of the corporate bonds with an aggregate principal of not exceeding RMB500 million (the "RMB Bonds") and the non-public issuance of the corporate bonds with an aggregate principal of not exceeding USD100 million (the "USD Bonds") were considered and approved at the annual general meeting of the Company ("AGM"). For details of terms of the RMB Bonds and the USD Bonds, please refer to the circular of the Company dated 3 April 2017. The relevant resolutions for the issuance of the RMB Bonds and the USD Bonds shall be effective for 24 months from the date of approval at the AGM. As at 30 June 2017, the Company has not yet issued any RMB Bonds and USD Bonds.

Gearing ratio

The gearing ratio decreased from approximately 55.8% as at 31 December 2016 to approximately 46.8% as at 30 June 2017, such decrease was mainly attributing to repayments of interest-bearing bank and other borrowings during the period.

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 decreased from approximately RMB13.6 million for the year ended 31 December 2016 to approximately RMB2.5 million for the six months ended 30 June 2017 primarily because the Group has made sufficient investments in the previous years to satisfy the needs of the business operations during the period.

Capital Commitments

As at 30 June 2017, the Group did not have any significant commitments.

Contingent liabilities

As at 30 June 2017, 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 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets as at 30 June 2017.

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2017, the Group had total of 704 employees, of which 583 were based in Jiaxing City, and 121 were based in other areas in Zhejiang Province and other provinces and regions in China. For the six months ended 30 June 2017, the Group incurred total staff costs of approximately RMB19.7 million, representing an increase of approximately 13.4% as compared with the same period in 2016, mainly attributable to increase in headcount and salary increments.

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 the local market conditions. In order to improve the employees' skills and technical expertise, the Group provides regular training to the employees.

FUTURE PROSPECTS

The Group's goal is to continue to capture greater market share in Zhejiang Province and in other provinces and regions in China to become a leading construction contracting and design company in selected regions. To achieve this goal, the Group intend to pursue the following strategies:

Leverage the Premium Class Certificate and Engineering Design Certificate for larger-scale and more complex initiatives

The Group plans to leverage the Premium Class Certificate and Engineering Design Certificate to provide fully-integrated construction solutions, which consist of general construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide. As of 30 June 2017, the Group was one of the few holders of both the Premium Class Certificate and Engineering Design Certificate in Zhejiang Province. Leveraging the favorable position in the industry, the Group intends to undertake larger-scale and more complex construction projects. As profitability generally increases with the size and complexity of construction projects, undertaking such construction projects will enable us to enhance the profitability. Moreover, undertaking projects where the Group provides construction general contracting and design, survey and consultancy services allows us to vertically integrate the business. The Group will be able to take into account the costs and have better control over quality at the earlier design stage of the construction project. To facilitate the undertaking of larger-scale and more complex construction projects, the Group plans to apply to procure new equipment and machinery used in the construction projects, including jacks and lifting equipment.

The Group intends to leverage the Premium Class Certificate and Engineering Design Certificate to establish business relationships with new and well-recognized customers, build the track record of prominent construction projects and enhance the brand exposure. With increased exposure and more prominent construction projects in the portfolio, the Group intends to augment its reputation in Zhejiang Province and other provinces and regions in China. The Group expects that the augmented reputation will allow us to increasingly undertake more prominent construction projects where the Group will be able to charge a premium price for the services. The Group plans to leverage its position in Zhejiang Province holding both certificates to gain more bargaining power for favorable prices for raw materials and equipment and machinery, which will lower the costs and enhance the profitability.

Develop business opportunities to undertake Engineering Procurement and Construction ("EPC") and Public-priciate partnership ("PPP") projects

The Group plans to seize the opportunities emerging from the promotion of pilot projects for general contracting of construction works in Zhejiang Province, with an aim to strengthen resources integration for developing general contracting business and commit itself to nurturing integrated capabilities in design, procurement and construction. The Group will also proactively deploy more resources for EPC projects and focus on following up quality projects.

Moreover, according to Ipsos Limited, an increasing number of infrastructure projects in China are expected to be completed on a PPP basis in the coming years. As such, the Group intends to develop business opportunities to undertake more projects on a PPP basis in the future. Under the PPP model, the Group would generally be responsible for financing, investment, management and construction of the projects. The Group believes that PPP projects will enhance the profitability and brand recognition, and the Group intends to selectively undertake such projects in the future. PPP projects are awarded to qualified construction companies through a public bidding process held by relevant government authorities. The Group intends to leverage the strong relationship with the local Jiaxing government and the track record of high-quality public works construction projects to win such projects. By gaining expertise and developing the reputation as a premium PPP service provider, the Group plans to develop PPP operations in other regions of Zhejiang Province and other provinces and regions in China. Given the significant upfront investment required to undertake such projects, the Group also plans to finance future projects through a combination of the working capital and bank borrowings.

Push forward the strategy of major customers in full swing and expand market footprint

The Group plans to leverage the opportunity of cooperating with large real estate enterprises to push forward the strategy of major customers in full swing. By providing quality services and enhancing the quality of works projects, the Group will further enhance its partnership with major customers, including Country Garden, Vanke, Greentown, Sunac, Zhenshi and Tongkun. Meanwhile, the Group will proactively identify major potential customers in the future and fully leverage various communication and exchange channels for seeking opportunities for business cooperation, with a view to nature new major customers which can offer sustainable development and stable business.

In addition, the Groups plans to expand its market footprint on an ongoing basis, including (i) continually tapping into existing markets and boosting the operational results of regional branch companies in Jiangsu, Anhui and Jiangxi, which are outside Zhejiang Province; (ii) expediting its deployment in emerging markets, pushing forward initial development in provincial capitals outside Zhejiang Province and surrounding areas of Jiaxing and proactively expanding into regions without business presence to seek emerging cooperation opportunities; and (iii) proactively competing for high-end markets outside Zhejiang Province by keeping track of significant investment projects of major customers and Zhejiang merchants on the back of certificate resources and brand advantage to achieve market expansion.

Actively pushing forward the application of the BIM Technology

The Group believes that 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 information technology namely 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. The Group will leverage the advantages of the platform offered by the BIM Technology Research Institute to strengthen the nurturing of technological teams and further enhance application capabilities, as well as to achieve data sharing on a real-time basis. Through conclusion of findings from applying BIM technology in pilot projects, the promotion of BIM technology applications can be expedited.

SHARE CAPITAL

The share capital structure of the Company as at 30 June 2017 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%

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (30 June 2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2017, 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 at 30 June 2017, the interests or short positions of the Directors, Supervisors and the chief executive in the 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 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 (浙江巨匠控股集團有限公司) ("Jujiang Holdings") is held as to approximately 51.33% by Mr. Lv Yaoneng. Mr. Lv Yaoneng controls more than one-third of the voting rights of Jujiang Holdings and are deemed to be interested in its interest in the Company by virtue of the SFO.

Associated Corporation

Director/Supervisor	Associated Corporation	Nature of interest	Approximate shareholding percentage in the relevant class of shares in the Associated Corporation
Mr. Lv Yaoneng	Jujiang Holdings	Beneficial owner(1)	51.33%
	Jujiang Industrial	Beneficial owner(3)	10.00%
Mr. Lv Dazhong	Jujiang Holdings	Beneficial owner(1)	11.42%
Mr. Lu Zhicheng	Jujiang Holdings	Beneficial owner(1)	6.58%
Mr. Li Jinyan	Jujiang Holdings	Beneficial owner(1)	5.33%
Mr. Shen Haiquan	Jujiang Equity Investment	Beneficial owner(2)	2.41%
Mr. Zheng Gang	Jujiang Equity Investment	Beneficial owner(2)	2.10%
Mr. Zou Jiangtao	Jujiang Equity Investment	Beneficial owner(2)	0.45%

Notes:

(1) The disclosed interest represents the interests in Jujiang Holdings, the associated corporation which is owned as to approximately 51.33% by Mr. Lv Yaoneng, 11.42% by Mr. Lv Dazhong, 6.58% by Mr. Lu Zhicheng, 7.46% by Mr. Shen Bingkun, 2.31% by Mr. Fan Zhiming, 8.52% by Mr. Wang Shaolin, 1.96% by Mr. Ma Shengliang, 5.33% by Mr. Li Jinyan and 5.09% by Mr. Gao Xingwu, respectively.

(2) The disclosed interest represents the interests in Zhejiang Jujiang Equity Investment Management Co., Ltd (浙江巨匠股權投資管理有限公司) ("Jujang Equity Investment"), the associated corporation which is owned by 164 individual shareholders together as to 100%, of which two are Directors (Mr. Shen Haiquan and Mr. Zheng Gang who owned 2.4049% and 2.0964% of Jujiang Equity Investment respectively), one is a Supervisor (Mr. Zou Jiangtao who owned 0.4493% of Jujiang Equity Investment), 113 are current employees other than Directors and Supervisors, ten are former employees, one is Mr. Lv Yuntao, who is Mr. Lv Yaoneng's son (who owned 13.5303% of Jujiang Equity Investment) and 37 are Independent Third Parties.

(3) The disclosed interest represents the interests in Tongxiang City Jujiang Industrial Investment Co., Ltd. (桐鄉市巨匠實業投資有限公司) ("Jujiang Industrial"), the associated corporation which is owned as to 10% by Mr. Lv Yaoneng and 90% by Zhejiang Jujiang Technology Services Co., Ltd. (浙江巨匠科技服務有限公司), respectively.

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

As at to 30 June 2017, 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]	Approximate percentage of shareholdings in the relevant class of Shares[2]	Approximate percentage of shareholdings in the total share capital of the Company[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%
Jujang Equity Investment[6]	Beneficial owner	196,000,000 Domestic Shares (L)	49%	36.75%
Chan Ka Wo	Beneficial owner	9,480,000 H Shares (L)	7.11%	1.78%

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/H Shares.

(3) The calculation is based on the total number of 533,360,000 Shares in issue after the Global Offering.

(4) Jujiang Holdings will be directly interested in approximately 38.25% in the Company.

(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 at 30 June 2017, 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' COMPETING INTERESTS

Save as disclosed in this report, 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.

OTHER INFORMATION

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 six months ended 30 June 2017, 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 is expected 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 no less exacting 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 six months ended 30 June 2017.

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 report, the Group has no significant events after the reporting period required to be disclosed.

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. Yu Jingxuan, all being our independent non-executive Directors. Mr. Yu Jingxuan 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 this report and the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017.

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

Zhejiang Province, the PRC, 25 August 2017

EY 安永

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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 46, 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 2017 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.

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 2017

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

For the six months ended 30 June

	Notes	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
REVENUE	4	**2,080,395**	1,999,078
Cost of sales		**(1,965,960)**	(1,880,898)
Gross profit		**114,435**	118,180
Other income and gains	4	**8,638**	16,364
Administrative expenses		**(32,875)**	(37,242)
Other expenses		**(4,414)**	(7,944)
Finance costs	5	**(17,354)**	(22,434)
PROFIT BEFORE TAX	6	**68,430**	66,924
Income tax expense	7	**(16,494)**	(18,966)
PROFIT FOR THE PERIOD		**51,936**	47,958
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**51,936**	47,958
Profit attributable to:			
Owners of the parent		**51,558**	47,975
Non-controlling interests		**378**	(17)
		51,936	47,958
Total comprehensive income attributable to:			
Owners of the parent		**51,558**	47,975
Non-controlling interests		**378**	(17)
		51,936	47,958
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	8	**0.10**	0.09

The Board did not recommend an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	133,431	135,336
Prepaid land lease payments		9,142	9,288
Intangible assets		2,441	2,102
Available-for-sale investment		–	3,600
Deferred tax assets		15,478	15,891
Trade receivables	11	16,670	26,648
Prepayments, deposits and other receivables	12	62,906	47,707
Other non-current assets		19	116
Total non-current assets		240,087	240,688
CURRENT ASSETS			
Prepaid land lease payments		291	291
Inventories		9,251	7,612
Trade and bills receivables	11	650,929	647,359
Prepayments, deposits and other receivables	12	477,264	488,918
Amounts due from contract customers	10	2,794,916	2,998,346
Pledged deposits	13	18,379	18,110
Cash and cash equivalents	13	57,541	65,013
Total current assets		4,008,571	4,225,649
CURRENT LIABILITIES			
Trade and bills payables	14	2,035,008	2,330,523
Other payables, advances from customers and accruals	15	219,234	216,549
Amounts due to contract customers	10	226,309	113,970
Interest-bearing bank and other borrowings	16	570,858	644,491
Tax payable		132,634	130,544
Total current liabilities		3,184,043	3,436,077
NET CURRENT ASSETS		824,528	789,572
TOTAL ASSETS LESS CURRENT LIABILITIES		1,064,615	1,030,260

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Other payables and accruals	15	7,223	24,804
Total non-current liabilities		7,223	24,804
Net assets		1,057,392	1,005,456
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	533,360	533,360
Reserves	18	518,240	466,682
		1,051,600	1,000,042
Non-controlling interests		5,792	5,414
Total equity		1,057,392	1,005,456

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Note	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent							
At 1 January 2017		**533,360**	**188,480**	**–**	**29,927**	**248,275**	**1,000,042**	**5,414**	**1,005,456**
Profit for the period		**–**	**–**	**–**	**–**	**51,558**	**51,558**	**378**	**51,936**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**51,558**	**51,558**	**378**	**51,936**
Transfer to special reserve	(i)	**–**	**–**	**48,117**	**–**	**(48,117)**	**–**	**–**	**–**
Utilisation of special reserve	(i)	**–**	**–**	**(48,117)**	**–**	**48,117**	**–**	**–**	**–**
At 30 June 2017 (Unaudited)		**533,360**	**188,480**	**–**	**29,927**	**299,833**	**1,051,600**	**5,792**	**1,057,392**

For the six months ended 30 June 2016

	Note	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent							
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(i))		133,360	19,046	–	–	–	152,406	–	152,406
Share issue expenses		–	(11,153)	–	–	–	(11,153)	–	(11,153)
Transfer to special reserve	(i)	–	–	50,870	–	(50,870)	–	–	–
Utilisation of special reserve	(i)	–	–	(50,870)	–	50,870	–	–	–
At 30 June 2016 (Unaudited)		533,360	188,480	–	20,180	216,313	958,333	4,847	963,180

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 2017 and 2016, for safety production expense purposes 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	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**68,430**	66,924
Adjustments for:			
Finance costs	5	**17,354**	22,434
Dividend income from Available-for-sale investments	4	**(4,680)**	(3,600)
Interest income	4	**(95)**	(108)
Exchange difference, net		**4**	455
Gain on disposal of available-for-sale investments	4	**(164)**	–
Depreciation of items of property, plant and equipment		**3,788**	3,759
Amortisation of intangible assets		**202**	138
Amortisation of prepaid land lease payments		**146**	145
Impairment of trade receivables	11	**5,456**	3,922
(Reversal of impairment)/impairment of deposits and other receivables	12	**(3,640)**	793
Gain on disposal of items of property, plant and equipment, net		**(2,691)**	(110)
		84,110	94,752
Increase in inventories		**(1,639)**	(2,234)
Decrease in amounts due from/to contract customers		**315,769**	404,528
Decrease/(increase) in trade and bills receivables		**5,632**	(373,148)
Decrease in prepayments, deposits and other receivables		**192**	109,133
Increase in pledged deposits		**(269)**	(5,439)
Decrease in trade and bills payables		**(295,515)**	(293,141)
Decrease in other payables, advances from customers and accruals		**(14,896)**	(42,236)
Cash flows used in operations		**93,384**	(107,785)
Interest received		**95**	108
Income tax paid		**(13,991)**	(6,052)
Net cash flows from/(used in) operating activities		**79,488**	(113,729)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	Notes	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment		(1,930)	(13,457)
Payments for acquisition of intangible assets		(540)	(147)
Proceeds from disposal of items of property, plant and equipment		2,737	163
Proceeds from disposal of available–for-sale investments		3,764	–
Net cash flows from/(used in) investing activities		4,031	(13,441)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(17,354)	(22,434)
New bank loans		364,392	551,126
Repayment of bank loans		(438,025)	(550,650)
Borrowings and repayments of loans to related parties		(6,621)	(223,950)
Borrowings and repayments of loans from related parties		6,621	223,950
Borrowings and repayments of loans to others		–	(1,500)
Borrowings and repayments of loans from others		–	800
Proceeds from issue of shares		–	141,702
Share issue expenses		–	(3,306)
Net cash flows (used in)/from financing activities		(90,987)	115,738
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,468)	(11,432)
Effect of foreign exchange rate changes		(4)	(455)
Cash and cash equivalents at beginning of period		65,013	49,218
CASH AND CASH EQUIVALENTS AT END OF PERIOD		57,541	37,331
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	13	75,920	53,410
Less: Pledged deposits		18,379	16,079
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows		57,541	37,331

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, Jiaxing 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 2017, the Group's principal activities were as follows:

- Construction contracting
- Others – design, survey, 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

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 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 2017.

The unaudited 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 2016.

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

These interim condensed consolidated financial statements have not been audited.

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

2.2 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 2016, except for the adoption of the new standards and interpretations effective as of 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 10, and IAS 28	*Sale or Contribution of Assets between an Investor and its Joint Venture*[3]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 cycle	*Amendments to a number of IFRSs*

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 No mandatory effective date yet determined but available for adoption

The directors are in the process of assessing the possible impact on the future adoption of the new and revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Group's interim condensed consolidated financial statements.

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.

	Six months ended 30 June 2017			
	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	**2,058,721**	**21,674**	**–**	**2,080,395**
Intersegment sales	**–**	**2,551**	**(2,551)**	**–**
Total revenue	**2,058,721**	**24,225**	**(2,551)**	**2,080,395**
Segment results	**63,487**	**4,943**	**–**	**68,430**
Income tax expense	**(14,675)**	**(1,819)**	**–**	**(16,494)**
Profit for the period	**48,812**	**3,124**	**–**	**51,936**
Other segment information:				
Interest income	**66**	**29**	**–**	**95**
Finance costs	**15,493**	**1,861**	**–**	**17,354**
Depreciation	**3,433**	**355**	**–**	**3,788**
Amortisation	**330**	**18**	**–**	**348**
Provision for				
– impairment of trade receivables, deposits and other receivables	**1,726**	**90**	**–**	**1,816**
Capital expenditure*	**2,304**	**166**	**–**	**2,470**

3. OPERATING SEGMENT INFORMATION *(Continued)*

	30 June 2017			
	Construction contracting RMB'000 (Unaudited)	**Others RMB'000 (Unaudited)**	**Eliminations RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment assets	**4,327,404**	**111,306**	**(190,052)**	**4,248,658**
Segment liabilities	**3,219,634**	**65,834**	**(94,202)**	**3,191,266**

	Six months ended 30 June 2016			
	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations 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

	30 June 2016			
	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations 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

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) an appropriate proportion of contract revenue from 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:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Construction contracting	**2,058,721**	1,989,598
Others	**21,674**	9,480
	2,080,395	1,999,078
Other income and gains		
Interest income	**95**	108
Government grant	**262**	11,505
Dividend from available- for-sale investment	**4,680**	3,600
Gain on disposal of available-for-sale investment	**164**	–
Others	**3,437**	1,151
	8,638	16,364

5. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within one year	**17,354**	22,434

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of construction contracting (including depreciation)	**1,951,301**	1,871,632
Cost of others	**14,659**	9,266
Total cost of sales	**1,965,960**	1,880,898
Depreciation of items of property, plant and equipment (note (a))	**3,788**	3,759
Amortisation of prepaid land lease payments	**146**	145
Amortisation of intangible assets	**202**	138
Total depreciation and amortisation	**4,136**	4,042
Impairment of trade receivables	**5,456**	3,922
(Reversal of impairment)/impairment of deposits and other receivables	**(3,640)**	793
Total impairment losses, net	**1,816**	4,715
Minimum lease payments under operating leases of land and buildings (note (b))	**351**	206
Auditors' remuneration	**1,047**	1,119
Employee benefit expenses (including Directors' and Supervisors' remuneration) (note (c)):	**19,743**	17,415
– Wages, salaries and allowances	**15,643**	13,122
– Social insurance	**3,373**	3,370
– Welfare and other expenses	**727**	923
Interest income	**(95)**	(108)

Notes:

(a) Depreciation of approximately RMB1,780,000 (unaudited) and approximately RMB2,336,000 (unaudited) is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 and 2016, respectively.

(b) Minimum lease payments of approximately RMB351,000 (unaudited) and approximately RMB206,000 (unaudited) are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 and 2016, respectively.

(c) Employee benefit expenses of approximately RMB19,743,000 (unaudited) and approximately RMB17,415,000 (unaudited) are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 and 2016, respectively.

7. INCOME TAX EXPENSE

All of the Group's subsidiaries registered in the PRC and operating only in Mainland China are subject to PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. Except for those further explained below, PRC enterprise income tax has been provided at the rate of 25% (2016: 25%) on the taxable income.

The breakdown of income tax expense are as follow:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – Mainland China		
Charge for the period	**16,981**	17,733
(Over provision)/under provision in prior year	**(900)**	168
Deferred income tax	**413**	1,065
Tax charge for the period	**16,494**	18,966

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 reporting period is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**68,430**	66,924
Income tax charge at the statutory income tax rate (25%)	**17,107**	16,731
Income not subject to tax	**(1,170)**	–
Expenses not deductible for tax purposes	**716**	695
Adjustments in respect of current tax of prior year	**(900)**	168
Tax losses not recognised	**741**	1,372
Tax charge for the year at the effective rate	**16,494**	18,966

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

The calculation of the basic earnings per share amount 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 period.

No adjustment has been made to the basic earnings per share amounts presented for six months ended 30 June 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**51,558**	47,975

	Six months ended 30 June	
	2017	2016
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**533,360**	524,567

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB1,930,000 (Unaudited) (six months ended 30 June 2016: RMB13,457,000 (Unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB46,000 (Unaudited) (six months ended 30 June 2016: RMB53,000 (Unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB2,691,000 (Unaudited) (six months ended 30 June 2016: RMB110,000 (Unaudited)).

10. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Amount due from contract customers	**2,794,916**	2,998,346
Amount due to contract customers	**(226,309)**	(113,970)
	2,568,607	2,884,376

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Accumulated contract costs incurred plus recognised profits less recognised losses to date	**27,381,531**	27,429,443
Less: Accumulated progress billing received and receivable	**24,812,924**	24,545,067
	2,568,607	2,884,376

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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Trade receivables	**590,889**	662,703
Provision for impairment	**(24,701)**	(19,245)
Trade receivables, net	**566,188**	643,458
Bills receivable	**101,411**	30,549
	667,599	674,007
Portion classified as non-current assets[1]	**(16,670)**	(26,648)
Current portion	**650,929**	647,359

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

At the end 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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Retentions in trade receivables	**39,724**	28,293
Provision for impairment	**(124)**	(74)
Retentions in trade receivables, net	**39,600**	28,219
Portion classified as non-current assets	**(16,670)**	(26,648)
Current portion	**22,930**	1,571

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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 the reporting period is as follows:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Within 3 months	**222,995**	237,915
3 months to 6 months	**22,332**	28,571
6 months to 1 year	**64,894**	283,482
1 to 2 years	**208,681**	49,524
2 to 3 years	**30,315**	21,101
3 to 4 years	**7,538**	18,410
4 to 5 years	**7,835**	3,817
Over 5 years	**1,598**	638
	566,188	643,458

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

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
At beginning of the period	**19,245**	19,316
Impairment losses recognised	**5,667**	830
Impairment losses reversed	**(211)**	(901)
At end of the period	**24,701**	19,245

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of approximately RMB10,090,000 (unaudited) and approximately RMB10,090,000 with aggregate carrying amounts before provision of approximately RMB10,090,000 (unaudited) and approximately RMB10,090,000 as at 30 June 2017 and 31 December 2016, 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.

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Neither past due nor impaired	**257,205**	265,433
Past due within 1 year but not impaired	**86,123**	310,444
	343,328	575,877

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.

Transferred financial assets that are not derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with carrying amounts of approximately RMB91,854,000 (unaudited) and approximately RMB27,852,000 as at 30 June 2017 and 31 December 2016, 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 were approximately RMB91,854,000 (unaudited) and approximately RMB27,852,000 as at 30 June 2017 and 31 December 2016, respectively.

Transferred financial assets that are derecognised in their entirety

The Group endorsed 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 RMB192,549,000 (unaudited) and approximately RMB121,066,000 as at 30 June 2017 and 31 December 2016, respectively. The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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 year or cumulatively.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Deposits and other receivables	**248,713**	258,514
Provision for impairment of deposits and other receivables	**(29,799)**	(33,439)
	218,914	225,075
Prepayment to suppliers	**321,256**	311,550
	540,170	536,625
Portion classified as non-current assets[(1)]	**(62,906)**	(47,707)
Current portion	**477,264**	488,918

(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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
At beginning of the period	**33,439**	31,185
Impairment losses recognised	**17,422**	3,317
Impairment losses reversed	**(21,062)**	(1,063)
At the end of the period	**29,799**	33,439

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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Neither past due nor impaired	172,666	185,530
Past due within 1 year but not impaired	43,650	39,098
	216,316	224,628

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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Cash and bank balances	61,815	41,640
Time deposits	14,105	41,483
	75,920	83,123
Less: Pledged time deposits:		
Pledged bank balances for bank notes and letters of credit	(18,379)	(18,110)
Cash and cash equivalents	57,541	65,013

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.

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 end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Within 6 months	**1,063,951**	267,491
6 months to 1 year	**199,494**	1,472,885
1 to 2 years	**634,460**	531,766
2 to 3 years	**119,355**	41,773
Over 3 years	**17,748**	16,608
	2,035,008	2,330,523

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

15. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Advances from customers	**7,195**	6,417
Accrued salaries, wages and benefits	**6,687**	9,289
Other taxes payable	**157,284**	160,563
Other payables	**55,291**	65,084
	226,457	241,353
Portion classified as non-current liabilities (1)	**(7,223)**	(24,804)
Current portion	**219,234**	216,549

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 2017			As at 31 December 2016		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	4.4-20.4	2017-2018	555,360	4.35-21.6	2017	644,491
Bank loans – unsecured	6.5	2017-2018	4,372	–	–	–
Other borrowings – secured	4.7-9.2	2017-2018	5,984	–	–	–
Other borrowings – unsecured	8.0	2017-2018	5,142	–	–	–
			570,858			644,491

Notes:

(a) Certain of the Group's buildings with net carrying amounts of approximately RMB97,422,000 (unaudited) and approximately RMB98,215,000 as at 30 June 2017 and 31 December 2016, respectively, were pledged to secure general banking facilities granted to the Group.

(b) As set out in note 21(c), as at 30 June 2017 and 31 December 2016, the Group's interest-bearing bank loans and other borrowings of approximately RMB541,736,000 (unaudited) and approximately RMB621,941,000, 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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Share capital	533,360	533,360

17. SHARE CAPITAL *(Continued)*

The movements in share capital are as follows:

	Note	As at 30 June 2017 Number of shares '000 (Unaudited)	As at 30 June 2017 Nominal value RMB'000 (Unaudited)
At beginning and end of the period		**533,360**	533,360

	Note	As at 31 December 2016 Number of shares '000 (Audited)	As at 31 December 2016 Nominal value RMB'000 (Audited)
At beginning of the year		400,000	400,000
Public offer of H shares	(i)	133,360	133,360
At end of the year		533,360	533,360

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

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 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Within one year	**1,047**	632
In the second to fifth years, inclusive	**1,294**	1,265
After five years	**–**	–
	2,341	1,897

20. COMMITMENTS

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

21. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction contracting services provided to:		
Fellow subsidiaries	**101,895**	58,705
Associate of fellow subsidiaries	**5,715**	72,399
Purchase of raw materials:		
A company of which the controlling shareholder of the Company is a director	**503**	3,748
The borrowings and repayments of loans provided to:		
The holding company	**–**	200,950
Fellow subsidiaries	**6,621**	23,000
The borrowings and repayments of loans received from:		
The holding company	**–**	200,950
Fellow subsidiaries	**6,621**	23,000

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

(b) The aggregate amounts of remuneration of the Directors and Supervisors of the Company during the Relevant Periods, disclosed pursuant to the Hong Kong Listing Rules, are as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fees	**–**	–
Other emoluments:		
-Salaries, allowances and benefits in kind	**728**	502
-Pension schemes	**25**	25
	753	527

21. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Other transactions with related parties:

The Group's interest-bearing bank loans and other borrowings of RMB541,736,000 (unaudited) and RMB621,941,000 as at 30 June 2017 and 31 December 2016, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, as set out in note 16(b).

(d) Outstanding balances with related parties:

	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Accounts receivable:		
Fellow subsidiaries	33,159	44,325
Associate of fellow subsidiaries	1,938	20,861
Accounts payable:		
Fellow subsidiaries	–	-
A company of which the controlling shareholder of the Company is a director	–	33,896
Other receivables:		
Fellow subsidiaries	473	473
Associate of fellow subsidiaries	-	25,020
Key management person of the holding company	950	950
Other payables:		
Fellow subsidiaries	50	-
Amount due from contract customers:		
Fellow subsidiaries	97,287	63,041
Associate of fellow subsidiaries	54,835	151,299
Amount due to contract customers:		
Fellow subsidiaries	2,448	11,115
Associate of fellow subsidiaries	2,301	5,691

22. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of these financial statements, no significant event occurred after the reporting period.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 August 2017.