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Jujiang Construction Group Co., Ltd.

巨匠建設集團股份有限公司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2018	2017	Change
	RMB'000	RMB'000	%
Revenue	3,214,760	2,080,395	54.5
Gross profit	178,038	114,435	55.6
<i>Gross profit margin</i>	<i>5.54%</i>	<i>5.50%</i>	<i>0.04</i>
Profit for the period	77,423	51,936	49.1
<i>Net profit margin</i>	<i>2.41%</i>	<i>2.50%</i>	<i>(0.09)</i>
Basic and diluted earnings per Share (RMB)	0.14	0.10	

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Jujiang Construction Group Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2018, together with the comparative figures for the six months ended 30 June 2017. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

For the six months ended 30 June

		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
	Notes		
Revenue	3	3,214,760	2,080,395
Cost of sales		<u>(3,036,722)</u>	<u>(1,965,960)</u>
Gross profit		178,038	114,435
Other income and gains	5	1,095	8,638
Administrative expenses		(36,477)	(32,875)
Other expenses		(6,010)	(4,414)
Finance costs		<u>(31,990)</u>	<u>(17,354)</u>
PROFIT BEFORE TAX	6	104,656	68,430
Income tax expense	7	<u>(27,233)</u>	<u>(16,494)</u>
PROFIT FOR THE PERIOD		77,423	51,936
OTHER COMPREHENSIVE INCOME		<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>77,423</u>	<u>51,936</u>
Profit attributable to:			
Owners of the parent		77,316	51,558
Non-controlling interests		<u>107</u>	<u>378</u>
		<u>77,423</u>	<u>51,936</u>
Total comprehensive income attributable to:			
Owners of the parent		77,316	51,558
Non-controlling interests		<u>107</u>	<u>378</u>
		<u>77,423</u>	<u>51,936</u>
Earnings per Share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per Share)	8	<u>0.14</u>	<u>0.10</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		130,647	132,559
Prepaid land lease payments		8,851	8,997
Intangible assets		2,223	2,407
Deferred tax assets		17,401	17,113
Trade receivables	9	37,555	25,173
Prepayments, deposits and other receivables		55,255	40,412
Other non-current assets		-	15
		-	15
Total non-current assets		251,932	226,676
CURRENT ASSETS			
Prepaid land lease payments		291	291
Inventories		14,176	12,028
Trade and bills receivables	9	1,174,207	926,544
Prepayments, deposits and other receivables		457,085	437,571
Contract assets		2,966,785	-
Amounts due from contract customers		-	3,084,495
Pledged deposits		27,418	18,752
Cash and cash equivalents		84,457	83,859
		84,457	83,859
Total current assets		4,724,419	4,563,540
CURRENT LIABILITIES			
Trade and bills payables	10	2,752,686	2,586,026
Other payables, advances from customers and accruals		229,165	232,574
Contract liabilities		153,453	-
Amounts due to contract customers		-	132,125
Interest-bearing bank and other borrowings	11	466,727	549,561
Tax payable		167,050	159,044
		167,050	159,044
Total current liabilities		3,769,081	3,659,330
NET CURRENT ASSETS		955,338	904,210
TOTAL ASSETS LESS CURRENT LIABILITIES		1,207,270	1,130,886

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		<u>388</u>	<u>827</u>
Total non-current liabilities		<u>388</u>	<u>827</u>
Net assets		<u>1,206,882</u>	<u>1,130,059</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		533,360	533,360
Reserves		<u>667,790</u>	<u>590,474</u>
		<u>1,201,150</u>	<u>1,123,834</u>
Non-controlling interests		<u>5,732</u>	<u>6,225</u>
Total equity		<u>1,206,882</u>	<u>1,130,059</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 30 June 2018, the Group's principal activities were as follows:

- Construction contracting
- Others – design, survey, consultancy and other businesses

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 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 24 August 2018.

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 2017.

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.

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 2017, except for the adoption of the new standards and interpretations effective as of 1 January 2018.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 cycle	<i>Amendments to IFRS 1 and IAS 28</i>

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect of adopting IFRS 15 is, as follows:

- The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 11, IAS 18 and related Interpretations;
- The cumulative catch-up adjustment to the opening balance of retained profits (or other components of equity) as at 1 January 2018, only for contracts that are not completed at the date of initial application, would be recognised in the consolidated statement of changes in equity for the six months ended 30 June 2018;
- As required for the interim condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 3 for the disclosure on disaggregated revenue. Disclosures for the comparative period in the notes to the financial statements would also follow the requirements of IAS 11, IAS 18 and related Interpretations. As a result, the disclosure of disaggregated revenue in note 3 would not include comparative information under IFRS 15.
- Except the reclassification of amount due from customers for contract works to contract assets and amount due to customers for contract works to contract liabilities and further disclosure set as related note in the interim financial statements, the Directors believe that the application of IFRS 15 has no impact on the amounts reported set out in the interim financial statements.
- The outstanding balance of amounts due from customers of RMB3,084,495,000 as of 1 January 2018 arising from contracts with customers in the scope of IFRS 15 were reclassified to contract assets.
- The outstanding balance of amounts due to customers and advances from customers of RMB144,515,000 as of 1 January 2018 arising from contracts with customers in the scope of IFRS 15 were reclassified to contract liabilities.

The following adjustments were made to the amounts recognized in the statement of financial position on 1 January 2018:

	At 31 December 2017 (as previously presented)	Effects of adoption of IFRS 15	At 1 January 2018 (as restated)
	RMB'000	RMB'000	RMB'000
Condensed consolidated statement of financial position (extract):			
Amounts due from contract customers	3,084,495	(3,084,495)	-
Contract assets	-	3,084,495	3,084,495
Amounts due to contract customers	(132,125)	132,125	-
Other payables, advances from customers and accruals	(232,574)	12,390	(220,184)
Contract liabilities	-	(144,515)	(144,515)

The adoption of IFRS 15 has no material impact to the condensed consolidated income statement and has no impact to the net cash flow from operating, investing and financing activities on the condensed consolidated statement of cash flows.

There is no cumulative catch-up adjustment to the opening balance of retained profits (or other components of equity) as at 1 January 2018 with the modified retrospective method of adoption for the Group. Consequently, the new disclosure requirements on disaggregated revenue and reconciliation from disaggregated revenue to revenue information of each reportable segment for the current period are the only substantial change upon adoption of IFRS 15.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has not restated comparative information for 2017 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is not comparable to the information presented for the six months ended 30 June 2018.

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Financial assets at fair value through profit or loss.

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

As of 1 January 2018, the category of loans and receivables under IAS 39, including cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, were transferred to debt instruments at amortised cost under IFRS 9.

Changes to the impairment calculation

IFRS 9 requires the Group to record an allowance for ECLs for all the debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group applies the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables and other receivables. As of 1 January 2018, the impairment remained unchanged with the adoption of IFRS 9.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the six months ended 30 June 2018

Segments	Construction contracting	Others	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition			
Services transferred over time	3,187,333	10,347	3,197,680
Goods transferred at a point in time	-	17,080	17,080
	3,187,333	27,427	3,214,760
Type of goods or service			
Construction contracting	3,187,333	-	3,187,333
Designing services	-	10,347	10,347
Sale of construction materials and civil defense products	-	17,080	17,080
	3,187,333	27,427	3,214,760
Geographical markets			
Mainland China	3,187,333	27,427	3,214,760
	3,187,333	27,427	3,214,760

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Construction contracting	Others	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue			
Sales to external customers	3,187,333	27,427	3,214,760
Intersegment sales	-	3,240	3,240
	3,187,333	30,667	3,218,000
Adjustments and eliminations	-	(3,240)	(3,240)
Total revenue from contracts with customers	3,187,333	27,427	3,214,760

For the six months ended 30 June 2017

Segments	<u>Construction contracting</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Timing of revenue recognition			
Services transferred over time	2,058,721	7,158	2,065,879
Goods transferred at a point in time	-	14,516	14,516
	<u>2,058,721</u>	<u>21,674</u>	<u>2,080,395</u>
Total revenue from contracts with customers			
Type of goods or service			
Construction contracting	2,058,721	-	2,058,721
Designing services	-	7,158	7,158
Sale of construction materials and civil defense products	-	14,516	14,516
	<u>2,058,721</u>	<u>21,674</u>	<u>2,080,395</u>
Total revenue from contracts with customers			
Geographical markets			
Mainland China	2,058,721	21,674	2,080,395
	<u>2,058,721</u>	<u>21,674</u>	<u>2,080,395</u>
Total revenue from contracts with customers			

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	<u>Construction contracting</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue			
Sales to external customers	2,058,721	21,674	2,080,395
Intersegment sales	-	2,551	2,551
	<u>2,058,721</u>	<u>24,225</u>	<u>2,082,946</u>
Adjustments and eliminations	-	(2,551)	(2,551)
Total revenue from contracts with customers	<u>2,058,721</u>	<u>21,674</u>	<u>2,080,395</u>

4. 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.

The Group's revenue from external customers from each operating segment is set out in note 3 to the announcement.

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

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

For the six months ended 30 June 2018	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers	3,187,333	27,427	-	3,214,760
Intersegment sales	-	3,240	(3,240)	-
Total revenue	3,187,333	30,667	(3,240)	3,214,760
Segment results	104,661	1,395	(1,400)	104,656
Income tax expense	(26,343)	(890)	-	(27,233)
Profit for the period	78,318	505	(1,400)	77,423
Other segment information:				
Interest income	80	10	-	90
Finance costs	30,190	1,800	-	31,990
Depreciation	3,782	209	-	3,991
Amortisation	356	41	-	397
Provision for impairment of trade receivables, deposits and other receivables	4,243	82	-	4,325
Capital expenditure*	1,926	262	-	2,188

As at 30 June 2018	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Elimination RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	5,057,915	113,987	(195,551)	4,976,351
Segment liabilities	3,801,037	68,133	(99,701)	3,769,469
For the six months ended 30 June 2017	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Elimination 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
As at 30 June 2017	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Elimination 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

Note:

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

5. OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Interest income	90	95
Government grant	673	262
Dividend from available-for-sale investment	-	4,680
Gain on disposal of available-for-sale investment	-	164
Other	332	3,437
	<u>1,095</u>	<u>8,638</u>

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cost of construction contracting (including depreciation)	3,015,404	1,951,301
Cost of others	21,318	14,659
	<u>3,036,722</u>	<u>1,965,960</u>
Total cost of sales	3,036,722	1,965,960
Depreciation of items of property, plant and equipment	3,991	3,788
Amortisation of prepaid land lease payments	146	146
Amortisation of intangible assets	251	202
	<u>4,388</u>	<u>4,136</u>
Total depreciation and amortisation	4,388	4,136
Impairment of trade receivables	3,514	5,456
Impairment/ (reversal of impairment) of deposits and other receivables	811	(3,640)
	<u>4,325</u>	<u>1,816</u>
Total impairment losses, net	4,325	1,816
Minimum lease payments under operating leases of land and buildings	328	351
Auditors' remuneration	700	1,047
Employee benefit expenses (including Directors' and Supervisors' remuneration):	20,136	19,743
Wages, salaries and allowances	15,291	15,643
Social insurance	4,081	3,373
Welfare and other expenses	764	727
Interest income	(90)	(95)

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current income tax – Mainland China		
- Charge for the period	27,521	16,981
- Over provision in prior years	-	(900)
Deferred income tax	(288)	413
	<u>27,233</u>	<u>16,494</u>
Tax charge for the period	<u>27,233</u>	<u>16,494</u>

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 2018 and 2017 is as follows:

	For the six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Profit before tax	104,656	68,430
Income tax charge at the statutory income tax rate (25%)	26,164	17,107
Income not subject to tax	-	(1,170)
Expenses not deductible for tax purposes	614	716
Adjustments in respect of current tax of prior year	-	(900)
Tax losses not recognised	455	741
	<u>27,233</u>	<u>16,494</u>
Tax charge for the period at the effective rate	<u>27,233</u>	<u>16,494</u>

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 2018.

No adjustment has been made to the basic earnings per Share amounts presented for the six months ended 30 June 2018 and 2017 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	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent, used in the basic earnings per Share calculation	<u>77,316</u>	<u>51,558</u>

For the six months ended 30 June

	2018	2017
	'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	533,360

9. TRADE AND BILLS RECEIVABLES

Trade receivables represented receivables for contract works. The payment terms of contract work receivables are stipulated in relevant contracts. 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. Trade and bills receivables are non-interest-bearing.

	As at 30 June 2018	As at 31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	981,118	799,772
Provision for impairment	(34,172)	(30,658)
Trade receivables, net	946,946	769,114
Bills receivable	264,816	182,603
	1,211,762	951,717
Portion classified as non-current assets (1)	(37,555)	(25,173)
Current portion	1,174,207	926,544

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

At the end of 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 2018	As at 31 December 2017
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Retentions in trade receivables	76,196	69,894
Provision for impairment	(331)	(146)
Retentions in trade receivables, net	75,865	69,748
Portion classified as non-current assets	(37,555)	(25,173)
Current portion	38,310	44,575

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 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Within 3 months	516,278	338,663
3 months to 6 months	198,572	63,112
6 months to 1 year	40,177	141,979
Over 1 year	191,919	225,360
	<u>946,946</u>	<u>769,114</u>

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
At beginning of the period	30,658	19,245
Impairment losses recognised	3,766	11,413
Impairment losses reversed	(252)	-
At end of the period	<u>34,172</u>	<u>30,658</u>

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Neither past due nor impaired	583,291	403,257
Past due within 1 year but not impaired	236,932	201,454
	<u>820,223</u>	<u>604,711</u>

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in the PRC (the “**Endorsed Bills**”) with a carrying amount of approximately RMB208,143,000 (unaudited) and approximately RMB141,751,000 as at 30 June 2018 and 31 December 2017, 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 RMB208,143,000 (unaudited) and approximately RMB141,751,000 as at 30 June 2018 and 31 December 2017, 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 RMB638,675,000 (unaudited) and approximately RMB422,068,000 as at 30 June 2018 and 31 December 2017, 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.

10. TRADE AND BILLS PAYABLES

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

	As at 30 June 2018 RMB’000 (Unaudited)	As at 31 December 2017 RMB’000 (Audited)
Within 6 months	1,832,660	1,272,495
6 months to 1 year	331,995	725,478
Over 1 years	588,031	588,053
	<u>2,752,686</u>	<u>2,586,026</u>

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

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2018			As at 31 December 2017		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – mortgaged	4.35-6.48	2018-2019	420,777	4.35-7.22	2018	399,677
Bank loans – guaranteed	4.79-20.4	2018-2019	44,950	4.79-20.4	2018	140,589
Bank loans – other	7.50	2018-2019	1,000	7.18	2018	9,295
			<u>466,727</u>			<u>549,561</u>

Notes:

- (a) Certain of the Group's buildings with a net carrying amount of approximately RMB94,383,000 (unaudited) and approximately RMB95,518,000 as at 30 June 2018 and 31 December 2017, respectively, were pledged to secure general banking facilities granted to the Group.
- (b) As at 30 June 2018 and 31 December 2017, the Group's interest-bearing bank and other borrowings of approximately RMB431,177,000 (unaudited) and approximately RMB511,516,000, respectively, are jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

12. COMMITMENTS

As at 30 June 2018, the Group did not have any significant commitments.

13. DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2018, China's real estate policy control entered into a new stage. On one hand, China continued to actively suppress irrational demands; on the other hand, it focused on adjusting the medium to long-term supply structure. The Chinese government clearly stated that the regulatory controls would not be relaxed. Some cities implemented the local body responsibility while intensively introducing policies. In the first half of the year, the regulatory control efforts were not weakened. As at 30 June 2018, more than 50 cities above the prefecture level and more than 10 county cities introduced regulatory control policies. Despite this, according to the national data of National Bureau of Statistics of China, during the six months ended 30 June 2018: i) the total building construction area in China was approximately 10,466.13 million square meters (30 June 2017: approximately 9,697.40 million square meters), representing an increase of 7.9% as compared to corresponding period in 2017; ii) the total new construction area in China was approximately 2,518.54 million square meters (30 June 2017: approximately 2,297.75 million square meters), representing an increase of 9.6 as compared to corresponding period in 2017; and iii) the total contract value of construction companies in China was approximately RMB33,537.8 billion (30 June 2017: approximately RMB 28,866.1 billion), representing an increase of 16.2% as compared to corresponding period in 2017. In addition, during the six months ended 30 June 2018, the total output value of construction industry in China grew by 10.4% to approximately RMB9,479.0 billion (30 June 2017: approximately RMB 8,587.1 billion) as compared with the same period of last year. The rising figures reflected that in spite of new challenges to real estate industry brought by the real estate policy control, the development momentum of construction industry was still strong and the demand for construction industry is expected to maintain a growing trend.

BUSINESS REVIEW

In the first half of the year, the Group made full use of the Group's own brand superiority to strengthen the allocation of business resources by actively delivering the three main strategies of 'major customers', 'going out', and 'quality business'. During the interim reporting period, the Group achieved major breakthroughs in revenue and net profit, which increased by approximately 54.5% and 49.1% to RMB 3,214.8 million and RMB 77.4 million, respectively, compared with the same period last year. Compared with the value of backlog of about RMB5,219.0 million as at 30 June 2017, the value of backlog increased by 69.1% to approximately RMB8,822.8 million as at 30 June 2018. The table below shows the breakdown of value of backlog changes:

	For the six months ended 30 June	
	2018	2017
	RMB'million	RMB'million
Opening value of backlog	7,976.8	5,422.6
Net value of new projects ⁽¹⁾	4,038.9	1,860.1
Revenue recognized ⁽²⁾	(3,192.9)	(2,063.7)
Closing value of backlog ⁽³⁾	<u>8,822.8</u>	<u>5,219.0</u>

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 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.

Actively delivering the three main strategies of ‘major customers’, ‘going out’, and ‘quality business’

‘Major Customers’

With the Company’s development strategy of “major customers”, we promoted rapid development of business with the major customers with our excellent services and quality. We gained recognition and trust from the existing large real estate companies and local leading enterprises and maintained a good relationship with them, which includes: Zhenshi Holding Group Co., Ltd., Jushi Group Co., Ltd., Tongkun Group Co., Ltd.* (桐昆集團股份有限公司) Country Garden Holdings Company Limited, Sunac China Holdings Limited and Greentown China Holdings Limited. In the first half of the year, the total value of new major projects was approximately RMB2.13 billion, representing 52.6% of the total contract value. Some of the large-scale projects that we undertook include the Jiaxing Jingkai Land No. 2017-10 Construction Project, the Jushi Group Co., Ltd. Smart Manufacturing 230 Project, the Ruzhou Sweet-Scented Osmanthus Garden* (汝州建業桂園) Phase I Project and Zhengzhou Rongchuangcheng Project Development Zone* (鄭州融創城項目開發區) Phase I Project.

‘Going Out’

The Group achieved remarkable results in the implementation of the “going out” strategy. In the first half of the year, the total amount of new businesses outside the Zhejiang province exceeded RMB1.26 billion, accounting for approximately 31.1% of the total new contract value. We undertook projects outside Zhejiang province such as the Lingyuan City Yongli Shopping Mall* (凌源市永利廣場) Phase III Project,. The following table sets forth a breakdown of new contract amounts by region for the years indicated:

	For the six months ended 30 June				Change %
	2018 RMB'million	%	2017 RMB'million	%	
Jiaxing City	2,507.1	62.1	1,084.6	58.3	131.2
Zhejiang Province (except Jiaxing City)	275.7	6.8	234.9	12.6	17.4
Other areas (except Zhejiang Province)	1,256.1	31.1	540.6	29.1	132.4
Total	<u>4,038.9</u>	<u>100.0</u>	<u>1,860.1</u>	<u>100.0</u>	

‘Quality business’

In the first half of the year, the production management of the Group’s projects under construction was carried out in an orderly manner and recognized by our customers and local authorities. In the first half of the year, the Group had 6 standardized sites above the city level, including 5 provincial-level sites. Among them, the CCTV New Film Space-Central New Film Tongxiang Park* (CCTV新影時空-中央新影桐鄉園) Phase I Project won the title of advanced construction site in the “Civilized and Harmonious Construction Sites” competition for construction companies in Zhejiang Province, whereas the Haiyan Smart Manufacturing Innovation Center* (海鹽智慧製造創新中心) Phase I Project was awarded the title of the 18th Batch of Demonstration Projects with New Construction Technology Applications in Zhejiang Province.

We actively participated in public project bidding and tendering, with a focus on the major and quality projects, and undertook large-scale projects such as the Tongxiang • Zhejiang Media Huace Film Industrial Park* (桐鄉 • 浙江傳媒華策電影產業園) Phase I Project, the Jiashan No.2 People’s Hospital* (嘉善縣第二人民醫院) Relocation Project, and the Tongxiang Shanty Town Redevelopment Project.

In the development of new areas, we proactively undertook and constructed the Engineering Procurement Construction (“EPC”) projects. We participated in the construction of the “Buttonwood+” EPC project and completed the topping off on schedule currently, which provided us with an opportunity to accumulate experience for construction of the subsequent EPC projects. On 24 May 2018, we won the bid and undertook the EPC project of Tongxiang Kangming Road Primary School* (桐鄉康明路小學) of approximately RMB150 million. We negotiated and followed up certain public-private partnership (“PPP”) projects with thorough explorations and constant investigations, trying to look for collaboration. We also pushed for the research on the prefabricated structure for precast concrete (“PC”) by taking the construction of the existing PC structure as an opportunity to sum up experience and reserve technology; closely followed the related developments of construction industrialization in Tongxiang City, completed project proposal drafts and accelerated implementation of industrialization base construction; as well as aggressively explored overseas project construction and steadily planned related works.

For the six months ended 30 June 2018, approximately 99.1% (30 June 2017: approximately 99.0%) of the revenue was contributed by the construction contracting business. The following table sets forth a breakdown of our revenue by business and project type for the periods indicated:

	For the six months ended 30 June			
	2018		2017	
	RMB'million	%	RMB'million	%
Construction contracting business				
Residential	1,472.9	45.8	999.6	48.1
Commercial	553.8	17.2	821.1	39.5
Industrial	249.1	7.7	118.7	5.7
Public works	911.6	28.4	119.3	5.7
	3,187.4	99.1	2,058.7	99.0
Other business	27.4	0.9	21.7	1.0
Total revenue	3,214.8	100.0	2,080.4	100.0

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by approximately 54.5% or approximately RMB1,134.4 million from approximately RMB2,080.4 million for the six months ended 30 June 2017 to approximately RMB3,214.8 million for the six months ended 30 June 2018 primarily because of increase of construction contracting business amounting to approximately RMB1,128.7 million and increase of other business amounting to approximately RMB5.7 million for the six months ended 30 June 2018. Increase in construction contracting business was a result of increase in revenue from residential construction contracting business and public work construction contracting business amounting to approximately RMB473.3 million and RMB792.3 million, respectively, which was offset by decrease in revenue from commercial construction contracting business amounting to RMB267.3 million. Increase in residential and public work construction contracting business are in line with the strategies of the Group, the backlog value on hands as at 31 December 2017 and the new backlog value from the new contracts signed by the Group for the six months ended 30 June 2018 increased significantly, especially for residential construction contracting business and industrial construction contracting business. Decrease in commercial construction contracting business is a result of the fact that some of major projects were nearly completed in 2017, and new commercial projects of backlog values of approximately RMB236.0 million will commence construction during the six months ending 30 June 2018.

Gross profit increased by approximately 55.6% or approximately RMB63.6 million from approximately RMB114.4 million for the six months ended 30 June 2017 to approximately RMB178.0 million for the six months ended 30 June 2018, and gross profit margin remained stable at 5.50% and 5.54% for the six months ended 30 June 2017 and 2018, respectively. The increase in gross profit was a result of increase in revenue. The gross profit margin of construction contracting business increased from approximately 5.22% for the six months ended 30 June 2017 to approximately 5.39% for the six months ended 30 June 2018, such increase was offset by decrease in gross profits margin of other business from approximately 32.4% for the six months ended 30 June 2017 to approximately 22.3% for the six months ended 30 June 2018.

Other income and gains

Other income and gains decreased significantly by approximately RMB7.5 million from approximately RMB8.6 million for the six months ended 30 June 2017 to approximately RMB1.1 million for the six months ended 30 June 2018 primarily because the Group received one-off government grants of approximately RMB2.7 million and a dividend income of approximately RMB4.8 million for the six months ended 30 June 2017 as no such income were incurred for the six months ended 30 June 2018.

Administrative expenses

Administrative expenses increased by 10.9% from approximately RMB32.9 million for the six months ended 30 June 2017 to approximately RMB36.5 million for the six months ended 30 June 2018. Such increase was primarily due to increase in bank charge in relation to financing arrangements.

Other expenses

Other expenses increased significantly by 36.2% from approximately RMB4.4 million for the six months ended 30 June 2017 to approximately RMB6.0 million for the six months ended 30 June 2018. Such increase was primarily due to a reversal of impairment of other receivables amounting to approximately RMB3.6 million for the six months ended 30 June 2017 and there was an impairment loss of other receivables amounting to RMB0.8 million for the six months ended 30 June 2018, such increase was offset by decrease in impairment of trade receivables from approximately RMB5.5 million for the six months ended 30 June 2017 to approximately RMB3.5 million for the six months ended 30 June 2018.

Finance costs

Finance costs increased by approximately 84.3% from approximately RMB17.4 million for the six months ended 30 June 2017 to approximately RMB32.0 million for the six months ended 30 June 2018. Such increase was primarily due to the Group used receivable factoring and discounting bills to obtain financing, as a result the Group incurred an aggregated interest of approximately RMB15.8 million for the six months ended 30 June 2018, while no such transaction was incurred for the six months ended 30 June 2017.

Income tax expense

Income tax expenses increased by 65.1% from approximately RMB16.5 million for the six months ended 30 June 2017 to approximately RMB27.2 million for the six months ended 30 June 2018, and such increase is primarily attributing to increase in assessable income for the six months ended 30 June 2018. The effective tax rate increased from approximately 24.1% for the six months ended 30 June 2017 to approximately 26.0% for the six months ended 30 June 2018, such increase was primarily attributing to a non-taxable dividend income of approximately RMB4.7 million for the six months ended 30 June 2017 while there is no such income for the six months ended 30 June 2018.

Profit for the period

As a result of the foregoing, the profit for the period increased by approximately 49.1% from approximately RMB51.9 million for the six months ended 30 June 2017 to approximately RMB77.4 million for the six months ended 30 June 2018. Net profit margin was stable at approximately 2.4% and 2.5% for the six months ended 30 June 2017 and 2018, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations are primarily funded through cash generated from operating activities and interest-bearing borrowings. As of 30 June 2018 and 31 December 2017, the Group had cash and cash equivalents of approximately RMB84.5 million and approximately RMB83.9 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 borrowings from the banks and/or issuance of the bonds.

Amounts due from contract customers and contract assets

The amounts of contract assets decreased by approximately 3.8% from approximately RMB3,084.5 million as of 31 December 2017 to approximately RMB2,966.8 million as of 30 June 2018, representing approximately 67.6% and approximately 62.8% 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 the Group actively issued bills to the customers.

Trade and bill receivables

Trade and bills receivables increased by approximately 26.7% from approximately RMB926.5 million as of 31 December 2017 to approximately RMB1,174.2 million as of 30 June 2018. Such increase was in line with the expansion of the business. The trader and bills receivables turnover days decreased from approximately 53 days as at 31 December 2017 to approximately 48 days as at 30 June 2018, and such decrease was a result of the use of receivables factoring.

Trade and bill payables

Trade and bills payables increased from approximately RMB2,586.0 million as of 31 December 2017 to approximately RMB2,752.7 million as of 30 June 2018. Such increase was in line with the expansion of the business. The trader and bills payable turnover days decreased from approximately 184 days as at 31 December 2017 to approximately 158 days as at 30 June 2018, and such decrease was a result of improvement of the operating cash flow.

Borrowings and charge on assets

As of 30 June 2018, the Group relied on interest-bearing borrowings in the amount of approximately RMB466.7 million (31 December 2017: approximately RMB549.6 million) which are repayable within 1 year and carried effective interest rate with a range from 4.35% to 20.40% per annum (31 December 2017: 4.35% to 20.40% per annum).

As at 30 June 2018, certain general banking facilities of the Group were secured by the Group's land use rights and buildings of approximately RMB94.4 million (31 December 2017: approximately RMB95.5 million).

Gearing ratio

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.

The gearing ratio of the Group decreased from approximately 39.6% as at 31 December 2017 to approximately 29.4% as at 30 June 2018, and such decrease was mainly attributing to repayments of interest-bearing bank borrowings during the period.

Capital Expenditure

As at 30 June 2018, the capital expenditures were approximately RMB2.2 million (31 December 2017: approximately RMB6.6 million). The capital expenditure incurred for the six months ended 30 June 2018 primarily related to the construction machinery for the business expansion.

Capital Commitments

As at 30 June 2018, the Group did not have any significant commitments.

Contingent liabilities

As at 30 June 2018, 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 OF SUBSIDIARIES ASSOCIATES AND JOINT VENTURES

The Group had no significant investments held or material acquisitions and disposals of subsidiaries associates and joint ventures during the six months ended 30 June 2018

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 2018.

EMPLOYEE AND REMUNERATION POLICIES

As of 30 June 2018, the Group had total of 782 employees, of which 594 were based in Jiaxing City, and 188 were based in other areas in Zhejiang Province and in other provinces and regions in China. For the six months ended 30 June 2018, the Group incurred total staff costs of approximately RMB20.1 million, representing an increase of approximately 2.0% as compared with the same period in 2017, mainly attributable to increase in headcount and salary incremental.

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

FUTURE PROSPECTS

In the second half of the year, the Group will continue to actively implement the three main strategies of "major customers", "going out" and "quality business". In the meantime, the Group will strengthen project management and risk prevention and control by adhering to the principle of "taking preventive measures before problems happen" and the purpose of "pursuing steady and long-term progress", as well as acting cautiously to strengthen risk prevention and control with a "risk isolation zone". We will put efforts in pre-prevention and control, supervision during events and post-handling to improve the risk prevention and control system. Establishing a comprehensive customer evaluation system and project manager evaluation system, we can prevent risks from the source and enhance project risk assessment. We will also strengthen the centralized management of funds, and control total amount of funds used and implement an accountability system. By strengthening project cost control and establishing "two-dimensional" prevention and control measures in terms of laws and internal audits, the Company's rapid and quality development will be positively facilitated.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2018, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

DIRECTORS' COMPETING INTERESTS

As at 30 June 2018, none of the controlling shareholders, Directors and their respective close associates (as defined under the Listing Rules) 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, as at 30 June 2018.

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 2018, 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.

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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct regarding Directors' and Supervisors' securities transactions on terms or less 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 2018. The Company continues and will continue to ensure compliance with the corresponding provisions set out in the Model Code.

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

On 24 August 2018, the Company and the China Hong Kong Capital Asset Management Co., Ltd. (“Placing Agent”) entered into the placing agreement pursuant to which the Placing Agent has agreed to act as the placing agent, on a best effort basis, for the purposes of arranging places to subscribe for bonds up to an aggregate principal amount of HK\$200,000,000 at interest rate 7% per annum within the three months. For more detail, please refer to the announcement of the Company dated 24 August 2018.

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

PUBLICATION OF THE CONDENSED CONSOLIDATED INTERIM RESULTS AND 2018 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jujiang.cn>) and the 2018 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules on 23 December 2015. The Audit Committee consists of three members, namely Mr. Wong Ka Wai, Mr. Lin Tao and Mr. 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 the Group’s unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018. The Audit Committee is of the opinion that the financial statements comply with the applicable accounting standards.

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

Zhejiang Province, the PRC, 24 August 2018

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

** for identification purposes only*