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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2015	2014	Change
	RMB'000	RMB'000	%
Revenue	**4,424,646**	4,289,367	3.2
Gross Profit	**233,156**	229,726	1.5
Gross Profit Margin	***5.27%***	*5.36%*	*-0.1*
Profit for the year	**98,524**	82,823	19.0
Net Profit Margin	***2.23%***	*1.93%*	*0.3*
Basic and diluted earnings per share (RMB)	**0.25**	0.21	

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Jujiang Construction Group Co., Ltd. (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015, together with the comparative figures for the previous year as follows:

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	For the year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	5	**4,424,646**	4,289,367
Cost of sales		**(4,191,490)**	(4,059,641)
Gross profit		**233,156**	229,726
Other income and gains	5	**9,186**	6,802
Administrative expenses		**(73,173)**	(61,308)
Other expenses		**9,025**	(14,793)
Finance costs		**(43,802)**	(43,569)
PROFIT BEFORE TAX	6	**134,392**	116,858
Income tax expense	7	**(35,868)**	(34,035)
PROFIT FOR THE YEAR		**98,524**	82,823
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**98,524**	82,823
Profit attributable to:			
Owners of the parent		**98,517**	82,450
Non-controlling interests		**7**	373
		98,524	82,823
Total comprehensive income attributable to:		**98,517**	82,450
Owners of the parent		**7**	373
Non-controlling interests		**98,524**	82,823
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	8	**0.25**	0.21

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (31 December 2014: Nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	As at 31 December 2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**122,684**	130,405
Prepaid land lease payments		**9,579**	9,871
Intangible assets		**1,435**	1,375
Available-for-sale investment		**3,600**	3,600
Deferred tax assets		**17,850**	18,070
Trade and bills receivables	9	**14,421**	20,005
Prepayments, deposits and other receivables		**34,604**	21,844
Other non-current assets		**437**	1,259
Total non-current assets		**204,610**	206,429
CURRENT ASSETS			
Prepaid land lease payments		**291**	291
Inventories		**2,863**	9,382
Trade and bills receivables	9	**395,434**	486,289
Prepayments, deposits and other receivables		**722,251**	971,673
Amounts due from contract customers	10	**2,720,263**	2,538,145
Pledged deposits		**10,640**	42,040
Cash and cash equivalents		**49,218**	26,646
Total current assets		**3,900,960**	4,074,466
CURRENT LIABILITIES			
Trade and bills payables	11	**2,168,474**	2,615,215
Other payables, advances from customers and accruals		**245,285**	190,073
Amounts due to contract customers	10	**87,976**	65,464
Interest-bearing bank and other borrowings	12	**699,060**	635,380
Tax payable		**106,404**	87,456
Total current liabilities		**3,307,199**	3,593,588
NET CURRENT ASSETS		**593,761**	480,878
TOTAL ASSETS LESS CURRENT LIABILITIES		**798,371**	687,307

	Notes	As at 31 December **2015** **RMB'000**	2014 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals		**24,402**	11,862
Total non-current liabilities		**24,402**	11,862
Net assets		**773,969**	675,445
EQUITY			
Equity attributable to owners of the parent			
Share capital		**400,000**	400,000
Reserves		**369,105**	270,588
		769,105	670,588
Non-controlling interests		**4,864**	4,857
Total equity		**773,969**	675,445

1. CORPORATE AND GROUP INFORMATION

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

During the year ended 31 December 2015, the Group's principal activities were as follows:

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

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

2. BASIS OF PREPARATION

These financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all IFRSs, International Accounting Standards ("IASs") and interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

These revised standards do not have significant impact on the Group.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

IFRS 9	Financial instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
IFRS 14	Regulatory Deferral Accounts[5]
IFRS 15	Revenue from Contracts with Customers[3]
IFRS 16	Leases[4]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 7	Disclosure Initiative[2]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[2]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IAS 27	Equity Method in Separate Financial Statements[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

Notes:

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[6] No mandatory effective date

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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.

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.

Year ended 31 December 2015	**Construction contracting**	**Others**	**Elimination**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue:				
Sales to external customers	**4,400,931**	**23,715**	**-**	**4,424,646**
Intersegment sales	**198**	**840**	**(1,038)**	**-**
Total revenue	**4,401,129**	**24,555**	**(1,038)**	**4,424,646**
Segment results	**135,513**	**(1,121)**	**-**	**134,392**
Income tax expense	**(35,173)**	**(695)**	**-**	**(35,868)**
Profit for the year	**100,340**	**(1,816)**	**-**	**98,524**
Segment assets	**4,135,533**	**104,426**	**(134,389)**	**4,105,570**
Segment liabilities	**3,312,548**	**57,590**	**(38,537)**	**3,331,601**
Other segment information				
Interest income	**786**	**10**	**-**	**796**
Finance costs	**40,113**	**3,689**	**-**	**43,802**
Depreciation	**7,514**	**942**	**-**	**8,456**
Amortisation	**494**	**23**	**-**	**517**
Provision for				
– Reversal of impairment of trade receivables, deposits and other receivables	**(9,096)**	**(84)**	**-**	**(9,180)**
Capital expenditure*	**873**	**58**	**-**	**931**

Year ended 31 December 2014	Construction contracting	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:				
Sales to external customers	4,258,514	30,853	–	4,289,367
Intersegment sales	–	2,743	(2,743)	–
Total revenue	4,258,514	33,596	(2,743)	4,289,367
Segment results	114,865	1,993	–	116,858
Income tax expense	(33,473)	(562)	–	(34,035)
Profit for the year	81,392	1,431	–	82,823
Segment assets	4,303,745	74,952	(97,802)	4,280,895
Segment liabilities	3,581,101	26,301	(1,952)	3,605,450
Other segment information:				
Interest income	1,561	23	–	1,584
Finance costs	41,549	2,020	–	43,569
Depreciation	7,007	1,025	–	8,032
Amortisation	486	46	–	532
Provision for – impairment of trade receivables, deposits and other receivables	14,427	133	–	14,560
Capital expenditure*	10,559	1,606	–	12,165

Note:

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

5. REVENUE, OTHER INCOME AND GAINS

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

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue		
Construction contracting	**4,400,931**	4,258,514
Others	**23,715**	30,853
	4,424,646	4,289,367
Other income and gains		
Interest income	**796**	1,584
Government grant*	**5,540**	4,747
Others	**2,850**	471
	9,186	6,802

Note:

* Government grant mainly consists of construction industry fund received from Ministry of Housing and Urban-Rural Development of the People's Republic of China and Tongxiang Finance Bureau.

6. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of construction contracting (including depreciation)	**4,174,392**	4,037,015
Cost of others	**17,098**	22,626
Total cost of sales	**4,191,490**	4,059,641
Depreciation of items of property, plant and equipment	**8,456**	8,032
Amortisation of prepaid land lease payments	**292**	291
Amortisation of intangible assets	**225**	241
Total depreciation and amortisation	**8,973**	8,564
(Reversal of impairment)/impairment of trade Receivables	**(434)**	3,629
(Reversal of impairment)/impairment of deposits and other receivables	**(8,746)**	10,931
Total (reversal of impairment)/impairment losses, net	**(9,180)**	14,560
Minimum lease payments under operating leases of land and buildings	**1,023**	1,035
Auditors' remuneration	**2,563**	2,111
Employee benefit expenses (including Directors' and Supervisors' remuneration):		
Wages, salaries and allowances	**24,344**	21,714
Social insurance	**7,290**	5,602
Welfare and other expenses	**1,735**	3,527
	33,369	30,843

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current income tax – Mainland China		
- Charge for the year	**35,420**	39,125
- Under provision in prior years	**228**	–
Deferred income tax	**220**	(5,090)
Tax charge for the year	**35,868**	34,035

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 years ended 31 December 2015 and 2014 is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Profit before tax	**134,392**	116,858
Income tax charge at the statutory income tax rate	**33,598**	29,215
Expenses not deductible/deemed income for tax purposes	**1,344**	4,820
Tax losses not recognised	**926**	–
Tax charge for the year at the effective rate	**35,868**	34,035

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 year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year ended 31 December 2015.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2015 and 2014 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:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation	**98,517**	82,450
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**400,000,000**	400,000,000

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

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 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 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**374,813**	442,519
Provision for impairment	**(19,316)**	(19,750)
Trade receivables, net	**355,497**	422,769
Bills receivable	**54,358**	83,525
	409,855	506,294
Portion classified as non-current assets [1]	**(14,421)**	(20,005)
Current portion	**395,434**	486,289

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

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Retentions in trade receivables	**26,807**	45,972
Provision for impairment	**(30)**	(142)
Retentions in trade receivables, net	**26,777**	45,830
Portion classified as non-current assets	**(14,421)**	(20,005)
Current portion	**12,356**	25,825

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 31 December	
	2015	2014
	RMB'000	RMB'000
Within 3 months	**201,907**	199,599
3 months to 6 months	**36,304**	74,834
6 months to 1 year	**51,306**	71,485
1 to 2 years	**37,217**	61,061
2 to 3 years	**22,256**	12,417
3 to 4 years	**5,546**	1,759
4 to 5 years	**479**	606
Over 5 years	**482**	1,008
	355,497	422,769

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**19,750**	16,121
Impairment losses recognised	**400**	3,642
Impairment losses reversed	**(834)**	(13)
At end of the year	**19,316**	19,750

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of approximately RMB11,090,000 and approximately RMB12,664,000 with aggregate carrying amounts before provision of approximately RMB11,090,000 and approximately RMB12,664,000 as at 31 December 2015 and 2014, respectively.

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

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

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Neither past due nor impaired	**227,438**	235,542
Past due within 1 year but not impaired	**86,000**	136,101
	313,438	371,643

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of approximately RMB50,576,000 and approximately RMB81,025,000 as at 31 December 2015 and 2014 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 RMB50,576,000 and approximately RMB81,025,000 as at 31 December 2015 and 2014 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 RMB73,663,000 and approximately RMB129,338,000 as at 31 December 2015 and 2014, respectively. The Derecognised Bills have a maturity from one to six months at the end of the each of Reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

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

10. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Amount due from contract customers	**2,720,263**	2,538,145
Amount due to contract customers	**(87,976)**	(65,464)
	2,632,287	2,472,681

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Accumulated contract costs incurred plus recognised profits less recognised losses to date	**25,210,988**	20,657,498
Less: Accumulated progress billing received and receivable	**(22,578,701)**	(18,184,817)
	2,632,287	2,472,681

11. 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 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	**1,849,404**	2,523,102
6 months to 1 year	**225,707**	31,268
1 to 2 years	**65,628**	48,416
2 to 3 years	**18,521**	11,331
Over 3 years	**9,214**	1,098
	2,168,474	2,615,215

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

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2015			As at 31 December 2014		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Bank loans – mortgaged	**4.8-9.5**	**2016**	**524,200**	6.0-7.5	2015	337,700
Bank loans –guaranteed	**5.1-21.6**	**2016**	**174,860**	5.9-21.6	2015	230,880
Bank loans –other	**n/a**	**n/a**	**-**	5.3-5.7	2015	66,800
			699,060			635,380

	As at 31 December 2015 RMB'000	2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**699,060**	635,380

Notes:

(a) Certain of the Group's buildings with a net carrying amount of approximately RMB99,397,000 and approximately RMB99,999,000 as at 31 December 2015 and 2014, respectively, were pledged to secure general banking facilities granted to the Group.

(b) As at 31 December 2015 and 2014, the Group's interest-bearing bank loans and other borrowings of approximately RMB602,310,000 and approximately RMB493,830,000, respectively, are jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

13. COMMITMENTS

There is no capital commitment at the end of each of the reporting period not provided for in the financial statement.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China’s rapid economic growth over the years has spurred the development of its construction industry. Given China’s continuous urbanization in relation to improving community functions and facilities in urban areas, the demand for construction industry is expected to maintain its momentum. In 2014, the urbanization rate of China was 54.8%. Urbanization rate represents the rate of change in the size of the urban population over a certain period. By 2020, it is projected that approximately 100 million of the rural population will settle in urban areas, which will bring significant demand for new urban residential construction. In line with the historical trend of increases in the average fee for construction projects, the total output value of construction industry in China increased from approximately RMB9,603.1 billion for the year ended 31 December 2010 to approximately RMB17,671.3 billion for the year ended 31 December 2014, representing a CAGR of 16.5%. The total output value of China’s construction industry is expected to increase from approximately RMB19,880.2 billion for the year ending 31 December 2015 to approximately RMB30,179.6 billion for the year ending 31 December 2019, representing a CAGR of 11.0%.

BUSINESS REVIEW

During 2015, the Group mainly focused on strengthening its position in the local Jiaxing market, as well as capturing growth opportunities in other regions in Zhejiang Province and other provinces and regions in China. The Group strategically established eleven branch offices, of which three were set up in various cities within Zhejiang Province and eight were set up in other provinces, namely, Jiangsu, Anhui, Shandong and Liaoning Provinces, to focus on providing the services and products in second- and third-tier cities with sizeable economies and an active real estate market. As the Group has successfully undertaken certain large-scale construction projects, the Group is in the process of setting up a branch office in Jiangxi Province, where the Group believes there is significant market potential. The Group has formed strong relationships with long-term customers and has established a well-recognized brand and reputation through the dedication to provide reliable, timely and high-quality services and products.

The Group has also been devoted to research and development to drive improvement and innovation in construction technologies, and the Group intends to continue to invest in research and development. As at 31 December 2015, the Group had successfully developed a total of 26 national-level and provincial-level construction process methodologies. As of the same date, the Group also owned 22 patented technologies, which the Group has incorporated into its construction processes.

For the year ended 31 December 2015, approximately 99.5% of the revenue was contributed by the construction contracting business. The Group recorded revenue of approximately RMB4,424.6 million for the year, up by 3.2% year-by-year. Net profit rose by 19.0% to approximately RMB98.5 million, representing a CAGR of approximately 20.5% from 2012 to 2015. The Group's performance maintained a steady growth.

	Year ended 31 December			
	2015		2014	
	RMB'million	**%**	RMB'million	%
Construction contracting business				
Residential	**1,547.0**	**35.0**	2,147.4	50.1
Commercial	**2,306.0**	**52.1**	1,456.0	33.9
Industrial	**255.7**	**5.8**	487.3	11.4
Public works	**292.2**	**6.6**	167.8	3.9
	4,400.9	**99.5**	4,258.5	99.3
Other business	**23.7**	**0.5**	30.8	0.7
Total revenue	**4,424.6**	**100.0**	4,289.3	100.0

During the year, the Group promoted to work in high end projects and work with high value cusomters, including a project with a subsidiary of China Vanke Co. Ltd. As at 31 December 2015, the backlog was increased by 5.1% to approximately RMB 4,999.4 million as compared with the backlog of approximately RMB4,756.4 million as at 31 December 2014.

	Year ended 31 December	
	2015	2014
	RMB'million	RMB'million
Opening value of backlog	**4,756.4**	4,238.8
Net value of new projects(1)	**4,796.5**	4,922.7
Revenue recognized(2)	**(4,553.5)**	(4,405.1)
Closing value of backlog(3)	**4,999.4**	4,756.4

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 year indicated.

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

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

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by 3.2% from approximately RMB4,289.4 million for the year ended 31 December 2014 to approximately RMB4,424.6 million for the year ended 31 December 2015. The increase in the revenue was mainly a result of the increase in number of commercial construction projects, which was in line with increased urbanization in the PRC and the introduction of favorable policies by the PRC Government to encourage investment in such construction projects.

Gross profit increased by 1.5% from approximately RMB229.7 million for the year ended 31December 2014 to approximately RMB233.2 million for the year ended 31 December 2015 mainly due to the increase in business activities of the construction contracting business for the reasons discussed above. The gross profit margin remained stable at 5.27% and 5.36% for the year ended 31 December 2015 and 2014 respectively.

Other income and gains

Other income and gains increased by 35.0% from approximately RMB6.8 million for the year ended 31 December 2014 to approximately RMB9.2 million for the year ended 31 December 2015 primarily because of a compensation of approximately RMB2.2 million received from the government in relation to cancellation of a contract entered in 2002.

Administrative expenses

The administrative expenses increased by 19.4% from approximately RMB61.3 million for the year ended 31 December 2014 to approximately RMB73.2 million for the year ended 31 December 2015 primarily because of: (i) an increase in consultancy fees by approximately RMB9.5 million for fees incurred in preparation of the Listing; and (ii) an increase in staff costs by approximately RMB2.7 million due to an increase in head count and salary level of the administrative staff in line with the business expansion.

Other expenses

Other expenses changed from an expenditure of approximately RMB14.8 million for the year ended 31 December 2014 to an income of approximately RMB9.0 million for the year ended 31 December 2015, primarily as a result of a reversal of provision made for impairment for other receivables by approximately RMB9.1 million for the year ended 31 December 2015 as a provision for impairment for other receivables amounting to approximately RMB14.5 million was made for the year ended 31 December 2014. The Group collected long-aging borrowings from certain related parties in 2015.

Finance costs

Finance costs were stable at approximately RMB43.8 million and approximately RMB43.6 million for the year ended 31 December 2015 and 2014 respectively, primarily attributing to interest rates cut by the People's Bank of China even the loans balance increased.

Income tax expense

Income tax expenses increased by 5.6% from approximately RMB34.0 million for the year ended 31 December 2014 to approximately RMB35.9 million for the year ended 31 December 2015 primarily because of an increase in the provision of tax as a result of the increased profit. The effective tax rate decreased from 29.1% for the year ended 31 December 2014 to 26.7% for the year ended 31 December 2015 primarily because of a decrease in the deemed interest income generated by inter-company borrowings during this year, which was used to calculate the taxable income.

Profit for the year

Profit for the year increased by 19.0% from approximately RMB82.8 million for the year ended 31 December 2014 to approximately RMB98.5 million for the year ended 31 December 2015. The net profit margin increased from 1.9% to 2.2% during the same period due to change in other expenses which is offsetting the increase in consulting fees in relation to preparation of the Listing.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operations primarily through cash generated from operating activities, net proceeds received from the global offering of H share of the Company ("Global Offering") completed in January 2016 and interest-bearing bank and other borrowings. As of 31 December 2015 and 2014, the Group had cash and cash equivalents of approximately RMB49.2 million and approximately RMB26.6 million, respectively.

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

Amounts due from contract customers

The amounts due from contract customers increased from approximately RMB2,538.1 million as of 31 December 2014 to approximately RMB2,720.3 million as of 31 December 2015, representing 62.3% and 69.7% of the total current assets as of the same dates. The increase in the proportion of the amounts due from contract customers to the total current assets was primarily because of: (i) an increase in the number and scale of the construction projects during 2015; and (ii) the usual timing difference between the date of completion of construction works and the date of progress billings and the duration of the construction projects typically range from one to three years leading to an accumulated effect of the balance of amounts due from contract customers.

Trade and bill payables

Trade and bills payables decreased from approximately RMB2,615.2 million as of 31 December 2014 to approximately RMB2,168.5 million as of 31 December 2015 primarily due to a decrease in the trade payables because we timely settlement due to better payment control during 2015.

Borrowings and charge on assets

As of 31 December 2015, the Group relied on interest-bearing bank and other borrowings in the amount of approximately RMB699.1million (31 December 2014: approximately RMB635.4 million) which are repayable within 1 years. As of 31 December 2015, the Group do not have any inter-company borrowings (31 December 2014: approximately RMB16.2 million).

As at 31 December 2015, certain general banking facilities were secured by the land use rights and buildings of approximately RMB 99.4 million (31 December 2014: approximately RMB99.0 million).

Gearing ratio

The gearing ratio was 82.6% as at 31 December 2015 while the ratio as at 31 December 2014 was 86.3%. The decrease was mainly attributable to a steady increase in the total equity as of these dates.

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

Capital Expenditure

Capital expenditures decreased from approximately RMB12.2 million for the year ended 31 December 2014 to approximately RMB0.9 million for the year ended 31 December 2015 primarily because of the Group have made sufficient investments in the previous years to satisfy the needs of the business operations during the year.

Capital Commitments

As at 31 December 2015, the Group did not had capital commitment.

Contingent liabilities

As at 31 December 2015, 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 year ended 31 December 2015.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2015, the Group had total of 734 employees, of which 565 were based in Jiaxing City, and 169 were based in other areas in Zhejiang Province and in other provinces and regions in China. In 2015, the Group incurred total staff costs of approximately RMB33.4 million, representing an increase of approximately 8.2% as compared with those in 2014, mainly attributable to increase in headcount.

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

USE OF PROCEEDS

The Company's H shares were listed and commenced trading on the Stock Exchange on 12 January 2016, with net proceeds of approximately HK$167.8 million (equivalent to approximately RMB140.2 million), after deducting relevant listing expenses. As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus dated 30 December 2015.

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, as well as expand the presence overseas 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 to provide complete construction solutions for larger-scale and more complex construction projects

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 31 December 2015, the Group was the only holder of both the Premium Class Certificate and Engineering Design Certificate in Zhejiang Province, and one of the few in China. 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 a portion of the proceeds from the Listing 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 the reputation in Zhejiang Province and in other provinces and regions in China. The Group expects that the augmented reputation will allow us to undertake increasingly more prominent construction projects where the Group will be able to charge a premium price for the services. The Group plans to leverage the position as the only construction company in Zhejiang Province holding both certificates as of 31 December 2015 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 BT and PPP projects

The Group believes that build-transfer (BT) and public-private partnership (PPP) projects are attractive business opportunities that offer higher profit margins due to the increased ability to provide financing, control project costs and manage returns on the project. Moreover, according to Ipsos, an increasing number of infrastructure projects in China are expected to be completed on a BT or PPP basis in the coming years. As such, the Group intends to develop business opportunities to undertake more projects on a BT or PPP basis in the future. Under both BT and PPP models, the Group would generally be responsible for financing, investment, management and construction of the project. The Group believes that BT and PPP projects will enhance the profitability and brand recognition, and the Group intends to selectively undertake such projects in the future. BT and PPP projects are both awarded to qualified construction companies through a public bidding process held by relevant government authorities. The Group intends to leverage the strong relations 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 BT and PPP service provider, the Group plans to develop the BT and 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, bank borrowings and proceeds from the Global Offering.

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

The Group's vision is to become an internationally recognized construction solutions provider. In line with the strategy to expand the business internationally, the Group obtained the Overseas Contracting Certificate (對外承包工程資格證書) in 2010, allowing us to undertake construction projects overseas. The Group intends to conduct overseas business development and participate in overseas construction and infrastructure projects more actively as increased outbound investment and business activities are expected in line with the Belt and Road Initiative (一帶一路) recently announced by the PRC Government. The purpose of the Belt and Road Initiative is to integrate countries in Europe and Asia and develop closer regional ties through building infrastructure and broadening trade. As the PRC Government and various financial institutions devote increased funding to this initiative, the Group expects to see more infrastructure development projects being announced in the coming years. The Group plans to capitalize on such an opportunity to expand overseas and augment the reputation and brand recognition. As the Group undertakes more BT and PPP projects domestically, the Group intends to leverage the experience the Group will gain in undertaking such projects to embark on overseas infrastructure development projects in the future.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As of the Listing Date to the date of this announcement, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

NON-COMPETITION AGREEMENT

To ensure that competition will not exist in the future, the Mr. Lv Yaoneng, Zhejiang Jujiang Holdings Group Co., Ltd. (浙江巨匠控股集團有限公司) and Zhejiang Jujiang Equity Investment Management Co., Ltd. (浙江巨匠股權投資管理股份有限公司) as controlling shareholders (the "Controlling Shareholders") have entered into non-competition agreement (the "Non-Competition Agreement") with the Company to the effect that each of them will not, and will procure their subsidiaries (other than the Company) and their close associate(s) not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in, the principal business and other businesses.

NON-COMPETITION

The Group entered into the Non-Competition Agreement with the Controlling Shareholders on 23 December 2015, under which the Controlling Shareholders agreed not to, and to procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, compete, either directly or indirectly, with the principal business and other businesses, namely the design, survey and consultancy business and civil defense products manufacturing business, and granted to the Group the option for new business opportunities, option for acquisitions and pre-emptive rights.

The Controlling Shareholders have further irrevocably undertaken in the Non-Competition Agreement that, during the term of the Non-Competition Agreement, they (as appropriate) will not, and will also procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the principal business and other businesses. The foregoing restrictions are subject to the fact that the Company may waive certain new business opportunities pursuant to the terms and conditions under the Non-Competition Agreement.

The foregoing restrictions do not apply to: (i) the purchase by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with the principal business and other businesses; or (ii) the holding by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) of not more than 10% equity interest in other companies whose business competes or is likely to compete with the principal business and other businesses, as a result of a debt restructuring of such companies (collectively referred to as "Investment Companies" for scenarios (i) and (ii)). For the avoidance of doubt, the exceptions above do not apply to such Investment Companies which the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) are able to control their respective board of directors notwithstanding the fact that not more than 10% of the equity interests of such Investment Companies are being held by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate).

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this announcement, none of the Controlling Shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "Code Provisions") of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. As the H Shares were not yet listed on the Stock Exchange until 12 January 2016, the Code Provisions were not applicable to the Company in the year under review. Throughout the period since the Listing Date to the date of this announcement, the Company has fully complied with the Code Provisions, except code provision A.2.1 of the CG Code as more particularly described below.

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

Save as disclosed above, the Company has complied with the CG Code set out in Appendix 14 to the Listing Rules. The Directors will review the 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. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the period from the Listing Date to the date of this announcement.

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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (31 December 2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 27 April 2016 to 26 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 26 April 2016, being the business day before the first day of closure of the Register of Members.

MAJOR SUBSEQUENT EVENTS

The Company was listed on the Stock Exchange on 12 January 2016. Upon the Listing, the registered share capital was increased to RMB533,360,000, comprising 400,000,000 Domestic Shares and 133,360,000 H Shares. The net proceeds from the Company's issue of the H shares amounted to approximately RMB140.2 million.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jujiang.cn) and the 2015 Annual 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.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be held on 26 May 2016. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

AUDIT COMMITTEE

The audit committee of the Company had reviewed together with the management and external auditor of the Company has reviewed the accounting principles and policies adopted by the Group and discussed the internal control and financial reporting matters including a review of the annual results of the Group for the year ended 31 December 2015.

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

Zhejiang Province, the PRC, 21 March 2016

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