巨匠建设
JUJIANG CONSTRUCTION GROUP

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

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2016	2015	Change
	RMB'000	RMB'000	%
Revenue	**4,032,168**	4,424,646	(8.87)
Gross Profit	**224,697**	233,156	(3.63)
Gross Profit Margin	***5.57%***	*5.27%*	*0.30*
Profit for the year	**90,234**	98,524	(8.41)
Net Profit Margin	***2.24%***	*2.23%*	*0.01*
Basic and diluted earnings per share (RMB)	**0.17**	0.25	

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 2016, 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 2016

	Notes	For the year ended 31 December **2016** **RMB'000**	 2015 RMB'000
Revenue	5	**4,032,168**	4,424,646
Cost of sales		**(3,807,471)**	(4,191,490)
Gross profit		**224,697**	233,156
Other income and gains	5	**20,218**	9,186
Administrative expenses		**(73,332)**	(73,173)
Other expenses		**(4,823)**	9,025
Finance costs		**(42,741)**	(43,802)
PROFIT BEFORE TAX	6	**124,019**	134,392
Income tax expense	7	**(33,785)**	(35,868)
PROFIT FOR THE YEAR		**90,234**	98,524
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**90,234**	98,524
Profit attributable to:			
Owners of the parent		**89,684**	98,517
Non-controlling interests		**550**	7
		90,234	98,524
Total comprehensive income attributable to:		**89,684**	98,517
Owners of the parent		**550**	7
Non-controlling interests		**90,234**	98,524
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	8	**0.17**	0.25

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	As at 31 December 2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**135,336**	122,684
Prepaid land lease payments		**9,288**	9,579
Intangible assets		**2,102**	1,435
Available-for-sale investment		**3,600**	3,600
Deferred tax assets		**15,891**	17,850
Trade and bills receivables	9	**26,648**	14,421
Prepayments, deposits and other receivables		**47,707**	34,604
Other non-current assets		**116**	437
Total non-current assets		**240,688**	204,610
CURRENT ASSETS			
Prepaid land lease payments		**291**	291
Inventories		**7,612**	2,863
Trade and bills receivables	9	**647,359**	395,434
Prepayments, deposits and other receivables		**488,918**	722,251
Amounts due from contract customers	10	**2,998,346**	2,720,263
Pledged deposits		**18,110**	10,640
Cash and cash equivalents		**65,013**	49,218
Total current assets		**4,225,649**	3,900,960
CURRENT LIABILITIES			
Trade and bills payables	11	**2,330,523**	2,168,474
Other payables, advances from customers and accruals		**216,549**	245,285
Amounts due to contract customers	10	**113,970**	87,976
Interest-bearing bank and other borrowings	12	**644,491**	699,060
Tax payable		**130,544**	106,404
Total current liabilities		**3,436,077**	3,307,199
NET CURRENT ASSETS		**789,572**	593,761
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,030,260**	798,371

		As at 31 December	
		2016	2015
	Notes	**RMB’000**	RMB’000
NON-CURRENT LIABILITIES			
Other payables and accruals		**24,804**	24,402
Total non-current liabilities		**24,804**	24,402
Net assets		**1,005,456**	773,969
EQUITY			
Equity attributable to owners of the parent			
Share capital		**533,360**	400,000
Reserves		**466,682**	369,105
		1,000,042	769,105
Non-controlling interests		**5,414**	4,864
Total equity		**1,005,456**	773,969

1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Qitang Commune Construction Agency, was established in the People's Republic of China (the "PRC") on 25 October 1965 as a collective economy agency (集體經濟社). In July 1996, the Company was converted into a company with limited liability. The Company became a joint stock company with limited liability on 29 December 2014 and changed its name to Jujiang Construction Group Co., Ltd. The registered office address of the Company is Gaoqiao Town, Jiaxing City, Zhejiang Province, the PRC. The Company's H 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 2016, 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.*(浙江巨匠控股集團有限公司).

2. BASIS OF PREPARATION

These financial statements have 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 consolidated statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. 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 above. 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
IFRS 14	*Regulatory Deferral Accounts*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*

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

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 defence 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 2016	**Construction contracting**	**Others**	**Elimination**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue:				
Sales to external customers	**3,999,061**	**33,107**	**-**	**4,032,168**
Intersegment sales	**-**	**1,232**	**(1,232)**	**-**
Total revenue	**3,999,061**	**34,339**	**(1,232)**	**4,032,168**
Segment results	**127,315**	**(3,296)**	**-**	**124,019**
Income tax expense	**(32,596)**	**(1,189)**	**-**	**(33,785)**
Profit/(loss) for the year	**94,719**	**(4,485)**	**-**	**90,234**
Segment assets	**4,559,333**	**108,838**	**(201,834)**	**4,466,337**
Segment liabilities	**3,500,377**	**66,489**	**(105,985)**	**3,460,881**
Other segment information:				
Interest income	**336**	**45**	**-**	**381**
Finance costs	**38,237**	**4,504**	**-**	**42,741**
Depreciation	**6,640**	**857**	**-**	**7,497**
Amortisation	**531**	**26**	**-**	**557**
Impairment/(reversal of impairment) of trade receivables, deposits and other receivables	**2,236**	**(53)**	**-**	**2,183**
Capital expenditure*	**20,725**	**483**	**-**	**21,208**

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/(loss) 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
Reversal of impairment of trade receivables, deposits and other receivables	(9,096)	(84)	-	(9,180)
Capital expenditure*	873	58	-	931

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	
	2016	2015
	RMB’000	RMB’000
Revenue		
Construction contracting	**3,999,061**	4,400,931
Others	**33,107**	23,715
	4,032,168	4,424,646
Other income and gains		
Interest income	**381**	796
Government grant*	**13,193**	5,540
Dividend income from investment	**3,600**	-
Others	**3,044**	2,850
	20,218	9,186

Note:

* Government grant mainly consists of the Tongxiang Government fund due to the Group listed in Hong Kong.

6. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Cost of construction contracting (including depreciation)	**3,780,595**	4,174,392
Cost of others	**26,876**	17,098
Total cost of sales	**3,807,471**	4,191,490
Depreciation of items of property, plant and equipment	**7,497**	8,456
Amortisation of prepaid land lease payments	**291**	292
Amortisation of intangible assets	**266**	225
Total depreciation and amortisation	**8,054**	8,973
Reversal of impairment of trade receivables	**(71)**	(434)
Impairment/(reversal of impairment) of deposits and other receivables	**2,254**	(8,746)
Total impairment losses/(reversal of impairment), net	**2,183**	(9,180)
Minimum lease payments under operating leases of land and buildings	**994**	1,023
Auditors' remuneration	**2,369**	2,563
Employee benefit expenses (including Directors' and Supervisors' remuneration):	**37,609**	33,369
- Wages, salaries and allowances	**28,942**	24,344
- Social insurance	**6,241**	7,290
- Welfare and other expenses	**2,426**	1,735
Interest income	**(381)**	(796)
Gain on disposal of items of property, plant and equipment, net	**(1,451)**	-

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Current income tax – Mainland China		
- Charge for the year	**31,826**	35,420
- Under provision in prior years	**-**	228
Deferred income tax	**1,959**	220
Tax charge for the year	**33,785**	35,868

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 2016 and 2015 is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit before tax	**124,019**	134,392
Income tax charge at the statutory income tax rate	**31,005**	33,598
Expenses not deductible for tax purposes	**1,544**	1,344
Tax losses not recognised	**1,236**	926
Tax charge for the year at the effective rate	**33,785**	35,868

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

The calculation of the basic earnings per share amount is based on the profit for the 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 2016.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2016 and 2015 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2016 and 2015.

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation	**89,684**	98,517

	Year ended 31 December	
	2016	2015
	'000	'000
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**528,988**	400,000

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	
	2016	2015
	RMB'000	RMB'000
Trade receivables	**662,703**	374,813
Provision for impairment	**(19,245)**	(19,316)
Trade receivables, net	**643,458**	355,497
Bills receivable	**30,549**	54,358
	674,007	409,855
Portion classified as non-current assets [1]	**(26,648)**	(14,421)
Current portion	**647,359**	395,434

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

At the end of 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	
	2016	2015
	RMB'000	RMB'000
Retentions in trade receivables	**28,293**	26,807
Provision for impairment	**(74)**	(30)
Retentions in trade receivables, net	**28,219**	26,777
Portion classified as non-current assets	**(26,648)**	(14,421)
Current portion	**1,571**	12,356

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 3 months	**237,915**	201,907
3 months to 6 months	**28,571**	36,304
6 months to 1 year	**283,482**	51,306
1 to 2 years	**49,524**	37,217
2 to 3 years	**21,101**	22,256
3 to 4 years	**18,410**	5,546
4 to 5 years	**3,817**	479
Over 5 years	**638**	482
	643,458	355,497

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
At beginning of the year	**19,316**	19,750
Impairment losses recognised	**830**	400
Impairment losses reversed	**(901)**	(834)
At end of the year	**19,245**	19,316

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

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

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Neither past due nor impaired	**265,433**	227,438
Past due within 1 year but not impaired	**310,444**	86,000
	575,877	313,438

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with carrying amounts of approximately RMB27,852,000 and approximately RMB50,576,000 as at 31 December 2016 and 2015 respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse approximately RMB27,852,000 and approximately RMB50,576,000 as at 31 December 2016 and 2015 respectively.

Transferred financial assets that are derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in the PRC (the "Derecognised Bills"), to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of, approximately RMB121,066,000 and approximately RMB73,663,000 as at 31 December 2016 and 2015, respectively. The Derecognised Bills have a maturity from one to six months at the end of the each of Reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

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

10. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Amount due from contract customers	**2,998,346**	2,720,263
Amount due to contract customers	**(113,970)**	(87,976)
	2,884,376	2,632,287

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Accumulated contract costs incurred plus recognised profits less recognised losses to date	**27,429,443**	25,210,988
Less: Accumulated progress billings received and receivable	**(24,545,067)**	(22,578,701)
	2,884,376	2,632,287

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	
	2016	2015
	RMB'000	RMB'000
Within 6 months	**267,491**	1,849,404
6 months to 1 year	**1,472,885**	225,707
1 to 2 years	**531,766**	65,628
2 to 3 years	**41,773**	18,521
Over 3 years	**16,608**	9,214
	2,330,523	2,168,474

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 2016			As at 31 December 2015		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Bank loans – mortgaged	**4.35-9.5**	**2017**	**507,607**	4.8-9.5	2016	524,200
Bank loans –guaranteed	**4.68-21.6**	**2017**	**136,884**	5.1-21.6	2016	174,860
			644,491			699,060

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**644,491**	699,060

Notes:

(a) Certain of the Group's buildings with net carrying amounts of approximately RMB98,215,000 and approximately RMB99,397,000 as at 31 December 2016 and 2015, respectively, were pledged to secure general banking facilities granted to the Group.

(b) As at 31 December 2016 and 2015, the Group's interest-bearing bank loans and other borrowings of approximately RMB621,941,000and approximately RMB602,310,000, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

13. COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

China's rapid economic growth over the years has spurred the development of its construction industry. Given China's continuous urbanization in relation to improving community functions and facilities in urban areas, the demand for construction industry is expected to maintain its momentum. According to the report by Ipsos limited, in 2016, the urbanization rate of China was 57.4%. 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 RMB18,075.7 billion for the year ended 31 December 2015 to approximately RMB19,356.7 billion for the year ended 31 December 2016, representing an increase of 7.1%.

BUSINESS REVIEW

In 2016, the Company actively responded to the intensely competitive business environment by integrating its resources and optimizing its operations management. Having established a strong foothold in Jiaxing City, the Company seeks to expand to new markets focusing on the strategies of "Going out", acquiring major customers and providing quality services. The Company has set a number of business goals, and put efforts in keeping track of the key areas so as to take targeted steps to effectively enhance the quantity and quality of newly signed contracts. As at the end of 2016, the Company has built relationships with a dozen of quality major customers, including Country Garden Holdings Company Limited ("Country Garden"), China Vanke Co., Ltd. ("Vanke"), Greentown China Holdings Limited ("Greentown"), Jiayuan Chuangsheng Holding Group Co.,Ltd. ("Jiayuan"), Sunac China Holdings Limited ("Sunac"), Zhenshi Holding Group Co., Ltd. ("Zhenshi") and Tongkun Group Co.,Ltd.*(桐昆集團股份有限公司) ("Tongkun"). Key high-end projects undertaken by the Company included Phase one of CCTV New Film Tongxiang Park and Puyuan Woolen Sweater Town. Committed to providing excellent products and services, the Company is able to maintain strong and stable partnerships with all customers, thus contributing to its steady and healthy development.

The Company has been placing a great deal of emphasis on innovation in production technologies. In 2016, the Company leveraged on the "Academician Workstations" and "Industry-Academic Research" platforms to expand the scale of technological cooperation with external parties, aiming to offer technical support to its on-going projects, and two technological projects of municipal-level or above were declared during the year. On the other hand, the Company actively promoted technological innovation and application, aiming to explore new technologies and construction methods for its projects, and facilitate the declaration of patented technologies. In 2016, nine applications for national patents filed by the Company were accepted, eight patents were approved, and one excellent QC accomplishment award at the national-level, two at the provincial-level, and four at the municipal-level were granted. Phase One of the Tongxiang Tourism Plaza was listed as Provincial New Technology Application Demonstration Project and Green Demonstration Construction Project in Jiaxing City. In addition, the Muxin Art Museum constructed by the Company was awarded the 2016 World Architecture Festival Award, which is the most influential and largest architectural award in the world to date.

For the year ended 31 December 2016, approximately 99.2% of the revenue was contributed by the construction contracting business. The Group recorded revenue of approximately RMB4,032.2 million for the year ended 31 December 2016, decreased by 8.9% year-by-year. The net profit for the year ended 31 December 2016 as compared to the net profit for the year ended 31 December 2015 dropped by approximately 8.4% to approximately RMB90.2 million.

	Year ended 31 December			
	2016		2015	
	RMB'million	**%**	RMB'million	%
Construction contracting business				
Residential	**1,691.1**	**42.0**	1,547.0	35.0
Commercial	**1,754.1**	**43.5**	2,306.0	52.1
Industrial	**339.4**	**8.4**	255.7	5.8
Public works	**214.5**	**5.3**	292.2	6.6
	3,999.1	**99.2**	4,400.9	99.5
Other business	**33.1**	**0.8**	23.7	0.5
Total revenue	**4,032.2**	**100.0**	4,424.6	100.0

During the year, the Group promoted to work in high end projects and work with high value customers, including securing quality new customers such as Country Garden, Greentown and, Sunac. As at 31 December 2016, the backlog was increased by 8.5% to approximately RMB5,422.6 million as compared with the backlog of approximately RMB4,999.4 million as at 31 December 2015.

	Year ended 31 December	
	2016	2015
	RMB'million	RMB'million
Opening value of backlog	**4,999.4**	4,756.4
Net value of new projects[(1)]	**4,468.0**	4,796.5
Revenue recognized[(2)]	**(4,044.8)**	(4,553.5)
Closing value of backlog[(3)]	**5,422.6**	4,999.4

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 decreased by approximately 8.9% from approximately RMB4,424.6 million for the year ended 31 December 2015 to approximately RMB4,032.2 million for the year ended 31 December 2016. The decrease in the revenue was mainly a result of the decrease in revenue from commercial construction projects as a result of completion of some major projects in 2015, partly offset by an increase in revenue from residential construction projects as a result of recovery of the residential real estate market during the year. The Group co-operated with some mega property developers, such as Vanke and Greentown, for the residential projects in 2016, it was a new driver for the Group to maintain the revenue growth in residential sector.

Gross profit decreased by approximately 3.6% from approximately RMB233.2 million for the year ended 31 December 2015 to approximately RMB224.7 million for the year ended 31 December 2016 mainly due to the decrease in business activities of the construction contracting business for the reasons discussed above. The gross profit margin improved from approximately 5.27% for the year ended 31 December 2015 to approximately 5.57% for the year ended 31 December 2016, such increase is mainly attributing to (i) increase in gross profit margins of the commercial and residential projects after the Group obtained the Premium Class Certificate for General Building Construction Contracting Work ("Premium Class Certificate") and the Grade A Engineering Design (Construction Industry) Certificate ("Engineering Design Certificate") on 28 January 2015 and (ii) the Group was in line with their strategies to focus on quality customers and high-margin projects.

Other income and gains

Other income and gains increased by approximately 119.6% from approximately RMB9.2 million for the year ended 31 December 2015 to approximately RMB20.2 million for the year ended 31 December 2016 primarily because of an one-off government grants of approximately RMB11.5 million in relation to the Listing and a dividend income from an available-for-sale investment amounting to approximately RMB3.6 million for the year ended 31 December 2016.

Administrative expenses

The administrative expenses increased by approximately 0.2% from approximately RMB73.2 million for the year ended 31 December 2015 to approximately RMB73.3 million for the year ended 31 December 2016 which remained stable.

Other expenses

Other expenses changed from an income of approximately RMB9.0 million for the year ended 31 December 2015 to an expenditure of approximately RMB4.8 million for the year ended 31 December 2016, primarily as a result of a reversal of provision made for impairment for other receivables by approximately RMB8.7 million for the year ended 31 December 2015 as a provision for impairment for other receivables amounting to approximately RMB2.3 million was made for the year ended 31 December 2016.

Finance costs

Finance costs were stable at approximately RMB42.7 million and approximately RMB43.8 million for the year ended 31 December 2016 and 2015 respectively, primarily attributing to the average loan balance did not have any material change.

Income tax expense

Income tax expenses decreased by 5.8% from approximately RMB35.9 million for the year ended 31 December 2015 to approximately RMB33.8 million for the year ended 31 December 2016 primarily because of decrease in revenue. The effective tax rate increased from 26.7% for the year ended 31 December 2015 to 27.2% for the year ended 31 December 2016 primarily because increase in tax losses not recognized and non-deductible expenses.

Profit for the year

Profit for the year decreased by approximately 8.4% from approximately RMB98.5 million for the year ended 31 December 2015 to approximately RMB90.2 million for the year ended 31 December 2016, such decrease was in line with decrease in revenue. The net profit margin maintained at approximately 2.23% and approximately 2.24% for the year ended 31 December 2015 and 2016, respectively.

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 2016 and 2015, the Group had cash and cash equivalents of approximately RMB65.0 million and approximately RMB49.2 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 RMB2,720.3 million as of 31 December 2015 to approximately RMB2,998.3 million as of 31 December 2016, representing 69.7% and 71.0% of the total current assets as of the same dates. The proportion of the amounts due from contract customers to the total current assets was stable. Increase in absolute amounts of amounts due from contract customers primarily because of 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.

Borrowings and charge on assets

As of 31 December 2016, the Group relied on interest-bearing bank and other borrowings in the amount of approximately RMB644.5 million (31 December 2015: approximately RMB699.1 million) which are repayable within 1 year and carried effective interest rate with a range from 4.4% to 21.6% per annum (31 December 2015: 4.8% to 21.6% per annum).

As at 31 December 2016, certain general banking facilities were secured by the land use rights and buildings of approximately RMB98.2 million (31 December 2015: approximately RMB99.4 million).

Gearing ratio

The gearing ratio decreased from 82.6% as at 31 December 2015 to 55.8% as at 31 December 2016. The decrease was mainly attributable to a steady increase in the total equity during the year and the net proceeds from the Global Offering.

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 increased from approximately RMB0.9 million for the year ended 31 December 2015 to approximately RMB21.2 million for the year ended 31 December 2016 primarily because the Group used the net proceeds from the Global Offering for purchase of new equipment and machinery to undertake larger-scale and more complex construction projects.

Capital Commitments

As at 31 December 2016, the Group did not have any significant commitments.

Contingent liabilities

As at 31 December 2016, the Group had no material contingent liabilities.

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2016.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2016, the Group had total of 678 employees, of which 562 were based in Jiaxing City, and 116 were based in other areas in Zhejiang Province and in other provinces and regions in China. In 2016, the Group incurred total staff costs of approximately RMB37.6 million, representing an increase of approximately 12.7% as compared with those in 2015, mainly attributable to increase in employees benefits.

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 was listed on the Stock Exchange on 12 January 2016. The net proceeds from the Company's issue of new shares amounted to approximately RMB140.2 million. As at 31 December 2016, the Company has fully used the proceeds of approximately RMB140.2 million for funding of new construction projects, repayment of the loans, purchase of new equipment and machinery and general corporate purposes, which is complied with the intended use of proceeds set out in the section headed ''Future Plans and Use of Proceeds'' contained in the prospectus of the Company dated 30 December 2015 (the "Prospectus").

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 2016, the Group was one of the few holders of both the Premium Class Certificate and Engineering Design Certificate in Zhejiang Province. Leveraging the favorable position in the industry, the Group intends to undertake larger-scale and more complex construction projects. As profitability generally increases with the size and complexity of construction projects, undertaking such construction projects will enable us to enhance the profitability. Moreover, undertaking projects where the Group provides construction general contracting and design, survey and consultancy services allows us to vertically integrate the business. The Group will be able to take into account the costs and have better control over quality at the earlier design stage of the construction project. To facilitate the undertaking of larger-scale and more complex construction projects, the Group plans to apply 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 in Zhejiang Province holding both certificates to gain more bargaining power for favorable prices for raw materials and equipment and machinery, which will lower the costs and enhance the profitability.

Develop business opportunities to undertake 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.

Actively developed the Building Information Modelling ("BIM Technology")

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

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2016 and up 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. Throughout the year ended 31 December 2016 and up 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.

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

Save as disclosed above, 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 set out in Appendix 10 to the Listing Rules ("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.

EVENT AFTER THE REPORTING PERIOD

No significant event of the Group occurred after the end of the reporting period.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (31 December 2015: 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 20 April 2017 to 19 May 2017, 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 19 April 2017, being the business day before the first day of closure of the register of members.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2016 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 2016 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 19 May 2017. 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 2016.

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

Zhejiang Province, the PRC, 29 March 2017

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. Yu Jingxuan, Mr. Lin Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.

** for recertification purposes only*