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 2017

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2017	2016	Change
	RMB'000	RMB'000	%
Revenue	**4,803,019**	4,032,168	19.1
Gross Profit	**276,692**	224,697	23.1
Gross Profit Margin	***5.76%***	*5.57%*	*0.19*
Profit for the year	**125,203**	90,234	38.8
Net Profit Margin	***2.61%***	*2.24%*	*0.37*
Basic and diluted earnings per share (RMB)	**0.23**	0.17	

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 2017, 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 2017

	Notes	For the year ended 31 December **2017** **RMB'000**	 2016 RMB'000
Revenue	5	**4,803,019**	4,032,168
Cost of sales		**(4,526,327)**	(3,807,471)
Gross profit		**276,692**	224,697
Other income and gains	5	**10,365**	20,218
Administrative expenses		**(66,632)**	(73,332)
Other expenses		**(12,923)**	(4,823)
Finance costs		**(39,047)**	(42,741)
PROFIT BEFORE TAX	6	**168,455**	124,019
Income tax expense	7	**(43,252)**	(33,785)
PROFIT FOR THE YEAR		**125,203**	90,234
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**125,203**	90,234
Profit attributable to:			
Owners of the parent		**123,792**	89,684
Non-controlling interests		**1,411**	550
		125,203	90,234
Total comprehensive income attributable to:		**123,792**	89,684
Owners of the parent		**1,411**	550
Non-controlling interests		**125,203**	90,234
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	8	**0.23**	0.17

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	As at 31 December 2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**132,559**	135,336
Prepaid land lease payments		**8,997**	9,288
Other intangible assets		**2,407**	2,102
Available-for-sale investment		**-**	3,600
Deferred tax assets		**17,113**	15,891
Trade receivables	9	**25,173**	26,648
Prepayments, deposits and other receivables		**40,412**	47,707
Other non-current assets		**15**	116
Total non-current assets		**226,676**	240,688
CURRENT ASSETS			
Prepaid land lease payments		**291**	291
Inventories		**12,028**	7,612
Amounts due from contract customers	10	**3,084,495**	2,998,346
Trade and bills receivables	9	**926,544**	647,359
Prepayments, deposits and other receivables		**437,571**	488,918
Pledged deposits		**18,752**	18,110
Cash and cash equivalents		**83,859**	65,013
Total current assets		**4,563,540**	4,225,649
CURRENT LIABILITIES			
Trade and bills payables	11	**2,586,026**	2,330,523
Other payables, advances from customers and accruals		**232,574**	216,549
Amounts due to contract customers	10	**132,125**	113,970
Interest-bearing bank and other borrowings	12	**549,561**	644,491
Tax payable		**159,044**	130,544
Total current liabilities		**3,659,330**	3,436,077
NET CURRENT ASSETS		**904,210**	789,572
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,130,886**	1,030,260

	Notes	As at 31 December **2017** **RMB'000**	2016 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals		**827**	24,804
Total non-current liabilities		**827**	24,804
Net assets		**1,130,059**	1,005,456
EQUITY			
Equity attributable to owners of the parent			
Share capital		**533,360**	533,360
Reserves		**590,474**	466,682
		1,123,834	1,000,042
Non-controlling interests		**6,225**	5,414
Total equity		**1,130,059**	1,005,456

1. CORPORATE AND GROUP INFORMATION

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

During the year ended 31 December 2017, 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 (collectively referred to as the **"Group"**) for the year ended 31 December 2017. 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 or 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 IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in Annual Improvements 2014-2016 Cycle	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

These revised standards do not have any 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 2017	**Construction contracting**	**Others**	**Eliminations**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue:				
Sales to external customers	**4,751,245**	**51,774**	**-**	**4,803,019**
Intersegment sales	**-**	**4,072**	**(4,072)**	**-**
Total revenue	**4,751,245**	**55,846**	**(4,072)**	**4,803,019**
Segment results	**159,532**	**10,323**	**(1,400)**	**168,455**
Income tax expense	**(39,930)**	**(3,322)**	**-**	**(43,252)**
Profit for the year	**119,602**	**7,001**	**(1,400)**	**125,203**
Segment assets	**4,919,049**	**118,542**	**(247,375)**	**4,790,216**
Segment liabilities	**3,740,491**	**71,191**	**(151,525)**	**3,660,157**
Other segment information:				
Interest income	**378**	**54**	**-**	**432**
Finance costs	**35,137**	**3,910**	**-**	**39,047**
Depreciation	**7,966**	**619**	**-**	**8,585**
Amortisation	**681**	**45**	**-**	**726**
Impairment of trade receivables, deposits and other receivables	**7,314**	**10**	**-**	**7,324**
Capital expenditure*	**6,313**	**313**	**-**	**6,626**

Year ended 31 December 2016	Construction contracting	Others	Eliminations	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 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

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) an appropriate proportion of contract revenue from construction contracting; and (3) the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Revenue		
Construction contracting	**4,751,245**	3,999,061
Others	**51,774**	33,107
	4,803,019	4,032,168
Other income and gains		
Interest income	**432**	381
Government grants	**1,031**	13,193
Dividend income from available-for-sale investment	**4,680**	3,600
Gain on disposal of available-for-sale investment	**164**	-
Others	**4,058**	3,044
	10,365	20,218

6. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Cost of construction contracting (including depreciation)	**4,489,851**	3,780,595
Cost of others	**36,476**	26,876
Total cost of sales	**4,526,327**	3,807,471
Depreciation of items of property, plant and equipment	**8,585**	7,497
Amortisation of prepaid land lease payments	**291**	291
Amortisation of intangible assets	**435**	266
Total depreciation and amortisation	**9,311**	8,054

Impairment/(reversal of impairment) of trade receivables	**11,413**	(71)
(Reversal of impairment)/impairment/of deposits and other receivables	**(4,089)**	2,254
Total impairment losses, net	**7,324**	2,183
Minimum lease payments under operating leases of land and buildings	**796**	994
Auditors' remuneration	**2,830**	2,369
Employee benefit expenses (including directors' and supervisors' remuneration):	**38,855**	37,609
- Wages, salaries and allowances	**32,237**	28,942
- Social insurance	**5,442**	6,241
- Welfare and other expenses	**1,176**	2,426
Interest income	**(432)**	(381)
Gain on disposal of items of property, plant and equipment, net	**(2,998)**	(1,451)

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Current income tax – Mainland China		
- Charge for the year	**45,374**	31,826
- Over provision in prior years	**(900)**	-
Deferred income tax	**(1,222)**	1,959
Tax charge for the year	**43,252**	33,785

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 2017 and 2016 is as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Profit before tax	**168,455**	124,019
Income tax charge at the statutory income tax rate	**42,114**	31,005
Income not subject to tax	**(1,170)**	-
Expenses not deductible for tax purposes	**1,578**	1,544
Adjustments in respect of current tax of prior year	**(900)**	-
Tax losses not recognised	**1,630**	1,236
Tax charge for the year at the effective rate	**43,252**	33,785

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 2017.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2017 and 2016 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2017 and 2016.

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**123,792**	89,684

	Year ended 31 December	
	2017	2016
	'000	'000
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**533,360**	528,988

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	
	2017	2016
	RMB'000	RMB'000
Trade receivables	**799,772**	662,703
Provision for impairment	**(30,658)**	(19,245)
Trade receivables, net	**769,114**	643,458
Bills receivable	**182,603**	30,549
	951,717	674,007
Portion classified as non-current assets [1]	**(25,173)**	(26,648)
Current portion	**926,544**	647,359

(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	
	2017	2016
	RMB'000	RMB'000
Retentions in trade receivables	**69,894**	28,293
Provision for impairment	**(146)**	(74)
Retentions in trade receivables, net	**69,748**	28,219
Portion classified as non-current assets	**(25,173)**	(26,648)
Current portion	**44,575**	1,571

An aging 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	
	2017	2016
	RMB'000	RMB'000
Within 3 months	**338,663**	237,915
3 months to 6 months	**63,112**	28,571
6 months to 1 year	**141,979**	283,482
1 to 2 years	**181,790**	49,524
2 to 3 years	**19,576**	21,101
3 to 4 years	**13,106**	18,410
4 to 5 years	**7,020**	3,817
Over 5 years	**3,868**	638
	769,114	643,458

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

	Year ended 31 December	
	2017	2016
	RMB'000	RMB'000
At beginning of the year	**19,245**	19,316
Impairment losses recognised	**11,413**	830
Impairment losses reversed	**-**	(901)
At end of the year	**30,658**	19,245

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of approximately RMB10,598,000 and approximately RMB10,090,000 with aggregate carrying amounts before provision of approximately RMB10,598,000 and approximately RMB10,090,000 as at 31 December 2017 and 2016, respectively.

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

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Neither past due nor impaired	**403,257**	265,433
Past due within 1 year but not impaired	**201,454**	310,444
	604,711	575,877

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in Mainland China (the **"Endorsed Bills"**) with carrying amounts of approximately RMB141,751,000 and approximately RMB27,852,000 as at 31 December 2017 and 2016 respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the **"Endorsement"**). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse approximately RMB141,751,000 and approximately RMB27,852,000 as at 31 December 2017 and 2016 respectively.

Transferred financial assets that are derecognised in their entirety

The Group endorsed certain bills receivable accepted by banks in the PRC (the **"Derecognised Bills"**), to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of, approximately RMB422,068,000 and approximately RMB121,066,000 as at 31 December 2017 and 2016, 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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Amount due from contract customers	**3,084,495**	2,998,346
Amount due to contract customers	**(132,125)**	(113,970)
	2,952,370	2,884,376

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Accumulated contract costs incurred plus recognised profits less recognised losses to date	**31,689,928**	27,429,443
Less: Accumulated progress billings received and receivable	**(28,737,558)**	(24,545,067)
	2,952,370	2,884,376

11. TRADE AND BILLS PAYABLES

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

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Within 6 months	**1,272,495**	267,491
6 months to 1 year	**725,478**	1,472,885
1 to 2 years	**300,129**	531,766
2 to 3 years	**233,826**	41,773
Over 3 years	**54,098**	16,608
	2,586,026	2,330,523

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 2017			As at 31 December 2016		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Bank loans – mortgaged	**4.35-7.22**	**2018**	**399,677**	4.35-9.5	2017	507,607
Bank loans – guaranteed	**4.79-20.4**	**2018**	**140,589**	4.68-21.6	2017	136,884
Bank loans – other	**7.18**	**2018**	**9,295**	n/a	n/a	-
			549,561			644,491

	As at 31 December	
	2017	2016
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**549,561**	644,491

Notes:

(a) Certain of the Group's buildings with net carrying amounts of approximately RMB95,518,000 and approximately RMB98,215,000 as at 31 December 2017 and 2016, respectively, were pledged to secure general banking facilities granted to the Group.

(b) As at 31 December 2017 and 2016, the Group's interest-bearing bank loans and other borrowings of approximately RMB511,516,000 and approximately RMB621,941,000, 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. The urbanization rate of China was 58.5% in 2017. Urbanization rate represents the rate of change in the size of the urban population over a certain period. According to the report by Ipsos, 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 RMB19,356.7 billion for the year ended 31 December 2016 to approximately RMB21,395.4 billion for the year ended 31 December 2017, representing an increase of 10.5%.

BUSINESS REVIEW

In 2017, with its constant focus on the yearly development strategy and business plan, management of the Company restructured the business vigorously and pushed for the optimization of market layout proactively. It also make full use of the Company's own brand superiority to strengthen the allocation of business resources by deepening the strategies of 'major customers', 'going out', and 'quality business'. While consolidating and developing the regional competitive advantage, the Company actively expanded new business areas and ensured the smooth realization of all the objectives. During the year, the net value of new projects significantly increased by approximately 63.5% to approximately RMB7.3 billion as compared with the same in last year. As at 31 December 2017, the outstanding backlog in terms of contract value was approximately to RMB8.0 billion.

The following table sets forth the movement of backlog of the construction projects during the years:

	Year ended 31 December	
	2017	2016
	RMB'million	RMB'million
Opening value of backlog	**5,422.6**	4,999.4
Net value of new projects[(1)]	**7,305.4**	4,468.0
Revenue recognized[(2)]	**(4,751.2)**	(4,044.8)
Closing value of backlog[(3)]	**7,976.8**	5,422.6

Notes:

(1) Net value of new contracts means the total contract value of new construction contracting contracts which were awarded to us during the relevant 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.

With the Company's development strategy of "major customers", the Company has not only enhanced good relationship with local customers, but also expanded its engagement with China's top ten real estate companies. Since 2016, the Company has been committed to nurturing new and high-quality customers such as Country Garden Holdings Company Limited (**"Country Garden"**), China Vanke Co., Ltd. (**"Vanke"**), Sunac China Holdings Limited (**"Sunac"**) and Greentown China Holdings Limited, and in 2017, it has further expanded the cooperation and successfully seized the opportunity to strive for new large-scale development projects. In the past, the Company's major customers were local large customers such as Zhenshi Holding Group Co., Ltd., Jushi Group Co., Ltd., Tongkun Group Co., Ltd.*（桐昆集團股份有限公司）and Zhejiang Huayou Cobalt Co., Ltd., representing approximately 13.4% of the Company's total contract value for the same period last year. However, following the transformation of the Company's development strategy and the improvement of project quality, customers are more confident in establishing a long-term partnership with the Company. This year, China's top ten real estate companies (Country Garden, Vanke, Sunac and China Fortune Land Development Co., Ltd.) accounted for a total of approximately 26.8% of the total contract value of the Company in 2017, representing an increase of approximately 3.1 times as compared to 2016, reflecting an increase in the proportion of major customers in the Company's contract value. At the same time, the Company actively exploring new areas. Making use of the Company's potentials, performance, and brand advantages, it successfully won the bid for the Phase I of Engineering Procurement Construction (**"EPC"**) project for "Buttonwood +", making a zero breakthrough in EPC projects. The Company was aggressively following up the negotiations about public-private partnership (**"PPP"**) projects. It also pushed for the research on the prefabricated structure for precast concrete (**"PC"**) for completing preliminary work on the preparations for building an industrialization base.

With the Company's development strategy of "going out", the customer base is also increasingly diversified. In terms of our footprint in China, the Company expanded beyond Jiaxing market and contracted a large number of projects in Zhejiang, Ningbo, Hangzhou, Huzhou and Taizhou in 2017. Furthermore, it has established cooperative relationships with local Central China Real Estate Group (China) Company Limited(建業住宅集團(中國)有限公司), Zhengzhou Meisheng Real Estate Development Co., Ltd.*(鄭州美盛房地產開發有限公司) and Zhengzhou Kangqiao Real Estate Development Co., Ltd.*(鄭州康橋房地產開發有限責任公司) in Zhengzhou, Henan Province to understand the local business environment, which indicates a further market expansion potential. By region, Jiaxing market accounted for the Company's total new contract amounts of approximately 51.4%, a decrease of approximately 10.0% compared to the same period of last year, reflecting that the Company's customers are no longer confined to the local market but have continued to expand geographically this year which in turn raised the profile of the Group in other provinces and regions in Zhejiang.

The following table sets forth a breakdown of new contract amounts by region for the years indicated:

	Year ended 31 December				
	2017		2016		Change
	RMB'million	**%**	RMB'million	%	%
Jiaxing City	**3,753.0**	**51.4**	2,743.6	61.4	36.8
Zhejiang Province (except Jiaxing City)	**1,751.0**	**24.0**	462.3	10.4	278.8
Other areas (except Zhejiang Province)	**1,801.4**	**24.6**	1,262.1	28.2	42.7
Total	**7,305.4**	**100.0**	4,468.0	100.0	

The Company has been placing a great deal of emphasis on innovation in production technologies. In 2017, the Company leveraged on the "Academician Workstations" and "Industry-Academic Research" platforms to expand the scale of technological cooperation with external parties, aiming to offer technical support to its on-going projects, explore new technologies and construction methods for its projects, and facilitate the declaration of patented technologies. In 2017, five applications for national patents filed by the Company were accepted, two patents were approved, and one excellent QC accomplishment award at the provincial-level, and three at the municipal-level were granted, effectively promote the upgrading of construction technology. Meanwhile, the strengthened application of the Building Information Model (**"BIM"**) Technology in the projects had brought about fruitful results in respect of BIM awards. During the year, the Group was awarded the Second Prize of "BIM Awards", the Third Prize of "Long Tu Cup" (龍圖杯), the titles of "Best Practice Enterprise" (最佳實踐企業) and "Application of Benchmarking Project" (應用標桿項目), "MagiCAD benchmark users" (MagiCAD標桿用戶) and other accolades, which had significantly enhanced the recognition of the Group.

For the year ended 31 December 2017, approximately 98.9% of the revenue was contributed by the construction contracting business. The Group recorded revenue of approximately RMB4,803.0 million for the year ended 31 December 2017, increased by 19.1% year-by-year. The net profit for the year ended 31 December 2017 as compared to the net profit for the year ended 31 December 2016 increased by approximately 38.8% to approximately RMB125.2 million. The following table sets forth a breakdown of our revenue by business and project type for the years indicated:

	Year ended 31 December			
	2017		2016	
	RMB'million	**%**	RMB'million	%
Construction contracting business				
Residential	**2,423.8**	**50.5**	1,691.1	42.0
Commercial	**1,506.4**	**31.4**	1,754.1	43.5
Industrial	**618.0**	**12.9**	339.4	8.4
Public works	**203.0**	**4.2**	214.5	5.3
	4,751.2	**99.0**	3,999.1	99.2
Other business	**51.8**	**1.0**	33.1	0.8
Total revenue	**4,803.0**	**100.0**	4,032.2	100.0

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by approximately 19.1% from approximately RMB4,032.2 million for the year ended 31 December 2016 to approximately RMB4,803.0 million for the year ended 31 December 2017. The increase in the revenue was mainly a result of an increase in revenue from construction contracting business. The revenue from construction contracting business increased by approximately 18.8% from approximately RMB3,999.1 million for the year ended 31 December 2016 to approximately RMB4,751.2 million for the year ended 31 December 2017. Such increase was due to benefits of the strategies of the Group, 'major customers', 'going out', and 'quality business', the net value of new projects increased significantly by 63.5%, especially for the residential construction projects. During the year, the revenue from the residential construction projects increased by approximately RMB732.7 million to approximately RMB2,423.8 million as compared with last year, which offset by a decrease in revenue from commercial construction projects and public construction projects amounting to approximately RMB247.7 million and approximately RMB11.5 million, respectively.

Gross profit increased by approximately 23.1% from approximately RMB224.7 million for the year ended 31 December 2016 to approximately RMB276.7 million for the year ended 31 December 2017 mainly due to the increase in business activities of the construction contracting business for the reasons discussed above. The gross profit margin improved from approximately 5.57% for the year ended 31 December 2016 to approximately 5.76% for the year ended 31 December 2017, such increase is mainly attributing to increase in gross profit margins of the residential construction projects which is in line with our strategies to focus on quality customers and high-margin projects. During the year, the Group increased to work with the major property developers which projects have higher profit margins.

Other income and gains

Other income and gains decreased by approximately 48.7% from approximately RMB20.2 million for the year ended 31 December 2016 to approximately RMB10.4 million for the year ended 31 December 2017 primarily because the Company received one-off government grants of approximately RMB11.0 million in relation to the Listing during prior year as no such government grant was received during the year.

Administrative expenses

The administrative expenses decreased by approximately 9.1% from approximately RMB73.3 million for the year ended 31 December 2016 to approximately RMB66.6 million for the year ended 31 December 2017 which primarily because (i) decrease in tax expenses as the local government suspended to charge surcharge and (ii) decrease in professional fee in relation to the Listing, such expenses were incurred for the year ended 31 December 2016.

Other expenses

Other expenses increased by approximately RMB8.1 million from RMB4.8 million for the year ended 31 December 2016 to approximately RMB12.9 million for the year ended 31 December 2017, primarily as increase in impairment on receivables amounting to approximately RMB5.1 million.

Finance costs

Finance costs decreased by approximately 8.6% from approximately RMB42.7 million for the year ended 31 December 2016 to approximately RMB39.0 million for the year ended 31 December 2017 primarily attributing to decrease in average interest rates and average loan balances.

Income tax expense

Income tax expenses increased by 28.0% from approximately RMB33.8 million for the year ended 31 December 2016 to approximately RMB43.3 million for the year ended 31 December 2017 primarily because of an increase in the provision of tax as a result of the increased profit. The effective tax rate decreased from 27.2% for the year ended 31 December 2016 to 25.7% for the year ended 31 December 2017 primarily because dividend income do not subject to assessable profits and tax adjustment in relation to previous year.

Profit for the year

Profit for the year increased by approximately 38.8% from approximately RMB90.2 million for the year ended 31 December 2016 to approximately RMB125.2 million for the year ended 31 December 2017. Net profit margin increased from approximately 2.24% for the year ended 31 December 2016 to approximately 2.61% for the year ended 31 December 2017, primarily due to the improvement of gross profit margins and decrease in administrative and finance costs.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The working capital for the Group's operations primarily comes from cash generated from operating activities, interest-bearing bank and other borrowings. As of 31 December 2017 and 2016, the Group had cash and cash equivalents of approximately RMB83.9 million and approximately RMB65.0 million, respectively. Increase in cash and cash equivalents is a result of improvement of net cash flows from operating activities. The cash inflows from operating activities increased from approximately RMB287,000 for the year ended 31 December 2016 to approximately RMB153.2 million for the year ended 31 December 2017.

Treasury Policies and Objectives

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 RMB2,998.3 million as of 31 December 2016 to approximately RMB3,084.5 million as of 31 December 2017, representing 71.0% and 67.6% 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 decreased due to the Group strict control over the billings process. 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 2017, the Group relied on interest-bearing bank and other borrowings in the amount of approximately RMB549.6 million (31 December 2016: approximately RMB644.5 million) which are repayable within 1 year and carried effective interest rate with a range from 4.4% to 20.4% per annum (31 December 2016: 4.4% to 21.6% per annum).

As at 31 December 2017, certain general banking facilities were secured by the land use rights and buildings of approximately RMB95.5 million (31 December 2016: approximately RMB98.2 million).

Gearing ratio

The gearing ratio decreased from 55.8% as at 31 December 2016 to 39.6% as at 31 December 2017. The decrease was mainly attributable to a steady increase in the total equity during the year and repayments of the bank loans.

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 RMB21.2 million for the year ended 31 December 2016 to approximately RMB6.6 million for the year ended 31 December 2017. During the year ended 31 December 2017, the Group purchased the construction equipment for business expansion.

Capital Commitments

As at 31 December 2017, the Group did not have any significant commitments.

Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2017.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2017, the Group had total of 727 employees (31 December 2016: 678 employees), of which 601 were based in Jiaxing City, and 126 were based in other areas in Zhejiang Province and in other provinces and regions in China. In 2017, the Group incurred total staff costs of approximately RMB38.9 million, representing an increase of approximately 3.5% as compared with those in 2016, mainly attributable to salary incremental.

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

FUTURE PROSPECTS

The Group based on the analysis of the current situation and the projections about the future development of the construction industry, the Company will tone up business expansion and enhance market competitiveness.

Firstly, the Company will "cultivate" the principal business intensively to increase its local market share; expand the advantages in quality, brand, service and influence fully; "cultivate" the local market intensively to increase market share; proceed with the "major customer" strategy to step up collaboration with major customers using better quality and services to develop a potential major customer base proactively. It will proceed with the "going out" strategy, with a focus on planning a regional layout. Based on the existing market, measures will be adjusted to local conditions and key points, elements and features will be highlighted by integrating the strengths of the Company with the regional elements organically so as to enable the Company to "both go out and go out well". The Company will proceed with the "quality business" strategy by placing great emphasis on the construction of government and platform projects, participating in and planning the bidding and tendering of more projects to increase the participation rate and the bid winning rate, while putting a focus on the quality business from other channels, so as to increase the volume of the quality business.

Secondly, the Company will expand the industrial chain. It will seize the opportunities arising from "new-pattern urbanization", "sponge city" and "green, low-carbon construction". On the one hand, it will push forward the development of existing specialized companies and subsidiaries in an all-round way by looking for breakthroughs and working in a flexible way to increase market share. On the other hand, it will accelerate the extension of the grand construction aspect by moving into other aspects such as underground pipeline corridor, roads and bridges and rail transit, trying to make a breakthrough progress in access requirements, related technologies and team building.

Thirdly, the Company will explore new aspects for development by expanding the EPC business and unleashing the potential of existing EPC projects. On the basis of completing a project strongly, it will summarize experience, enhance capacity and carry out publicity and promotion to make sure that the quantity and quality of EPC projects will be raised. It will proceed with construction industrialization, implement an accountability system, conduct research on special topics, promote construction industrialization and effectively proceed with the construction of a base, with a focus put on the application of technology and team. It will explore PPP projects, conduct research seriously, carry out planning and integration aggressively, and try to move into the field of PPP projects at the right time. It will place emphasis on the "One Belt, One Road" initiative by building a team which will go abroad and effectively attempt to do business overseas.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2017 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, Jujiang Holdings and Jujiang Equity Investment 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 2017 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 wil l 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. 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

On 20 March 2018, the resolution in relation to issuance of corporate bonds with an aggregate principal of not exceeding USD200 million (**"Corporate Bonds"**) were considered and approved at the extraordinary general meeting (**"EGM"**) of the Company. For details of term of the Corporate Bonds, please refer to the circular of the Company dated 2 February 2018. The relevant resolutions for the issuance of the Corporate Bonds shall be effective for 24 months from the date of approval at the EGM.

Save as disclosed above, there is 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 2017 (31 December 2016: 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 12 May 2018 to 12 June 2018, 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 11 May 2018, 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 2017 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 2017 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 2017 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 12 June 2018. 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 has 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 2017.

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

Zhejiang Province, the PRC, 29 March 2018

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 identification purposes only*