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

2015
Annual Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Lv Yaoneng *(Chairman)*
Mr. Lv Dazhong
Mr. Li Jinyan
Mr. Lu Zhicheng
Mr. Shen Haiquan
Mr. Zheng Gang

Independent Non-Executive Directors

Mr. Xu Guoqiang
Mr. Lin Tao
Mr. Wong Ka Wai

SUPERVISORS

Mr. Shen Bingkun
Mr. Zou Jiangtao
Mr. Lv Zili
Mr. Chen Xiangjiang

AUDIT COMMITTEE

Mr. Wong Ka Wai *(Chairman)*
Mr. Lin Tao
Mr. Xu Guoqiang

NOMINATION COMMITTEE

Mr. Lin Tao *(Chairman)*
Mr. Lv Yaoneng
Mr. Xu Guoqiang

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Xu Guoqiang *(Chairman)*
Mr. Lv Yaoneng
Mr. Lin Tao

JOINT COMPANY SECRETARIES

Mr. Hong Kam Le
Mr. Zhong Zhihua

AUTHORISED REPRESENTATIVES

Mr. Lv Yaoneng
Mr. Zhong Zhihua

LEGAL ADVISER

As to Hong Kong Law
Li & Partners

AUDITOR

Ernst & Young

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation Tongxiang Branch
Industrial and Commercial Bank of China Limited Tongxiang Branch
China Guangfa Bank Jiaxing Branch
Industrial Bank Co., Ltd Jiaxing Branch
Ping An Bank Co., Ltd Yuhang Branch
Bank of Communications Co., Ltd Tongxiang Branch
China Merchants Bank Co., Ltd Jiaxing Tongxiang Branch
Evergrowing Bank Co., Ltd Jiaxing Branch

REGISTERED ADDRESS

Gaoqiao Town
Jiaxing City
Zhejiang Province
PRC

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No. 669
Qingfeng South Road (South)
Tongxiang City
Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

22/F,
World-Wide House
19 Des Voeux Road Central
Hong Kong

STOCK CODE

1459

WEBSITE

www.jujiang.cn

FINANCIAL SUMMARY

Year ended 31 December	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Major Items of Consolidated statement of Profit or Loss and Other Comprehensive Income				
Revenue	**4,424,646**	4,289,367	4,072,105	3,269,803
Gross profit	**233,156**	229,726	202,200	167,929
Gross profit margin	***5.3%***	*5.4%*	*5.0%*	*5.1%*
Profit for the year	**98,524**	82,823	60,720	46,729
Net profit margin	***2.2%***	*1.9%*	*1.5%*	*1.4%*

As at 31 December	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Major Items of Consolidated statement of Financial Position				
Non-current assets	**204,610**	206,429	233,772	215,741
Current assets	**3,900,960**	4,074,466	3,198,650	2,901,323
Non-current liabilities	**24.402**	11,682	14,273	19,216
Current liabilities	**3,307,199**	3,593,588	2,825,527	2,618,946
Total equity	**773,969**	675,445	592,622	478,902
Gearing ratio (Note 2)	**82.6%**	86.3%	107.7%	164.6%

Notes

(1) The results and summary of assets and liabilities for the years ended 31 December 2012, 2013 and 2014 which were extracted from the prospectus dated 30 December 2015.

(2) 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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Jujiang Construction Group Co. Limited ("Jujiang Construction" or the "Company", together with the subsidiaries, the "Group"), I hereby present the annual results of the Company for the year ended 31 December 2015.

In 2015, China stepped into a trajectory of "New Normal", driven by the escalating downsides and heightened structural imbalances and overcapacity among the difficulties and challenges. The construction industry also suffered from a slowdown in real estate investment, as witnessed by shrinking orders due to depressed demand amid increasingly fierce market competition. The new economic dynamics in the New Normal put forward a call to accurately capture the current situation and the industry outlook in order to well position us for the future business strategy.

2015 is a crucial year for the jujiang Construction The Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 12 January 2016 ("Listing date"), marking a milestone to leverage upon capital market with enhanced brand reputation. During the year, we took initiatives earnestly and committed ourselves to reforms in light of the keynote of steady operation and development, while giving full play to management and control, business standards, team support and cultural penetration. Focusing on reforms and restructuring, we reduced costs, enhanced efficiency and sought for sustainable development and intensive operation, thus improving our precise management. At the beginning of the year, we managed to obtain 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"), thereby expanding our niche and laying a foundation for the Group's transformation and sustained and stable development. The Group recorded encouraging results for the year, including sales revenue of RMB4,424.6 million and net profit of RMB98.5 million, representing a year-on-year increase of 3.2% and 19.0% respectively.

As a pillar in China's economy, the construction industry plays an important role in stabilizing growth and creating jobs. Since the reform and opening up, thanks to a series of favorable policies launched by Chinese government, the construction industry has attracted significant investments and enjoyed sustained and rapid growth, becoming a vital driver to economic growth. However, China's macro environment and economic slowdown in recent years especially in 2015, coupled with rising labor, resource and environmental costs, led to a notable deceleration of the construction industry. In particular, with the increasingly strict regulation, demanding customers and public requirements and fierce competition, the traditional production, operation and management model has fallen behind the changing industry which requires more standardized construction and precise management. As a result, transformation and upgrading is a must for construction companies to avoid the fate of failure.

As an enterprise with the Premium Class Certificate and the Engineering Design Certificate, the Company will fully draw on its strength in general contracting of design and construction, speed up transformation and upgrading for future development, and maintain sound growth and scale without compromising efficiency and quality to improve operating results. In an effort to consolidate our leading position in the construction industry in Northern Zhejiang and expand to other provinces, we will strengthen the building of "Mechanism, Management, Standards, Teams and Culture" and promote three major strategies of "Talent, Brand and Going out" to enhance competitiveness.

BUILDING OF "MECHANISM, MANAGEMENT, STANDARDS, TEAMS AND CULTURE"

System: build up a performance appraisal system aimed at stimulating vitality, improving efficiency and providing pressure-driven motivation, so as to improve operation and management efficiency and enhance corporate vitality.

CHAIRMAN'S STATEMENT

Management: improve management and control processes and strengthen supervision in order to ensure standardized operation, reduce operating risks and improve management efficiency.

Standards: define responsibilities of every position, build up and improve working, management and technical standards, and accelerate the building of a standardized management system featuring horizontal linkages and vertical communications.

Teams: improve team efficiency, strengthen management team building, focus on accumulation of expertise and practical experience and enhance professional technical capacity and business management capability, so as to provide qualified personnel for corporate development.

Culture: expand brand influence, build up corporate image, enhance brand reputation of Jujiang, construction and cultivate distinctive "Jujiang" culture.

THREE MAJOR STRATEGIES OF "TALENT, BRAND AND GOING OUT"

"Going out": consolidate the existing markets and actively develop new markets to expand to central and western regions while focusing on markets in China Yangtze River Delta and coastal developed areas, so as to establish nationwide presence centered on Yangtze River Delta; pursue opportunities for international contracting business and from "One Belt One Road" initiative, step up regional branch building and promote regional operations to foster branches as the backbone in "Going out".

"Brand": expand brand awareness and seek to undertake "high, big and demanding" projects and regional landmark projects so as to increase the proportion of large and excellent projects; capitalize on large projects and rely on standardized construction to improve product quality; strengthen customer management, enhance service awareness and integrity, and draw upon brand strength to gain markets and customers, especially actively establishing long-term strategic partnerships with reputable large customers.

"Talent": strengthen team building; and establish talent teams of various types with rational structure, professional disciplines and excellent quality to bolster up our business.

Looking ahead, the construction industry will remain as a vital driving force for China's economic growth with great potential and promising prospect, as Chinese government actively promotes "One Belt One Road", infrastructure interconnectivity, coordinated development of Beijing, Tianjin and Hebei, development of Yangtze River economic belt and other initiatives, and increases investments in central and western regions, urban infrastructure construction, high-speed railway, general aviation airports, water conservancy and environmental protection, along with ongoing urbanization across the country. The Group will, as always and in a pragmatic approach, seize every opportunity to develop itself into "a reliable partner for customers, a comfortable home for employees and a leading enterprise recognized by the society".

In closing, I thank you, our Board, staff, shareholders, and business partners for your continued trust and support.

Lv Yaoneng
Chairman

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Lv Yaoneng (呂耀能), aged 55, has been the chairman of the Board, executive Director and general manager of the Company since 17 July 1996, being the date of incorporation of the Company. He was also appointed as the president of the Company since December 2008. He is primarily responsible for corporate strategic planning and overall business development, management of the Company and decision making. The spouse of Mr. Wang Shaolin (王少林), one of the vice presidents of the Company, is the sister of Mr. Lv. Mr. Lv has over 31 years of experience in construction engineering industry. Mr. Lv completed one-and-half-year studies and obtained a professional certificate (專業證書) in industrial and civil construction (工業及民用建築) from Zhejiang University* (浙江大學) in China in January 1995. Mr. Lv obtained a qualification certificate for senior economist (高級經濟師) issued by the Office of Personnel of Zhejiang Province* (浙江省人事廳) of the PRC in December 2006. Mr. Lv also obtained a qualification certificate for senior engineer in construction engineering management issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in March 2013.

Mr. Lv Dazhong (呂達忠), aged 53, has been an executive Director since 17 July 1996, being the date of incorporation of the Company. He was also appointed as the vice president of the Company since September 2009. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Mr. Lv Dazhong has over 35 years of experience in construction engineering industry. Mr. Lv Dazhong completed two years part-time studies in industrial and civil construction (工業及民用建築) at Zhejiang University of Technology* (浙江工業大學) in China in June 2004. Mr. Lv Dazhong obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in November 1994. He also obtained a qualification certificate for senior economist (高級經濟師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in January 2010.

Mr. Li Jinyan (李錦燕), aged 39, has been an executive Director since 6 September 2011. He was also appointed as the vice president of the Company since September 2009. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Mr. Li has over 20 years of experience in construction engineering industry. Mr. Li completed five and half years studies in construction engineering at Tongji University* (同濟大學) in China in December 2000. Mr. Li also obtained a qualification certificate for senior engineer in construction engineering issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in February 2011.

Mr. Lu Zhicheng (陸志城), aged 46, has been an executive Director since 6 September 2011. He joined our Group as construction worker in July 1996 and was also appointed as the project manager of the Company since May 1998. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, in particular with regard to project management of the Company. Mr. Lu has over 27 years of experience in construction engineering industry. Mr. Lu completed two years studies in civil engineering at China University of Petroleum* (中國石油大學) in China in July 2006. He also obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in September 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Shen Haiquan (沈海泉), aged 42, has been an executive Director since 6 September 2011. He joined our Group as construction worker in September 1999 and was also appointed as the project manager of the Company since July 2012. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations, in particular with regard to project management of the Company. Mr. Shen has over 15 years of experience in construction engineering industry. Mr. Shen completed four years studies in industrial and civil construction (工業及民用建築) at Jiaxing College* (嘉興學院) in China in June 2004. He also completed two and half years studies via online distant learning in civil engineering at Wuhan University of Technology (武漢理工大學) in PRC in July 2011. Mr. Shen obtained a qualification certificate for senior engineer in construction issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in March 2013.

Mr. Zheng Gang (鄭剛), aged 46, has been an executive Director since 6 September 2011. He joined our Group as director of technology centre in October 2008 and was also appointed as the vice president of the Company since July 2011. He is primarily responsible for formulating and implementing our corporate strategies, overseeing our overall business development and implementing operation plans and participating in the day-to-day management of our business operations. Mr. Zheng has over 27 years of experience in construction engineering industry. Mr. Zheng completed two years studies in materials science and engineering majoring in building materials at Tongji University* (同濟大學) in China in July 1988. He also completed five and half years studies in industrial and civil construction (工業與民用建築) at Tongji University* (同濟大學) in China in December 1999. Mr. Zheng obtained a qualification certificate for senior engineer of professor grade in construction (建築施工專業教授級高級工程師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in April 2015.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Guoqiang (徐國強), aged 43, has been an independent non-executive Director since 19 August 2015. He is primarily responsible for attending meetings of our Board to perform duties as a Board member, but not participating in the day-to-day management of our business operations. Mr. Xu has approximately 15 years of experience in the legal field. He is currently a lawyers of Zhejiang Zhongrui Law Firm* (浙江中銳律師事務所). Mr. Xu holds a bachelor's degree in law majoring in economic law from Hangzhou University* (杭州大學) in China in July 1994. He also holds a master 's degree in law from East China University of Political Science and Law* (華東政法大學) in China in December 2010. Mr. Xu is a member of the All China Lawyers Association (中華全國律師協會) since October 1999.

Mr. Lin Tao (林濤), aged 41, has been an independent non-executive Director since 19 August 2015. He is primarily responsible for attending meetings of our Board to perform duties as a Board member, but not participating in the day-to-day management of our business operations. Mr. Lin Tao has over 14 years of experience in the construction education. He is currently a lecturer and assistant officer of faculty of Zhejiang University* (浙江大學) Faculty of Construction. Mr. Lin completed a bachelor's degree and a master degree in construction (建築學), and a doctoral degree in architectural design from Zhejiang University* (浙江大學) in the PRC in June 1997, March 2001 and June 2012, respectively. He was accredited as a class one registered architect by the Office of Personnel of Zhejiang Province* (浙江省人事廳) in September 2004. He is also a member of the Planning and Design Professional Committee* (規劃設計專業委員會) under the Zhejiang Province Village and Town Construction and Development Research Association* (浙江省村鎮建設與發展研究會) since August 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wong Ka Wai (王加威), aged 36, has been an independent non-executive Director since 19 August 2015. He is primarily responsible for attending meetings of our Board to perform duties as a Board member, but not participating in the day-to-day management of our business operations. Mr. Wong has worked in various international accounting firms for over seven years. He is the chairman of Jai Dam Distribution (Hong Kong) Co. Ltd. since January 2013. Mr. Wong obtained a bachelor 's degree of business administration in accountancy from the City University of Hong Kong in November 2001. He was admitted as a member of the Association of Chartered Certified Accountants (the "ACCA") in 2009.

BOARD OF SUPERVISORS

Mr. Shen Bingkun (沈炳坤), aged 69, has joined the Company as a Supervisor since 6 September 2011. Mr. Shen joined the Company as manager of finance department on 17 July 1996, being the date of incorporation of the Company. Mr. Shen completed two years part-time studies in accountancy at Zhejiang Radio & Television University* (浙江廣播電視大學) in June 1993. Mr. Shen Bingkun also obtained a qualification certificate for accountant issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in November 1994.

Mr. Zou Jiangtao (鄒江滔), aged 38, has joined the Company as deputy manager of technology department in November 2011 and was appointed as a employee representative Supervisor since 25 December 2014. Mr. Zou completed four years studies in civil engineering at Zhuzhou Institute of Technology* (株洲工學院) in July 2000. Mr. Zou also obtained a qualification certificate for senior engineer in construction engineering issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in February 2011.

Mr. Lv Zili (呂自力), aged 52, has joined our Company as an external Supervisor since 19 August 2015. Mr. Lv worked as head of factory of the Tongxiang City Oitang Silk Industry Co., Ltd. (桐鄉市騎塘絲業有限公司) from January 1990 to May 2010, and he is the general manager of the Company since June 2010, Mr. Lv completed two-year studies in industrial and corporate management (工業企業管理) from Zhejiang Radio and Television University* (浙江廣播電視大學) in China in July 1988. He also obtained a qualification certificate for economist (經濟師) issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in November 1994.

Mr. Chen Xiangjiang (陳祥江), aged 56, has joined our Company as an external Supervisor since 19 August 2015. He is a General Manager of Zhejiang Xianglong Leather Co., Ltd. (浙江祥隆皮革有限公司) since October 1998. Mr. Chen completed secondary school at Nanri Secondary School* (南日中學) in PRC in 1975.

SENIOR MANAGEMENT

Mr. Wang Shaolin (王少林), aged 53, has been our vice president since 15 September 2009. Mr. Wang completed two years studies via online distant learning in civil engineering at China University of Geosciences* (中國地質大學) in China in January 2007. Mr. Wang obtained a qualification certificate for engineer issued by the Personnel Bureau of Jiaxing City* (嘉興市人事局) of the PRC in April 2004. Mr. Wang also obtained a qualification certificate for senior economist (高級經濟師) issued by the Department of Human Resources and Social Security of Zhejiang Province* (浙江省人力資源和社會保障廳) of the PRC in January 2011.

Mr. Gao Xingwu (高興武), aged 54, has been our chief engineer since 3 September 2001. Mr. Gao has over 26 years of experience in contracting of building construction. Mr. Gao worked at China Nuclear Industry 22nd Construction Co., Ltd.（中國核工業第22建設公司）from August 1989 to August 2001. Mr. Gao completed four years studies in civil engineering majoring in industrial and civil construction (工業及民用建築) at Zhejiang University* (浙江大學) in China in June 1993. Mr. Gao also completed two years studies in economics management at Party School of the Central Committee of the Communist Party of China* (中共中央黨校) in December 2004.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Hong Kam Le (康錦里), aged 36, has been our joint company secretary since 2 September 2015. He has more than seven years' experience in legal professional industry and is currently a senior associate of Li & Partners which is also the Company's legal advisers as to Hong Kong laws in the Global Offering. Prior to joining Li & Partners as an associate solicitor in June 2010, he worked at another Hong Kong law firm and was mainly involved in commercial and corporate matters. Mr. Hong also acts as the company secretary and authorized representative of Shengli Oil & Gas Pipe Holdings Limited (stock code: 1080) since December 2013.

Mr. Hong obtained a Bachelor of Commerce and a Bachelor of Laws Degrees from the University of Sydney in June 2003 and May 2004, respectively and a Postgraduate Certificate in Laws from the University of Hong Kong in June 2005. Mr. Hong was admitted as a solicitor of the High Court of Hong Kong in September 2007.

Mr. Zhong Zhihua (鍾志華), aged 38, one of the joint company secretaries of our Company since 1 August 2015 and is primarily responsible for the company secretarial and administrative matters of our Group. He joined the Company in September 2000 as office officer and was responsible for administrative management matters. Mr. Zhong has more than seven years of experience in administrative management matters.

Mr. Zhong completed a two-year specialty course majoring in modern secretarial training at the Zhejiang Radio & Television University* (浙江廣播電視大學) in June 1999. He also completed a two and a half year online course majoring in accountancy at the East China University of Science and Technology* (華東理工大學) in January 2011. In July 2006, he completed a two-year online course majoring in administrative management at the East China University of Science and Technology* (華東理工大學). He also obtained a qualification certificate for assistant economist (助理經濟師) issued by Jiaxing City Personnel Bureau* (嘉興市人事局) in January 2005. In September 2009, he obtained a qualification certificate for engineer issued by Jiaxing City Personnel Bureau* (嘉興市人事局).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is the largest construction company in Jiaxing, Zhejiang Province in terms of output value in 2014, holding a market share of 10.4%, according to Ipsos. The Group was established in 1965 as one of the earliest construction companies in Jiaxing, a city currently with a population of more than 4.5 million and strong commercial and light industrial activities. With 50 years' experience in the construction industry, the Group has built a successful track record in the industry in which the Group operates.

The Group successfully obtained the Premium Class Certificate and the Engineering Design Certificate on 28 January 2015 after undergoing a stringent review process. As of 30 June 2015, the Group was the only construction company in Zhejiang Province holding both certificates. The Premium Class Certificate is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Certificate is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. Holding these two key certificates as well as other certificates, the Group is able to provide fully-integrated construction solutions, which consist of construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide. The Group believes holding these certificates will also allow us to charge a premium rate for our services, resulting in higher profit margins in our construction projects.

MARKET REVIEW

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

BUSINESS REVIEW

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Notes:

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit margin

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

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

Other income and gains

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

Administrative expenses

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

Other expenses

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

Finance costs

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

Income tax expense

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

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the year

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

Amounts due from contract customers

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

Trade and bill payables

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

Borrowings and charge on assets

As of 31 December 2015, the Group relied on interest-bearing bank and other borrowings in the amount of approximately RMB699.1 million (31 December 2014: approximately RMB635.4 million) which are repayable within 1 year and carried effective interest rate with a range from 4.8% to 21.6% per annum (31 December 2014: 5.3% to 21.6% per annum). As of 31 December 2015, the Group do not have any inter-company borrowings (31 December 2014: approximately RMB16.2 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio

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

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

Capital Expenditure

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

Capital Commitments

As at 31 December 2015, the Group did not have any significant commitments

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2015.

EMPLOYEE AND REMUNERATION POLICIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

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

FUTURE PROSPECTS

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

Leverage the Premium Class Certificate and Engineering Design Certificate to provide complete construction solutions for larger-scale and more complex construction projects

The Group plans to leverage the Premium Class Certificate and Engineering Design Certificate to provide fully-integrated construction solutions, which consist of general construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide. As of 31 December 2015, the Group was the only holder of both the Premium Class Certificate and Engineering Design Certificate in Zhejiang Province, and one of the few in China. Leveraging the favorable position in the industry, the Group intends to undertake larger-scale and more complex construction projects. As profitability generally increases with the size and complexity of construction projects, undertaking such construction projects will enable us to enhance the profitability. Moreover, undertaking projects where the Group provides construction general contracting and design, survey and consultancy services allows us to vertically integrate the business. The Group will be able to take into account the costs and have better control over quality at the earlier design stage of the construction project. To facilitate the undertaking of larger-scale and more complex construction projects, the Group plans to apply a portion of the proceeds from the Listing to procure new equipment and machinery used in the construction projects, including jacks and lifting equipment.

The Group intends to leverage the Premium Class Certificate and Engineering Design Certificate to establish business relationships with new and well-recognized customers build the track record of prominent construction projects and enhance the brand exposure. With increased exposure and more prominent construction projects in the portfolio, the Group intends to augment the reputation in Zhejiang Province and in other provinces and regions in China. The Group expects that the augmented reputation will allow us to undertake increasingly more prominent construction projects where the Group will be able to charge a premium price for the services. The Group plans to leverage the position as the only construction company in Zhejiang Province holding both certificates as of 31 December 2015 to gain more bargaining power for favorable prices for raw materials and equipment and machinery, which will lower the costs and enhance the profitability.

Develop business opportunities to undertake BT and PPP projects

The Group believes that build-transfer (BT) and public-private partnership (PPP) projects are attractive business opportunities that offer higher profit margins due to the increased ability to provide financing, control project costs and manage returns on the project. Moreover, according to Ipsos, an increasing number of infrastructure projects in China are expected to be completed on a BT or PPP basis in the coming years. As such, the Group intends to develop business opportunities to undertake more projects on a BT or PPP basis in the future. Under both BT and PPP models, the Group would generally be responsible for financing, investment, management and construction of the project. The Group believes that BT and PPP projects will enhance the profitability and brand recognition, and the Group intends to selectively undertake such projects in the future. BT and PPP projects are both awarded to qualified construction companies through a public bidding process held by relevant government authorities. The Group intends to leverage the strong relations with the local Jiaxing government and the track record of high-quality public works construction projects to win such projects. By gaining expertise and developing the reputation as a premium BT and PPP service provider, the Group plans to develop the BT and PPP operations in other regions of Zhejiang Province and other provinces and regions in China. Given the significant upfront investment required to undertake such projects, the Group also plans to finance future projects through a combination of the working capital, bank borrowings and proceeds from the Global Offering.

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

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

MAJOR SUBSEQUENT EVENTS

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

DIRECTORS' REPORT

The Directors hereby presents the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company is construction contracting business and other business, namely our design, survey and consultancy business. The principal activities of its subsidiaries are, set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by segments is set out in note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2015 and the financial information of the Group as at 31 December 2015 are set out in the audited financial statements of this report.

BUSINESS AND FINANCIAL REVIEW

The business and financial review of the Group for the year ended 31 December 2015 and a discussion on the Group's future development are set out in the section head "Management Discussion and Analysis" on pages 11 to 17 of this annual report.

KEY RISKS AND UNCERTAINTIES

Business and market

Demand for services and products of the Group is cyclical in nature and directly correlates with the level of real estate development and construction activities in China and in regions and provinces in which the Group operate, including Jiaxing, Zhejiang Province, where a majority of the construction projects awarded to the Group were located during the year. The real estate industry and the construction industry are sensitive to economic fluctuations and market uncertainty, and are closely controlled and monitored by the PRC Government through policymaking. The PRC financial market has experienced significant fluctuations in recent months. They cannot assure Group that such fluctuations will not negatively affect the overall economic condition in China or the real estate or construction industry in China. Revenue from the real estate industry and the construction industry may be adversely affected if the growth of the PRC economy slows down or enters into recession, or if fixed capital investment is reduced, including any reduction in infrastructure investment by the PRC Government. The ongoing projects, in which the Group have invested significant resources and capital, may be put on hold or stopped if economic conditions deteriorate, and the Group may be unable to collect payments and recover our costs.

In addition, the Group are susceptible to the adverse changes in national or local policies related to the PRC real estate industry and construction industry, including those that control the supply of land for property development, project financing, foreign investment and taxation. During the year, the PRC Government implemented various regulations and policies aimed to cool the real estate market and the inflation of property prices. Various property price control policies have been implemented in recent years, including limitations on the purchase of property outside the province of registered residence, restrictions on real estate loans and higher interest rates for second-hand property transactions, among others. More recently, the PRC Government lowered interest rates to stimulate the slowing real estate industry and associated industries, including the construction industry. These policies may affect the level of activity in the PRC real estate industry, and in turn affect the number of construction projects available to the Group prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Financial

The major financial risks faced by the Group are interest risk, credit risk and liquidity risk. Management of the Group meets regularly to analyse and formulate measures to manage the Group's exposure to these risks, the financial risk management risk management objectives and policies are set out in the note 35 to the consolidated financial statement

Management of the Group will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2015, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

EVENT AFTER THE REPORTING PERIOD

Details of the event after the reporting period are set out in note 37 to the consolidated financial statement.

ENVIRONMENTAL PROTECTION

The environmental protection policy adopted by the Group is set out in the section head "Corporate social responsibility" on pages 38 of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors and management team, comprising experienced professionals that possess extensive technical and industry experience, has a proven record of successfully operating and expanding the business. Therefore, the Group ensures the remuneration package of Directors and management are reasonable and competitive in the market and also continue to improve and regularly review and update its policies on remuneration and benefits

.

Through the efforts of sales and marketing team the Group have established solid relationships with many of our long-term customers for periods ranging from three to ten years. During the year, most of our major customers were located in Jiaxing. We continue to maintain such relationships by conducting periodic visits to understand the construction needs of our customers and learn about their new projects.

The Group is in good relationship with its suppliers. The procurement department maintains a list of qualified suppliers, from which project management department procures on an as-needed basis. The qualified suppliers are selected based on various criteria, including price, quality, record of timely delivery, location, supply capacity, credit terms, and customer service. The procurement department is responsible to review and update the list of qualified suppliers annually. The Group have established long-term relationships for a period ranging from three to ten years.

DIRECTORS' REPORT

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2015 is as follows:

Class of Shares	Number of shares	Approximate percentage of the total issued share capital
Domestic shares	400,000,000	75.0%
H shares in issue	133,360,000	25.0%
Total	533,360,000	100.0%

FINAL DIVIDEND

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

PUBLIC FLOAT

As at the Latest Practicable Date, based on the available public information of the Company, so far as the Directors are aware of, the Company has met the requirements of public float under the Rule 8.08 of the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2015, the Group acquired additional property, plant and equipment of approximately RMB0.9 million. Details of the movements are set out in note 12 to the financial statements.

PRE-EMPTIVE RIGHTS

According to the laws of the PRC and the Articles of Association, there are no provisions on the pre-emptive rights to offer new Shares by the Company to its existing Shareholders on a pro rata basis.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As of the Listing Date to the year ended 31 December 2015, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

DISTRIBUTABLE RESERVES

As at 31 December 2015, reserves available for distribution of the Company amounted to RMB156.9 million (31 December 2014: RMB76.3 million).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue from the Group's largest and five largest customers for the year ended 31 December 2015 represented approximately 11.2% (31 December 2014: 8.9%) and 28.9% (31 December 2014: 29.5%), respectively, of the Group's total revenue from sales operations.

The aggregate amount of purchases from the Group's largest and five largest suppliers for the year ended 31 December 2015 respectively amounted to RMB 92.0 million (31 December 2014: RMB166.4 million and RMB197.5 million (31 December 2014: RMB289.4 million).

To the best of the Directors' knowledge, none of the Directors or their respective close associates, and none of the existing shareholders who owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers and suppliers.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Lv Yaoneng *(Chairman)*
Mr. Lv Dazhong
Mr. Li Jinyan
Mr. Lu Zhicheng
Mr. Shen Haiquan
Mr. Zheng Gang

Independent Non-Executive Directors

Mr. Xu Guoqiang
Mr. Lin Tao
Mr. Wong Ka Wai

BOARD OF SUPERVISORS

Mr. Shen Bingkun
Mr. Zou Jiangtao
Mr. Lv Zili
Mr. Chen Xiangjiang

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 7 to 10 in this annual report.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of the Listing Date to 31 December 2015, the interests or short positions of the Directors, Supervisors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") to be notified to the Company and the Hong Kong Stock Exchange are as follows:

The Company

Director/Supervisor	Nature of interest	Number of shares of the relevant corporation (including associated corporation) held [(1)]	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company
Mr. Lv Yaoneng[(2)]	Interest of controlled corporation	204,000,000 Domestic Shares (L)	38.25%	51%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.

(2) Jujiang Holdings is held as to approximately 51.33% by Mr. Lv Yaoneng. Mr. Lv Yaoneng controls more than one-third of the voting rights of Jujiang Holdings and are deemed to be interested in its interest in the Company by virtue of the SFO.

Associated Corporation

Director/Supervisor	Associated Corporation	Nature of interest	Approximate shareholding percentage in the relevant class of shares in the Associated Corporation
Mr. Lv Yaoneng	Jujiang Holdings	Beneficial Owner[(1)]	51.33%
	Jujiang Industrial	Beneficial Owner[(3)]	10.00%
Mr. Lv Dazhong	Jujiang Holdings	Beneficial Owner[(1)]	11.42%
Mr. Lu Zhicheng	Jujiang Holdings	Beneficial Owner[(1)]	6.58%
Mr. Li Jinyan	Jujiang Holdings	Beneficial Owner[(1)]	5.33%
Mr. Shen Bingkun	Jujiang Holdings	Beneficial Owner[(1)]	7.46%
Mr. Shen Haiquan	Jujiang Equity Investment	Beneficial Owner[(2)]	2.41%
Mr. Zheng Gang	Jujiang Equity Investment	Beneficial Owner[(2)]	2.10%
Mr. Zou Jiangtao	Jujiang Equity Investment	Beneficial Owner[(2)]	0.45%

Notes:

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

(2) The disclosed interest represents the interests in Jujiang Equity Investment, the associated corporation which is owned by 164 individual shareholders together as to 100%, of which two are Directors (Mr. Shen Haiquan and Mr. Zheng Gang who owned 2.4049% and 2.0964% of Jujiang Equity Investment respectively), one is a Supervisor (Mr. Zou Jiangtao who owned 0.4493% of Jujiang Equity Investment), 113 are current employees other than Directors and Supervisors, ten are former employees, one is Mr. Lv Yuntao, who is Mr. Lv Yaoneng's son (who owned 13.5303% of Jujiang Equity Investment) and 37 are Independent Third Parties.

(3) The disclosed interest represents the interests in Jujiang Industrial, the associated corporation which is owned as to 10% by Mr. Lv Yaoneng and 90% by Jujiang Technology, respectively.

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

As of the Listing Date to 31 December 2015, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Shareholders	Nature of interest	Number of Shares held [1][2]	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of Shares [3]
Jujiang Holdings[4]	Beneficial Owner	204,000,000 Domestic Shares (L)	51%	38.25%
Ms. Shen Hongfen[5]	Interest of spouse	204,000,000 Domestic Shares (L)	51%	38.25%
Zhejiang Jujiang Equity Investment Management Co., Ltd ("Jujang Equity Investment") [6]	Beneficial Owner	196,000,000 Domestic Shares (L)	49%	36.75%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.

(2) The calculation is based on the percentage of shareholding in the Domestic Shares.

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

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

(5) Ms. Shen Hongfen (沈洪芬), the spouse of Mr. Lv Yaoneng, is deemed to be interested in Mr. Lv Yaoneng's interest in the Company by virtue of the SFO.

(6) Jujiang Equity Investment will be directly interested in approximately 36.75% in the Company.

Save as disclosed above, as of the Listing Date to 31 December 2015, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

PERMITTED INDEMNITY PROVISIONS

At no time during the year ended 31 December 2015, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHTS IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During the year ended 31 December 2015, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

DIRECTORS' REPORT

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors, with the maximum term of three years. No service contract that can be terminated by the Group within one year without paying any compensation (other than the statutory compensation) was entered or is to be entered into between Directors or Supervisors and members of the Group.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, or its parent company was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

TRANSACTIONS WITH CONNECTED PERSON

Zhejiang jujiang Holdings Group Co., Ltd ("Jujiang Holdings") mainly engages in the business of, amongst other things, property development and investment holding and it is also the shareholder of various subsidiaries (including the Company). As at 31 December 2015, Jujiang Holdings was owned as to approximately 51.33% by Mr. Lv Yaoneng and approximately 48.67% by eight other individual shareholders.

The Company is owned as to 38.25% by Jujiang Holdings, as such it is one of our controlling shareholders and a connected person of the Company. Accordingly, the following transactions between Jujiang Holdings and the Group, will constitute continuing connected transactions for the Group under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in Note 32 to the consolidated financial statements also constituted non-exempt continuing connected transactions under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules.

Construction Contracting Service Master Agreement

The Group, as service provider, entered into a construction contracting service master agreement on 10 September 2015 ("Construction Contracting Service Master Agreement") with Zhejiang Jujiang Holdings Group Co., Ltd.* (浙江巨匠控股集團有限公司) ("Jujiang Holdings"), for a term ending on 31 December 2016, pursuant to which Jujiang Holdings agreed to engage construction contracting services such as building construction, foundation work, curtain wall construction, building decoration and fire equipment installation from our Group. During the year ended 31 December 2015, a total of RMB511.7 million service fees was received from Jujiang Holdings under the Construction Contracting Service Master Agreement.

The construction contracting service fees payable by Jujiang Holdings Group to our Group under the Construction Contracting Service Master Agreement will be determined after arm's length negotiation between Jujiang Holdings Group and our Group. In order to ensure that the service fees we received for our provision of construction contracting services are fair and reasonable and in line with market practices, we will keep ourselves abreast of the prevailing fee level in market and the market conditions.

The Company has confirmed that the specific implementation of the continuing connected transactions set above during the Listing Date to the date of this report have followed the pricing principles of such continuing connected transactions.

Save as disclosed herein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

Confirmation from independent non-executive Directors and the auditor of the Company

Confirmation from Directors

The Directors (including the independent non-executive Directors) have reviewed and confirmed that for the year ended 31 December 2015 the above continuing connected transactions have been and will be entered into in the ordinary and usual course of our Group's business and are based on normal commercial terms or better that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation from auditor of the Company

Based on work performed, our independent auditor, has confirmed in a letter to the Board to the effect that nothing has come to its attention that causes it to believe that the above transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(d) have exceeded the caps disclosed in the prospectus.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, the Group entered into transactions with related parties set out in notes 32 to the consolidated financial statements. Some of these related party transactions constituted connected transactions or continuing connected transaction as defined in Chapter 14A of the Listing Rules and the Company have complied with the disclosure requirement thereon. Amongst the related party transactions shown in notes 32 (income received from design, survey and consultancy service) to the consolidated financial statements constituted connected transactions or continuing connected transactions but are exempt from shareholders' approval and disclosure and other requirements under Chapter 14A of the Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As of the Listing Date to the date of this report, no right to subscribe the Shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director, Supervisor or chief executive of the Company or their respective spouses or children aged under 18, and no such rights to subscribe the above Shares or debentures were exercised by them.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

REMUNERATION OF THE DIRECTORS AND SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and Supervisors of the Company and five highest paid individuals are set out in note 9 to the consolidated financial statements.

DIRECTORS' REPORT

REMUNERATION POLICY

The Group's Directors, Supervisors and senior management receive compensation in the form of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Company. The Company also reimburses our Directors, Supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Company or executing their functions in relation to the operations of the Company. The Group regularly review and determine the remuneration and compensation packages (including incentive plans) of the Directors, Supervisors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors, Supervisors and senior management and the performance 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' REPORT

DIRECTORS' COMPETING INTERESTS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Details of corporate governance practice adopted by the Company are set out in the section of "Corporate Governance Report" of this Annual Report.

AUDITOR

Ernst & Young was appointed by the Directors as the auditor of the Company. Ernst & Young will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting. The consolidated financial statements for the year ended 31 December 2015 have been audited by Ernst & Young.

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

Zhejiang Province, the PRC, 21 March 2016

SUPERVISORS' REPORT

The current session the Board of Supervisors consists of four Supervisors, comprising two representatives of employees (namely Mr. Shen Bingkun and Mr. Zou Jiangtao) and two external supervisors (namely Mr. Lv Zili and Mr. Chen Xiangjiang).

WORK OF THE BOARD OF SUPERVISORS

During the year ended 31 December 2015, all members of the Board of Supervisors earnestly safeguarded the interest of the Company and Shareholders as a whole, and prudently and honestly performed their duties in compliance with requirements Law of the PRC, relevant regulations and the Articles of Association; Supervisors attended all the Board meetings held in the year and supervised operating activities and financial condition of the Company as well as the performance of duties of Directors and senior management, thereby promoting the Company's standard operation and healthy development.

During the year ended 31 December 2015, the Board of Supervisors paid close attention to the major activities of operation and management. The Board of Supervisors convened regular meetings to consider resolutions in relation to the financial reports of the Company and supervised the financial tasks and financial condition of the Company in a timely manner. During the year ended 31 December 2015 a total of 2 meetings were held by the Board of Supervisors. Employees Representatives attended operation analysis meetings, effectively performing its duties in supervising the operation and management procedures of the Company.

During the year ended 31 December 2015, the Board of Supervisors supervised the convening procedures and resolutions of the general meetings and the Board meetings of the Company, the implementation of resolutions approved at the general meetings by the Board, senior management's performance of their duties and implementation of the management system of the Company in accordance with requirements of relevant laws and regulations of the PRC as well as the Articles of Association. Given the supervisory work mentioned above, the Board of Supervisors is of the view that the Company has established a comprehensive corporate governance structure and internal control system. During the year ended 31 December 2015, the Company operated strictly in accordance with the standards stipulated in the laws and regulations of the PRC and the Articles of Association, while the convening procedures of general meetings and the Board meetings, rules of procedures and resolution procedures were lawful and valid. It is not aware of any breaches of laws and regulations of the PRC and the Articles of Association or prejudice to the Company's interests by any Directors and senior management when performing their duties for the Company. The relatively sound internal control system of the Company promoted the legal operation of the Company, and ensured the asset safety and operation efficiency of the Company.

During the year ended 31 December 2015, the Board of Supervisors examined the financial structure and financial condition of the Company in a serious and careful manner and considered that the Company maintained healthy financial condition in 2015. The standard unqualified audit report issued by Ernst & Young and the opinions on the matters involved were objective and fair. The financial report of the Company for the year 2015 gave a true picture of the financial condition and operating results of the Company.

During the year ended 31 December 2015, members of the Board of Supervisors attended the Board meetings of the Company. The Board of Supervisors had no objections to the contents of reports and resolutions proposed by the Board at the general meetings. The Board of Supervisors supervised the implementation of resolutions approved at the general meetings and considered that the Board had duly performed relevant resolutions approved at the general meetings.

Looking forward, the Board of Supervisors of the Company will continue to carry out its duties in strict compliance with the Articles of Association and the relevant laws and regulations and protect the interests of the shareholders of the Company.

On behalf of the Board of Supervisors
Shen Bingkun
Chairman

Zhejiang Province, the PRC, 21 March 2016

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain high standards of corporate governance and protect the interests of its Shareholders in an open manner.

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

Pursuant to code provision A.2.1 of the Corporate Governance 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. Our Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and general manager of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

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

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year.

BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders. The Board has established three Board committees, being the audit committee (the "Audit Committee"), the remuneration and appraisal committee (the "Remuneration and Appraisal Committee"), and the nomination committee (the "Nomination Committee") (each a "Board Committee" and collectively the "Board Committees"), to oversee different areas of the Company's affairs.. As of the date of this annual report, the composition of the Board is as follows:

Executive Directors:	Mr. Lv Yaoneng *(Chairman)*
	Mr. Lv Dazhong
	Mr. Li Jinyan
	Mr. Lu Zhicheng
	Mr. Shen Haiquan
	Mr. Zheng Gang
Independent Non-executive Directors:	Mr. Xu Guoqiang
	Mr. Lin Tao
	Mr. Wong Ka Wai

Their biographical details and (where applicable) their family relationships are set out in the section headed "Biographical Details of Directors, Supervisors and Senior Management" on pages 7 to 10 in the annual report. A list of the Directors identifying their role and function and whether they are independent non-executive Directors are available on the Company's website.

There is no financial, business or other material/relevant relationships among members of the Board.

The functions and duties of the Board include but are not limited to: convening Shareholders' general meetings and reporting the Board's work at the Shareholders' general meetings; implementing the resolutions passed at the Shareholders' general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association. Each of our Directors has entered into a service contract with the Company.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Company, and the training and continuous professional development of Directors and senior management. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance.

Directors' Continuous Training and Professional Development

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Company. Every newly appointed Director receives an induction to ensure that he/she has a proper understanding of the business and operations of the Company and that he/she is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

In June 2015, the Company, together with its legal advisers, organized training sessions to each of the Directors in relation to continuous responsibilities of Hong Kong listed company and its directors before and after listing. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices.

	Types of training	
Name of Director	**Attending in-house training organized by professional organizations**	**Reading materials updating on new rules and regulations**
Executive Directors		
Mr. Lv Yaoneng	✓	✓
Mr. Lv Dazhong	✓	✓
Mr. Li Jinyan	✓	✓
Mr. Lu Zhicheng	✓	✓
Mr. Shen Haiquan	✓	✓
Mr. Zheng Gang	✓	✓
Independent Non-executive Directors		
Mr. Xu Guoqiang	✓	✓
Mr. Lin Tao	✓	✓
Mr. Wong Ka Wai	✓	✓

CORPORATE GOVERNANCE REPORT

Independence of Independent Non-Executive Directors

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

They serve actively on the Board and Board Committees to provide their independent and objective views. In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive director has submitted annual confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

Board Committees

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference of the Audit Committee, Nomination Committee and the Remuneration and Appraisal Committee are respectively available on the Company's website.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established an audit committee on 23 December 2015 with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board.

Our audit committee consists of three members, being Mr. Wong Ka Wai, Mr. Lin Tao and Mr. Xu Guoqiang. Mr. Wong Ka Wai currently serves as the chairman of our audit committee.

Pursuant to the meeting of the Audit Committee on 21 March 2016, the Audit Committee has reviewed, among other things, the financial statements of the Company for the year ended 31 December 2015, including the accounting principles and practices adopted by the Company, report prepared by the external auditors covering major findings in the course of the audit, the risk management and internal control systems and the overall effectiveness of the Company's internal audit function and the adequacy of resources, qualifications and experience of the staff and the accounting and financial reporting matters, and selection and appointment of the external auditors. No meeting was held by the Audit Committee during the year ended 31 December 2015 because the Company was listed in 12 January 2016.

CORPORATE GOVERNANCE REPORT

Remuneration and Appraisal Committee

The Company has established a remuneration and appraisal committee on 23 December 2015 with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration and appraisal committee are to evaluate the performance and make recommendations on the remuneration of Directors and our senior management and to recommend members of the Board.

Our remuneration and appraisal committee consists of three members, being Mr. Lv Yaoneng, Mr. Lin Tao and Mr. Xu Guoqiang. Mr. Xu Guoqiang currently serves as the chairman of our remuneration and appraisal committee.

Pursuant to the first meeting of the Remuneration and Appraisal Committee on 21 March 2016, the Remuneration and Appraisal Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company. No meeting was held by the Remuneration and Appraisal Committee during the year ended 31 December 2015 because the Company was listed on 12 January 2016.

Remuneration of Directors, Supervisors and Senior Management

The Company has established a formal and transparent procedure for formulating policies on the remuneration of Directors, Supervisors and senior management of the Group. Details of the remuneration of each of the Directors and Supervisors for the year ended December 31, 2015 are set out in note 9 to the consolidated financial statements.

The biographies of the senior management are disclosed in the section headed "Directors, Supervisors and Senior Management" in this annual report. The remuneration by band of non-Director members of the senior management for the year ended December 31, 2015 is as follows:

Remuneration band (RMB)	Number of individuals
0 – 1,000,000	2
1,000,000 – 1,500,000	–
1,500,000	–

Nomination Committee

The Company has established a nomination committee on 23 December 2015 with its written terms of reference in compliance with paragraph A.5 of the Corporate Government Code set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our nomination committee consists of three members, being Mr. Lv Yaoneng, Mr. Lin Tao and Mr. Xu Guoqiang, Mr. Lin Tao currently serves as the chairman of our nomination committee.

Pursuant to the first meeting of the Nomination Committee on 21 March 2016, the Nomination Committee has reviewed the policy for the nomination of Directors the structure, size and composition of the Board and assessed independence of the independent non-executive Directors. No meeting was held by the Nomination Committee during the year ended 31 December 2015 because the Company was listed on 12 January 2016.

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board developed, reviewed and monitored the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Record of Directors

The attendance record of each of the current Directors at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2015 is set out in the table below. The Directors did not authorize any alternate Director to attend Board or Board Committee meetings.

	Attendance/Number of Meetings				
Name of Directors	Board	Audit Committee (Note 1)	Remuneration and Appraisal Committee (Note 1)	Nomination Committee (Note 1)	First General Meeting
Mr. Lv Yaoneng	6/6	N/A	N/A	N/A	1/1
Mr. Lv Dazhong	6/6	N/A	N/A	N/A	1/1
Mr. Li Jinyan	6/6	N/A	N/A	N/A	1/1
Mr. Lu Zhicheng	6/6	N/A	N/A	N/A	1/1
Mr. Shen Haiquan	6/6	N/A	N/A	N/A	1/1
Mr. Zheng Gang	6/6	N/A	N/A	N/A	1/1
Mr. Xu Guoqiang	2/6	N/A	N/A	N/A	1/1
Mr. Lin Tao	2/6	N/A	N/A	N/A	1/1
Mr. Wong Ka Wai	2/6	N/A	N/A	N/A	1/1

Notes:

1. The H Shares of the Company were listed on the Hong Kong Stock Exchange on 12 January 2016 and there were no meetings convened by the Audit Committee, the Remuneration and Appraisal Committee and Nomination Committee the during the year ended 31 December 2015.

Board Proceedings

Meetings of the Board of Directors shall be held regularly at least four times each year and shall be convened by the chairman of the Board of Directors. Directors shall be notified ten days before the date of the meeting. A quorum will be formed by more than half of the Directors (including the proxies) attending a Board meeting in person. If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization. Directors attending Board meetings on behalf of other directors shall exercise their power as directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have waived his rights to vote at that meeting. Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the Board of Directors must be passed by more than half of all the Directors. Where the numbers of votes cast for and against a resolution are equal, the chairman shall have the right to cast an additional vote.

During the year ended 31 December 2015, there were six Board meetings held and all Directors attended the meetings that they were required to attend.

Board Diversity Policy

The Board adopted a board diversity policy (the "Board Diversity Policy") in 23 December 2015 in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

- at least 1/3 of the members of the Board shall be independent non-executive directors;
- at least 1 of the members of the Board shall have obtained accounting or relevant financial management professional qualifications; and
- at least 50% of the members of the Board shall have 7 years or more of experience in the industry he is specialised in.

Board of Supervisors

The Board of Supervisors consists of four Supervisors, comprising two representatives of employees (namely Mr. Shen Bingkun and Mr. Zou Jiangtao)and two external supervisors (namely Mr. Lv Zili and Mr. Chen Xiangjiang). Except for the employee representative Supervisors elected by employees, the Supervisors were elected by our Shareholders for a term of three years, which is renewable upon re-election and re-appointment. The functions and duties of the Board of Supervisors include reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and if in doubt, appointing certified public accountants and practicing auditors to re-examine the Company's financial information; monitoring the financial activities of the Company, supervising the performance of the Directors, the president and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the president and senior management members to rectify actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association. Each of the Supervisors has entered into a service contract with our Group.

Model Code for Securities Transactions

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' and supervisors' securities transactions on terms or less exactly than the requested standard set out in the Model Code. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the period from the Listing Date to the date of this report.

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.

COMPANY SECRETARY

The Group have appointed Mr. Zhong Zhihua (鍾志華) as one of our joint company secretaries. He joined the Company in September 2000 and acts as office officer, and has more than seven years of experience in administrative management matters with sound understanding of the operations of the Company. For details of Mr. Zhong, please see the section headed "Biographical Details of Directors, Supervisors and Senior Management – Joint Company Secretaries." Mr. Zhong, however, does not possess the specified qualifications required by Rule 3.28 of the Listing Rules. Given the important role of the company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the Listing Rules and other relevant laws and regulations, the Group have made the following arrangements:

- Mr. Zhong will endeavor to attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by the Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for PRC issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Listing Rules;

- the Group have appointed Mr. Hong Kam Le (康錦里), who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with and to provide assistance to Mr. Zhong in the discharge of his duties as a company secretary for an initial period of three years commencing from the Listing Date so as to enable Mr. Zhong to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as company secretary; and

- upon expiry of the three-year period, the qualifications and experience of Mr. Zhong will be re-evaluated. Mr. Zhong is expected to demonstrate to the Stock Exchange's satisfaction that he, having had the benefit of Mr. Hong's assistance for three years, would then have acquired the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

The Group have applied to the Stock Exchange for and the Stock Exchange has granted us, a waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the Listing Rules. Upon expiry of the initial three-year period, the qualifications of Mr. Zhong will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied. In the event that Mr. Zhong has obtained relevant experience under Note 2 to Rule 3.28 of the Listing Rules at the end of the said initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

The Company confirms that Mr. Zhong Zhihua and Mr. Hong Kam Le have for the year of 2015 complied with Rule 3.29 of the Listing Rules and attend to less than 15 hours of relevant professional training.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Board acknowledges its responsibility to prepare the Company's financial statements which give a true and fair view of the Company's state of affairs, results and cash flows for the year and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Company has adequate resources to continue in business for the foreseeable future and is not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern.

CORPORATE GOVERNANCE REPORT

The responsibilities of Ernst & Young, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this annual report.

Internal controls and risk management

The Board recognizes its responsibility to ensure the Group maintains a sound and effective internal control system and risk management, the Board has conducted a review of the effectiveness of the internal control system and risk management of the Group during the year, The Group's internal control system is designed to safeguard assets against misappropriation and unauthorized disposition and to manage operational risks, review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls, No major issue but areas for improvement have been identified, The Board and the Audit Committee considered that the key areas of the Company's internal control and risk management systems are reasonably implemented and considered them efficient and adequate.

External Auditor

Ernst & Young has been appointed as the external auditor of the Company, The Audit Committee has been notified of the nature and the service charges of non-audit services performed by Ernst & Young and considered that such services have no adverse effect on the independence of the external auditor.

For the year ended 31 December 2015, the fees payable to Ernst & Young in respect of its annual audit services provided to the Company was RMB1.0 million. The total fees paid and payable to Ernst & Young for the reporting accountant service in relation to the listing of the Company on the Main Board of the Stock Exchange was approximately RMB3.9 million.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year under review.

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to convene extraordinary general meeting

When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures:

(1) Shareholder(s), individually or collectively holding 5% or more of the shares carrying the right to vote at the meeting shall sign one or more written requests of the same form stating the subject of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof. The Board of Directors shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the Shareholders make the request in writing.

(2) If the Board of Directors fails to send notification of the meeting within 20 days from the date of the receipt of such request, requesting Shareholders may call the meeting within four months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as same as possible when the Board of Directors would call the meeting.

Shareholders can make enquiries to the Board and submit their written requisition by mailing to the Board or the company secretary of the Company at the Company's principal business at 22/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong or by fax at +86 573 8810 4880.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.jujiang.cn.

Constitutional Documents

Pursuant to resolutions of the Shareholders passed on 23 December 2015, the Articles of Association were adopted with effect from the Listing Date. As at 31 December 2015, no change has been made to the Articles of Association after the Listing Date.

The Board of Directors proposes to seek approval from the Shareholders to pass a special resolution at the AGM to make certain amendments to the Articles of Association to bring them in line with the proposed conversion of the Company into a company limited by shares with foreign investment (if the conversion is approved by the Shareholders at the AGM).

A circular containing, among others, details of the proposed amendments to the Articles of Association and a notice of the AGM will be dispatched to the Shareholders on or before 11 April 2016.

The Articles of Association are available on the websites of the Stock Exchange and the Company.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This is the first environmental, social and governance report released by the Group pursuant to the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") provided in Appendix 27 to the Listing Rules on the Stock Exchange, which sets out the Company's policies and practices in three aspects namely environmental protection, working environment, and community involvement for the year ended 31 December 2015.

ENVIRONMENTAL PROTECTION

The Group have established and implemented an environmental compliance system to specify various environmental protection procedures and measures and ensure our compliance with ISO14001:2004 standards and the relevant PRC laws and regulations. We have adopted corresponding environmental protection measures to ensure compliance with relevant laws and regulations, including noise control, air pollution control, as well as solid waste and waste water treatment. Set forth below is a summary of the standard environmental protection measures we implement:

Environmental matter	Measures
Noise control	Use low-noise equipment and machinery
	Inspect and maintain all equipment before use to be in compliance with permitted noise level
	Undertake works in accordance with the permitted working hours as specified by PRC law
Air pollution control	Suppress dust particles on construction sites by use of water
	Install dust screens as necessary
	Lower dust and harmful particles generated on construction sites through use of construction techniques and equipment
Solid waste disposal	Transport solid waste to landfills designated by local governments
Waste water treatment	Use sedimentation tanks to reduce the suspended solids in the waste water before being discharged
	Discharge rain and waste water separately

WORKING ENVIRONMENT

Employees

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

CORPORATE SOCIAL RESPONSIBILITY

The Group mainly recruit through recruitment fairs and on-campus recruitment. As at year ended 31 December 2015, we had a total of 734 employees, of which 565, or 77.0%, were based in Jiaxing, and 169, or 23.0%, were based in other areas in Zhejiang Province and in other provinces and regions in China. The following table sets forth the number and breakdown of our full-time employees by function as at year ended 31 December 2015:

	Number of employees
Project management	329
Quality and safety	175
Administrative and management	106
Design, survey and consultancy	65
Sales and marketing	36
Finance	23
Total	734

The Group have a labor union that protects our employees' rights, assists us in attaining the economic objectives of the Company, encourages employees to participate in management decisions and assists us in mediating disputes with union members.

OCCUPATIONAL HEALTH AND SAFETY

Safety Management System

The Group have in place stringent internal safety policies to ensure our safe operations and ensure our compliance with relevant PRC laws and regulations. Our quality and safety department, which is based at our headquarters, is responsible for overseeing our compliance with relevant PRC laws and regulations, conducting regular reviews and inspections of our safety performance, conducting review of any material accidents, and ensuring that we maintain the necessary licenses, approvals and permits to operate. We maintain GB/T28001- 2011 certificates for our construction contracting business and our civil defense products manufacturing business. Such certificates have a validity period of three years.

Pursuant to Provisions on the Administration of Construction Enterprises' Work Safety Permits, we are required to meet a number of requirements, including but not limited to: (i) management personnel and the operators shall accept work safety education training; (ii) ensure that office areas and living quarters of the construction site and the construction operation space, safety appliances, machinery and equipment, construction machinery, tools and fittings comply with the relevant laws, regulations, standards and rules concerning work safety; and (iii) implement prevention and monitoring measures and emergency safety plan for construction works that are more dangerous and where serious accidents are more likely to occur.

CORPORATE SOCIAL RESPONSIBILITY

Accident Rate Analysis

For the years ended 31 December 2014 and 2015, the accident rate on the Group's construction projects was 0.55 and 0.46 workplace accidents for every 1,000 workers, respectively. The Group accident rate equals the number of workplace accidents (including fractures and other injuries) during the relevant year or period divided by the annual average number of workers on our construction projects (including our project management personnel and subcontracted workers). Moreover, a table showing the Group's lost time injuries frequency rates ("LTIFR(s)")(Note) is set out below:

For the years ended 31 December	
2014	0.19
2015	Less than 0.01

Note: LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by using the total labour hours worked per year to divide the number of recordable cases and multiply by 1,000,000. It is assumed that the working hours of each worker is 10 hours per day.

Having considered the number of accidents and fatalities nationally and in Zhejiang Province from 2014 to 2015, Directors believe that we did not have a high accident or fatality number during the year ended 31 December 2015.

Training

Directors, senior management and key personnel in our finance department and project management department have attended training conducted by our PRC Legal Advisers on PRC Company Law and other relevant PRC laws and regulations, particularly those relating to the non-compliance incidents.

Bribery, corruption and other misconduct

The Group's employee handbook regulates our employees' conduct with respect to conflicts of interest, bribery, corruption and other misconduct. We provide regular training for our employees to emphasize the importance of employees' conduct and refresh their knowledge on the reporting system on employees' misconduct. Moreover, training in connection with anti-bribery rules and regulations under the PRC laws from our PRC Legal Advisers will be arranged for our Board and senior management team to enhance their awareness of the effect and consequences of bribery. An effective whistle blowing policy is also in place to minimize the risk of fraudulent acts, criminal offences or wrongdoings occurring in the workplace.

COMMUNITY INVOLVEMENT

The Group committed to fulfill corporate social responsibility and continued to dedicate the internal resources to charitable activities. During the year ended 31 December 2015, the Group donated RMB350,000 for assistance to student and poor family.

INDEPENDENT AUDITORS' REPORT

EY 安永

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To the shareholders of Jujiang Construction Group Co., Ltd.
(Incorporated in People's Republic of China with limited liability)

We have audited the consolidated financial statements of Jujiang Construction Group Co., Ltd. (the "Company") and its subsidiaries set out on pages 43 to 102, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

Hong Kong
21 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	6	4,424,646	4,289,367
Cost of sales		(4,191,490)	(4,059,641)
Gross profit		233,156	229,726
Other income and gains	6	9,186	6,802
Administrative expenses		(73,173)	(61,308)
Other expenses		9,025	(14,793)
Finance costs	7	(43,802)	(43,569)
PROFIT BEFORE TAX	8	134,392	116,858
Income tax expense	10	(35,868)	(34,035)
PROFIT FOR THE YEAR		98,524	82,823
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		98,524	82,823
Profit attributable to:			
Owners of the parent		98,517	82,450
Non-controlling interests		7	373
		98,524	82,823
Total comprehensive income attributable to			
Owners of the parent		98,517	82,450
Non-controlling interests		7	373
		98,524	82,823
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	11	0.25	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	122,684	130,405
Prepaid land lease payments	13	9,579	9,871
Intangible assets	14	1,435	1,375
Available-for-sale investment	15	3,600	3,600
Deferred tax assets	16	17,850	18,070
Trade receivables	19	14,421	20,005
Prepayments, deposits and other receivables	20	34,604	21,844
Other non-current assets		437	1,259
Total non-current assets		204,610	206,429
CURRENT ASSETS			
Prepaid land lease payments	13	291	291
Inventories	17	2,863	9,382
Trade and bills receivables	19	395,434	486,289
Prepayments, deposits and other receivables	20	722,251	971,673
Amounts due from contract customers	18	2,720,263	2,538,145
Pledged deposits	21	10,640	42,040
Cash and cash equivalents	21	49,218	26,646
Total current assets		3,900,960	4,074,466
CURRENT LIABILITIES			
Trade and bills payables	22	2,168,474	2,615,215
Other payables, advances from customers and accruals	23	245,285	190,073
Amounts due to contract customers	18	87,976	65,464
Interest-bearing bank and other borrowings	24	699,060	635,380
Tax payable		106,404	87,456
Total current liabilities		3,307,199	3,593,588
NET CURRENT ASSETS		593,761	480,878
TOTAL ASSETS LESS CURRENT LIABILITIES		798,371	687,307

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals	23	**24,402**	11,862
Total non-current liabilities		**24,402**	11,862
Net assets		**773,969**	675,445
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	**400,000**	400,000
Reserves	26	**369,105**	270,588
		769,105	670,588
Non-controlling interests		**4,864**	4,857
Total equity		**773,969**	675,445

Approved on behalf of the board of directors:

Lv Yaoneng
Director

Lv Dazhong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

		Attributable to owners of the parent							
		Share capital	Capital reserve*	Special reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014		300,000	1,354	–	28,221	258,563	588,138	4,484	592,622
Profit for the year		–	–	–	–	82,450	82,450	373	82,823
Total comprehensive income for the year		–	–	–	–	82,450	82,450	373	82,823
Capitalisation of retained profits and statutory surplus reserve	(ii)	100,000	179,233	–	(27,227)	(252,006)	–	–	–
Appropriation to statutory surplus reserve		–	–	–	8,874	(8,874)	–	–	–
Transfer to special reserve	(i)	–	–	91,754	–	(91,754)	–	–	–
Utilisation of special reserve	(i)	–	–	(91,754)	–	91,754	–	–	–
As at 31 December 2014 and 1 January 2015		400,000	180,587	–	9,868	80,133	670,588	4,857	675,445
Profit for the year		–	–	–	–	98,517	98,517	7	98,524
Total comprehensive income for the period		–	–	–	–	98,517	98,517	7	98,524
Appropriation to statutory surplus reserve		–	–	–	10,312	(10,312)	–	–	–
Transfer to special reserve	(i)	–	–	93,116	–	(93,116)	–	–	–
Utilisation of special reserve	(i)	–	–	(93,116)	–	93,116	–	–	–
As at 31 December 2015		**400,000**	**180,587**	**–**	**20,180**	**168,338**	**769,105**	**4,864**	**773,969**

* As at 31 December 2015, these reserve accounts comprise the consolidated reserves of RMB369,105,000, in the consolidated statement of financial position.

Notes:

(i) In preparation of the financial statements, the Group has appropriated certain amount of retained profits to a special reserve fund for each of the two years ended 31 December 2015 and 2014, for safety production expense purpose as required by directives issued by relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.

(ii) Pursuant to the resolution passed by the board of directors in December 2014, the Company's share capital increased from RMB300 million to RMB400 million by the capitalisation of retained profits and the statutory surplus reserve, and the Company became a joint stock company with limited liability.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**134,392**	116,858
Adjustments for:			
Finance costs	7	**43,802**	43,569
Dividend income from unlisted equity investment		**–**	–
Interest income	6	**(796)**	(1,584)
Depreciation of items of property, plant and equipment	8	**8,456**	8,032
Amortisation of intangible assets	8	**225**	241
Amortisation of prepaid land lease payments	8	**292**	291
(Reversal of impairment) /Impairment of trade receivables	8	**(434)**	3,629
Reversal of impairment of deposits and other receivables	8	**(8,746)**	(10,931)
Loss on disposal of intangible assets, net	8	**6**	–
		177,197	181,967
Decrease/(increase) in inventories		**6,519**	(4,156)
Increase in amounts due from/to contract customers		**(159,606)**	(842,979)
Decrease/(increase) in trade and bills receivables		**96,872**	(26,639)
Increase in prepayments, deposits and other receivables		**(25,797)**	(229,940)
Decrease in pledged deposits		**31,400**	34,540
(Decrease)/increase in trade and bills payables		**(446,741)**	783,941
Increase in other payables, advances from customers and accruals		**86,624**	16,540
Cash flows used in operations		**(233,532)**	(86,726)
Interest received		**796**	1,584
Income tax paid		**(16,700)**	(12,098)
Net cash flows used in operating activities		**(249,436)**	(97,240)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of items of property, plant and equipment	12	**(849)**	(12,012)
Payments for acquisition of intangible assets	14	**(289)**	(153)
Proceeds from disposal of items of property, plant and equipment		**114**	18
Net cash flows used in investing activities		**(1,024)**	(12,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(43,802)**	(43,569)
New bank loans		**886,990**	825,240
Repayment of bank loans		**(823,310)**	(770,740)
Borrowings and repayments of loans to related parties		**(867,805)**	(1,063,321)
Borrowings and repayments of loans from related parties		**1,136,058**	1,231,008
Borrowings and repayments of loans to others		**(15,708)**	(330,081)
Borrowings and repayments of loans from others		**3,287**	248,319
Payment of listing expenses		**(2,678)**	(675)
Net cash flows from financing activities		**273,032**	96,181
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**22,572**	(13,206)
Cash and cash equivalents at beginning of year		**26,646**	39,852
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		**49,218**	26,646
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**49,218**	26,646
Cash and cash equivalents as stated in the statement of financial position		**49,218**	26,646
Cash and cash equivalents as stated in the statement of cash flows		**49,218**	26,646

1. CORPORATE AND THE 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, the Group's principal activities were as follows:

- Construction contracting
- Others – Design, survey and consultancy, etc

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration and business	Share capital	Percentage of equity attributable to the Company Direct	Principal activities
Zhejiang Jujiang Construction Surveying and Design Co., Ltd. (「浙江巨匠建築勘察設計有限公司」) note (a)	The PRC/Mainland China September 1985	RMB3,000,000	100%	Surveying, designing, engineering exploration
Tongxiang City Jujiang Lifting Equipment Installation Co., Ltd. (「桐鄉市巨匠起重設備安裝有限公司」) note (a)	The PRC/Mainland China May 2006	RMB1,600,000	100%	Installation, disassembly, rent of construction lifting equipment
Zhejiang Jujiang Municipal Landscaping Engineering Co., Ltd.(「浙江巨匠市政園林綠化工程有限公司」) note (a)	The PRC/Mainland China Oct 2007	RMB50,000,000	100%	Municipal public, sports facilities construction, landscaping
Zhejiang Kepuao Building Materials Trading Co., Ltd. (「浙江科普奧建材貿易有限公司」) note (a)	The PRC/Mainland China February 2013	RMB30,000,000	100%	Sales of building materials, machinery, metal materials
Tongxiang City Jujiang Curtain Wall Installation Engineering Co., Ltd.(「桐鄉市巨匠建築幕牆安裝工程有限公司」) note (a)	The PRC/Mainland China March 2009	RMB5,000,000	85%	Installation of architecture wall
Jiaxing Jujiang Defense Equipment Co., Ltd. (「嘉興巨匠防護設備有限公司」) note (a)	The PRC/Mainland China April 2013	RMB10,000,000	70%	Civil defense products manufacturing business

* The English names of the companies registered in the PRC represent the best efforts of the management of the Company in directly translating the Chinese names of the companies as no English names have been registered.

Notes:

a) Registered as limited liability companies under PRC law.

2 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

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

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

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

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

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

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

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

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarized as follows:

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSS *(Continued)*

(a) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS15 upon adoption.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSS *(Continued)*

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

In January 2016, the IASB issued IFRS 16 which requires lessees to recognise assets and liabilities for most leases. Under the new standard, a lease is a contract, or part of a contract, that conveys the right to use an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset if, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset and direct the use of the identified asset. Lessees are required to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the identified asset for the lease term. Subsequently, lessees accreate the lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-of-use asset is depreciated in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment. For lessors, there is little change to the existing accounting in IAS 17 Leases. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of IFRS 16 upon adoption.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSS *(Continued)*

In January 2016 the IASB published Amendments to IAS 7. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments are not expected to have any significant impact on the financial statements or performance of the Group upon adoption on 1 January 2017.

In January 2016 the IASB published Amendments to IAS12 Recognition of Deferred Tax Assets for Unrealised Losses clarify the following:

(i) Unrealised losses on debt instruments measured at fair value and measured at cost for tax purpose give rise to deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

(ii) The carrying amount of an asset does not limit the estimation of probable future taxable profits.

(iii) Estimates for future taxable profits exclude tax deduction resulting from the reversal of deducible temporary difference.

(iv) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation for tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations not under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction and service contract assets, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Categories	
Buildings	2.38% to 4.75%
Plant and machinery	4.75% to 11.88%
Office equipment and others	9.50% to 31.67%
Motor vehicles	9.50% to 32.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments *(Continued)*

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, interest-bearing bank and other borrowings and other payables.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(c) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(d) rental income, on a time proportion basis over the lease terms;

(e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(f) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour, the cost of subcontracting and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method. The stage of completion of a contract is established by reference to the construction works certified by independent surveyors.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Employee benefits

Social pension plans

The Group has the social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligation beyond the contributions made.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Apart from those described above, the Group does not have any other legal or constructive obligations over employee benefits.

Production safety expenses

Production safety expenses accrued based on the Production Safety Law of the People's Republic of China (中華人民共和國安全生產法) shall be provided in retained profits for the current period, and recorded as a fund in the special reserve. When the expenditures are utilised as expenses, they should be recognised in profit or loss and offset against the special reserve; when the expenditures incurred relate to fixed assets, they shall be recognised in the cost of fixed assets, which will be recognised when it is ready for use. The same amount as the expenditure will be offset against the special reserve and recorded as accumulated depreciation equivalent at the same time.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group periodically reviews the changes in market conditions, expected physical wear and tear, and the maintenance of the asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. Depreciation amount will be adjusted if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of the reporting period based on changes in circumstances.

Percentage of completion of construction and service works

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the construction works certified by independent surveyors. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred.

Estimation of total budgeted costs and cost to completion for construction contracting and contracts for services

Total budgeted costs for construction contracting and contract for services comprise (i) direct material costs and direct labour, (ii) costs of subcontracting, and (iii) an appropriation of variable and fixed construction and services overheads. In estimating the total budgeted costs for construction contracting and contract for service, management makes reference to information such as (i) current offers from subcontractors and suppliers, (ii) recent offers agreed with subcontractors and suppliers, and (iii) professional estimation on material costs, labour costs and other costs.

Deferred tax assets

Deferred tax assets relating to certain deductible temporary differences are recognised as management considers it is probable that future taxable profits will be available against which the unused temporary differences or unused tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal takes place.

Impairment of trade receivables

The Group maintains an allowance for estimated loss arising from the inability of its customers to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, customers' creditworthiness, and historical write-off experience. If the financial condition of its customers deteriorates such that the actual impairment loss might be higher than expected, the Group would be required to revise the basis for making the allowance and its future results would be affected.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

(a) Construction contracting – this segment engages in the provision of services relating to construction contracting in architecture;

(b) Others – provision of services on designing, surveying and mapping, monitoring and consulting services in the engineering of municipal management and construction installation of lifting equipment, sale of construction materials and civil defense products and provision of services relating to construction contracting in architecture.

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

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

Year ended 31 December 2015

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2014

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

Note:

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

6. 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 follow:

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

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

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on other borrowings wholly repayable within one year	43,377	40,149
Interest on discounted bills receivable	425	3,420
	43,802	43,569

8. PROFIT BEFORE TAX

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

	Notes	2015 RMB'000	2014 RMB'000
Cost of construction contracting (including depreciation)		**4,174,392**	4,037,015
Cost of others		**17,098**	22,626
Total cost of sales		**4,191,490**	4,059,641
Depreciation of items of property, plant and equipment (note (a))	12	**8,456**	8,032
Amortisation of prepaid land lease payments	13	**292**	291
Amortisation of intangible assets	14	**225**	241
Total depreciation and amortisation		**8,973**	8,564
(Reversal of impairment)/Impairment of trade receivables	19	**(434)**	3,629
(Reversal of impairment)/Impairment of deposits and other receivables	20	**(8,746)**	10,931
Total (reversal of impairment)/impairment losses, net		**(9,180)**	14,560
Minimum lease payments under operating leases of land and buildings (note (b))		**1,023**	1,035
Auditors' remuneration		**2,563**	2,111
Employee benefit expenses (including Directors' and Supervisors' remuneration) (note (c)):		**33,369**	30,843
Wages, salaries and allowances		**24,344**	21,714
Social insurance		**7,290**	5,602
Welfare and other expenses		**1,735**	3,527
Interest income		**(796)**	(1,584)
Loss on disposal of items of property, plant and equipment, net		**–**	–

(a) Depreciation of approximately RMB5,626,000 and approximately RMB5,532,000 are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for years ended 31 December 2015 and 2014 respectively.

(b) Minimum lease payments of approximately RMB571,000 and approximately RMB679,000 are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for years ended 31 December 2015 and 2014 respectively.

(c) Employee benefit expenses of approximately RMB33,369,000 and approximately RMB30,843,000 are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2015 and 2014 respectively.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and supervisors' remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	Notes	2015 RMB'000	2014 RMB'000
Fees		–	–
Others emoluments:			
– Salaries, allowances and benefits in kind		1,220	1,242
– Performance-related bonuses		186	186
– Pension schemes	46	47	46
		1,453	1,474

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors' and supervisors' remuneration *(Continued)*

The names of the Directors and supervisors and their remuneration for the reporting period are as follows:

Year ended 31 December 2015

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive Directors					
Mr. Lv Yaoneng (呂耀能)	–	287	–	9	296
Mr. Lv Dazhong (呂達忠)	–	204	60	7	271
Mr. Li Jinyan (李錦燕)	–	234	60	7	301
Mr. Lu Zhicheng (陸志城)	–	19	–	4	23
Mr. Shen Haiquan (沈海泉)	–	19	–	7	26
Mr. Zheng Gang (鄭剛)	–	238	60	7	305
	–	1,001	180	41	1,222
Non-executive Directors					
Mr. Xu Guoqiang (徐國强)	–	–	–	–	–
Mr. Lin Tao (林濤)	–	–	–	–	–
Mr. Wong Ka Wai (王加威)	–	–	–	–	–
	–	–	–	–	–
Supervisors					
Mr. Zou Jingtao (鄒江滔)	–	173	6	6	185
Mr. Shen Bingkun (沈炳坤)	–	46	–	–	46
Mr. Lv Zili (呂自力)	–	–	–	–	–
Mr. Chen Xiangjiang (陳祥江)	–	–	–	–	–
	–	219	6	6	231
	–	1,220	186	47	1,453

Note:

* Mr. Xu Guoqiang, Mr. Lin Tao and Mr. Wong Ka Wai were appointed as independent Directors, effective from 19 August 2015. Mr. Lv Julong resigned as supervisor, Mr. Lv Ziliand Mr. Chen Xiangjiang were appointed as supervisors, effective from 19 August 2015.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(a) Directors' and supervisors' remuneration *(Continued)*

Year ended 31 December 2014

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension schemes RMB'000	Total remuneration RMB'000
Executive Directors					
Mr. Lv Yaoneng (呂耀能)	–	284	–	9	293
Mr. Lv Dazhong (呂達忠)	–	202	60	7	269
Mr. Li Jinyan (李錦燕)	–	218	60	7	285
Mr. Lu Zhicheng (陸志誠)	–	18	–	3	21
Mr. Shen Haiquan (沈海泉)	–	19	–	7	26
Mr. Zheng Gang (鄭剛)	–	214	60	7	281
	–	955	180	40	1,175
Supervisors					
Mr. Zou Jiangtao (鄒江滔)	–	181	6	6	193
Mr. Shen Bingkun (沈炳坤)	–	45	–	–	45
Mr. Lv Julong (呂菊龍)	–	61	–	–	61
	–	287	6	6	299
	–	1,242	186	46	1,474

Note:

* Mr. Lv Julong resigned as executive director and together with Mr. Zou Jiangtao were appointed as supervisors, effective from 25 December 2014.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Five highest paid employees

An analysis of the headcounts of the five highest paid employees within the Group for the reporting period is as follows:

	2015	2014
Directors	3	4
Supervisors	–	–
Non-director and non-supervisor employees	2	1
	5	5

Details of the Directors' and supervisors' remuneration are set out above.

Details of the remuneration of the above non-director and non-supervisor, highest paid employees are as follows:

	2015 RMB'000	2014 RMB'000
Salaries, allowances and benefits in kind	437	218
Performance-related bonuses	120	60
Pension schemes	13	7
	570	285

The number of non-director and non-supervisor, highest paid employees whose remuneration fell within the following bands is as follows:

	2015	2014
Nil to RMB1,000,000	2	1
RMB 1,000,000 to RMB 1,500,000	–	–
RMB 1,500,000 to RMB 2,000,000	–	–

During the reporting period, there were no arrangements under which a Director or a supervisor waived or agreed to waive any emoluments. In addition, no emoluments were paid by the Group to the Directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current income tax – Mainland China		
Charge for the year	**35,420**	39,125
Under provision in prior years	**228**	–
Deferred income tax (note 16)	**220**	(5,090)
Tax charge for the year	**35,868**	34,035

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the year is as follows:

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

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the those periods.

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

	2015 RMB'000	2014 RMB'000
Earnings:		
Profit for the year attributable to owners of the parent, used in the basic earnings per share calculation	**98,517**	82,450

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

	2015	2014
	'000	'000
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**400,000**	400,000

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

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Motor vehicles	Office equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015						
At 31 December 2014 and at 1 January 2015:						
Cost	110,240	28,969	16,898	9,725	2,646	168,478
Accumulated depreciation	(10,241)	(9,249)	(13,263)	(5,320)	–	(38,073)
Net carrying amount	99,999	19,720	3,635	4,405	2,646	130,405
At 1 January 2015, net of accumulated depreciation	99,999	19,720	3,635	4,405	2,646	130,405
Additions	7	245	–	429	168	849
Transfers	2,814	–	–	–	(2,814)	–
Disposals	–	–	–	(114)	–	(114)
Depreciation provided during the year	(3,311)	(2,646)	(1,164)	(1,335)	–	(8,456)
At 31 December 2015, net of accumulated depreciation	99,509	17,319	2,471	3,385	–	122,684
At 31 December 2015:						
Cost	113,061	29,214	16,898	10,016	–	169,189
Accumulated depreciation	(13,552)	(11,895)	(14,427)	(6,631)	–	(46,505)
Net carrying amount	99,509	17,319	2,471	3,385	–	122,684

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014						
At 31 December 2013 and at 1 January 2014:						
Cost	110,240	21,943	16,646	8,161	–	156,990
Accumulated depreciation	(7,844)	(7,305)	(11,730)	(3,668)	–	(30,547)
Net carrying amount	102,396	14,638	4,916	4,493	–	126,443
At 1 January 2014, net of accumulated depreciation	102,396	14,638	4,916	4,493	–	126,443
Additions	–	7,456	346	1,564	2,646	12,012
Disposals	–	(13)	(5)	–	–	(18)
Depreciation provided during the year	(2,397)	(2,361)	(1,622)	(1,652)	–	(8,032)
At 31 December 2014, net of accumulated depreciation	99,999	19,720	3,635	4,405	2,646	130,405
At 31 December 2014:						
Cost	110,240	28,969	16,898	9,725	2,646	168,478
Accumulated depreciation	(10,241)	(9,249)	(13,263)	(5,320)	–	(38,073)
Net carrying amount	99,999	19,720	3,635	4,405	2,646	130,405

The land and buildings, stated at cost as above, were valued at RMB119,170,000 as at 31 October 2015 in the prospectus issued on 30 December 2015. If such land and buildings have been restated in these financial statements at such valuation amount throughout the year ended 31 December 2015, an additional depreciation charge of RMB250,000 would have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

Certain of the Group's buildings with a net carrying amount of approximately RMB99,397,000 and approximately RMB99,999,000 as at 31 December 2015 and 2014 respectively, were pledged to secure general banking facilities granted to the Group (note 24).

13. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at beginning of the year	**10,162**	10,453
Amortisation for the year	**(292)**	(291)
Carrying amount at end of year	**9,870**	10,162
Portion classified as current assets	**(291)**	(291)
Non-current portion	**9,579**	9,871

The leasehold land is situated in Mainland China and is held on a lease between 40 years and 50 years.

14. INTANGIBLE ASSETS

	2015 RMB'000	2014 RMB'000
At beginning of the year:		
Cost	**1,979**	1,826
Accumulated amortisation for the year	**(604)**	(363)
Net carrying amount	**1,375**	1,463
Cost at beginning of the year:		
net of accumulated amortisation	**1,375**	1,463
Additions	**289**	153
Disposed during the year	**(207)**	–
Accumulated amortisation for the year	**(225)**	(241)
Write-off of amortisation during the year	**203**	–
At end of the year	**1,435**	1,375
At end of the year:		
Cost	**2,061**	1,979
Accumulated amortisation for the year	**(626)**	(604)
Net carrying amount	**1,435**	1,375

15. AVAILABLE-FOR-SALE INVESTMENT

	2015 RMB'000	2014 RMB'000
Unlisted equity investment, at cost	**3,600**	3,600

The unlisted equity investment represents the investment in entities established in the PRC. The investment is measured at cost less impairment at each reporting date because it does not have quoted market price in an active market and the range of reasonable fair value estimates is so significant that the Directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

16. DEFERRED TAX ASSETS

The movements in deferred tax assets during the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Deferred tax assets:		
At beginning of the year	**18,070**	12,980
Deferred tax credited/(debited) to profit or loss during the year (note 10)	**(220)**	5,090
At end of the year	**17,850**	18,070

The deferred tax assets are attributed to the following items:

	2015 RMB'000	2014 RMB'000
Deferred tax assets:		
Provision for impairment of receivables	**4,829**	4,937
Provision for impairment of other receivables	**7,796**	9,983
Accrued but not paid salaries, wages and benefits	**2,267**	1,787
Accrued but not paid provision and expenses	**2,264**	898
Amortization difference of intangible assets between accounting and tax	**4**	–
Accumulated losses	**690**	465
	17,850	18,070

As at 31 December 2015, deferred tax assets amounting to approximately RMB926,000 were not recognised. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

As at 31 December 2014, there were no unrecognised deferred tax assets in respect of deductible temporary differences and unused tax losses.

17. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**1,252**	7,658
Goods in process	**576**	–
Finished goods	**976**	1,680
Spare parts and consumables	**59**	44
	2,863	9,382

18. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

Construction contracts

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

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

19. 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.

19. TRADE AND BILLS RECEIVABLES *(Continued)*

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

(1) The non-current portion of trade receivables mainly represents the amounts of retentions held by customers at the end of 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:

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

19. TRADE AND BILLS RECEIVABLES *(Continued)*

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

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

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

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

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

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

19. TRADE AND BILLS RECEIVABLES *(Continued)*

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

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

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

Transferred financial assets that are not derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of approximately RMB50,576,000 and approximately RMB81,025,000 as at 31 December 2015 and 2014 respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse were approximately RMB50,576,000 and approximately RMB81,025,000 as at 31 December 2015 and 2014 respectively.

Transferred financial assets that are derecognised in their entirety

The Group endorsed and discounted certain bills receivable accepted by banks in the PRC (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of approximately RMB73,663,000 and approximately RMB129,338,000 as at 31 December 2015 and 2014, respectively. The Derecognised Bills have a maturity from one to six months at the end of the 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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Deposits and other receivables	**355,007**	882,167
Provision for impairment of deposits and other receivables	**(31,185)**	(39,931)
	323,822	842,236
Prepayment to suppliers	**433,033**	151,281
	756,855	993,517
Portion classified as non-current assets (1)	**(34,604)**	(21,844)
Current portion	**722,251**	971,673

(1) The non-current portion of deposits and other receivables mainly represents performance guarantee amounts held by customers at the end of the reporting period.

The movements in provision for impairment of deposits and other receivables are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of the year	**39,931**	29,000
Impairment losses recognised	**4,017**	10,978
Impairment losses reversed	**(12,763)**	(47)
At the end of the year	**31,185**	39,931

Included in the above provision for impairment of other receivables are provisions for individually impaired other receivables of approximately RMB22,983,000 and approximately RMB19,942,000 with aggregate carrying amounts before provision of approximately RMB22,983,000 and approximately RMB36,468,000 as at 31 December 2015 and 2014, respectively.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**268,112**	760,144
Past due within 1 year but not impaired	**49,883**	3,500
	317,995	763,644

None of the balances except for the deposits and other receivables disclosed above is either past due or impaired, as they relate to balances for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015 RMB'000	2014 RMB'000
Cash and bank balances	**49,218**	26,646
Time deposits	**10,640**	42,040
	59,858	68,686
Less: Pledged time deposits:		
Pledged bank balances for bank notes and letters of credit	**(10,640)**	(42,040)
Cash and cash equivalents	**49,218**	26,646

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE AND BILLS PAYABLES

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

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

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

23. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Advances from customers	**61,962**	60,613
Accrued salaries, wages and benefits	**9,066**	7,148
Other taxes payable	**127,641**	90,221
Other payables	**71,018**	43,953
	269,687	201,935
Portion classified as non-current liabilities (1)	**(24,402)**	(11,862)
Current portion	**245,285**	190,073

The above amounts are unsecured, non-interest-bearing and have no fixed term of settlement.

(1) The non-current portion mainly represents the performance guaranteed amounts from subcontractors and suppliers of the Group at the end of the reporting period.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

	2015 RMB'000	2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	699,060	635,380

Notes:

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

(b) As set out in note 32(b), as at 31 December 2015 and 2014, the Group's interest-bearing bank loans and other borrowings of approximately RMB602,310,000 and approximately RMB493,830,000, respectively, are jointly guaranteed by the controlling shareholder and other related parties of the Group, free of charge.

25. SHARE CAPITAL

	2015 RMB'000	2014 RMB'000
Share capital	400,000	400,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

25. SHARE CAPITAL *(Continued)*

The movements in share capital are as follows:

	Notes	2015 RMB'000	2014 RMB'000
At beginning of the year		**400,000**	–
Transformation into a joint stock company			
– Conversion into share capital	(i)	**–**	300,000
– Capitalisation of retained profits and statutory surplus reserve	(i)	**–**	100,000
At end of the year		**400,000**	400,000

(i) Pursuant to the resolution passed by the board of directors in December 2014, the Company's share capital was increased from RMB300 million to RMB400 million by the capitalisation of retained profits and statutory surplus reserve, and become a joint stock company with limited liability.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

During the reporting period, the Group had the following major non-cash transactions:

	Notes	2015 RMB'000	2014 RMB'000
Depreciation of property, plant and equipment, amortisation of intangible assets and prepaid land lease payments		**8,973**	8,564
Impairment/(reversal of impairment) of receivables		**(9,180)**	14,560
Increase in share capital by capitalisation of retained profits and statutory surplus reserve	36	**–**	100,000
Increase in capital reserve by capitalisation of retained profits and statutory surplus reserve	36	**–**	179,233

28. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2015 RMB'000	2014 RMB'000
Guarantees given to banks in connection with facilities granted to:		
Third parties	–	251,000

As at 31 December 2015 and 2014, the banking facilities granted to the third parties subject to guarantees given to banks by the Group were utilised to the extent of nil and approximately RMB170,980,000 respectively.

29. PLEDGE OF ASSETS

Details of the Group's bank loans which are mortgaged by the assets of the Group or guaranteed are included in note 24 to the financial statements.

30. OPERATING LEASE ARRANGEMENTS

As lessee

At the end of the reporting period, the Group had the following total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	989	981
In the second to fifth years, inclusive	–	780
After five years	–	–
	989	1,761

31. COMMITMENTS

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

32. RELATED PARTY TRANSACTIONS

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

	2015 RMB'000	2014 RMB'000
Construction contracting services provided to:		
Fellow subsidiaries	198,726	254,892
Associate of fellow subsidiaries	193,564	133,643
Design, survey and consultancy services provided to:		
Fellow subsidiaries	3	642
Associate of fellow subsidiaries	–	2,540
Installation, disassembly, rental of construction lifting equipment:		
Fellow subsidiaries	–	945
Sales of goods:		
Fellow subsidiaries	1,254	3,240
Purchase of raw materials:		
A company of which the controlling Shareholder of the Company is a director	32,517	24,342
Receipt of labour services:		
Fellow subsidiaries	535,670	1,018,737
Borrowings and repayments of loans provided to:		
Holding company	–	19,900
Fellow subsidiaries	867,805	1,043,421
Borrowings and repayments of loans received from:		
Holding company	19,900	–
Ultimate controlling shareholder	–	1,205
Fellow subsidiaries	1,116,154	1,229,803
Close family member of the director	–	–

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

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties:

The Group's interest-bearing bank loans and other borrowings of RMB602,310,000 and RMB493,830,000 as at 31 December 2015 and 2014, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, as set out in note 24(b).

(c) Outstanding balances with related parties:

	2015 RMB'000	2014 RMB'000
Accounts receivable:		
Fellow subsidiaries	18,970	36,177
Associate of fellow subsidiaries	4,458	15,005
Accounts payable:		
Fellow subsidiaries	16,830	1,018
A company of which the controlling shareholder of the Company is a director	56,912	49,417
Advances from customers:		
Fellow subsidiaries	–	4,000
Associate of fellow subsidiaries	5,500	20,000
Prepayment to supplier:		
Fellow subsidiaries	42,389	–
Other receivables:		
Holding company	–	19,900
Ultimate controlling shareholder	–	–
Fellow subsidiaries	115,920	652,169
Close family member of ultimate controlling shareholder	–	–
Associate of fellow subsidiaries	25,020	45,000
Key management person of the holding company	954	954
Other payables:		
Fellow subsidiaries	50	1,000
Amount due from contract customers:		
Fellow subsidiaries	104,049	103,782
Associate of fellow subsidiaries	141,223	85,346
Amount due to contract customers:		
Fellow subsidiaries	592	6,582
Associate of fellow subsidiaries	4,249	3,111

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2015 RMB'000	2014 RMB'000
Financial assets		
Available-for-sale financial investment:		
Available-for-sale investment	3,600	3,600
Loans and receivables:		
Trade and bills receivables	409,855	506,294
Financial assets included in deposits and other receivables	323,822	842,236
Pledged deposits	10,640	42,040
Cash and bank balances	49,218	26,646
	797,135	1,420,816
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and bills payables	2,168,474	2,615,215
Financial liabilities included in other payables, advances from customers and accruals	71,018	43,953
Interest-bearing bank and other borrowings	699,060	635,380
	2,938,552	3,294,548

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values as at the end of the reporting period, are as follows:

	Carrying amounts	
	2015	2014
	RMB'000	RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables, non-current portion	**14,421**	20,005
Financial assets included in deposits and other receivables, non-current portion	**34,604**	21,844
	49,025	41,849
Financial liabilities		
Financial liabilities at amortised cost:		
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**24,402**	11,862
	24,402	11,862

	Fair value	
	2015	2014
	RMB'000	RMB'000
Financial assets		
Loans and receivables:		
Trade and bills receivables, non-current portion	**14,421**	20,005
Financial assets included in deposits and other receivables, non-current portion	**32,646**	20,608
	47,067	40,613
Financial liabilities		
Financial liabilities at amortised cost:		
Financial liabilities included in other payables, advances from customers and accruals, non-current portion	**23,020**	11,191
	23,020	11,191

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, pledged deposits, the current portion of trade and bills receivables, trade payables, interest-bearing loans and other borrowings, the current portion of financial assets included in prepayments, deposits and other receivables and the current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with the senior management twice a year for annual financial reporting.

The following methods and assumptions were used to estimate the fair values.

The fair values of the non-current portion of trade and bills receivables, the non-current portion of financial assets included in prepayments, deposits and other receivables and the non-current portion of financial liabilities included in other payables and accruals have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and pledged deposits. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the board of directors of the Company holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

	Group	
	Increase/(decrease) in basis points	**Increase/(decrease) in profit before tax**
	RMB'000	RMB'000
2015		
The benchmark Deposit and Lending Rate of RMB	**100**	**(6,293)**
The benchmark Deposit and Lending Rate of RMB	**(100)**	**6,293**
2014		
The benchmark Deposit and Lending Rate of RMB	100	(2,411)
The benchmark Deposit and Lending Rate of RMB	(100)	2,411

Credit risk

The carrying amounts of cash and bank balances, pledged deposits, trade and bills receivables, and financial assets included in prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and bank balances and pledged deposits are held in major financial institutions located in Mainland China, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 22 to the financial statements.

Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2015			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	**2,168,474**	**–**	**–**	**2,168,474**
Financial liabilities included in other payables, advances from customers and accruals	**245,285**	**24,402**	**–**	**269,687**
Interest-bearing bank and other borrowings	**718,741**	**–**	**–**	**718,741**
Guarantees given to banks in connection with facilities granted to third parties	**–**	**–**	**–**	**–**
Total	**3,132,500**	**24,402**	**–**	**3,156,902**

	2014			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	2,615,215	–	–	2,615,215
Financial liabilities included in other payables, advances from customers and accruals	190,073	11,862	–	201,935
Interest-bearing bank and other borrowings	652,148	–	–	652,148
Guarantees given to banks in connection with facilities granted to third parties	170,980	–	–	170,980
Total	3,628,416	11,862	–	3,640,278

Capital management

The Group's primary objective for managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell to reduce debts. No change was made in the objectives, policies or processes for managing capital during the reporting period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by total equity Net debt includes interest-bearing bank and other borrowings, less cash and bank balances and pledged deposits. Capital includes the equity attributable to owners of the parent and non-controlling interests stated in the consolidated statement of financial position.

The Group's strategy is to maintain the gearing ratio at a healthy capital level in order to support its business. The principal strategies adopted by the Group include, but are not limited to, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its businesses. The gearing ratios as at the end of the reporting periods are as follows:

	2015 **RMB'000**	2014 RMB'000
Interest-bearing bank and other borrowings	**699,060**	635,380
Related party and 3rd party borrowings	**–**	16,193
Cash and bank balances (note 21)	**(49,218)**	(26,646)
Pledged deposits (note 21)	**(10,640)**	(42,040)
Net debt	**639,202**	582,887
Total equity	**773,969**	675,445
Gearing ratio	**83%**	86%

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**120,220**	127,149
Prepaid land lease payments	**9,579**	9,871
Intangible assets	**1,331**	1,245
Investments in subsidiaries	**95,850**	95,850
Available-for-sale investment	**3,600**	3,600
Deferred tax assets	**16,220**	13,683
Trade receivables	**14,421**	19,192
Prepayments, deposits and other receivables	**27,722**	21,843
Total non-current assets	**288,943**	292,433
CURRENT ASSETS		
Prepaid land lease payments	**291**	291
Inventories	**–**	6,742
Trade and bills receivables	**339,389**	450,917
Prepayments, deposits and other receivables	**652,066**	861,403
Amounts due from contract customers	**2,532,140**	2,399,517
Pledged deposits	**9,640**	41,040
Cash and bank balances	**16,022**	22,019
Total current assets	**3,549,548**	3,781,929

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2015 RMB'000	2014 RMB'000
CURRENT LIABILITIES		
Trade and bills payables	2,009,108	2,465,916
Other payables, advances from customers and accruals	257,668	170,535
Amounts due to contract customers	82,439	61,786
Interest-bearing bank and other borrowings	611,060	614,380
Tax payable	104,605	85,413
Total current liabilities	3,064,880	3,398,030
NET CURRENT ASSETS	484,668	383,899
TOTAL ASSETS LESS CURRENT LIABILITIES	773,611	676,332
NON-CURRENT LIABILITIES		
Other payables and accruals	18,658	10,946
Total non-current liabilities	18,658	10,946
Net assets	754,953	665,386
EQUITY		
Share capital	400,000	400,000
Reserves	354,953	265,386
Total equity	754,953	665,386

Approved on behalf of the board of directors:

Lv Yaoneng
Director

Lv Dazhong
Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	**Statutory surplus reserve** RMB'000	**Special reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000
As at 1 January 2014	1,354	27,227	–	252,006	280,587
Profit for the year	–	–	–	84,799	84,799
Total comprehensive income	–	–	–	84,799	84,799
Transformation into a joint stock company	179,233	(27,227)	–	(252,006)	(100,000)
Appropriation to statutory surplus reserve	–	8,480	–	(8,480)	–
Transfer to special reserve	–	–	(88,066)	88,066	–
Utilisation of special reserve	–	–	88,066	(88,066)	–
As at 31 December 2014 and 1 January 2015	180,587	8,480	–	76,319	265,386
Profit for the year	–	–	–	89,567	89,567
Total comprehensive income	–	–	–	89,567	89,567
Appropriation to statutory surplus reserve	–	8,957	–	(8,957)	–
Transfer to special reserve	–	–	(89,182)	46,192	(42,990)
Utilisation of special reserve	–	–	89,182	(46,192)	42,990
As at 31 December 2015	**180,587**	**17,437**	**–**	**156,929**	**354,953**

37. EVENTS AFTER THE REPORTING PERIOD

In addition to the subsequent events detailed elsewhere in the financial statements, the Hong Kong shares of the Company were listed on the Hong Kong Stock Exchange on 12 January 2016.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 March 2016.