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**PUJIANG INTERNATIONAL GROUP LIMITED**

**浦江國際集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2060)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2019</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>(%)</b>
<b>Revenue</b>	<b>1,947,102</b>	1,812,415	7.4
<b>Gross profit</b>	<b>517,842</b>	456,098	13.5
<b>Profit for the year</b>	<b>187,370</b>	134,350	39.5

The board of directors (the “**Board**”) of Pujiang International Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019.

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December*

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
<b>REVENUE</b>	5	<b>1,947,102</b>	1,812,415
Cost of sales		<u>(1,429,260)</u>	<u>(1,356,317)</u>
Gross profit		<b>517,842</b>	456,098
Other revenue	6	<b>15,851</b>	11,585
Other gains and losses	7	<b>(19,096)</b>	(17,804)
Selling and distribution costs		<b>(43,301)</b>	(29,867)
General and administrative expenses		<b>(76,078)</b>	(103,586)
Research and development expenses		<b>(95,654)</b>	(79,883)
Share of losses of associates		<b>(3,860)</b>	(5)
Finance costs	8	<u><b>(91,304)</b></u>	<u>(67,522)</u>
<b>PROFIT BEFORE INCOME TAX</b>	9	<b>204,400</b>	169,016
Income tax expenses	11	<u><b>(17,030)</b></u>	<u>(34,666)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>187,370</b></u>	<u>134,350</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*For the year ended 31 December*

	<i>Note</i>	<b>2020</b> <i>RMB'000</i>	<b>2019</b> <i>RMB'000</i>
Attributable to:			
Owners of the Company		<b>151,219</b>	99,739
Non-controlling interests		<b>36,151</b>	34,611
		<b>187,370</b>	134,350
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(6,939)</b>	4,072
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
		<b>(6,939)</b>	4,072
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		<b>180,431</b>	138,422
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>141,240</b>	103,069
Non-controlling interests		<b>39,191</b>	35,353
		<b>180,431</b>	138,422
		<b>RMB</b>	<i>RMB</i>
<b>EARNINGS PER SHARE</b>			
	<i>12</i>		
Basic		<b>0.1865</b>	0.1390
Diluted		<b>0.1861</b>	0.1376

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		114,328	119,107
Intangible assets		–	–
Interests in associates		266,135	103,995
Deferred tax assets		9,915	7,513
Deposits		152,037	136,735
<b>Total non-current assets</b>		<u>542,415</u>	<u>367,350</u>
<b>CURRENT ASSETS</b>			
Inventories		451,098	299,768
Assets held for sale		12,513	–
Trade and retention receivables	14	985,289	1,184,158
Prepayments, deposits and other receivables		1,464,858	1,259,084
Financial assets at fair value through profit and loss		–	88,597
Restricted bank deposits		247,536	218,704
Cash and cash equivalents		891,921	307,638
<b>Total current assets</b>		<u>4,053,215</u>	<u>3,357,949</u>
<b>Total assets</b>		<u>4,595,630</u>	<u>3,725,299</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	584,976	588,077
Contract liabilities		155,807	82,293
Other payables and accruals		107,891	72,897
Bank and other borrowings		1,033,940	904,306
Amounts due to related companies		–	104,000
Income tax payable		21,434	25,324
Lease liabilities		355	662
<b>Total current liabilities</b>		<u>1,904,403</u>	<u>1,777,559</u>
<b>NET CURRENT ASSETS</b>		<u>2,148,812</u>	<u>1,580,390</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,691,227</u>	<u>1,947,740</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>1,357</b>	1,712
Bank and other borrowings		<b>606,460</b>	42,500
<b>Total non-current liabilities</b>		<b>607,817</b>	44,212
<b>NET ASSETS</b>			
		<b>2,083,410</b>	1,903,528
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>16</i>	<b>7,138</b>	7,138
Other reserves		<b>1,757,217</b>	1,615,977
<b>Equity attributable to owners of the Company</b>		<b>1,764,355</b>	1,623,115
<b>Non-controlling interests</b>		<b>319,055</b>	280,413
<b>TOTAL EQUITY</b>		<b>2,083,410</b>	1,903,528

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cash flows from operating activities		
Profit before income tax expense	<b>204,400</b>	169,016
Adjustments for:		
Depreciation of property, plant and equipment	<b>7,345</b>	8,581
Depreciation of right-of-use assets	<b>1,599</b>	1,472
Share of losses of associates	<b>3,860</b>	5
Finance costs	<b>91,304</b>	67,522
Equity settled share-based payment	–	47,688
Fair value loss/(gain) on financial assets at fair value through profit and loss	<b>234</b>	(348)
Impairment loss recognised on trade and retention receivables	<b>2,354</b>	11,541
Impairment loss reversal on deposits and other receivables	<b>(311)</b>	(540)
Bad debt written off recognised on trade and retention receivables	<b>8,018</b>	–
Interest income	<b>(2,768)</b>	(3,118)
Loss on disposal of property, plant and equipment	<b>190</b>	6
Operating profit before working capital changes	<b>316,225</b>	301,825
Increase in inventories	<b>(151,330)</b>	(123,075)
Decrease/(increase) in trade, retention and bills receivables	<b>188,497</b>	(392,501)
Increase in prepayments, deposits and other receivables	<b>(220,765)</b>	(175,371)
(Decrease)/increase in trade and bills payables	<b>(3,101)</b>	187,828
Increase in contract liabilities	<b>73,514</b>	35,995
Increase in deposits received, other payables and accruals	<b>34,994</b>	8,339
Decrease in amount due to related companies	<b>(104,000)</b>	–
Cash generated from/(used in) operations	<b>134,034</b>	(156,960)
Income taxes paid	<b>(23,322)</b>	(26,460)
Net cash generated from/(used in) operating activities	<b>110,712</b>	(183,420)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the year ended 31 December*

	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Cash flows from investing activities		
Purchases of property, plant and equipment	<b>(9,436)</b>	(3,313)
Purchases of right-of-use assets – land use right	<b>(7,432)</b>	–
Acquisition of an associate	<b>(166,000)</b>	–
Purchases of financial assets		
at fair value through profit and loss	–	(88,249)
Proceeds from disposal of financial assets		
at fair value through profit and loss	<b>88,363</b>	–
Decrease in restricted bank deposits	<b>(28,832)</b>	(87,051)
Interest received	<b>2,768</b>	3,118
	<u>                    </u>	<u>                    </u>
Net cash used in investing activities	<b>(120,569)</b>	(175,495)
	<u>                    </u>	<u>                    </u>
Cash flows from financing activities		
Proceeds from bank and other borrowings	<b>2,519,063</b>	373,651
Repayment of bank borrowings	<b>(1,824,414)</b>	(157,950)
Payment of lease liabilities	<b>(785)</b>	(779)
Share issue expenses	–	(25,629)
Interest paid	<b>(92,236)</b>	(67,265)
Dividend declared and paid by subsidiary	<b>(549)</b>	–
Decrease in amount due to a shareholder	–	(18,730)
Proceeds from issuance of shares	–	497,782
	<u>                    </u>	<u>                    </u>
Net cash generated from financing activities	<b>601,079</b>	601,080
	<u>                    </u>	<u>                    </u>
Net increase in cash and cash equivalents	<b>591,222</b>	242,165
Cash and cash equivalents at the beginning of year	<b>307,638</b>	61,401
Effect of exchange rate changes on cash and cash equivalents	<b>(6,939)</b>	4,072
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of year	<b>891,921</b>	307,638
	<u>                    </u>	<u>                    </u>
Analysis of the balances of cash and cash equivalents:		
Cash and cash equivalents	<b>891,921</b>	307,638
	<u>                    </u>	<u>                    </u>

## NOTES

### 1. GENERAL

The Company was incorporated in the Cayman Islands on 26 April 2017, as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered office of the Company is located at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Its principal place of business is 16/F., No. 518 Shangcheng Road, Shanghai, the People's Republic of China (the "PRC"). The Company is an investment holding company and the Group is principally engaged in manufacture, installation and sales of customised prestressed steel materials and cables. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 May 2019.

### 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the Company. All values in the Historical Financial Information are rounded to the nearest thousand except when otherwise indicated.

### 3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.



The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Amendments to HKAS 1
Amendments to HKAS 16	Amendments to HKAS 16
Amendments to HKFRS 3	Amendments to HKFRS 3
Amendments to HKAS 37	Amendments to HKAS 37
Amendments to HKFRS 3	Amendments to HKFRS 3
Amendments to HKFRS 10 and HKAS 28	Amendments to HKFRS 10 and HKAS 28
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16
Amendments to HKFRSs	Amendments to HKFRSs

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>5</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

#### 4. SEGMENT INFORMATION

##### Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- *Cables*  
provision of manufacture, installation and sale of cables
- *Prestressed steel materials*  
provision of manufacture and sale of customised prestressed steel materials

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

**(a) Segment revenue and results**

*For the year ended 31 December 2020*

	Cables <i>RMB'000</i>	Prestressed steel materials <i>RMB'000</i>	Elimination <i>RMB'000</i>	Segment total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue to external customers	<u>1,023,893</u>	<u>923,209</u>	<u>-</u>	<u>1,947,102</u>	<u>-</u>	<u>1,947,102</u>
Segment profit/(loss) before income tax expenses	<u>142,923</u>	<u>107,027</u>	<u>-</u>	<u>249,950</u>	<u>(45,550)</u>	<u>204,400</u>

*For the year ended 31 December 2019*

	Cables <i>RMB'000</i>	Prestressed steel materials <i>RMB'000</i>	Elimination <i>RMB'000</i>	Segment total <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue to external customers	<u>883,523</u>	<u>928,892</u>	<u>-</u>	<u>1,812,415</u>	<u>-</u>	<u>1,812,415</u>
Segment profit/(loss) before income tax expenses	<u>134,755</u>	<u>98,246</u>	<u>-</u>	<u>233,001</u>	<u>(63,985)</u>	<u>169,016</u>

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segment:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Segment assets		
Cables	<b>2,620,367</b>	2,090,992
Prestressed steel materials	<b>1,136,607</b>	1,172,961
Segment assets	<b>3,756,974</b>	3,263,953
Unallocated	<b>1,202,656</b>	461,346
Total assets	<b>4,959,630</b>	3,725,299
	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Segment liabilities		
Cables	<b>1,966,145</b>	1,448,079
Prestressed steel materials	<b>312,196</b>	288,689
Segment liabilities	<b>2,278,341</b>	1,736,768
Unallocated	<b>233,879</b>	85,003
Total liabilities	<b>2,512,220</b>	1,821,771

(c) **Other segment information included in segment profit or segment assets**

*For the year ended 31 December 2020*

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	913	881	1,794	974	2,768
Government grants	8,943	543	9,486	3,597	13,083
Finance costs	(67,520)	(17,213)	(84,733)	(6,571)	(91,304)
Income tax expenses	(6,940)	(10,090)	(17,030)	-	(17,030)
Depreciation of right-of-use assets	(856)	(743)	(1,599)	-	(1,599)
Share of losses of associates	489	-	489	(4,349)	(3,860)
Depreciation of property, plant and equipment	(4,662)	(2,683)	(7,345)	-	(7,345)
Impairment loss recognised on trade and retention receivables	(7,237)	4,883	(2,354)	-	(2,354)
Impairment loss reversal on deposits and other receivables	311	-	311	-	311
Additions to property, plant and equipment	(4,170)	(5,266)	(9,436)	-	(9,436)
Additions to right-of-use assets	-	(7,432)	(7,432)	-	(7,432)
Bad debt written off on trade and retention receivables	(5,866)	(2,152)	(8,018)	-	(8,018)
Loss on disposal of property, plant and equipment	(190)	-	(190)	-	(190)

*For the year ended 31 December 2019*

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	919	850	1,769	1,349	3,118
Government grants	4,291	2,558	6,849	-	6,849
Finance costs	(52,380)	(15,134)	(67,514)	(8)	(67,522)
Income tax expenses	(21,618)	(13,048)	(34,666)	-	(34,666)
Depreciation of right-of-use assets	(855)	(617)	(1,472)	-	(1,472)
Share of loss of an associate	(5)	-	(5)	-	(5)
Depreciation of property, plant and equipment	(5,023)	(3,558)	(8,581)	-	(8,581)
Impairment loss recognised on trade and retention receivables	(9,266)	(2,275)	(11,541)	-	(11,541)
Impairment loss reversal on deposits and other receivables	540	-	540	-	540
Additions to non-current assets	(2,396)	(917)	(3,313)	-	(3,313)
Loss on disposal of property, plant and equipment	(6)	-	(6)	-	(6)

**(d) Geographical information and major customers**

The Group's revenue from external customers is derived mainly from its operations in the PRC, where all its non-current assets are located. Over 90% of the Group's revenue is from external customers in the PRC during both years.

**(e) Information about major customers**

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A <sup>1</sup>	<b><u>442,643</u></b>	<u>204,400</u>

*Notes:*

<sup>1</sup> Revenue from sales of prestressed steel materials.

**5. REVENUE**

Revenue represents the net invoiced value of goods sold or services rendered and earned by the Group.

All the Group's revenue is derived from contracts with customers.

The principal activities of the Group are the manufacturing and sale of cables, customised prestressed steel materials and providing installation services for others. Further details regarding the group's principal activities are disclosed in note 4.

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Manufacture, installation and sale of cables	<b>1,023,893</b>	883,523
Manufacture and sale of customised prestressed steel materials	<b><u>923,209</u></b>	<u>928,892</u>
	<b><u>1,947,102</u></b>	<u>1,812,415</u>

The following table provides information about trade and retention receivables and contract liabilities from contracts with customers.

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade and retention receivables	<b>985,289</b>	1,184,158
Contract liabilities	<b>155,807</b>	82,293
	<b><u>1,141,096</u></b>	<u>1,266,451</u>

*Timing of revenue recognition*

The following amounts represent revenue recognised over time and at a point in time:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
At a point in time		
Sales of customised prestressed steel materials and cables	<b><u>1,942,087</u></b>	<u>1,802,214</u>
	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Over time		
Provision of installation services	<b><u>5,015</u></b>	<u>10,201</u>

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies.

*Unsatisfied performance obligations*

As at 31 December 2019 and 2020, the transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) were approximately RMB689,156,000 and RMB782,617,000 respectively. Management expects that the unsatisfied performance obligations at each reporting date will be recognised as revenue in the subsequent one to three years based on the contract period and the timing of the transfer of those goods and services is at the discretion of the customers.

## 6. OTHER REVENUE

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Bank and other interest income	<b>2,768</b>	3,118
Government grants ( <i>note i</i> )	<b>13,083</b>	6,849
Investment income ( <i>note ii</i> )	–	1,612
Sundry income	–	6
	<hr/>	<hr/>
	<b>15,851</b>	11,585
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### *Notes:*

- (i) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for (a) incentive of technology innovation projects and (b) subsidy for financing.
- (ii) Investment income mainly represent the dividend income received from the investment in financial instrument namely CEL Kaisa Dynamic Bond Feeder Fund.

## 7. OTHER GAINS AND LOSSES

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Exchange losses, net	<b>(8,714)</b>	(6,629)
Loss on disposal of property, plant and equipment	<b>(190)</b>	(6)
Impairment loss recognised on trade and retention receivables	<b>(2,354)</b>	(11,541)
Bad debt written off recognised on trade and retention receivables	<b>(8,018)</b>	–
Impairment loss reversal on deposits and other receivables	<b>311</b>	540
(Loss)/gain on financial assets at fair value through profit or loss	<b>(234)</b>	348
Others	<b>103</b>	(516)
	<hr/>	<hr/>
	<b>(19,096)</b>	(17,804)
	<hr/>	<hr/>

## 8. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans and other borrowings	91,086	67,006
Interest on lease liabilities	123	146
Handling fee	95	370
	<u>91,304</u>	<u>67,522</u>

## 9. PROFIT BEFORE INCOME TAX EXPENSES

Profit before income tax expense is arrived at after charging/(crediting):

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories sold ( <i>note i</i> )	1,429,260	1,356,317
Auditor's remuneration	1,500	654
Minimum lease payments for lease previously classified as operating lease under HKAS17	–	794
Employee costs ( <i>Note 10</i> )	49,302	79,762
Depreciation charge:		
– Property, plant and equipment	7,345	8,581
– Right of use assets	1,599	1,472
Impairment loss on trade and retention receivables	2,354	11,541
Impairment loss reversal on deposits and other receivables	(311)	(540)
Bad debt written off on trade and retention receivables	8,018	–
Interest on lease liabilities	123	146
Equity settled share-based payment	–	10,122
Listing expenses – HKEX	–	12,149
	<u>                    </u>	<u>                    </u>

*Note:*

- i) Cost of inventories sold for the year ended 31 December 2020 includes RMB42,358,000 (2019: RMB40,846,000) of staff costs, depreciation, subcontracting fee, provision of obsolete stock and other manufacturing overheads which are also included in the respective total amounts disclosed above for each of these types of expenses.



## 10. EMPLOYEE COSTS

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Employee costs (including directors' emoluments) comprise:		
Wages and salaries	<b>41,748</b>	33,051
Contributions on defined contribution retirement plans	<b>4,000</b>	5,883
Other long-term employee benefits	<b>3,554</b>	3,262
Share-based payment expenses to employees – equity settled	<u>–</u>	<u>37,566</u>
	<b><u>49,302</u></b>	<b><u>79,762</u></b>

## 11. INCOME TAX EXPENSES

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (the “ <b>PRC EIT</b> ”)		
– for the year	<b>29,103</b>	37,512
– over provision in respect of prior years	<u>(9,671)</u>	<u>(1,360)</u>
	<b><u>19,432</u></b>	<b><u>36,152</u></b>
Deferred tax		
– for the year	<u>(2,402)</u>	<u>(1,486)</u>
Income tax expense	<b><u>17,030</u></b>	<b><u>34,666</u></b>

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB151,219,000 (2019: RMB99,739,000). The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 December 2020 and 31 December 2019 includes the weighted average number of shares issued pursuant to the share offer (note 16) of 811,044,000 and 717,771,067 shares respectively.

### (b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of RMB151,219,000 (2019: RMB99,739,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and diluted shares from share option scheme.

The calculations of basic and diluted earnings per share are based on:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b><u>151,219</u></b>	<u>99,739</u>
	<b>Number of shares</b>	Number of shares
	<b>2020</b>	2019
<b>Number of Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>811,044,000</b>	717,771,067
Effect of dilution – weighted average number of ordinary shares: Share Option	<b><u>1,497,512</u></b>	<u>6,895,921</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<b><u>812,541,512</u></b>	<u>724,666,988</u>

### 13. DIVIDENDS

The Company did not recommend any payment of dividends during the years ended 31 December 2020 and 2019.

At the board meeting held on 17 March 2021, the directors resolved to recommend a final dividend of HK0.05 cent per ordinary share. The proposed dividend had not been recognised as a dividend payable as at 31 December 2020.

### 14. TRADE AND RETENTION RECEIVABLES

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade receivables	<b>935,734</b>	1,125,781
Retention receivables	<b>93,980</b>	92,430
Less: impairment loss on trade and retention receivables	<b>(44,425)</b>	(34,053)
	<b><u>985,289</u></b>	<u>1,184,158</u>

The Group grants a credit period within 0-90 days to its trade customers. Included in trade and retention receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on the invoice dates, as of the year end.

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>562,292</b>	626,132
Within 4 – 6 months	<b>69,182</b>	245,313
Within 7 – 12 months	<b>58,482</b>	104,654
More than 1 year but less than 2 years	<b>248,811</b>	163,714
More than 2 years but less than 3 years	<b>34,228</b>	25,701
More than 3 years but less than 4 years	<b>3,733</b>	17,270
More than 4 years but less than 5 years	<b>7,281</b>	1,374
Over 5 years	<b>1,280</b>	–
	<b><u>985,289</u></b>	<u>1,184,158</u>

Movements in the impairment loss are as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Balance at beginning of the year	<b>34,053</b>	22,512
Impairment loss recognised on trade and retention receivables	<b>2,354</b>	11,541
Bad debt written off recognised on trade and retention receivables	<b>8,018</b>	–
	<b><u>44,425</u></b>	<u>34,053</u>

As at 31 December 2019 and 2020, the Group's certain trade and retention receivables were pledged to secure banking facilities granted to the Group.

#### 15. TRADE AND BILLS PAYABLES

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>142,295</b>	188,357
Bills payables	<b>442,681</b>	399,720
	<b><u>584,976</u></b>	<u>588,077</u>

An ageing analysis of trade payables as at the respective reporting dates, based on the invoice dates, is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>92,559</b>	144,085
Within 4 – 6 months	<b>19,493</b>	16,012
Within 7 – 12 months	<b>19,816</b>	13,389
More than 1 year but less than 2 years	<b>5,762</b>	11,196
More than 2 year but less than 3 years	<b>2,412</b>	964
More than 3 year but less than 4 years	<b>153</b>	376
More than 4 year but less than 5 years	<b>199</b>	387
Over 5 years	<b>1,901</b>	1,948
	<b><u>142,295</u></b>	<u>188,357</u>

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 90 days.

All the bills payables of the Group were not yet due at the end of the reporting period.

As at 31 December 2020, bills payables of RMB382,681,000 (2019: RMB174,130,000) were secured by the Group's restricted bank deposits of RMB163,704,000 (2019: RMB85,620,000).

## 16. SHARE CAPITAL

Details of the share capital of the Company are as follows:

<b>Issued and fully paid</b>	<b>Share capital</b>	
	<b>Number</b>	<b>RMB'000</b>
At 1 January 2019	<b>168,760</b>	1
Capitalisation issue (Note (a))	<b>599,831,240</b>	5,279
Share issuance (Note (b) & (c))	<b>211,044,000</b>	1,858
At 31 December 2019 and 2020	<b>811,044,000</b>	7,138

Note (a): On 28 May 2019, the Company issued a total of 559,831,240 ordinary shares by way of capitalising an amount of HK\$5,998,312.40 from the share premium account of the Company (the "**Capitalisation issue**") arising from global offering.

Note (b): On 28 May 2019, 200,000,000 ordinary shares of HK\$0.01 was allotted and issued by the Company.

Note (c): On 25 June 2019, 11,044,000 ordinary shares of HK\$0.01 were allotted and issued by the Company.

## **BUSINESS REVIEW**

The Group is the largest provider of bridge cables for the construction of super-long-span bridges in China and one of the leading prestressed materials manufacturers in China. The shares of the Company (the “**Shares**”) were successfully listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing**”) on 28 May 2019 (the “**Listing Date**”).

For the year ended 31 December 2020, the Group has two main reporting business segments, namely, the business which manufactures cables for long-span bridges (the “**Cable Business**”) and the business which manufactures prestressed materials for various infrastructure construction (the “**Prestressed Materials Business**”). For the year ended 31 December 2020, the total revenue of the Group amounted to RMB1,947.1 million, representing an increase of 7.4% as compared to 2019.

The Group recorded profit for the year of RMB187.4 million in 2020, representing an increase of 39.5% as compared to 2019. The gross profit margin for the Group improved slightly from 25.2% to 26.6% mainly due to the improved gross profit margin of the Cable Business.

### **Cable Business**

In 2020, the Group continued to focus on the production and sale of bridge cables, which generally have a higher profit margin compared to the Prestressed Materials Business. During 2020, the Group was awarded 85 new projects and had signed new contracts with a total contract value of approximately RMB999.7 million for the Cable Business. Also, during the year, the Group has successfully developed several new patented technologies for the application of bridge cables, including a new type of zinc-magnesium alloy for the production of suspension cables and a de-humidifying wrapping system for main cables.

In 2020, we have completed 60 projects for the Cable Business. As of the date of this announcement, we have 36 on-going projects with a backlog amounting to RMB939.2 million<sup>Note</sup>. With the on-going projects in hand, including the Shenzhen-Zhongshan Link – Lingding Yang Bridge, the Oujang North Estuary Bridge in China and 1915 Canakkale Bridge in Turkey, the Group expects that its revenue from the Cable Business will continue to grow in 2021. Below sets out some of the on-going projects for the Cable Business:

*Note:* Backlog refers to the outstanding contract value that remains to be delivered under the signed contracts under the Cable Business as at a certain date, assuming that the products will be delivered according to the terms of the contracts.

- 1915 Canakkale Bridge in Turkey
- Shenzhen-Zhongshan Link – Lingding Yang Bridge (深中通道伶仃洋大橋)
- Oujang North Estuary Bridge in Zhejiang Province, China (甌江北口大橋)
- Wujiang Bridge in Guizhou Province, China (烏江大橋)
- Fulong Bridge in Guangdong Province, China (富龍大橋)
- Jinhai Bridge in Guangdong Province, China (金海大橋)

### **Prestressed Materials Business**

For the Prestressed Materials Business, the Group has focused on the sales of rare earth coated prestressed products and galvanised prestressed products due to higher profit margin as compared to plain surface prestressed products. In order to capture the growing demand of galvanised prestressed products, the plan to expand the production capacity for such products is underway. In 2020, we have made significant progress in the construction of the new production capacity for the Prestressed Materials Business and the Group expects that the production facility will be completed by end of 2021. Further, in December 2020, the Group has entered into a merger agreement for the privatization of Ossen Innovation Co. Ltd. (“**Ossen Innovation**”). As of the date of this announcement, the Prestressed Materials Business is held by Ossen Innovation, which is held as to 65.9% by the Company and the remaining interest by public shareholders by way of American depository shares publicly traded on NASDAQ. The Group expects that after the privatization, the Group will have a more efficient and cost-effective structure, which will offer the Board a greater flexibility to manage the Group’s operations. Please refer to the announcement of the Company dated 17 December 2020 for details.

## Awards and Recognitions

As of 31 December 2020, we have obtained 23 new registered patents. We have also received the following prizes and awards during 2020:

<b>Award</b>	<b>Granting Authority</b>
Silver Prize of Shanghai Excellent Invention Competition Award (上海市優秀發明選拔賽 優秀發明銀獎)	Shanghai Federation of Trade Unions  Shanghai Committee of the Communist Youth League  Shanghai Invention Association  Shanghai Intellectual Property Office  Shanghai Science and Technology Association
2019 Industrial Economy Top 20 Enterprise (2019工業經濟二十強企業)	Cihu High and New Technology Region Management Authority
First Class Prize for Science and Technology Award (科學技術獎一等獎)	China Highway and Transportation Society
Second Class Prize for Science and Technology Award (科學技術獎二等獎)	China Highway and Transportation Society
Third Class Prize for Invention Award (江西省技術發明獎三等獎)	Jiangxi Provincial Government
The fourth Jiangxi Province Patent Award (第四屆江西省專利獎)	Jiangxi Provincial Government
Jiangxi Province Well-Known Product (江西名牌產品)	Jiangxi Province Well-known Brand Promotion Association 江西省名牌戰略促進會



<b>Award</b>	<b>Granting Authority</b>
Outstanding Quality Control Solution Honorary Certificate (全過程卓越運營管理為先進質量管理辦法榮譽證書)	Zhejiang Provincial Administration for Market Regulation  Jiangsu Provincial Administration for Market Regulation  Anhui Provincial Administration for Market Regulation  Jiangxi Provincial Administration for Market Regulation  Shanghai Provincial Administration for Market Regulation

<b>Award</b>	<b>Project</b>
2020 Zhan Tianyou Hometown Civil Engineering Award (2020詹天佑故鄉盃獎)	Nansha bridge 南沙大橋

### **Other developments**

The Group continued to explore various investment opportunities that would be beneficial to the shareholders of the Company (the “**Shareholders**”). In July 2020, the Group entered into a capital injection agreement to acquire 40% equity interest in Shanghai International Superconductor Technology Co. Ltd. (上海國際超導科技有限公司) (“**Shanghai Superconductor**”) by way of capital injection of RMB166.0 million. Shanghai Superconductor is a company established in the PRC with limited liability and was wholly-owned by Shanghai Electric Cable Research Co., Ltd. (上海電纜研究所有限公司) prior to the capital injection. It is principally engaged in the provision of superconducting cables solutions as well as the research and development of superconducting cables technologies for power grid. The Board believes that the Group’s investment in Shanghai Superconductor would complement the development of the Group’s business and research and development capabilities. Please refer to the announcement of the Company dated 31 July 2020 for details.

In September 2020, Shanghai Push Medical Device Technology Co., Limited (“**Push Medical**”), a company held as to 23.4% by the Group, lodged a filing in respect of the commencement of the tutoring period for the preparation of the application of A shares listing in the PRC. The tutoring stage of Push Medical is a prerequisite prior to the submission of the application of A shares listing to the Shanghai Stock Exchange.

## PERFORMANCE ANALYSIS AND DISCUSSION

### Revenue

The following table sets out the breakdown of revenue by operating segment and project/product type:

	2020		2019	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
<b>Cable Business:</b>				
Suspension cable projects	736,397	38%	651,855	36%
Stay cable projects	279,049	14%	220,855	12%
Others – installation projects	5,015	0%	10,201	1%
Others – sale of scrap materials	3,432	0%	612	0%
	<u>1,023,893</u>	<u>52%</u>	<u>883,523</u>	<u>49%</u>
<b>Prestressed Materials Business:</b>				
Plain surface prestressed products	19,011	1%	19,485	1%
Rare earth coated prestressed products	716,230	37%	734,204	41%
Galvanised prestressed products	176,419	9%	149,275	8%
Other steel materials	11,549	1%	25,928	1%
	<u>923,209</u>	<u>48%</u>	<u>928,892</u>	<u>51%</u>
<b>Total</b>	<u>1,947,102</u>	<u>100%</u>	<u>1,812,415</u>	<u>100%</u>

Revenue increased by 7.4% from RMB1,812.4 million in 2019 to RMB1,947.1 million in 2020, mainly attributable to the increase in revenue from the Cable Business.

Revenue generated from the Cable Business increased by 15.9% from RMB883.5 million in 2019 to RMB1,023.9 million in 2020, mainly attributable to the increase in the sales of stay cables. Revenue generated from the Prestressed Materials Business decreased slightly by 0.6% from RMB928.9 million in 2019 to RMB923.2 million in 2020, mainly attributable to a decrease in sales of rare earth coated prestressed products, partially offset by the increase in the sales of galvanised products.

### **Gross profit and gross profit margin**

Gross profit increased by 13.5% from RMB456.1 million in 2019 to RMB517.8 million in 2020.

Overall gross profit margin increased from 25.2% in 2019 to 26.6% in 2020, which was primarily due to an increase in sales from the Cable Business which have a higher profit margin. The gross profit margin for the Cable Business increased from 34.0% in 2019 to 34.4% in 2020 due to changes in the product mix. The gross profit margin for the Prestressed Materials Business increased from 16.8% in 2019 to 18.0% in 2020 mainly due to an increase in gross profit margin of galvanised prestressed products.

### **Selling and distribution costs**

Selling and distribution costs of the Group increased by 45.0% from RMB29.9 million in 2019 to RMB43.3 million in 2020. The increase in distribution and selling expenses was mainly attributable to the increase in transportation expenses due to the delivery of high volume of cables for the 1915 Canakkale Bridge project in Turkey.

### **General and administrative expenses**

General and administrative expenses of the Group decreased by 26.6% from RMB103.6 million in 2019 to RMB76.1 million in 2020. The decrease in administrative expenses was mainly attributable by the decrease in the one-off expenses incurred for the preparation of the Company's listing on the Hong Kong Stock Exchange in May 2019, partially offset by the increase in legal and professional fee incurred for the privatisation of Ossen Innovation.

### **Research and development expenses**

Research and development expenses increased by 19.7% from RMB79.9 million in 2019 to RMB95.7 million in 2020. This increase was primarily attributable to an increase in additional resources for the development of new technologies such as the heat resistant protection system for main cables on suspension bridges for the Cable Business and increase in the number of patent applications.

### **Finance costs**

Finance costs increased by 35.2% from RMB67.5 million in 2019 to RMB91.3 million in 2020. This increase was primarily attributable to an increase in bank borrowings.

### **Share of losses of associates**

Share of losses of associates increased from RMB5,000 in 2019 to RMB3.9 million in 2020 mainly due to the losses from Shanghai Superconductor, as the company is still in a research and development stage for superconducting cables technologies.

### **Income tax expenses**

Income tax expenses decreased by 50.9% from RMB34.7 million in 2019 to RMB17.0 million in 2020. The effective tax rate decreased from 20.5% in 2019 to 8.3% in 2020. This decrease was primarily attributable to over-provision of tax expenses in respect of prior years.

### **Profit for the year**

As a result of the foregoing, the Group recorded a net profit of RMB187.4 million in 2020, representing an increase of 39.5% as compared to RMB134.4 million in 2019.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Working Capital**

The Group's operations are working capital intensive due to the nature of the industry, which is inherent in the Group's business model. The Group utilises a significant amount of working capital for upfront prepayment to its suppliers to procure raw materials for the products and to provide deposit guarantees (in terms of tender and performance bonds) for the Cable Business. In 2020, the Group mainly funded the cash requirements through a combination of cash and cash equivalents, banking credit facilities and net cash flows from operating activities. Going forward, in order to fund the Group's increasing working capital needs due to business expansion and the future plans (including capital expenditure for the construction of production facility in Jiujiang and the Research and Development Centre for Cable Business) as disclosed in the section headed "Use of Proceeds", the Group will continue to fund its cash requirements using a combination of banking credit facilities, net cash flows from operating activities, other financial instruments which will be available for drawdown within a short period of time.

As at 31 December 2020, the Group recorded net current assets amounting to RMB2,148.8 million (31 December 2019: RMB1,580.4 million). As at 31 December 2020, the cash and cash equivalents of the Group amounted to RMB891.9 million (31 December 2019: RMB307.6 million). The current ratio (calculated by dividing total current assets by total current liabilities) as at 31 December 2020, was 2.13 (31 December 2019: 1.89). The increase in the current ratio was due to the increase in current assets as a result of the increase in cash and cash equivalents.

### **Bank and other borrowings**

As at 31 December 2020, the outstanding bank and other borrowings of the Group was RMB1,640.4 million (31 December 2019: RMB946.8 million). The increase in bank and other borrowings was due to increased cash requirements to support the Group's growth. The debt to asset ratio (calculated by dividing total debt by total assets) as at 31 December 2020 was 35.7% (31 December 2019: 25.4%).

### **Charge on assets**

As at 31 December 2020, bank and other borrowings of RMB1,640.4 million (31 December 2019: RMB946.8 million) were secured by pledge of the Group's certain assets including leasehold land or trade and retention receivables in certain subsidiaries or bank deposits.

## Contingent liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities.

## Capital structure

As at 31 December 2020, the total share capital of the Company was RMB7,138,000, divided into 811,044,000 Shares of nominal value of HK\$0.01 each.

## USE OF PROCEEDS

The aggregate net proceeds raised by the Company from the Listing on the Hong Kong Stock Exchange was RMB451.9 million. During the period from the Listing Date and up to the date of this announcement, the net proceeds had been applied as follows:

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus <sup>Note 1</sup>	Use of proceeds adjusted according to the actual net proceeds from the Listing (RMB million)	Actual use of proceeds from the Listing Date to the date of this announcement	Expected timeline of full utilisation of the remaining balance
Repayment of banking facilities <sup>Note 2</sup>	27.2%	122.8	122.8	–
Acquisition of business <sup>Note 3</sup>	24.2%	109.4	–	First half of 2022
Expansion of production facility for Prestressed Materials Business <sup>Note 4</sup>	21.1%	95.5	22.6	End of 2021
Expansion of research and development centre for Cable Business <sup>Note 5</sup>	13.4%	60.4	20.6	First half of 2022
Working capital	9.6%	43.4	43.4	–
Purchase of additional production equipment and environmental protection facilities <sup>Note 6</sup>	4.5%	20.4	2.2	End of 2021
Total	100%	451.9	211.6	

*Notes:*

1. The percentage (except for the repayment of banking facilities) were adjusted on a pro rata basis based on the percentage as disclosed in the prospectus of the Company dated 17 May 2019 (the “**Prospectus**”).
2. The repayment of banking facilities of RMB122.8 million was made pursuant to the irrevocable instruction to repay part of a loan. Please refer to the section headed “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” in the Prospectus for details. As of the date of this announcement, the full amount of RMB122.8 million has been applied.
3. As of the date of this announcement, the Company has yet to identify an acquisition target. Due to the COVID-19 pandemic situation in China, the business performance of potential acquisition targets have been affected. The Company will continue to seek for acquisition target(s) that would be beneficial to the Group and will comply in full with all applicable Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) and requirements in due course when any acquisition is undertaken.
4. As of the date of this announcement, the Company has completed the land acquisition for the new production facility in Jiujiang, Jiangxi Province and has commenced the construction work. The schedule was delayed due to the COVID-19 pandemic situation in China.
5. As of the date of this announcement, the Company has commenced the construction of the research and development centre. The schedule was delayed due to the COVID-19 pandemic situation in China.
6. As at the date of this announcement, the Company has started its procurement of production equipment and environmental protection equipment. The schedule was delayed due to the COVID-19 pandemic situation in China.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK\$0.05 for the year ended 31 December 2020 (2019: nil) per ordinary share, subject to the approval by the shareholders of the Company at the Annual General Meeting (“**AGM**”). The final dividend will be paid on or about 21 July 2021 to the shareholders whose names appear on the register of members of the Company on 7 July 2021.

## **OUTLOOK AND RECENT DEVELOPMENTS**

In the first quarter of 2020, China’s economy slowed down due to the COVID-19 pandemic and in particular, many infrastructure projects were delayed due to the lockdown or travel restrictions in various cities. Since March 2020, the impact from the COVID-19 outbreak on business in China has improved, and the Government of the People’s Republic of China (the “**PRC Government**”) implemented various policies in order to stimulate the economy and boost the overall economic growth in 2020. In the transportation infrastructure industry, construction projects that were delayed are now resuming.

Looking ahead, as part of the “14th Five-Year plan” announced in 2021, “self-sufficiency in technology” was mentioned as one of the key factors to support the country’s sustainable development. The PRC Government has therefore introduced various initiatives to achieve this goal and one of the research focuses is to enhance the technologies in the manufacture of “high-tech materials” and “transportation infrastructure”. With all these initiatives, it is anticipated that technology infrastructure projects will be introduced in the next few years and therefore demand for the Group’s products will increase. With the Group’s advanced technologies and know-how in high-technology metallic materials and applications, the Group would benefit from these initiatives and the Group would continue to apply additional resources to enhance its research and development capabilities.

In addition, the PRC Government has also continued its effort in boosting domestic investment by improving transportation infrastructure in certain areas, this includes transportation infrastructure construction plan within the Yangtze River Region (長江幹線過江通道佈局規劃(2020-2035)). According to the plan, it is expected that approximately 240 new bridges and tunnels will be built and the new land transportation system would facilitate the mobility of goods and people. The new system would create a solid foundation for the development of telecommunication and energy infrastructure and stimulate the economy development within the Yangtze River Region.

With the PRC Government’s initiatives, the Group sees significant potential market opportunities for its products and is confident that the business segments of the Group would continue to grow. Further, the Group would continue to strengthen its technological capabilities and make significant investment in the research and development area.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 December 2020, the total number of employees in the Group was 454 (30 June 2020: 461). The remuneration packages of the employees of the Group are determined with reference to their role, position, experience and work performance.



## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND SIGNIFICANT INVESTMENTS**

Save as the capital injection in Shanghai Superconductor and the proposed privatization of Ossen Innovation as mentioned in the “Business Review” section above, the Group did not have any material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the year ended 31 December 2020.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement and the future plans set out in the section headed “Use of Proceeds” above, the Company has no plan for any material investments or additions of capital assets as at the date of this announcement.

## **EVENTS SUBSEQUENT TO 31 DECEMBER 2020**

Save for the completion of the proposed privatization of Ossen Innovation which is expected to take place in 2021, there was no other significant events occurred subsequent to 31 December 2020 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2020.

## **AUDIT COMMITTEE**

The audit committee of the Company, together with the Company’s external auditors, have reviewed the Group’s audited consolidated results for the year ended 31 December 2020 prepared in accordance with the HKAS and agreed to the accounting principles and practices adopted by the Company.

## **ANNUAL GENERAL MEETING**

It is proposed that the AGM of the Company will be held on 24 June 2021. The notice of AGM will be published on the websites of the Company ([www.pji-group.com](http://www.pji-group.com)) and Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and sent to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 21 June 2021 to 24 June 2021, both days inclusive, during which period no transfer of Shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 June 2021.

The register of members of the Company will be closed from 2 July 2021 to 7 July 2021, both days inclusive, for ascertaining shareholders' entitlement to the proposed final dividend. No transfer of shares will be registered during this period. In order to be qualified for the proposed final dividend to be approved at the AGM, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 30 June 2021.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the year ended 31 December 2020 and up to the date of this announcement.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors of the Company and the relevant employees of the Company. Specific enquiry has been made to all directors of the Company and all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2020.

## **REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

## **PUBLICATION OF ANNUAL REPORT**

This annual results announcement was published on the websites of the Company ([www.pji-group.com](http://www.pji-group.com)) and Hong Kong Stock Exchange (<http://www.hkex.com.hk>). The annual report of the Company for the year ended 31 December 2020 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board  
**Pujiang International Group Limited**  
**Dr. Tang Liang**  
*Chairman*

Hong Kong, 17 March 2021

*As at the date of this announcement, the executive Directors are Dr. Tang Liang, Mr. Zhou Xufeng, Mr. Ni Xiaofeng and Mr. Hua Wei, and the independent non-executive Directors are Mr. Zhang Bihong, Ms. Pan Yingli and Mr. Chen Dewei.*