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Jujiang Construction Group Co., Ltd.

巨匠建設集團股份有限公司

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021	2020	Change
	RMB'000	RMB'000	%
Revenue	5,108,561	3,737,667	36.68
Gross profit	226,014	191,845	17.81
<i>Gross profit margin</i>	<i>4.42%</i>	5.13%	<i>(0.71)</i>
Profit for the period	76,604	57,429	33.39
<i>Net profit margin</i>	<i>1.50%</i>	1.54%	<i>(0.04)</i>
Basic and diluted earnings per share (RMB)	0.14	0.11	

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Jujiang Construction Group Co., Ltd. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with the comparative figures for the six months ended 30 June 2020. The interim results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Revenue	4	5,108,561	3,737,667
Cost of sales		<u>(4,882,547)</u>	<u>(3,545,822)</u>
Gross profit		226,014	191,845
Other income and gains	5	7,377	3,734
Administrative expenses		(69,275)	(56,737)
Impairment losses on financial and contract assets, net		(26,729)	(13,631)
Other expenses		(113)	(6,705)
Finance costs	6	<u>(35,840)</u>	<u>(45,490)</u>
PROFIT BEFORE TAX	7	101,434	73,016
Income tax expense	8	<u>(24,830)</u>	<u>(15,587)</u>
PROFIT FOR THE PERIOD		76,604	57,429
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>76,604</u>	<u>57,429</u>
Profit attributable to:			
Owners of the parent		76,447	56,809
Non-controlling interests		<u>157</u>	<u>620</u>
		<u>76,604</u>	<u>57,429</u>
Total comprehensive income attributable to:			
Owners of the parent		76,447	56,809
Non-controlling interests		<u>157</u>	<u>620</u>
		<u>76,604</u>	<u>57,429</u>
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	10	<u>0.14</u>	<u>0.11</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS	Notes		
Property, plant and equipment		153,435	140,431
Investment properties		15,912	16,196
Right-of-use assets		23,759	19,287
Goodwill		1,162	1,162
Other intangible assets		108,132	102,728
Deferred tax assets		39,330	33,263
		341,730	313,067
TOTAL non-current assets			
CURRENT ASSETS			
Inventories		27,833	20,379
Trade and bills receivables	12	2,071,515	2,301,446
Contract assets	11	1,973,011	2,267,566
Prepayments, other receivables and other assets		725,997	576,782
Financial assets at fair value through profit or loss		10,000	-
Pledged deposits		148,789	122,431
Cash and cash equivalents		246,610	184,428
		5,203,755	5,473,032
TOTAL current assets			
CURRENT LIABILITIES			
Trade and bills payables	13	2,635,504	2,901,455
Other payables and accruals		412,027	446,511
Interest-bearing bank and other borrowings		488,283	510,891
Tax payable		239,319	220,563
		3,775,133	4,079,420
TOTAL current liabilities			
NET CURRENT ASSETS		1,428,622	1,393,612
TOTAL ASSETS LESS CURRENT LIABILITIES		1,770,352	1,706,679

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		<u>178,760</u>	<u>173,394</u>
Total non-current liabilities		<u>178,760</u>	<u>173,394</u>
Net assets		<u>1,591,592</u>	<u>1,533,285</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		533,360	533,360
Reserves		<u>1,031,426</u>	<u>972,606</u>
		1,564,786	1,505,966
Non-controlling interests		<u>26,806</u>	<u>27,319</u>
Total equity		<u>1,591,592</u>	<u>1,533,285</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial information, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020. The interim condensed consolidated financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousands, except when otherwise indicated.

This interim condensed consolidated financial information has not been audited.

2. CHANGES IN THE GROUP’S ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to IFRS 16	<i>COVID-19-Related Rent Concessions before 30 June 2021</i> (early adopted)

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The amendment did not have any impact on the Group's interim condensed consolidated financial information.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The amendment did not have any impact on the Group's interim condensed consolidated financial information, since no rent concession has been offered to the Group.

3. 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 –provision of construction services;
- (b) Others –provision of services on designing, surveying, training and consulting relating to construction contracting in architecture and sale of civil defence products.

The Group's revenue from external customers from each operating segment is set out in note 4 to the interim condensed consolidated financial information.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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.

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.

For the six months ended 30 June 2021	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	5,076,180	32,381	-	5,108,561
Intersegment sales	-	7,080	(7,080)	-
Total revenue	5,076,180	39,461	(7,080)	5,108,561
Profit before tax	107,667	(4,903)	(1,330)	101,434
Income tax expense	(24,757)	(73)	-	(24,830)
Segment results	82,910	(4,976)	(1,330)	76,604
Other segment information:				
Interest income	427	5	-	432
Finance costs	31,483	4,357	-	35,840
Depreciation	5,895	1,613	-	7,508
Amortisation	340	14	-	354
Impairment losses recognised/(reversed) in profit or loss	26,931	(202)	-	26,729
Capital expenditure ¹	17,660	7,071	-	24,731
As at 30 June 2021	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	5,295,001	411,845	(161,361)	5,545,485
Segment liabilities	3,725,863	321,377	(93,347)	3,953,893

Note:

¹ Capital expenditure mainly consists of additions to property, plant and equipment and other intangible assets.

For the six months ended 30 June 2020	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	3,709,370	28,297	-	3,737,667
Intersegment sales	-	8,073	(8,073)	-
Total revenue	<u>3,709,370</u>	<u>36,370</u>	<u>(8,073)</u>	<u>3,737,667</u>
Profit before tax	89,099	(3,438)	(12,645)	73,016
Income tax expense	(15,487)	(100)	-	(15,587)
Segment results	<u>73,612</u>	<u>(3,538)</u>	<u>(12,645)</u>	<u>57,429</u>
Other segment information:				
Interest income	325	13	-	338
Finance costs	42,799	2,691	-	45,490
Depreciation	5,606	896	-	6,502
Amortisation	353	82	-	435
Impairment losses recognised/(reversed) in profit or loss	13,791	(160)	-	13,631
Capital expenditure ¹	<u>3,078</u>	<u>12,330</u>	<u>-</u>	<u>15,408</u>
As at 31 December 2020				
	Construction contracting RMB'000 (Audited)	Others RMB'000 (Audited)	Eliminations RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	<u>5,551,350</u>	<u>383,092</u>	<u>(148,343)</u>	<u>5,786,099</u>
Segment liabilities	<u>4,044,428</u>	<u>288,915</u>	<u>(80,529)</u>	<u>4,252,814</u>

Note:

- ¹ Capital expenditure mainly consists of additions to property, plant and equipment and other intangible assets .

4. REVENUE

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or service			
Residential	2,719,296	-	2,719,296
Commercial	1,158,864	-	1,158,864
Industrial	916,695	-	916,695
Public works	281,325	-	281,325
Construction contracting	5,076,180	-	5,076,180
Design, survey, training and consultancy	-	10,745	10,745
Sale of construction materials and civil defence products	-	21,636	21,636
Others	-	32,381	32,381
Total revenue from contracts with customers	5,076,180	32,381	5,108,561
Geographical markets			
Mainland China	5,076,180	32,381	5,108,561
Total revenue from contracts with customers	5,076,180	32,381	5,108,561
Timing of revenue recognition			
Services transferred over time	5,076,180	5,578	5,081,758
Goods transferred at a point in time	-	26,803	26,803
Total revenue from contracts with customers	5,076,180	32,381	5,108,561

For the six months ended 30 June 2020

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or service			
Residential	2,155,180	-	2,155,180
Commercial	343,169	-	343,169
Industrial	859,264	-	859,264
Public works	351,757	-	351,757
Construction contracting	3,709,370	-	3,709,370
Design, survey and consultancy	-	11,329	11,329
Sale of construction materials and civil defence products	-	16,968	16,968
Others	-	28,297	28,297
Total revenue from contracts with customers	3,709,370	28,297	3,737,667
Geographical markets			
Mainland China	3,709,370	28,297	3,737,667
Total revenue from contracts with customers	3,709,370	28,297	3,737,667
Timing of revenue recognition			
Services transferred over time	3,709,370	11,329	3,720,699
Goods transferred at a point in time	-	16,968	16,968
Total revenue from contracts with customers	3,709,370	28,297	3,737,667

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2021

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External customers	5,076,180	32,381	5,108,561
Intersegment sales	-	7,080	7,080
	5,076,180	39,461	5,115,641
Intersegment adjustments and eliminations	-	(7,080)	(7,080)
Total revenue from contracts with customers	5,076,180	32,381	5,108,561

For the six months ended 30 June 2020

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External customers	3,709,370	28,297	3,737,667
Intersegment sales	-	8,073	8,073
	3,709,370	36,370	3,745,740
Intersegment adjustments and eliminations	-	(8,073)	(8,073)
Total revenue from contracts with customers	3,709,370	28,297	3,737,667

5. OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Other income</u>		
Bank interest income	432	338
Government grant	1,815	2,936
Others interest income from financial assets at fair value through profit or loss	331	-
Others*	2,520	460
	<u>5,098</u>	<u>3,734</u>
<u>Gains</u>		
Fair value gains, net: Financial assets at fair value through profit or loss	2,279	-
	<u>7,377</u>	<u>3,734</u>

Note:

*Others mainly consist of interest income on a performance guarantee given to a third party.

6. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Factoring expense	16,889	24,553
Interest on bank loans	15,578	12,591
Interest on discounted bills receivable	3,005	8,049
Interest on lease liabilities	368	297
	<u>35,840</u>	<u>45,490</u>

7. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of construction contracting (including depreciation)	4,858,320	3,526,986
Cost of others	24,227	18,836
Total cost of sales	4,882,547	3,545,822
Depreciation of items of property, plant and equipment	5,961	5,754
Depreciation of investment properties	284	-
Depreciation of right-of-use assets	1,263	748
Amortisation of intangible assets	354	435
Total depreciation and amortisation	7,862	6,937
Research and development costs: Current period expenditure	1,486	1,255
Impairment of trade receivables	11,021	9,898
Impairment of contract assets	12,113	597
Impairment of financial assets included in prepayments, other receivables and other assets	3,595	3,136
Total impairment losses, net	26,729	13,631
Auditor's remuneration	947	800
Employee benefit expenses (including directors' and supervisors' remuneration):	42,190	37,147
- Wages, salaries and allowances	33,405	31,304
- Social insurance	7,691	5,230
- Welfare and other expenses	1,094	613
Interest income	(432)	(338)

8. INCOME TAX EXPENSE

Most of the Group's subsidiaries operating only in Mainland China are subject to PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. Except for those further explained below, PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the taxable income.

Pursuant to relevant laws and regulations in the PRC and with the approval from the tax authorities in charge, one of the Group's subsidiaries, Jiaxing Jujiang Defence Equipment Co., Ltd., qualified as a High and New Technology Enterprise, is entitled to the preferential tax rate of 15% for the three years from November 2018 to November 2021. The status is renewable after November 2021 subject to fulfilment of certain conditions imposed by the relevant laws and regulations.

There was no provision for India profits tax as there was no taxable profit earned or derived from India by the Group during the period.

The breakdown of income tax expense is as follow:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax – Mainland China		
Charge for the period	33,007	23,219
Over-provision in prior years	(2,110)	(4,275)
Deferred income tax	(6,067)	(3,357)
	24,830	15,587
Tax charge for the period	24,830	15,587

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 is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	101,434	73,016
Income tax charge at the statutory income tax rate (25%)	25,358	18,254
Lower tax rate enacted by local authority	(85)	(10)
Additional deductible allowance for research and development expenses	(167)	(141)
Expenses not deductible for tax purposes	658	364
Adjustments in respect of current tax of previous periods	(2,110)	(4,275)
Tax losses not recognised	1,176	1,395
	24,830	15,587
Tax charge for the period at the effective rate	24,830	15,587

9. DIVIDENDS

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Declared and paid final dividend - RMB3.30 cents (2020: RMB3.65 cents) per ordinary share*	17,627	19,471
	<u>17,627</u>	<u>19,471</u>

- * The Company proposed to distribute a final dividend of 4.0 Hong Kong cents in cash (before tax) per share for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company on Friday, 25 June 2021. The exchange rate for the dividend calculation in RMB is based on the average benchmark exchange rate of Hong Kong Dollar against RMB as published by the People's Bank of China one week preceding the date of the approval of such dividend, being HK\$1.0000: RMB0.8262. Based on the above exchange rate, a final dividend of RMB3.30 cents (before tax) was paid per domestic share in July 2021.

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

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

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

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

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	76,447	56,809
	<u>76,447</u>	<u>56,809</u>
	For the six months ended 30 June	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	533,360	533,360
	<u>533,360</u>	<u>533,360</u>

11. CONTRACT ASSETS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Contract assets arising from:		
Construction services	1,987,459	2,266,469
Design, survey, training and consultancy	2,398	5,830
	<u>1,989,857</u>	<u>2,272,299</u>
 Impairment	 (16,846)	 (4,733)
	<u>1,973,011</u>	<u>2,267,566</u>

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables at amortised cost	1,442,178	1,587,430
Provision for impairment	(80,219)	(69,198)
Trade receivables, net	<u>1,361,959</u>	<u>1,518,232</u>
Bills receivable	709,556	783,214
	<u>2,071,515</u>	<u>2,301,446</u>

Trade receivables represented receivables for contract works. The payment terms of contract work receivables are stipulated in the relevant contracts. 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 has pledged trade receivables RMB30,000,000 (2020: Nil) for the Group's bills payable. Except for the pledged balance, the Group does not hold any other collateral or credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade receivables, including retentions based on the due date and others based on the billing date and net of loss allowance, as at the end of the reporting period is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 3 months	574,688	1,006,589
3 months to 6 months	290,909	133,514
6 months to 1 year	341,015	218,531
1 to 2 years	131,805	92,193
2 to 3 years	10,346	45,775
3 to 4 years	8,173	9,370
4 to 5 years	5,023	12,260
	<u>1,361,959</u>	<u>1,518,232</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
At beginning of the period/year	69,198	52,371
Impairment losses, net	11,021	17,176
Disposal of a subsidiary	-	(349)
At end of the period/year	<u>80,219</u>	<u>69,198</u>

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 6 months	2,029,454	2,218,323
6 months to 1 year	267,250	315,259
1 to 2 years	169,331	169,429
2 to 3 years	52,458	113,449
Over 3 years	117,011	84,995
	<u>2,635,504</u>	<u>2,901,445</u>

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

14. COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Year of 2021 is the first year of implementing the “14th Five-Year Plan”. The construction industry still faces a relatively sound market environment, but the market structure and competition landscape have changed, imposing new requirements on construction enterprises. While doing well in market operation and project performance, construction enterprises must also constantly carry out organizational renewal and capability reconstruction, actively adjust the business structure and business models, and invest in talented teams and technology capacity building. Driven by the new construction industrialization, the construction industry will undergo comprehensive transformation and upgrading, strengthen technological innovation, improve the informatization level, cultivate the industrial system, actively promote green construction and smart construction, and build the “China Construction” brand with international competitiveness. At the same time, the government has promulgated targeted policies to support the construction of “Two New and One Major” projects. While the construction of major projects is accelerating, new infrastructure and new-type urbanization also open new room for domestic demand, and relevant investment projects in various areas are also in full swing.

In the first half of 2021, the real estate market in general showed a steadily declining trend. According to the statistics of the National Bureau of Statistics, for the six months ended 30 June 2021, i) total housing construction area in China was approximately 11,930.95 million square meters (“sq.m.”) (30 June 2020: approximately 11,205.65 million sq.m.), representing an increase of 6.5% from the corresponding period of 2020; ii) total newly commenced construction area in China was approximately 2,253.33 million sq.m. (30 June 2020: approximately 2,226.16 million sq.m.), representing an increase of 1.2% from the corresponding period of 2020; and iii) total contract amount of the PRC construction enterprises was approximately RMB44,361.4 billion (30 June 2020: approximately RMB39,087.5 billion), representing an increase of 13.5% from the corresponding period of 2020. Moreover, the total value of the PRC construction industry for the six months ended 30 June 2021 was approximately RMB11,984.4 billion (30 June 2020: approximately RMB10,084.0 billion), representing an increase of 18.8% from the corresponding period of last year.

In the first half of 2021, the government announced a number of important policies. In March 2021, the Notice on the Technical Guidelines for Green Construction (Trial) (《綠色建造技術導則(試行)》) was issued, setting out the main technical requirements for green construction: adopting systematic integrated design, lean production and construction, integrated renovation, strengthening the promotion and application of new technologies, and improving the industrialization level of construction methods as a whole; effectively adopting building information modeling (“BIM”), Internet of Things, big data, cloud computing, mobile communication, blockchains, artificial intelligence, robots and other related technologies based on the actual needs to improve the overall informatization level of construction methods; adopting organizational management methods such as engineering, procurement and construction and engineering consulting in the entire process to promote in-depth coordination among design, production and construction, and comprehensively improving the intensive level of construction management; strengthening communication and cooperation between upstream and downstream enterprises in the whole industrial chain of design, production, construction and operation, strengthening professional division of labor and social collaboration, optimize resource allocation, build a green construction industrial chain, and improve the industrialization level of the construction process as a whole. On 30 April 2021, President Xi emphasized at the meeting of the Political Bureau of the Central Committee that party committees and governments at all levels had to clearly define the schedule, roadmap and construction plan for carbon peak and carbon neutralization. He emphasized that the realization of carbon peak and carbon neutrality was the solemn commitment of China to the world, and was also a broad and profound economic and social reform which cannot be realized easily. In May 2021, the Chinese government published the Notice of the State Council on Deepening the Reform of “Separating Permits from Business Licenses” to Further Stimulate the Vitality of Market Players (《國務院關於深化“證照分離”改革進一步激發市場主體發展活力的通知》). As reflected from the above measures, the central government is determined to promote green construction and smart construction to build a “China Construction” brand with international competitiveness.

BUSINESS REVIEW

Looking back into the first half of 2021, the Group earnestly implemented the Group’s development plan for the “14th Five-year Plan” period, focused on the objectives for 2021 and carried out various tasks in accordance with the comprehensive high-quality development requirements to promote market expansion, production management and technological innovation. The Group’s revenue and net profit for the six months ended 30 June 2021 were approximately RMB5,108.6 million and approximately RMB76.6 million respectively, representing an increase of approximately 36.7% and approximately 33.4% respectively from the corresponding period of the previous year. The value of backlog increased by approximately 15.0% to approximately RMB17,660.0 million as at 30 June 2021 as compared to that of approximately RMB15,354.4 million as at 30 June 2020. The following table sets forth a breakdown of the movement in the value of backlog:

	For the six months ended 30 June	
	2021	2020
	RMB’million	RMB’million
	(Unaudited)	(Unaudited)
Opening value of backlog	17,048.4	14,432.8
Net value of new projects ⁽¹⁾	5,687.8	4,631.0
Revenue recognized ⁽²⁾	(5,076.2)	(3,709.4)
Closing value of backlog ⁽³⁾	17,660.0	15,354.4

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 period indicated.
- (2) Revenue recognized means the revenue that has been recognized during the relevant period indicated.
- (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 reached 100% as at the end of the relevant period indicated.

Making the principal business prominent: Focusing on quality development

In the first half of 2021, the Group continued to maintain steady business development through market expansion and the undertaking of large-scale projects by leveraging the strength of its brand, management and talents. A net contract value of the newly signed-up projects of approximately RMB5.69 billion was achieved. The Group focused mainly on the consolidation of its market share in Jiaxing City in the first half of the year of 2021. The contract value of the newly signed-up projects in Jiaxing City reached RMB3.49 billion, which accounted for approximately 61.3% of the total contract value and represented a significant increase of approximately 47.3% over the corresponding period of last year. In the first half of the year of 2021, the Group had a large number of projects under construction, with a total of 181 projects under construction as at the end of June and an area under construction of 12.04 million sq.m. Among which, there were 32 projects under construction in Henan with an area under construction of 4.17 million sq.m. In the first half of the year of 2021, there were 31 newly commenced projects with an area under construction of 2.8 million sq.m.

Upon undertaking large-scale projects, the Group adopted the quality-over-quantity approach to ensure the growth of operating businesses and active development of the brand effect to acquire quality customers. For the six months ended 30 June 2021, the Group has entered into contracts for quality project businesses with a value of over RMB100 million mainly with a number of top real estate companies and quality customers, which amounted to nearly RMB4.82 billion in contract value and accounted for approximately 84.7% of the total contract value. Newly signed-up residential and commercial housing projects amounted to approximately RMB3.66 billion for the period, accounting for approximately 64.3% of the total contract value; industrial projects amounted to approximately RMB1.59 billion, accounting for approximately 27.9% of the total contract value; and public facility construction projects amounted to approximately RMB0.44 billion, accounting for approximately 7.8% of the total contract value.

Excelling in professionalism: Deepening technological innovation

In addition to making the principal business prominent in the first half of 2021, the Group also stepped up the resources committed to the development of its professional capabilities, expanded its businesses in various specialized sectors such as decorative foundations, municipal services and fire safety. Meanwhile, the Group was further extending to the upstream and downstream of the industrial chain to enhance complementary advantages between various specialized sectors and the principal business so as to promote diversity across projects and income to each business segment. During the first half of 2021, driven by the contracting of engineering, procurement and construction, various specialized sectors achieved steady business growth. In particular, the the new contracts signed up of decorative foundations, municipal services and fire safety amounted to approximately RMB93.0 million, approximately RMB200.0 million and approximately RMB7.1 million, respectively.

The Group strengthened the evaluation and maintenance of technology centers of provincial enterprises, deepened the application of “production, study, research and utilization” platforms and post-doctoral workstations, reinforced research on new technologies, new craftsmanship, new materials and new equipment technologies, and strengthened the technical support for the construction of key projects and landmark projects. The Group obtained 3 provincial quality control (“QC”) achievements, 6 municipal QC achievements, 1 provincial new technology and 1 municipal green construction demonstration project; applied for 3 provincial construction methods and 1 patent and software copyright of Yunjiang Research Institute (雲匠研究院), and launched 2 new “production, study and research ” cooperation projects during the first half of the year. By way of the QC achievements, construction methods and patent applications, the Group has stepped up the summarization, upgrade, promotion and application of the existing technological achievements.

In the first half of 2021, the Group expanded its application of BIM technology in project construction management and made a step towards the goal of full coverage of new construction projects. Relying on its synchronized participation in new projects, the Group accelerated the extensive integration of BIM technology with project technology, production and business management. The Group planned to establish Zhejiang Yunjiang Digital Construction Technology Research Institute Co., Ltd. (浙江雲匠數字建造技術研究院有限公司) to embark on a rapid development track by innovative reform and solid progress and has officially undertaken businesses. Through Yunjiang’s smart site management platform, the Group carried out the smart site construction in pilot projects, and the equipment system of smart material system, tower crane safety monitoring system, hook visualization system and vehicle management system were put online. The Group promoted the construction of the I8 Integrated Management Informatization System Platforms, improved development and application of functions such as quality and safety onsite inspection of I8 Production Management Systems, control of progress and production value and part of interest collection of financial management.

For the six months ended 30 June 2021, approximately 99.4% of the revenue was contributed by the construction contracting business (six months ended 30 June 2020: 99.2%).

	For the six months ended 30 June			
	2021		2020	
	RMB'million (Unaudited)	%	RMB'million (Unaudited)	%
Construction contracting business				
Residential	2,719.3	53.2	2,155.2	57.6
Commercial	1,158.9	22.7	343.2	9.2
Industrial	916.7	18.0	859.3	23.0
Public works	281.3	5.5	351.7	9.4
	<u>5,076.2</u>	<u>99.4</u>	<u>3,709.4</u>	<u>99.2</u>
Other business				
Design, survey, training and consultancy	10.8	0.2	11.3	0.3
Sale of construction materials and civil defence products	21.6	0.4	17.0	0.5
	<u>32.4</u>	<u>0.6</u>	<u>28.3</u>	<u>0.8</u>
Total revenue	<u>5,108.6</u>	<u>100.0</u>	<u>3,737.7</u>	<u>100.0</u>

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by approximately 36.7% from approximately RMB3,737.7 million for the six months ended 30 June 2020 to approximately RMB5,108.6 million for the six months ended 30 June 2021, primarily because of an increase in the construction contracting business amounting to approximately RMB1,366.8 million for the six months ended 30 June 2021. Increase in construction contracting business was primarily due to an increase in revenue from commercial construction contracting business and residential construction contracting business amounting to approximately RMB815.7 million and RMB564.1 million. Increase in revenue from residential construction contracting business for the six months ended 30 June 2021 was a result of the PRC government has planned to increase the supply of affordable housing, especially for second and third-tier cities, in order to promote the construction of new urbanization. In this environment, many large-scale residential projects have been signed during the six months ended 30 June 2021 and last year. In addition, the economy is recovered after the COVID-19 pandemic, the commercial activities rebounded, property developers increased their investments in commercial properties, such as shopping malls and commercial buildings.

Gross profit increased by approximately 17.8% from approximately RMB191.8 million for the six months ended 30 June 2020 to approximately RMB226.0 million for the six months ended 30 June 2021, which was in line with increase in revenue. However, the gross profit margin decreased from approximately 5.13% for the six months ended 30 June 2020 to approximately 4.42% for the six months ended 30 June 2021, such decrease was mainly due to the decrease in gross profits margins of the construction contracting business, especially for the residential construction contracting business. The PRC government set a ceiling on the residential property markets, even the pricing policy, as a result, the pricing of the construction contracts was further compressed. The gross profit margin of the construction contracting business was at 4.29% and 5.04% for the six months ended 30 June 2021 and 2020, respectively.

Other income and gains

Other income and gains increased by approximately RMB3.7 million from approximately RMB3.7 million for the six months ended 30 June 2020 to approximately RMB7.4 million for the six months ended 30 June 2021, primarily because of an increase in others income of approximately RMB1.7 million, which was mainly related to interest income on a performance guarantee given to a third party for the six months ended 30 June 2021.

Administrative expenses

The administrative expenses increased by approximately 22.1% from approximately RMB56.7 million for the six months ended 30 June 2020 to approximately RMB69.3 million for the six months ended 30 June 2021 which was primarily due to an increase in salaries and employee benefits of approximately RMB5.7 million and office expenses of approximately RMB2.6 million for the six months ended 30 June 2021. For the six months ended 30 June 2021, the Group continued to expand its workforces and improved their employee benefits, as a result, the salaries and employee benefits and corresponding office expenses were increased in line with its fast growing business.

Impairment losses on financial and contract assets, net

Impairment losses on financial and contract assets, net, including trade receivables and other receivables, increased significantly by approximately 96.1% from approximately RMB13.6 million for the six months ended 30 June 2020 to approximately RMB26.7 million for the six months ended 30 June 2021, primarily due to the inability in settlement of certain customer. The impairments of contract assets increased from approximately RMB0.6 million for the six months ended 30 June 2020 to approximately RMB12.1 million for the six months ended 30 June 2021.

Other expenses

Other expenses decreased by approximately RMB 6.6 million from approximately RMB6.7 million for the six months ended 30 June 2020 to approximately RMB0.1 million for the six months ended 30 June 2021, primarily due to absence of a loss on disposal of a subsidiary amounting to approximately RMB6.4 million which was recorded during the six months ended 30 June 2020.

Finance costs

Finance costs decreased by approximately 21.2% from approximately RMB45.5 million for the six months ended 30 June 2020 to approximately RMB35.8 million for the six months ended 30 June 2021. Such decrease was primarily due to decrease in the number of customers of the Group using factoring settlement, resulting in a decrease in factoring fee.

Income tax expense

Income tax expenses increased by 59.3% from approximately RMB15.6 million for the six months ended 30 June 2020 to approximately RMB24.8 million for the six months ended 30 June 2021 primarily because of significant increase in profits from the operation. The effective tax rate increased from approximately 21.3% for the six months ended 30 June 2020 to 24.5% for the six months ended 30 June 2021 primarily because a decrease in reversal of income tax provision in relation to prior year of approximately RMB2.1 million for the six months ended 30 June 2021 from approximately RMB4.3 million in the corresponding period of the six months ended 30 June 2020.

Profit for the period

As a result of the foregoing, profit for the period increased by approximately 33.4% from approximately RMB57.4 million for the six months ended 30 June 2020 to approximately RMB76.6 million for the six months ended 30 June 2021. Net profit margin were stable at approximately 1.5% and 1.5% for the six months ended 30 June 2020 and 2021, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The working capital for the Group's operations primarily comes from cash generated from operating activities and interest-bearing bank and other borrowings. As at 30 June 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately RMB246.6 million and approximately RMB184.4 million, respectively.

Treasury policies

The Group monitors the cash flows and cash balance on a regular basis and seeks to maintain an 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 and interest-bearing bank and other borrowings. Other than normal bank borrowings that the Group obtains 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.

Contract assets

The contract assets decreased from approximately RMB2,267.6 million as at 31 December 2020 to approximately RMB1,973.0 million as at 30 June 2021, representing 41.4% and 37.9% of the total current assets as at the end of the corresponding period. The proportion of the contract assets to the total current assets and absolute amounts were decreased, primarily attributing to increase billings to our customers after the completion of the projects.

Trade and bills receivables

Trade and bills receivables decreased by approximately 10.0% from approximately RMB2,301.4 million as at 31 December 2020 to approximately RMB2,071.5 million as at 30 June 2021. Such decrease was due to speed-up of our billing process as well as the settlement on time by our customers after the COVID-19 pandemic. The trade and bills receivables turnover days decreased from approximately 93 days as at 31 December 2020 to approximately 77 days as at 30 June 2021.

Trade and bills payables

Trade and bills payables decreased by approximately 9.2% from approximately RMB2,901.5 million as at 31 December 2020 to approximately RMB2,635.5 million as at 30 June 2021. Such decrease was due to the advanced payment made to secure the materials to be delivered on time as the material price is rising. The trade and bills payables turnover days decreased from approximately 138 days as at 31 December 2020 to approximately 102 days as at 30 June 2021.

Borrowings and charge on assets

As at 30 June 2021, the Group relied on short-term and long-term interest-bearing borrowings in the aggregated amount of approximately RMB667.0 million (31 December 2020: approximately RMB684.3 million). The short-term interest bearing borrowings amounting to approximately RMB488.3 million (31 December 2020: approximately RMB510.9 million) are repayable within 1 year and carried effective interest rate with a range from 4.0% to 12.2% per annum (31 December 2020: 4.05% to 15.0% per annum). A long-term interest-bearing borrowings amounting to approximately RMB166.4 million (31 December 2020: RMB163.3 million) are repayable from 2022 to 2030 and the interest rate is 10.0% lower than the base rate announced by the People's Bank of China.

As at 30 June 2021, certain general banking facilities were secured by the buildings of approximately RMB81.9 million (31 December 2020: approximately RMB88.7 million).

Gearing ratio

The gearing ratio decreased from 24.6% as at 31 December 2020 to approximately 17.1% as at 30 June 2021. The decrease was mainly attributable to improvement of cash management as net cash inflow from operating activities of approximately RMB167.6 million.

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

Capital expenditure

For the six months ended 30 June 2021, the capital expenditures were approximately RMB24.7 million (six months ended 30 June 2020: approximately RMB15.4 million). The capital expenditure incurred for the six months ended 30 June 2021 was primarily related to construction of a new office building next to the headquarter.

Capital commitments

As at 30 June 2021, the Group did not have any significant commitments (31 December 2020: nil).

Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: nil).

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

Save as disclosed in this announcement, the Group had no significant investments held, material acquisitions and disposals during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have other plans for material investments and capital assets as at 30 June 2021.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 1,100 employees, of which 658 were based in Jiaxing City, and 442 were based in other areas in Zhejiang Province and in other provinces and regions in China. For the six months ended 30 June 2021, the Group incurred total staff costs of approximately RMB42.2 million, representing an increase of approximately 13.7% as compared with the same period in 2020, mainly attributable to increase in headcount and salary incremental.

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

FUTURE PROSPECTS

As economic activities in China resumes, the impact of the COVID-19 pandemic on the construction industry has basically been fully reflected. The Group will take the initiative to respond to challenges, risks and difficulties, transform its development mindset, aim for comprehensive and high-quality development and build itself a solid foundation. At the same time, the Group will actively search for suitable markets and make every effort to promote quality services.

In terms of market development, the Group will follow the development plan for the "14th Five-year Plan" period, focus on the three-year action plan for comprehensive high-quality development, adhere to the general tone of work of steady and rapid progress, coordinate development and safety with innovative development as the driving force, promote transformation and breakthrough, and further enhance the industry's regional competitive advantages.

In terms of internal management, the Group will focus on the requirements of "learning, upgrading, innovation and implementation" to solidly promote various work. While ensuring the rapid development of the Group, the Group will also further promote five major developments, namely "mechanism, management and control, standard, team construction and culture", focus on improving five capabilities, namely "marketing, production, profitability, risk management and control as well as comprehensive operation", and enhance the management level, so as to promote the comprehensive high-quality development of the Group.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2021 and up to the date of this announcement, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this announcement, none of the controlling shareholders of the Company, 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 of Hong Kong Limited (the “**Listing Rules**”).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (“**CG Code**”) set out in Appendix 14 to the Listing Rules.

Pursuant to Code Provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, until 31 May 2021, the Group did not have a separate chairman and general manager (which is equivalent to chief executive officer) and Mr. Lyu Yaoneng performed these two roles. The Board believed that vesting the roles of both chairman and general manager in the same person had the benefit of ensuring consistent leadership within our Group and enabled more effective and efficient overall strategic planning for our Group. The Board considered that the balance of power and authority for the relevant arrangement was not impaired and this structure enabled the Company to make and implement decisions promptly and effectively.

With effect from the conclusion of the annual general meeting of the Company held on 31 May 2021 (“**2020 AGM**”), Mr. Lyu Yaoneng (呂耀能), an executive Director, has retired as the general manager (which is equivalent to chief executive officer) of the Company, and Mr. Lyu Yuntao (呂雲濤) has been appointed by the Board as the general manager (which is equivalent to chief executive officer) of the Company with effect from the conclusion of the 2020 AGM in order to fill the vacancy following the retirement of Mr. Lyu Yaoneng. For further details, please refer to the announcement of the Company dated 31 May 2021. Accordingly, the Company has since then fulfilled the requirements under Code Provision A.2.1 of the CG Code.

Save as disclosed above, throughout the six months ended 30 June 2021 and up to the date of this announcement, the Company has fully complied with the Code Provisions. The Directors will review our corporate governance policies and compliance with the CG Code each financial year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules (“**Model Code**”) as the Company’s code of conduct regarding Directors’ and supervisors’ securities transactions. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the period from 1 January 2021 to 30 June 2021.

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.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no major events subsequent to 30 June 2021 which would materially affect the Group’s operating and financial performance as at the date of this announcement.

PUBLICATION OF THE CONDENSED CONSOLIDATED INTERIM RESULTS AND 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jujiang.cn>) and the 2021 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and external auditor of the Company the accounting principles and policies adopted by the Group, and discussed the internal control and financial reporting matters of the Group. The Audit Committee has reviewed the Group’s unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2021, and is of the opinion that the financial statements comply with the applicable accounting standards.

By order of the Board
Jujiang Construction Group Co., Ltd.
Mr. Lyu Yaoneng
Chairman

Zhejiang Province, the PRC, 20 August 2021

As at the date of this announcement, the Board comprises Mr. Lyu Yaoneng, Mr. Lyu Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, as executive Directors; and Mr. Yu Jingxuan, Mr. Ma Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.

** for identification purposes only*