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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2021	2020	**Change**
	RMB'000	RMB'000	%
Revenue	**10,047,929**	8,007,710	25.48
Gross profit	**471,082**	392,747	19.95
Gross profit margin	***4.69%***	*4.90%*	(0.21)
Profit for the year	**93,430**	117,403	(20.42)
Net profit margin	***0.93%***	*1.47%*	(0.54)
Basic and diluted earnings per share (RMB)	**0.18**	0.22	

The Board recommends the payment of a final dividend of 4.0HK cents (before tax) per share for the year ended 31 December 2021 (31 December 2020: 4.0HK cents).

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jujiang Construction Group Co., Ltd. (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021, together with the comparative figures for the previous year as follows:

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	**2021 RMB'000**	2020 RMB'000
Revenue	5	**10,047,929**	8,007,710
Cost of sales		**(9,576,847)**	(7,614,963)
Gross profit		**471,082**	392,747
Other income and gains	5	**28,111**	8,502
Administrative expenses		**(160,511)**	(126,773)
Impairment losses on financial and contract assets, net		**(106,525)**	(15,463)
Other expenses		**(65,611)**	(27,301)
Finance costs	6	**(59,789)**	(84,883)
PROFIT BEFORE TAX	7	**106,757**	146,829
Income tax expense	8	**(13,327)**	(29,426)
PROFIT FOR THE YEAR		**93,430**	117,403
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**93,430**	117,403
Profit attributable to:			
Owners of the parent		**93,821**	115,351
Non-controlling interests		**(391)**	2,052
		93,430	117,403
Total comprehensive income attributable to:			
Owners of the parent		**93,821**	115,351
Non-controlling interests		**(391)**	2,052
		93,430	117,403
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	10	**0.18**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	**2021** **RMB'000**	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**174,606**	140,431
Investment properties		**15,628**	16,196
Right-of-use assets		**22,418**	19,287
Goodwill		**1,162**	1,162
Other intangible assets		**95,758**	102,728
Deferred tax assets		**47,146**	33,263
Long term receivables		**127,693**	-
Total non-current assets		**484,411**	313,067
CURRENT ASSETS			
Inventories		**24,169**	20,379
Non-current assets due within one year		**7,791**	-
Trade and bills receivables	11	**2,578,408**	2,301,446
Contract assets	12	**2,062,956**	2,267,566
Prepayments, other receivables and other assets		**623,264**	576,782
Financial assets at fair value through profit or loss		**10,291**	-
Pledged deposits		**123,239**	122,431
Cash and cash equivalents		**248,167**	184,428
Total current assets		**5,678,285**	5,473,032
CURRENT LIABILITIES			
Trade and bills payables	13	**3,173,687**	2,901,455
Other payables and accruals		**483,496**	446,511
Interest-bearing bank and other borrowings		**507,529**	510,891
Tax payable		**218,029**	220,563
Total current liabilities		**4,382,741**	4,079,420
NET CURRENT ASSETS		**1,295,544**	1,393,612
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,779,955**	1,706,679

	Notes	**2021**	2020
		RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**171,983**	173,394
Total non-current liabilities		**171,983**	173,394
Net assets		**1,607,972**	1,533,285
EQUITY			
Equity attributable to owners of the parent			
Share capital		**533,360**	533,360
Reserves		**1,048,354**	972,606
		1,581,714	1,505,966
Non-controlling interests		**26,258**	27,319
Total equity		**1,607,972**	1,533,285

1. CORPORATE AND GROUP INFORMATION

The Company, formerly known as Qitang Commune Construction Agency, was established in the People's Republic of China (the **"PRC"**) on 25 October 1965 as a collective economy agency (集體經濟社). In July 1996, the Company was converted into a company with limited liability. The Company became a joint stock company with limited liability on 29 December 2014 and changed its name to Jujiang Construction Group Co., Ltd. The registered office address of the Company is No. 669 Qingfeng South Road (South), Tongxiang City, Zhejiang Province, the PRC. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) on 12 January 2016.

During the year ended 31 December 2021, the Group's principal activities were as follows:

- Construction contracting
- Others – design, survey, consultancy and other businesses

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is Zhejiang Jujiang Holdings Group Co., Ltd.*(浙江巨匠控股集團有限公司).

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

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

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS4 and IFRS16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative riskfree rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 Group had certain interest-bearing bank borrowings denominated in RMB based on the Loan Prime Rate ("**LPR**") and benchmark interest rate for loans issued by the People's Bank of China as at 31 December 2021. The Group expects that LPR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's LPR-based borrowings. For the LPR-based borrowings and interest rate swap, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings and interest rate swap are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in April 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 Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19- related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28(2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRSs standards 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the amendments to IAS 1, IFRS Interpretation 5 Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion
[5] As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group will adopt the above new standards and amendments to existing standards and interpretation as and when they become effective. None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

4. OPERATING SEGMENT INFORMATION

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

(a) Construction contracting – provision of construction services;

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

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 measured consistently with the Group's profit before tax.

Segment assets and segment liabilities include all assets and liabilities in the consolidated statement of financial position.

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

Year ended 31 December 2021	**Construction contracting**	**Others**	**Eliminations**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue (note 5):				
Sales to external customers	**9,957,106**	**90,823**	**-**	**10,047,929**
Intersegment sales	**-**	**28,000**	**(28,000)**	**-**
Total revenue	**9,957,106**	**118,823**	**(28,000)**	**10,047,929**
Profit before tax	**96,074**	**12,013**	**(1,330)**	**106,757**
Income tax expense	**(10,353)**	**(2,974)**	**-**	**(13,327)**
Segment results	**85,721**	**9,039**	**(1,330)**	**93,430**
Segment assets	**5,947,503**	**370,842**	**(155,649)**	**6,162,696**
Segment liabilities	**4,371,544**	**270,814**	**(87,634)**	**4,554,724**
Other segment information:				
Interest income	**1,435**	**8,660**	**-**	**10,095**
Finance costs	**48,625**	**11,164**	**-**	**59,789**
Depreciation	**11,921**	**3,374**	**-**	**15,295**
Amortisation	**694**	**6,383**	**-**	**7,077**
Impairment losses on financial and contract assets, net	**105,679**	**846**	**-**	**106,525**
Capital expenditure*	**44,668**	**2,787**	**-**	**47,455**

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

Year ended 31 December 2020	Construction contracting	Others	Eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue (note 5):				
Sales to external customers	7,916,310	91,400	-	8,007,710
Intersegment sales	-	15,498	(15,498)	-
Total revenue	7,916,310	106,898	(15,498)	8,007,710
Profit before tax	150,582	2,508	(6,261)	146,829
Income tax expense	(28,482)	(944)	-	(29,426)
Segment results	122,100	1,564	(6,261)	117,403
Segment assets	5,551,350	383,092	(148,343)	5,786,099
Segment liabilities	4,044,428	288,915	(80,529)	4,252,814
Other segment information:				
Interest income	1,101	87	-	1,188
Finance costs	79,314	5,569	-	84,883
Depreciation	11,529	1,795	-	13,324
Amortisation	711	82	-	793
Impairment losses on financial and contract assets, net	15,206	257	-	15,463
Capital expenditure*	15,386	38,760	-	54,146

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

Geographical information

All the Group's non-current assets (excluding financial instrument and deferred tax assets) were located in Mainland China and all the Group's activities were carried out in Mainland China during the year. Accordingly, no analysis by the geographical basis is presented.

Information about major customers

No revenue was derived from the provision of services or sales to a single customer which accounted for 10% or more of the Group's revenue, including the provision of services or sales to a group of entities which are known to be under common control with any single customer during 2021 and 2020.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 **RMB'000**	2020 RMB'000
Revenue from contracts with customers	**10,047,929**	8,007,710

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Type of goods or service			
Construction contracting	9,957,106	-	9,957,106
Design, survey and consultancy	-	45,849	45,849
Sale of construction materials and civil defence products	-	44,974	44,974
Total revenue from contracts with customers	**9,957,106**	**90,823**	**10,047,929**
Geographical market			
Mainland China	9,957,106	90,823	10,047,929
Total revenue from contracts with customers	**9,957,106**	**90,823**	**10,047,929**
Timing of revenue recognition			
Services transferred over time	9,957,106	22,523	9,979,629
Goods and services transferred at a point in time	-	68,300	68,300
Total revenue from contracts with customers	**9,957,106**	**90,823**	**10,047,929**

For the year ended 31 December 2020

Segments	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Type of goods or service			
Construction contracting	7,916,310	-	7,916,310
Design, survey and consultancy	-	36,564	36,564
Sale of construction materials and civil defence products	-	54,836	54,836
Total revenue from contracts with customers	**7,916,310**	**91,400**	**8,007,710**
Geographical market			
Mainland China	7,916,310	91,400	8,007,710
Total revenue from contracts with customers	**7,916,310**	**91,400**	**8,007,710**
Timing of revenue recognition			
Services transferred over time	7,916,310	12,873	7,929,183
Goods and services transferred at a point in time	-	78,527	78,527
Total revenue from contracts with customers	**7,916,310**	**91,400**	**8,007,710**

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

For the year ended 31 December 2021

	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers			
Sales to external customers	9,957,106	90,823	10,047,929
Intersegment sales	-	28,000	28,000
	9,957,106	118,823	10,075,929
Intersegment adjustments and eliminations	-	(28,000)	(28,000)
Total revenue from contracts with customers	**9,957,106**	**90,823**	**10,047,929**

For the year ended 31 December 2020

	Construction contracting RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers			
Sales to external customers	7,916,310	91,400	8,007,710
Intersegment sales	-	15,498	15,498
	7,916,310	106,898	8,023,208
Intersegment adjustments and eliminations	-	(15,498)	(15,498)
Total revenue from contracts with customers	**7,916,310**	**91,400**	**8,007,710**

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 RMB'000	2020 RMB'000
Construction services	**71,798**	220,306
Sale of goods	**3,936**	29,887
Design, survey and consultancy	**23,256**	1,940
	98,990	252,133

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction contracting

The performance obligation is satisfied over time as construction services are rendered and payment is generally due within 1 to 3 months from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Design, survey and consultancy

The performance obligation is satisfied over time as services are rendered or at the point upon completion of services. The payment is generally due within 1 to 3 months from the date of billing. A deposit is received upon signing such contract and the remainder of the contract value in instalment payments is due upon achieving key milestones stipulated in the contract. In some cases, a certain percentage of payment is retained by the customer until after final acceptance of the construction project to which the Group provides design, survey and consultancy services, with the retention period ranging one to three years.

Sale of construction materials and civil defence products

The performance obligation is satisfied upon delivery of the construction materials and civil defence products and payment is generally due within 1 to 3 months from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	RMB'000
Total remaining performance obligations	**18,762,904**	17,048,372

Based on the information available to the Group at the end of the reporting period, the management of the Company expects the transaction prices allocated to the contracts for projects under construction as at 31 December 2021 amounting to RMB14,578,910,000 will be recognised as revenue in the next six months to three years.

The transaction prices allocated to the contracts which are signed but have not yet commenced as at 31 December 2021 totalling to RMB4,186,015,000 are expected to be recognised as revenue in six months to three years once the construction permits are obtained by the customers. The amounts disclosed above do not include variable consideration which is constrained.

	2021	2020
	RMB'000	RMB'000
Other income		
Interest income	**9,473**	1,188
Government grants*	**14,572**	6,651
Gross rental income from investment property operating leases	**790**	-
Other interest income from financial assets at fair value through profit or loss	**622**	-
Others**	**1,675**	-
	27,132	7,839
Gains		
Others	**979**	663
	28,111	8,502

* Government grants primarily consisted of the incentive fund received from the Bureau of Housing and Urban-Rural Development to support construction services.

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

6. FINANCE COSTS

	2021	2020
	RMB'000	RMB'000
Interest on bank loans and other borrowings	**33,365**	28,472
Factoring expense	**22,394**	41,475
Discount expense on bills receivable	**3,919**	17,651
Interest on lease liabilities	**756**	592
	60,434	88,190
Less: Interest capitalised	**645**	3,307
	59,789	84,883

7. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	RMB'000
Cost of construction contracting (including depreciation)	**9,532,698**	7,546,216
Cost of others	**44,149**	68,747
Total cost of sales	**9,576,847**	7,614,963
Depreciation of property, plant and equipment	**12,122**	11,544
Depreciation of investment properties	**568**	283
Depreciation of right-of-use assets	**2,605**	1,497
Amortisation of other intangible assets	**7,077**	793
Total depreciation and amortisation	**22,372**	14,117
Research and development costs:		
Current year expenditure	**312,553**	2,662
	312,553	2,662
Impairment of financial and contract assets, net:		
Impairment of trade receivables	**66,115**	17,176
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	**2,128**	(2,236)
Impairment of contract assets	**38,282**	523
Total impairment losses, net	**106,525**	15,463
Lease payments not included in the measurement of lease liabilities	**98**	313
Auditors' remuneration	**2,193**	2,227
Employee benefit expenses (including directors' and supervisors' remuneration):	**98,425**	79,896
- Wages, salaries and allowances	**74,508**	64,505
- Social insurance	**22,062**	13,262
- Welfare and other expenses	**1,855**	2,129
Interest income	**(10,095)**	(1,188)
Loss/(gain) on disposal of items of property, plant and equipment, net	**1**	(3)
Fair value losses, net: bills receivable	**63,593**	20,446
Losses on disposal of a subsidiary	**-**	6,385
Foreign exchange differences, net	**33**	(130)

8. INCOME TAX EXPENSE

Most of the companies of the Group are subject to PRC Corporation Income Tax Law, which have been provided based on the statutory rate of 25% (2020: 25%) of the assessable profits of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC entities of the Company, which were taxed at 25%.

	2021 **RMB'000**	2020 RMB'000
Current income tax – Mainland China		
- Charge for the year	**31,433**	47,388
- Overprovision in prior years	**(4,223)**	(8,550)
Deferred income tax	**(13,883)**	(9,412)
Tax charge for the year	**13,327**	29,426

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate is as follows:

	2021 **RMB'000**	2020 RMB'000
Profit before tax	**106,757**	146,829
Income tax charge at the statutory income tax rate	**26,822**	36,707
Lower tax rate enacted by local authority	**(9,982)**	(765)
Effect on opening deferred tax of decrease in rates	**12,697**	-
Adjustments in respect of current tax of previous periods	**(4,223)**	(8,550)
Expenses not deductible for tax	**578**	629
Additional tax concession on research and development costs	**(13,880)**	(300)
Tax losses not recognised	**1,315**	1,705
Tax charge for the year at the effective rate	**13,327**	29,426

9. DIVIDENDS

	2021 **RMB'000**	2020 RMB'000
Proposed final – RMB3.25 cents (2020: RMB3.38 cents) per ordinary share*	**17,343**	18,031
	17,343	18,031

* The Board recommends the payment of a final dividend of HK$4.00 cents (before tax) per share. The exchange rate for the dividend calculation in RMB is based on the average benchmark exchange rate of HK$ against RMB as published by the People's Bank of China at 29 March 2022.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year ended 31 December 2021.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

	2021	2020
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**93,821**	115,351

	2021	2020
	'000	'000
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	**533,360**	533,360

11. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	RMB'000
Trade receivables at amortised cost	**1,848,242**	1,587,430
Provision for impairment	**(135,313)**	(69,198)
Trade receivables, net	**1,712,929**	1,518,232
Bills receivables at fair value	**865,479**	783,214
	2,578,408	2,301,446

The majority of the Group's revenue are generated through construction services, and the settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2021, the Group pledge trade receivables of approximately RMB 58,263,000 to secure the Group's bank loans (2020: Nil).

At the end of the reporting period, the amounts of retentions held by customers for contract works included in trade receivables for the Group are as follows:

	2021 **RMB'000**	2020 RMB'000
Retentions in trade receivables	**58,216**	52,196
Provision for impairment	**(11,576)**	(5,831)
Retentions in trade receivables, net	**46,640**	46,365

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 **RMB'000**	2020 RMB'000
Within 3 months	**997,961**	1,006,589
3 months to 6 months	**113,836**	133,514
6 months to 1 year	**265,793**	218,531
1 to 2 years	**283,011**	92,193
2 to 3 years	**33,032**	45,775
3 to 4 years	**15,962**	9,370
4 to 5 years	**3,334**	12,260
	1,712,929	1,518,232

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

	2021 **RMB'000**	2020 RMB'000
At beginning of year	**69,198**	52,371
Impairment losses, net (note 7)	**66,115**	17,176
Disposal of a subsidiary	**-**	(349)
At end of year	**135,313**	69,198

The increase in the loss allowance was due to an increase in trade receivables which were past due for more than 4 years but within 5 years.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Included in the following provision matrix, for certain customers with credit risk increased significantly, the Group has made individual loss allowance. As at 31 December 2021, the accumulated individual loss allowance was RMB19,553,000 (2020: Nil) with a carrying amount before loss allowance of RMB110,897,000 (2020: Nil), which was the total exposure of account receivables from certain property developers and their affiliated companies.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Expected credit loss rate	**Gross carrying amount RMB'000**	**Expected credit losses RMB'000**
Current and within 1 year	**0.37%**	**1,311,837**	**4,821**
More than 1 year but within 2 years	**10.26%**	**292,232**	**29,991**
More than 2 years but within 3 years	**24.16%**	**43,554**	**10,522**
More than 3 years but within 4 years	**49.09%**	**31,353**	**15,391**
More than 4 years but within 5 years	**76.70%**	**14,310**	**10,976**
More than 5 years	**100.00%**	**44,059**	**44,059**
		1,737,345	**115,760**
Apparently impaired item	**17.63%**	**110,897**	**19,553**
Total		**1,848,242**	**135,313**

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Current and within 1 year	0.22%	1,361,676	3,043
More than 1 year but within 2 years	8.43%	100,679	8,486
More than 2 years but within 3 years	20.02%	57,236	11,460
More than 3 years but within 4 years	41.28%	15,958	6,588
More than 4 years but within 5 years	70.36%	41,363	29,103
More than 5 years	100.00%	10,518	10,518
		1,587,430	69,198

Transferred financial assets that are not derecognised in their entirety

At 31 December 2021, the Group endorsed and discounted certain bills receivable (together, the "**Bills**") with a carrying amount of approximately RMB856,574,000 in total(2020: RMB688,212,000). In the opinion of the Directors, the Group has retained the substantial risks and rewards, which include default risks relating to above Bills, and accordingly, it continued to recognise the full carrying amounts of the Bills and the associated trade payables settled (for discounted bills, an equal amount of loan was recognised). Subsequent to the endorsement, the Group did not retain any rights on the use of the Bills, including the sale, transfer or pledge of the Bills to any other third parties. The aggregate carrying amount of the trade payables settled and loans recognised during the period to which the suppliers and financial institutions have recourse was approximately RMB856,574,000 (2020: RMB688,212,000) as at 31 December 2021.

Transferred financial assets that are derecognised in their entirety

(a) At 31 December 2021, the Group endorsed and discounted certain bills receivable (the "**Derecognised Bills**") with a carrying amount in aggregate of approximately RMB259,128,000 (2020: RMB354,730,000). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

(b) As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "**Arrangement**") and transferred certain trade receivables to a financial institution. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. There was neither asset nor associated liabilities that the Group continued to recognise as at 31 December 2021 (2020: Nil).

During the reporting period, the Group has recognised RMB3,919,000 (2020: RMB17,651,000) in finance costs (note 6) on the date of transfer of the discounted bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

12. CONTRACT ASSETS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Contract assets arising from:		
Construction services	**2,099,416**	2,266,469
Design, survey and consultancy	**6,555**	5,830
	2,105,971	2,272,299
Impairment	**(43,015)**	(4,733)
	2,062,956	2,267,566

Contract assets are initially recognised for revenue earned from construction, design, survey and consultancy services. Upon settlement with customers, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2021 was due to the early settlement in 2021.

During the year ended 31 December 2021, RMB38,282,000 (2020: RMB523,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 11 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

Retention receivables

	2021 RMB'000	2020 RMB'000
Within one year	**21,089**	28,635
After one year	**111,760**	94,063
	132,849	122,698

At 31 December 2021, the expected timing of recovery or settlement for the remaining contract assets was subject to the specific contracts terms and the progress of the performance obligations.

The movements in the loss allowance for impairment of contract assets are as follows:

	2021 RMB'000	2020 RMB'000
At beginning of year	**4,733**	4,245
Impairment losses, net (note 7)	**38,282**	523
Disposal of a subsidiary	**-**	(35)
At end of year	**43,015**	4,733

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Included in the following provision matrix, for certain customers with credit risk increased significantly, the Group has made individual loss allowance. As at 31 December 2021, the accumulated individual loss allowance was RMB35,813,000 (2020: Nil) with a carrying amount before loss allowance of RMB103,356,000 (2020: Nil). The individual loss allowance was based on the total exposure of contract assets of certain property developers and their affiliated companies.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

As at 31 December 2021

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Carrying amount excluding apparently impaired item	**0.36%**	**2,002,615**	**7,202**
Apparently impaired item	**34.65%**	**103,356**	**35,813**
Total		**2,105,971**	**43,015**

As at 31 December 2020

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
carrying amount excluding apparently impaired item	0.21%	2,272,299	4,733

13. TRADE AND BILLS PAYABLES

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

	2021 RMB'000	2020 RMB'000
Within 6 months	**2,560,271**	2,218,323
6 months to 1 year	**265,793**	315,259
1 to 2 years	**241,724**	169,429
2 to 3 years	**69,923**	113,449
Over 3 years	**35,976**	84,995
	3,173,687	2,901,455

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

14. COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Established in 1965, Jujiang Construction Group Co., Ltd. ("**Jujiang Construction**" or the "**Company**", together with its subsidiaries, the "**Group**") is one of the earliest construction companies in Jiaxing, a city which is home to about 5.50 million with well-developed commercial and light industries. With more than 50 years of experience in the industry and proven track record, the Company has outperformed other construction group companies in Jiaxing.

The Company successfully obtained the Premium Class Certificate for General Building Construction Contracting Work ("**Premium Class Certificate**") and the Grade A Engineering Design (Construction Industry) Certificate ("**Engineering Design Certificate**") on 28 January 2015 after undergoing a stringent review process. The Premium Class Certificate is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Certificate is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. As the holder of these two key certificates as well as the holder of other certificates, the Group is able to provide fully-integrated construction solutions, which consist of construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide.

MARKET REVIEW

Year of 2021 is the first year of implementing the "14th Five-Year Plan", and is also a critical year for China's economy to get back on track after the epidemic. The construction industry has always been the backbone of the country's rapid economic development and is now facing a more complex business climate under the keynote of "stabilized growth". Since 2021, under the influence of the regulation and control policies of the real estate industry, the number of bond defaults of Chinese real estate enterprises has increased, with the defaulted enterprises being more large-scale, while the impact has been more widespread. As one of the upstream of the real estate industry, the construction industry is also affected to a certain extent, with increasingly intense market competition and accelerated industry consolidation and restructuring.

In October 2021, The Central Committee of the Communist Party of China and the State Council issued the "Opinions on Promoting Green Development of Urban and Rural Construction (關於推動城鄉建設綠色發展的意見)", which blew the trumpet of the industry to completely bid farewell to the crude development mode, heralding a healthier and greener trend in the construction industry. Strengthening the foundation, replenishing the shortfalls, and "two major and one new project" are the important investment directions during the 14th Five-Year Plan period. The new and traditional infrastructure sectors are working together to promote the development of green construction, industry digital transformation and the application of Internet of everything, etc., all of which create broad market and growth space for the construction industry.

Benefited from China's effective epidemic control and economic restoration policies, the construction industry remained resilient to some extent in 2021. According to the statistics of the National Bureau of Statistics of the People's Republic of China, for the year ended 31 December 2021, i) the total construction area of buildings was approximately 15.75 billion sq.m. (2020: approximately 14.95 billion sq.m.), representing an increase of approximately 5.4% as compared to the corresponding period in 2020; ii) total newly commenced construction area was approximately 4.92 billion sq.m. (2020: approximately 5.12 billion sq.m.), representing a decrease of approximately 3.9% as compared to the corresponding period in 2020; and iii) total contract amount of construction enterprises was approximately RMB65.69 trillion (2020: approximately RMB59.55 trillion), representing an increase of approximately 10.3% as compared to the corresponding period in 2020. Moreover, for the year ended 31 December 2021, the total value of the PRC construction industry was approximately RMB29.3 trillion (2020: approximately RMB26.39 trillion), representing a growth rate of approximately 11.0% as compared to the corresponding period in 2020. The growth of various data showed that the construction industry is actively implementing transformation and upgrading under the 14th Five-Year Plan, developing green construction while keeping pace with the 14th Five-Year Plan and seizing opportunities, which will make the construction industry remain the leader in driving China's economic development in the future.

BUSINESS REVIEW

Looking back at 2021, the Group deeply promoted its three business strategies of "major customers, quality business and market expansion" and achieved quantitative and qualitative growth in business expansion throughout the year. During the year, the Group's revenue and net profit were approximately RMB10,047.9 million and approximately RMB93.4 million respectively, representing an increase of approximately 25.5% and a decrease of approximately 20.4% respectively, as compared with the corresponding period of last year. Compared with approximately RMB17,048.4 million as at 31 December 2020, the backlog value increased by approximately 10.1% to approximately RMB18,762.9 million as at 31 December 2021.

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

	Year ended 31 December	
	2021	2020
	RMB'million	RMB'million
Opening value of backlog	**17,048.4**	14,432.8
Net value of new projects (Note 1)	**11,671.6**	10,531.9
Revenue recognized (Note 2)	**(9,957.1)**	(7,916.3)
Closing value of backlog (Note 3)	**18,762.9**	17,048.4

Notes:

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

(2) Revenue recognized means the revenue that has been recognized during the relevant year indicated.

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

Optimizing the main business: steadily improving business quality

The Group continues to improve its business structure, optimize its market layout and maintain steady business development by leveraging on its strong competitiveness and outstanding business quality. The net value of the newly signed-up projects amounted to approximately RMB11.672 billion. With regards to the market layout, the Group further consolidates its share of the local market. The newly signed-up projects of the year accounted for 36.5% and 9.3% of Tongxiang city and Jiaxing city, respectively. Construction businesses undertaken in Jiaxing city exceeded RMB7.595 billion, accounting for 65.1% of the total amount of contracts of the Group. The "market expansion" strategy has been steadily implemented, with focus on undertaking large-scale and influential projects. Businesses undertaken by the Group in cities in Zhejiang province except Jiaxing City accounted for 7.1%, while businesses outside the province accounted for 27.8%.

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

	Year ended 31 December				
	2021		2020		Change
	RMB'million	**(%)**	RMB'million	(%)	%
Jiaxing City	**7,594.5**	**65.1**	5,851.2	55.6	29.8
Zhejiang Province (except Jiaxing City)	**825.1**	**7.1**	1,564.3	14.8	(47.3)
Other areas (except Zhejiang Province)	**3,252.0**	**27.8**	3,116.4	29.6	4.4
Total	**11,671.6**	**100.0**	10,531.9	100.0	10.8

With regards to business structure, the Group actively undertook and targeted large-scale projects, maintaining project quality to ensure the growth of operating business and enhancement of brand effect. By maintaining good cooperation with top real estate companies and quality customers, the Group's newly signed-up contracts with large customers for the year accounted for 39.0%, with 41 projects valued over RMB100.0 million and 9 projects valued over RMB300 million. Residential and commercial housing projects accounted for 42.9% of the total amount of contracts. In an effort to effectively distribute risk and reduce the reliance on real estate companies, the Group increased investments on industrial projects and public facility construction projects, accounting for 25.2% and 17.6% of the total amount of newly signed business respectively, both rising significantly compared with last year. Among these, the projects of large and quality local enterprises accounted for 22.5%. In terms of undertaking business, the Group also made effective breakthroughs in acquiring business through public tenders during the year and secured businesses amounting to RMB3,707.0 million, with the quality of contracts improved significantly.

Excelling in quality: remarkable results in project performance

The Group has always attached great importance to project quality and has achieved remarkable project performance, which has been highly recognized by customers and the market on many occasions. During the year, Zhenshi Technology Center project constructed by the Group won the "Luban Prize", the highest honor for engineering quality in China's construction industry. At the same time, the Group also received the "Qianjiang Trophy", "Shangding Trophy", and had more than 20 projects recognized as premium projects at city and country level. The Group's excellent service and quality have been recognized and praised by customers, in particular, the Group won the "Craftsmanship Quality Award" of China Resources Land and the "Excellence New Talent Award" of East China Region in 2021, while the ShidaiTianyue project constructed by the Group won the first prize in the third quarter unannounced inspection of Jinke Group in Shanghai and Zhejiang region, among other awards.

Safety standard creation was carried out solidly, with 1 national standard site, 8 provincial standard sites and 32 city and county level standard sites obtained. In particular, the first "Xunhui Transparent Factory" in Henan Province of ShiaiTianji project constructed by the Group won the "Excellence and Standard Creation Award" of Xunhui Group. The key projects under construction throughout the year basically met the required progress milestones, and 57 projects already passed the inspection of completion.

Excelling in professionalism: deepening scientific innovation

In 2021, in addition to promoting the business quality of the principal business, the Group has also enhanced the professional abilities, expanded business in various specialized fields such as decorative foundation, municipal and fire protection, etc., through extending to upstream and downstream of the industrial chain, while continuously releasing potential in other industries. During the year, driven by the contracting business of engineering, procurement and construction, various specialized sectors achieved steady business growth. In particular, the new contracts signed up of decorative foundations, municipal and fire protection amounted to approximately RMB160.1 million, RMB271.9 million and RMB61.9 million, respectively.

By leveraging its role as a provincial enterprise center and relying on the “industry-university-research” cooperation platforms of universities and institutions, the Group accelerated the renovation and application of technologies and gained fruitful innovative technology results. The Group was recognized as a “National High-tech Enterprise” and was qualified in the evaluation of the Enterprise Technology Center of Zhejiang Province. Throughout the year, more than 60 enterprise science and technology projects were implemented, among which 6 projects were established at provincial and municipal levels, obtaining 1 provincial construction method, 1 national quality inspection achievement, 3 provincial quality inspection achievements, 5 municipal quality inspection achievements, and 11 authorized national patents.

In 2021, the Group enhanced the depth and breadth of its Building Information Modelling (“BIM”) technology services, further promoting in civil engineering, installation engineering, business applications and other aspects, while revising modeling and application standards. Throughout the year, 30 civil construction projects and 24 installation projects were implemented by BIM, with the split production value implemented in 22 projects, carrying out the research and application of business applications. A breakthrough was also made in the construction of intelligent construction sites, as the Group developed the Jujiang Smart Construction Site 1.0 version platform and conducted a pilot project in the relocation of Tongxiang City Hospital of Traditional Chinese Medicine. The Group actively expanded the education and training business of the Research Institute, established cooperation intentions with various institutions of higher education and organized 2 external training classes.

For the year ended 31 December 2021, the construction contracting business contributed approximately 99.1% of the revenue (for the year ended 31 December 2020: approximately 98.8%). The following table sets forth a breakdown of our revenue by business and project type for the years indicated:

	Year ended 31 December			
	2021		2020	
	RMB’million	**%**	RMB’million	%
Construction contracting business				
Residential	**5,369.1**	**53.4**	4,529.6	56.6
Commercial	**1,822.4**	**18.1**	1,028.4	12.8
Industrial	**2,046.4**	**20.4**	1,498.5	18.7
Public works	**719.2**	**7.2**	859.8	10.7
	9,957.1	**99.1**	7,916.3	98.8
Other business	**90.8**	**0.9**	91.4	1.2
Total revenue	**10,047.9**	**100.0**	8,007.7	100.0

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue increased by approximately 25.5% from approximately RMB8,007.7 million for the year ended 31 December 2020 to approximately RMB10,047.9 million for the year ended 31 December 2021, primarily because of an increase in the construction contracting business amounting to approximately RMB2,040.2 million for the year ended 31 December 2021. Increase in construction contracting business was primarily due to an increase in revenue from residential construction contracting business, commercial construction contracting business and industrial construction contracting business amounting to approximately RMB839.5 million, RMB794.0 million and RMB547.9 million, respectively. Increase in revenue from residential construction contracting business for the year ended 31 December 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. Many large-scale residential projects have been signed during the year ended 31 December 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, and enterprises increased their capital investments.

Gross profit increased by approximately 20.0% from approximately RMB392.7 million for the year ended 31 December 2020 to approximately RMB471.1 million for the year ended 31 December 2021, which was in line with increase in revenue. However, the gross profit margin decreased from approximately 4.9% for the year ended 31 December 2020 to approximately 4.7% for the year ended 31 December 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. In addition, the material costs sharply increased. The gross profit margin of the construction contracting business decreased from approximately 4.7% for the year ended 31 December 2020 to approximately 4.3% for the year ended 31 December 2021.

Other income and gains

Other income and gains increased by approximately RMB19.6 million from approximately RMB8.5 million for the year ended 31 December 2020 to approximately RMB28.1 million for the year ended 31 December 2021, primarily because of an increase in interest income of approximately RMB8.9 million and an increase in government grants of approximately RMB7.9 million in relation to the Group’s contribution in local economy.

Administrative expenses

The administrative expenses increased by approximately 26.6% from approximately RMB126.8 million for the year ended 31 December 2020 to approximately RMB160.5 million for the year ended 31 December 2021 which was primarily due to an increase in salaries and employee benefits and depreciation and amortization expenses. For the year ended 31 December 2021, the Group continued to expand its workforces and improved their employee benefits in order to supports their business growth, and as a result, the salaries and employee benefits increased by approximately RMB18.6 million as compared with last year. In addition, the depreciation and amortization expenses increased by approximately RMB8.3 million for the year ended 31 December 2021 as compared with the corresponding periods in last year, primarily attributing to the “Build-Operate-Transfer” service concession arrangement have commenced its operation since 1 March 2021.

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 587.1% from approximately RMB15.5 million for the year ended 31 December 2020 to approximately RMB106.5 million for the year ended 31 December 2021, primarily due to the Group made a specific impairment loss on the trade receivables and contract assets from a customer. The management was aware of a series of negative news and announcements over the financial conditions of a customer (the "**Customer A**") which is a real estate developer in Hebei Province. In these regards, and taking into account the recent repayment records and public information, the management considered the heightened credit risk of the Customer A and made individual loss allowance of approximately RMB43.1 million on the trade receivables, other receivables and contract assets of the construction projects related to the Customer A. In addition, the management further considered the credit crisis in real estate industry and more long-aged trade receivables, the Group increased the expected loss rate and made an impairment loss of approximately RMB63.4 million for the trade receivables, other receivables and contract assets in general for the year ended 31 December 2021.

Other expenses

Other expenses increased by approximately RMB38.3 million from approximately RMB27.3 million for the year ended 31 December 2020 to approximately RMB65.6 million for the year ended 31 December 2021, primarily due to an increase in fair value losses of approximately RMB43.1 million in relation to fair value assessments of the bill receivables, which offset by an absence of a loss on disposal of a subsidiary for the year ended 31 December 2021 as a loss on disposal of a subsidiary amounting to RMB6.4 million was recorded for the year ended 31 December 2020. Increase in fair value loss in relation of fair value assessments of the bill receivables was mainly attributing to an increase in discount rate adopted in the fair value assessment from 2.5% for the year ended 31 December 2020 to 8.9% for the year ended 31 December 2021 as the default risk of the settlement of the bills receivables increased due to the real estate developers are facing the credit crisis.

Finance costs

Finance costs decreased by approximately 29.6% from approximately RMB84.9 million for the year ended 31 December 2020 to approximately RMB59.8 million for the year ended 31 December 2021. Such decrease was primarily due to a decrease in factoring expenses as factoring activities were reduced and discount expenses on bills receivables.

Income tax expense

Income tax expenses decreased by approximately 54.8% from approximately RMB29.4 million for the year ended 31 December 2020 to approximately RMB13.3 million for the year ended 31 December 2021 primarily because of a decrease in profits from the operation and the Company enjoyed the tax benefits. The effective tax rate decreased from approximately 20.0% for the year ended 31 December 2020 to 12.5% for the year ended 31 December 2021. The Company obtained approval from the relevant tax bureau to be taxed as an advanced and new technology enterprise for the calendar years from 2021 to 2023. Pursuant to the relevant tax regulations, the Company is entitled to a preferential tax rate of 15%. In addition to the preferential PRC Corporate Income Tax rate, the Company is also entitled to an additional tax deductible allowance calculated at 75% of its qualified research and development costs incurred, as a result, the effective tax rate decreased for the year ended 31 December 2021.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately 20.4% from approximately RMB117.4 million for the year ended 31 December 2020 to approximately RMB93.4 million for the year ended 31 December 2021. Net profit margin decreased from approximately 1.5% for the year ended 31 December 2020 to approximately 0.9% for the year ended 31 December 2021.

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 31 December 2021, the Group had cash and cash equivalents of approximately RMB248.2 million (2020: approximately RMB184.4 million).

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 RMB2,063.0 million as at 31 December 2021, representing 41.4% and 36.3% of the total current assets as at the end of the corresponding years, respectively. The proportion of the contract assets to the total current assets and absolute amounts decreased, primarily attributing to the timely issuance of billing by the Group once the projects achieved the billing milestone.

Trade and bills receivables

Trade and bills receivables increased by approximately 12.0% from approximately RMB2,301.4 million as at 31 December 2020 to approximately RMB2,578.4 million as at 31 December 2021. Such increase was due to an increase in the turnover of the Group. The trade and bills receivables turnover days increased from approximately 84 days as at 31 December 2020 to approximately 89 days as at 31 December 2021.

Trade and bills payables

Trade and bills payables increased by approximately 9.4% from approximately RMB2,901.5 million as at 31 December 2020 to approximately RMB3,173.7 million as at 31 December 2021. Such increase was in line with business growth. The trade and bills payables turnover days decreased from approximately 138 days as at 31 December 2020 to approximately 114 days as at 31 December 2021.

Borrowings and charge on assets

As at 31 December 2021, the Group relied on short-term and long-term interest-bearing borrowings in the aggregated amount of approximately RMB679.5 million (2020: approximately RMB684.3 million). As at 31 December 2021, the short-term interest-bearing borrowings amounting to approximately RMB507.5 million (2020: approximately RMB510.9 million) are repayable within 1 year and carried effective interest rate with a range from 4.00% to 12.0% per annum (2020: 4.05% to 15.0% per annum). As at 31 December 2021, the long-term interest-bearing borrowings amounting to approximately RMB172.0 million (2020: RMB173.4 million) are repayable from 2023 to 2030 and the interest rate is 4.41%.

As at 31 December 2021, certain general banking facilities were secured by the buildings of approximately RMB86.4 million (31 December 2020: approximately RMB88.7 million).

Gearing ratio

The gearing ratio decreased from approximately 24.6% as at 31 December 2020 to approximately 18.9% as at 31 December 2021. The decrease was mainly attributable to improvement of cash management as net cash inflow from operating activities of approximately RMB199.4 million was recorded for the year ended 31 December 2021.

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 year ended 31 December 2021, the capital expenditures were approximately RMB47.5 million (2020: approximately RMB54.1 million). The capital expenditure incurred for the year ended 31 December 2021 was primarily related to the construction of a new office building next to the headquarter of the Group.

Capital commitments

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

Contingent liabilities

As at 31 December 2021, the Group had no material contingent liabilities (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

The Group had no significant investments held or material acquisitions and disposals during the year ended 31 December 2021.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had total of 1,146 employees (2020: 1,038 employees), of which 672 were based in Jiaxing City, and 474 were based in other areas of Zhejiang Province and in other provinces and regions of China. For the year ended 31 December 2021, the Group incurred total staff costs of approximately RMB98.4 million, representing an increase of approximately 23.2% as compared with corresponding period in 2020, mainly attributable to increase in headcount and salary increments.

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

In 2022, under the goal of stable economic growth, active fiscal policy and moderate advancement in infrastructure investment will have a pulling effect on infrastructure investment. Under the real estate regulatory policy, real estate development and investment will face pressure of growth. The restructuring of manufacture industry and the new urbanization construction will bring about the introduction of urban renewal, old city renovation and indemnificatory housing projects as well as medical and other infrastructure to make up for shortfalls, which will provide a certain degree of relief for the impact of real estate policy on the construction industry. Under the influence of the above factors, the construction industry is expected to maintain a growth trend in 2022.

The Group will take "increasing the total economic volume and improving the development quality" as the starting point to promote transformation through development. The Group will further optimize its business structure, strengthen its marketing strategies and improve the quality of its business. The key focus is on government investment projects for the purpose of promoting long-term development of high-quality business. The Group will actively seize the markets of Hubei, Sichuan and Fujian, etc., and make appropriate arrangements based on local conditions to establish a solid presence. The Group will further expand the engineering, procurement and construction ("**EPC**") business, and integrate design and construction resources, enhance the capacity of general contracting, with the aim to transform into an integrated design and construction service provider. The Group will also accelerate digital transformation, pursue informatization of the corporate management and realize data connection with intelligent construction site system as well as the application of Internet of Things and other technologies. We will speed up the construction of the intelligent command center and comprehensively improve the company's digital management level, and with the combination of the BIM technology, further upgrade the "intelligent construction site platform" functions, so as to promote transformation and upgrading of project management.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 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.

NON-COMPETITION AGREEMENT

To ensure that competition will not exist in the future, Mr. Lyu Yaoneng, Zhejiang Jujiang Holdings Group Co. , Ltd.*(浙江巨匠控股集團有限公司) and Zhejiang Jujiang Equity Investment Management Co., Ltd.* (浙江巨匠股權投資管理股份有限公司) as controlling shareholders of the Company (the "**Controlling Shareholders**") have entered into non-competition agreement (the "**Non-Competition Agreement**") with the Company to the effect that each of them will not, and will procure their subsidiaries (other than the Group) and their close associate(s) not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in, the principal business and other businesses.

NON-COMPETITION

The Group entered into the Non-Competition Agreement with the Controlling Shareholders on 23 December 2015, under which the Controlling Shareholders agreed not to, and to procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, compete, either directly or indirectly, with the principal business and other businesses, namely the design, survey and consultancy business and civil defense products manufacturing business, and granted to the Group the option for new business opportunities, option for acquisitions and pre-emptive rights.

The Controlling Shareholders have further irrevocably undertaken in the Non-Competition Agreement that, during the term of the Non-Competition Agreement, they (as appropriate) will not, and will also procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the principal business and other businesses. The foregoing restrictions are subject to the fact that the Company may waive certain new business opportunities pursuant to the terms and conditions under the Non-Competition Agreement.

The foregoing restrictions do not apply to: (i) the purchase by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) for investment purpose of not more than 10% equity interest in other listed companies whose business competes or is likely to compete with the principal business and other businesses; or (ii) the holding by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) of not more than 10% equity interest in other companies whose business competes or is likely to compete with the principal business and other businesses, as a result of a debt restructuring of such companies (collectively referred to as "**Investment Companies**" for scenarios (i) and (ii)). For the avoidance of doubt, the exceptions above do not apply to such Investment Companies which the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate) are able to control their respective board of directors notwithstanding the fact that not more than 10% of the equity interests of such Investment Companies are being held by the Controlling Shareholders, their subsidiaries or close associate(s) (as appropriate).

DIRECTORS' COMPETING INTERESTS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "**Code Provisions**") of the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules. Throughout the year ended 31 December 2021 and up to the date of this announcement, the Company has fully complied with the Code Provisions and the CG Code for the year 2021. The Directors will review the corporate governance policies and compliance with the CG Code each financial year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules ("**Model Code**") as the Company's code of conduct regarding Directors' and supervisors' securities transactions. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the year ended 31 December 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.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no major subsequent events to 31 December 2021 which would materially affect the Group's operating and financial performance as of the date of this announcement.

FINAL DIVIDEND

Proposal for profit distribution of 2021

Audited profit available for distribution to shareholders of the Company for the year 2021 calculated in accordance with PRC Accounting Standards for Business Enterprises amounted to approximately RMB760.6 million.

The Board of Directors of the Company has recommended profit distribution for 2021 of 4.00 HK cents in cash (before tax) per share as the final dividend based on the number of shares held by H shareholders registered as at the close of business on the record date for profit distribution and dividend payment. The dividend will be denominated and declared in Hong Kong Dollars, and distributed to the domestic shareholders in RMB and to the overseas shareholders in Hong Kong Dollars. 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 declaration of such dividend.

The Company expects to pay the dividend to shareholders on 26 July 2022.

In respect of the Company's distribution of final Dividend to Shareholders whose names appear on the H share register of the Company on the H Share Record Date, the Company will process income tax payable on dividends and profit distributions in accordance with relevant taxation laws and regulations of China. The details are as follow:

1. In connection with overseas non-resident corporate H shareholders, a 10% enterprise income tax to be withheld and paid on behalf of such shareholders by the Company shall apply in accordance with relevant provisions of the ''Notice of the State Administration of Taxation on issues concerning the withholding and payment of enterprise income tax on dividends paid by Chinese resident enterprises to overseas non-resident corporate H shareholders'' (Guo Shui Han 2008 No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》（國稅函2008897號)). Any H shares registered in the name of non-resident individual H shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident corporate H shareholders, and consequently will be subject to the withholding of the enterprise income tax.

2. Pursuant to relevant laws and regulations and regulatory documents such as the Individual Income Tax Law of the People's Republic of China 《(中華人民共和國個人所得稅法》), the Implementation Rules of the Individual Income Tax Law of the People's Republic of China 《(中華人民共和國個人所得稅法實施條例》), the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Nonresidents under Tax Treaties (Tentative) (Guo Shui Fa 2009 No. 124) (《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》 (國稅發2009124號)) and the Notice of the State Administration of Taxation on the Issues Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa 1993 No. 45 (Guo Shui Han 2011 No. 348) 《(國家稅務總局關於國稅發199345號文件廢止後有關個人所得稅徵管問題的通知》 (國稅函2011348號)), dividends received by overseas resident individual shareholders from the stocks issued by domestic nonforeign investment enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of the stocks issued by domestic nonforeign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or the tax arrangements between Mainland China and Hong Kong (Macau). For individual holders of H shares, dividends payable to them are subject to the individual income tax withheld at a tax rate of 10% in general unless otherwise specified by the tax regulations and the relevant tax agreements.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "**AGM**") will be held on 6 June 2022. Shareholders should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 31 May 2022 to 6 June 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of H shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 30 May 2022, being the business day before the first day of closure of the register of members.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from 17 June 2022 to 22 June 2022, both days inclusive, during which period no transfer of H shares of the Company will be registered. In order to establish entitlements to the final dividend, all transfer of H shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H share registrar, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 16 June 2022, being the business day before the first day of closure of the register of members. The members of the H shares whose names appear on the H share register of members on 22 June 2022 will be entitled to receive the final dividend.

SCOPE OF WORK OF MESSRS. ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together 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 including a review of the annual results of the Group for the year ended 31 December 2021.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jujiang.cn). The 2021 Annual Report of the Company 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.

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

Zhejiang Province, the PRC, 29 March 2022

As of 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. Wong Kai Wai and Mr. Ma Tao, as independent non-executive Directors.

** for identification purposes only*