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**PUJIANG INTERNATIONAL GROUP LIMITED**

**浦江國際集團有限公司**

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

**(Stock code: 2060)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>(%)</i></b>
<b>Revenue</b>	<b>2,156,263</b>	1,947,102	10.7
<b>Gross profit</b>	<b>573,452</b>	517,842	10.7
<b>Profit for the year</b>	<b>215,534</b>	187,370	15.0
<b>Net Profit attributable to owners of the Company</b>	<b>205,017</b>	151,219	35.6
	<b><i>RMB</i></b>	<b><i>RMB</i></b>	
<b>Diluted earnings per share</b>	<b>0.2519</b>	0.1861	35.4

The board of directors (the “**Board**”) of Pujiang International Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020.

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

*For the year ended 31 December*

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>REVENUE</b>	5	<b>2,156,263</b>	1,947,102
Cost of sales		<u>(1,582,811)</u>	<u>(1,429,260)</u>
Gross profit		<b>573,452</b>	517,842
Other revenue	6	<b>22,153</b>	15,851
Other gains and losses	7	<b>1,751</b>	(19,096)
Selling and distribution costs		<b>(40,091)</b>	(43,301)
General and administrative expenses		<b>(79,351)</b>	(76,078)
Research and development expenses		<b>(107,563)</b>	(95,654)
Share of losses of associates		<b>(10,116)</b>	(3,860)
Finance costs	8	<u><b>(106,431)</b></u>	<u>(91,304)</u>
<b>PROFIT BEFORE INCOME TAX</b>	9	<b>253,804</b>	204,400
Income tax expenses	11	<u><b>(38,270)</b></u>	<u>(17,030)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>215,534</b></u>	<u>187,370</u>

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

*For the year ended 31 December*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Attributable to:			
Owners of the Company		<b>205,017</b>	151,219
Non-controlling interests		<b>10,517</b>	36,151
		<u><b>215,534</b></u>	<u>187,370</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u><b>(23,188)</b></u>	<u>(6,939)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>(23,188)</b></u>	<u>(6,939)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>192,346</b></u>	<u>180,431</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>181,821</b>	141,240
Non-controlling interests		<b>10,525</b>	39,191
		<u><b>192,346</b></u>	<u>180,431</u>
		<i>RMB</i>	<i>RMB</i>
<b>EARNINGS PER SHARE</b>	<i>12</i>		
Basic		<u><b>0.2528</b></u>	<u>0.1865</u>
Diluted		<u><b>0.2519</b></u>	<u>0.1861</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>153,849</b>	114,328
Intangible assets		–	–
Interests in associates		<b>254,999</b>	266,135
Deferred tax assets		<b>11,493</b>	9,915
Deposits		<b>135,839</b>	152,037
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>556,180</b>	542,415
<b>CURRENT ASSETS</b>			
Inventories		<b>602,799</b>	451,098
Trade and retention receivables	<i>14</i>	<b>1,326,654</b>	985,289
Prepayments, deposits and other receivables		<b>2,209,998</b>	1,464,858
Restricted bank deposits		<b>234,648</b>	247,536
Cash and cash equivalents		<b>372,974</b>	891,921
		<hr/>	<hr/>
		<b>4,747,073</b>	4,040,702
Non-current assets classified as held for sale		<b>17,590</b>	12,513
		<hr/>	<hr/>
<b>Total current assets</b>		<b>4,764,663</b>	4,053,215
		<hr/>	<hr/>
<b>Total assets</b>		<b>5,320,843</b>	4,595,630
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>15</i>	<b>737,766</b>	584,976
Contract liabilities		<b>59,147</b>	155,807
Other payables and accruals		<b>158,736</b>	107,891
Bank and other borrowings		<b>1,921,219</b>	1,033,940
Amounts due to related companies		<b>104,000</b>	–
Income tax payable		<b>31,596</b>	21,434
Lease liabilities		<b>28,192</b>	355
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>3,040,656</b>	1,904,403
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,724,007</b>	2,148,812
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,280,187</b>	2,691,227
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December

	<i>Notes</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>13,272</b>	1,357
Bank and other borrowings		<b>97,487</b>	606,460
<b>Total non-current liabilities</b>		<b>110,759</b>	607,817
<b>NET ASSETS</b>			
		<b>2,169,428</b>	2,083,410
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>16</i>	<b>7,138</b>	7,138
Other reserves		<b>2,065,584</b>	1,757,217
<b>Equity attributable to owners of the Company</b>		<b>2,072,722</b>	1,764,355
<b>Non-controlling interests</b>		<b>96,706</b>	319,055
<b>TOTAL EQUITY</b>		<b>2,169,428</b>	2,083,410

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cash flows from operating activities		
Profit before income tax expense	<b>253,804</b>	204,400
Adjustments for:		
Depreciation of property, plant and equipment	<b>6,582</b>	7,345
Depreciation of right-of-use assets	<b>20,625</b>	1,599
Share of losses of associates	<b>10,116</b>	3,860
Finance costs	<b>106,431</b>	91,304
Fair value loss on financial assets at fair value through profit and loss	–	234
(Reversal)/impairment loss recognised on trade and retention receivables	<b>(1,097)</b>	2,354
Impairment loss recognised/(reversal) on deposits and other receivables	<b>1,117</b>	(311)
Reversal of impairment loss recognised on inventories	<b>(835)</b>	–
Bad debt written off on trade and retention receivables	–	8,018
Interest income	<b>(9,218)</b>	(2,768)
Loss on disposal of property, plant and equipment	<b>114</b>	190
Operating profit before working capital changes	<b>387,639</b>	316,225
Increase in inventories	<b>(150,866)</b>	(151,330)
(Increase)/decrease in trade, retention and bills receivables	<b>(340,268)</b>	188,497
Increase in prepayments, deposits and other receivables	<b>(730,059)</b>	(220,765)
Increase/(decrease) in trade and bills payables	<b>152,790</b>	(3,101)
(Decrease)/increase in contract liabilities	<b>(96,660)</b>	73,514
Increase in deposits received, other payables and accruals	<b>50,845</b>	34,994
Increase/(decrease) in amount due to related companies	<b>104,000</b>	(104,000)
Cash (used in)/generated from operations	<b>(622,579)</b>	134,034
Income taxes paid	<b>(29,686)</b>	(23,322)
Net cash (used in)/generated from operating activities	<b>(652,265)</b>	110,712

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cash flows from investing activities		
Purchases of property, plant and equipment	<b>(13,690)</b>	(9,436)
Purchases of right-of-use assets – land use right	–	(7,432)
Acquisition of an associate	–	(166,000)
Proceeds from disposal of financial assets at fair value through profit and loss	–	88,363
Decrease/(increase) in restricted bank deposits	<b>12,888</b>	(28,832)
Interest received	<b>9,218</b>	2,768
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	<b>8,416</b>	(120,569)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from bank and other borrowings	<b>2,016,740</b>	2,519,063
Repayment of bank borrowings	<b>(1,638,434)</b>	(1,824,414)
Payment of lease liabilities	<b>(20,069)</b>	(785)
Interest paid	<b>(104,839)</b>	(92,236)
Acquisition of remaining interest of a subsidiary	<b>(72,662)</b>	–
Dividend declared and paid by subsidiary	–	(549)
Dividends	<b>(33,666)</b>	–
	<hr/>	<hr/>
Net cash generated from financing activities	<b>147,070</b>	601,079
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	<b>(496,779)</b>	591,222
Cash and cash equivalents at the beginning of year	<b>891,921</b>	307,638
Effect of exchange rate changes on cash and cash equivalents	<b>(22,168)</b>	(6,939)
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	<b>372,974</b>	891,921
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents:		
Cash and cash equivalents	<b>372,974</b>	891,921
	<hr/>	<hr/>

## NOTES

### 1. GENERAL

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

### 2. BASIS OF PREPARATION

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

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

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

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

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



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

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

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

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

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

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

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

#### 4. SEGMENT INFORMATION

##### Operating segments

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

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

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

**(a) Segment revenue and results**

*For the year ended 31 December 2021*

	Cables RMB'000	Prestressed steel materials RMB'000	Elimination RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Revenue to external customers	<u>1,208,410</u>	<u>947,853</u>	<u>-</u>	<u>2,156,263</u>	<u>-</u>	<u>2,156,263</u>
Segment profit/(loss) before income tax expenses	<u>233,649</u>	<u>74,162</u>	<u>-</u>	<u>307,811</u>	<u>(54,007)</u>	<u>253,804</u>

*For the year ended 31 December 2020*

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

**(b) Segment assets and liabilities**

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Segment assets		
Cables	<b>3,136,598</b>	2,620,367
Prestressed steel materials	<b>1,408,477</b>	1,136,607
Segment assets	<b>4,545,075</b>	3,756,974
Unallocated	<b>775,768</b>	1,202,656
Total assets	<b>5,320,843</b>	4,959,630
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Segment liabilities		
Cables	<b>2,319,836</b>	1,966,145
Prestressed steel materials	<b>440,375</b>	312,196
Segment liabilities	<b>2,760,211</b>	2,278,341
Unallocated	<b>391,204</b>	233,879
Total liabilities	<b>3,151,415</b>	2,512,220

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

*For the year ended 31 December 2021*

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	4,919	965	5,884	3,334	9,218
Government grants	9,405	3,530	12,935	-	12,935
Finance costs	(74,216)	(16,560)	(90,776)	(15,655)	(106,431)
Income tax expenses	(29,821)	(8,449)	(38,270)	-	(38,270)
Depreciation of right-of-use assets	(525)	(20,100)	(20,625)	-	(20,625)
Share of losses of associates	-	-	-	(10,116)	(10,116)
Depreciation of property, plant and equipment	(3,024)	(3,558)	(6,582)	-	(6,582)
Reversal of impairment loss recognised on trade and retention receivables	6,015	(4,918)	1,097	-	1,097
Impairment loss reversal on deposits and other receivables	(1,117)	-	(1,117)	-	(1,117)
Additions to property, plant and equipment	<u>10,871</u>	<u>61,048</u>	<u>71,919</u>	<u>-</u>	<u>71,919</u>

*For the year ended 31 December 2020*

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

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

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

**(e) Information about major customers**

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A <sup>1</sup>	<b><u>626,200</u></b>	<u>442,643</u>

*Notes:*

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

**5. REVENUE**

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

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

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Manufacture, installation and sale of cables	<b>1,208,410</b>	1,023,893
Manufacture and sale of customised prestressed steel materials	<b><u>947,853</u></b>	<u>923,209</u>
	<b><u>2,156,263</u></b>	<u>1,947,102</u>

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade and retention receivables	<b>1,326,604</b>	985,289
Contract liabilities	<b><u>59,147</u></b>	<u>155,807</u>
	<b><u>1,385,751</u></b>	<u>1,141,096</u>

*Timing of revenue recognition*

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<i>At a point in time</i>		
Sales of customised prestressed steel materials and cables	<b><u>2,151,870</u></b>	<u>1,942,087</u>
<i>Over time</i>		
Provision of installation services	<b><u>4,393</u></b>	<u>5,015</u>

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies. Accordingly, the Group has two reportable segments and analysis of these two segments are presented in Note 4.

*Unsatisfied performance obligations*

As at 31 December 2020 and 2021, the transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) were approximately RMB782,617,000 and RMB1,352,887,000 respectively. Management expects that the unsatisfied performance obligations at each reporting date will be recognised as revenue in the subsequent one to three years based on the contract period and the timing of the transfer of those goods and services is at the discretion of the customers.

## 6. OTHER REVENUE

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Bank and other interest income	<b>9,218</b>	2,768
Government grants ( <i>note i</i> )	<b>12,935</b>	13,083
	<b><u>22,153</u></b>	<u>15,851</u>

*Note:*

- (i) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for (a) incentive of technology innovation projects and (b) subsidy for financing.

## 7. OTHER GAINS AND LOSSES

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Exchange gains/(losses), net	<b>596</b>	(8,714)
Loss on disposal of property, plant and equipment	<b>(114)</b>	(190)
Reversal of impairment loss recognised on inventories	<b>835</b>	–
Reversal/(impairment loss) recognised on trade and retention receivables	<b>1,097</b>	(2,354)
Bad debt written off recognised on trade and retention receivables	–	(8,018)
(Impairment loss)/reversal recognised on deposits and other receivables	<b>(1,117)</b>	311
Loss on financial assets at fair value through profit or loss	–	(234)
Others	<b>454</b>	103
	<b><u>1,751</u></b>	<u>(19,096)</u>

## 8. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans and other borrowings	104,828	91,086
Interest on lease liabilities	1,592	123
Handling fee	11	95
	<u>106,431</u>	<u>91,304</u>

## 9. PROFIT BEFORE INCOME TAX EXPENSES

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold ( <i>note i</i> )	1,582,811	1,429,260
Auditor's remuneration	1,550	1,500
Employee costs ( <i>Note 10</i> )	49,993	49,302
Depreciation charge:		
– Property, plant and equipment	6,582	7,345
– Right of use assets	20,625	1,599
	<u>20,625</u>	<u>1,599</u>

*Note:*

- i) Cost of inventories sold for the year ended 31 December 2021 includes RMB43,911,000 (2020: RMB42,358,000) of staff costs, depreciation, subcontracting fee, provision of obsolete stock and other manufacturing overheads which are also included in the respective total amounts disclosed above for each of these types of expenses.



## 10. EMPLOYEE COSTS

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Employee costs (including directors) comprise:		
Wages and salaries	<b>37,120</b>	41,748
Contributions on defined contribution retirement plans	<b>7,269</b>	4,000
Other long-term employee benefits	<b>5,604</b>	3,554
	<u><b>49,993</b></u>	<u>49,302</u>

## 11. INCOME TAX EXPENSES

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

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (the “ <b>PRC EIT</b> ”)		
– for the year	<b>35,574</b>	29,103
– under/(over) provision in respect of prior years	<b>4,274</b>	(9,671)
	<u><b>39,848</b></u>	<u>19,432</u>
Deferred tax		
– for the year	<u><b>(1,578)</b></u>	<u>(2,402)</u>
Income tax expense	<u><b>38,270</b></u>	<u>17,030</u>

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of RMB205,017,000 (2020: RMB151,219,000) based on a total of 811,044,000 issued Shares of the Company as at 31 December 2021 and 31 December 2020.

### (b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company of RMB205,017,000 (2020: RMB151,219,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and diluted shares from share option scheme.

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

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>205,017</b>	151,219
	<b>Number of shares 2021</b>	Number of shares 2020
<b>Number of Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>811,044,000</b>	811,044,000
Effect of dilution – weighted average number of ordinary shares: Share Option	<b>2,871,153</b>	1,497,512
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<b>813,915,153</b>	812,541,512

### 13. DIVIDENDS

The Company has resolved not to recommend any payment of dividends for the year ended 31 December 2021 (2020: HK\$0.05 per ordinary share).

### 14. TRADE AND RETENTION RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	1,218,915	927,716
Retention receivables	142,999	93,980
Less: impairment loss on trade and retention receivables	<u>(35,310)</u>	<u>(36,407)</u>
	1,326,604	985,289
Bill receivables	<u>50</u>	<u>–</u>
	<u><b>1,326,654</b></u>	<u><b>985,289</b></u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	573,600	562,292
Within 4 – 6 months	223,039	69,182
Within 7 – 12 months	157,442	58,482
More than 1 year but less than 2 years	304,865	248,811
More than 2 years but less than 3 years	54,188	34,228
More than 3 years but less than 4 years	9,278	3,733
More than 4 years but less than 5 years	3,159	7,281
Over 5 years	<u>1,033</u>	<u>1,280</u>
	<u><b>1,326,604</b></u>	<u><b>985,289</b></u>

Movements in the impairment loss are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Balance at beginning of the year	36,407	34,053
(Reversal of)/impairment loss recognised on trade and retention receivables	<u>(1,097)</u>	<u>2,354</u>
	<u><b>35,310</b></u>	<u><b>36,407</b></u>

As at 31 December 2020 and 2021, the Group's certain trade and retention receivables were pledged to secure banking facilities granted to the Group.

## 15. TRADE AND BILLS PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	173,280	142,295
Bills payables	<u>564,486</u>	<u>442,681</u>
	<u><b>737,766</b></u>	<u><b>584,976</b></u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	52,453	92,559
Within 4 – 6 months	22,015	19,493
Within 7 – 12 months	60,773	19,816
More than 1 year but less than 2 years	32,477	5,762
More than 2 year but less than 3 years	2,579	2,412
More than 3 year but less than 4 years	875	153
More than 4 year but less than 5 years	102	199
Over 5 years	<u>2,006</u>	<u>1,901</u>
	<u><b>173,280</b></u>	<u><b>142,295</b></u>

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

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

As at 31 December 2021, bills payables of RMB494,166,000 (2020: RMB382,681,000) were secured by the Group's restricted bank deposits of RMB191,270,000 (2020: RMB163,704,000).

## 16. SHARE CAPITAL

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

Issued and fully paid	Share capital	
	Number	<i>RMB'000</i>
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u><b>811,044,000</b></u>	<u><b>7,138</b></u>

## BUSINESS REVIEW

The Group is the largest provider of bridge cables for the construction of super-long-span bridges in China and one of the leading prestressed materials manufacturers in China.

For the year ended 31 December 2021, the Group has two main reporting business segments, namely, the business which manufactures cables for long-span bridges (the “**Cable Business**”) and the business which manufactures prestressed materials for various infrastructure construction (the “**Prestressed Materials Business**”).

For the year ended 31 December 2021, the total revenue of the Group amounted to RMB2,156.3 million, representing an increase of 10.7% as compared to the year ended 31 December 2020. The Group recorded profit for the year of RMB215.5 million for the year ended 31 December 2021, representing an increase of 15.0% as compared to the year ended 31 December 2020. The gross profit margin for the Group remained nearly the same at 26.6% for the year ended 31 December 2020 and 31 December 2021.

### Cable Business

In 2021, the Group continued to engage in the production and sale of bridge cables. During the year ended 31 December 2021, the Group was awarded 163 new projects for the Cable Business. In 2021, the Group has completed 109 projects for the Cable Business. As of the date of this announcement, the Group has 90 on-going projects with a backlog amounting to RMB1,353 million<sup>Note</sup>. With the on-going projects in hand, the Group expects that its revenue from the Cable Business will continue to grow in 2022.

Below sets out some of the on-going projects for the Cable Business:

- Shenzhen-Zhongshan Link – Lingding Yang Bridge\* (深中通道伶仃洋大橋)
- Guizhou Tongzi River Grand Bridge\* (貴州桐梓河特大橋)
- Guijin Expressway Wujiang Grand Bridge\* (貴金高速烏江特大橋)
- Fulong Grand Bridge\* (富龍特大橋)
- Modaomen Xijiang Grand Bridge \* (磨刀門西江特大橋)
- Guangdong Jinhai Bridge \* (廣東金海大橋)
- Hedong Grand Bridge \* (鶴洞特大橋)

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

Also, during the year, the Group has developed several new patented technologies for the application of bridge cables, including a dehumidification system for cable protection upper anchor air intake\* (一種用於拉索防護上錨進氣的除濕系統) and high temperature resistant main cable \* (耐高溫主纜). During the year 2021, the Group obtained 19 new registered patents and as of 31 December 2021, it had applied for the registration of 27 patents which are pending approval.

### **Prestressed Materials Business**

For the Prestressed Materials Business, the Group has focused on the sales of rare earth coated prestressed products, plain surface prestressed products and galvanised prestressed products with specific focus on galvanised prestressed products. The Group has continued to expand its production capacity to capture the growing demand of galvanised prestressed products. The construction of the new production capacity for the Prestressed Materials Business will be completed by the second half of 2022. Furthermore, in December 2020, the Group has entered into a merger agreement for the privatisation of Ossen Innovation Co., Ltd. (“**Ossen Innovation**”). Completion for the merger and privatisation under the merger agreement took place in September 2021. Immediately after such completion, Ossen Innovation becomes a wholly-owned subsidiary of the Company and Ossen Innovation has been delisted from NASDAQ. The Group expects that after the privatisation, it will have a more efficient and cost effective corporate structure, which will offer the Board a greater flexibility to manage the Group’s operations. Please refer to the announcements of the Company dated 17 December 2020 and 10 September 2021 for details.

During the year 2021, the Group developed a number of new patented technologies in relation to prestressed materials, including a device for deoxidizing and cleaning the surface of prestressed steel strand and its working method\* (一種用於預應力鋼絞線表面去氧化清潔裝置及其工作方法). During the year 2021, the Group obtained 5 new registered patents and as of 31 December 2021, it had applied for registration of 10 patents which are pending approval.

## Awards and Recognitions

We have also received the following prizes and awards during 2021:

<b>Award</b>	<b>Granting Authority</b>
2019-2020 Shanghai Civilized Unit* (2019-2020年度上海市文明單位)	Shanghai Municipal People's Government* (上海市人民政府)
The project "R&D and Application of Key Technologies of New Cable Sealing System" won the first prize of Invention and Entrepreneurship Award issued by China Association of Invention* ("新型拉索密封體系關鍵技術研發與應用"專案榮獲中國發明協會頒佈的發明創業獎一等獎)	China Association of Invention* (中國發明協會)
"Pujiang" brand won the "Century Shanghai Industry, Ten Favorite Brands by Citizens (Industrial Category)"* ("浦江"品牌榮獲《百年上海工業·市民最喜愛的十個品牌(工業品類)》)	Shanghai Federation of Industrial Economics and Shanghai Federation of Economic Organisations* (上海市工業經濟聯合會及上海市經濟團體聯合會)
National Manufacturing Single Item Champion Demonstration Enterprise* (國家製造業單項冠軍示範企業)	China Federation of Industry and Commerce* (中國工商經濟聯合會)
Shanghai "specialized, special and new" small and medium-sized enterprises (2021-2022)* (上海市"專精特新"中小企業(2021-2022))	Shanghai Economic and Information Commission* (上海經濟和信息化委員會)

## **Award**

Zhejiang Province “specialized,  
refined and new” small and  
medium-sized enterprise\*  
(浙江省“專精特新”中小企業)

Jiangsu Province Credit Evaluation  
Grade AAA Certificate\*  
(江蘇省信用評估等級AAA級  
證書)

2021 Ma’anshan City Labor  
Security Integrity A-level Unit\*  
(2021年馬鞍山市勞動保障  
誠信A級單位)

Anhui Provincial Water-Saving  
Enterprise\*  
(安徽省級節水型企業)

2020 Major Tax Payer\*  
(2020年度納稅大戶)

Demonstration Unit of Collective  
Negotiation in Cihu High-tech  
Zone\*  
(慈湖高新區集體協商  
示範單位)

2020 Excellent Provincial  
Postdoctoral Research  
Workstation\*  
(2020年度優秀省級博士後  
科研工作站)

## **Granting Authority**

Zhejiang Provincial Department of Economy and  
Information Technology\* (浙江省經濟和資訊化廳)

Nanjing Anhuan Credit Evaluation Co., Ltd.\*  
(南京安環信用評估有限公司)

Ma’anshan Human Resources and Social Security  
Bureau\*  
(馬鞍山市人力資源和社會保障局)

Anhui Provincial Department of Housing and Urban-  
Rural Development\*  
(安徽省住房和城鄉建設廳)

Cihu High-tech Industrial Development Zone Party  
Working Committee\* (慈湖高新技術產業開發區黨  
工委), Cihu High-tech Industrial Development Zone  
Management Committee\* (慈湖高新技術產業開發  
區管委會)

Cihu High-tech Zone Federation of Trade Unions\*  
(慈湖高新區總工會)

Anhui Provincial Department of Human Resources and  
Social Security\*  
(安徽省人力資源和社會保障廳)

\* *For identification purpose only*



## Other developments

The outbreak of the COVID-19 continued to cause delay to the progress of many bridge construction projects in 2021. Construction projects have gradually been resumed during the year but the construction of our research and development centre and production facility in Jiujiang, Jiangxi Province has been further delayed.

During the year 2021, the Group has continued to manufacture and supply bridge cables for the construction of the 1915 Canakkale Bridge in Turkey (the “**Canakkale Bridge**”), which demonstrated our leading position in the bridge cables manufacturing industry. The Canakkale Bridge is the largest suspension bridge in the world, surpassing the Akashi Kaikyo Bridge in Japan. It is a two-tower suspension bridge with six lanes of motorway in two directions (three in each direction). The main span of the bridge is 2,023 meters long. It spans across the Dardanelles strait and connects Turkey’s European and Asian shore.

The bridge cables of Canakkale Bridge manufactured by the Group brought together new materials and technologies of bridge cables in the world today, with a total weight of 32,596.5 tons. Each main cable has 144 strands, of 4,372 meters long, and each strand consists of approximately 114 tons of steel wire. There are 8 back cables on the European side, of 1,097 meters long and weight approximately 28.4 tons per strand. There are 8 back cables on the Asian side, of 1,192 meters long and weight approximately 30.86 tons per strand. This set of products demonstrated the strength and achievement of the Group in the industry globally.

On 18 March 2022, the construction of the 1915 Canakkale Bridge was completed and opened for traffic. Its completion has enhanced the Group’s brand recognition within the industry and demonstrated its technical capabilities.

## PERFORMANCE ANALYSIS AND DISCUSSION

### Revenue

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

	2021		2020	
	<i>RMB'000</i>	<i>% of total revenue</i>	<i>RMB'000</i>	<i>% of total revenue</i>
<b>Cable Business:</b>				
Suspension cable projects	588,559	27%	736,397	38%
Stay cable projects	610,582	29%	279,049	14%
Others – installation projects	6,107	0%	5,015	0%
Others – sale of scrap materials	3,162	0%	3,432	0%
	<u>1,208,410</u>	<u>56%</u>	<u>1,023,893</u>	<u>52%</u>
<b>Prestressed Materials Business:</b>				
Plain surface prestressed products	26,621	1%	19,011	1%
Rare earth coated prestressed products	708,045	33%	716,230	37%
Galvanised prestressed products	198,479	9%	176,419	9%
Other steel materials	14,708	1%	11,549	1%
	<u>947,853</u>	<u>44%</u>	<u>923,209</u>	<u>48%</u>
<b>Total</b>	<u>2,156,263</u>	<u>100%</u>	<u>1,947,102</u>	<u>100%</u>

Revenue increased by 10.7% from RMB1,947.1 million for the year ended 31 December 2020 to RMB2,156.3 million for the year ended 31 December 2021, mainly attributable to the increase in revenue from both the Cable Business and the Prestressed Material Business.

Revenue generated from the Cable Business increased by 18.0% from RMB1,023.9 million for the year ended 31 December 2020 to RMB1,208.4 million for the year ended 31 December 2021, mainly attributable to the increase in the sales of stay cables. Revenue generated from the Prestressed Materials Business increased slightly by 2.7% from RMB923.2 million for the year ended 31 December 2020 to RMB947.9 million for the year ended 31 December 2021, mainly attributable to an increase in the sales of plain surface prestressed products, galvanised prestressed products and other steel materials, partially offset by the decrease in the sales of rare earth coated prestressed products.

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

Gross profit increased by 10.7% from RMB517.8 million for the year ended 31 December 2020 to RMB573.5 million for the year ended 31 December 2021.

Overall gross profit margin remained nearly the same at 26.6% for the year ended 31 December 2020 and 31 December 2021. The gross profit margin for the Cable Business increased slightly from 34.4% for the year ended 31 December 2020 to 34.6% for the year ended 31 December 2021 due to increased revenue. The gross profit margin for the Prestressed Materials Business decreased from 18.0% for the year ended 31 December 2020 to 16.4% for the year ended 31 December 2021 mainly due to the sourcing of more semi-processed materials for the moving of the existing production facility to the new site.

### **Selling and distribution costs**

Selling and distribution costs of the Group decreased by 7.4% from RMB43.3 million for the year ended 31 December 2020 to RMB40.1 million for the year ended 31 December 2021. The decrease in distribution and selling expenses was mainly attributable to lower shipping costs incurred in 2021.

## **General and administrative expenses**

General and administrative expenses of the Group increased slightly by 4.3% from RMB76.1 million for the year ended 31 December 2020 to RMB79.4 million for the year ended 31 December 2021. The increase in general and administrative expenses was mainly attributable to higher depreciation of right of use assets.

## **Research and development expenses**

Research and development expenses increased by 12.5% from RMB95.7 million for the year ended 31 December 2020 to RMB107.6 million for the year ended 31 December 2021. This increase was primarily attributable to the increase in additional resources allocated to the development of new technologies.

## **Finance costs**

Finance costs increased by 16.6% from RMB91.3 million for the year ended 31 December 2020 to RMB106.4 million for the year ended 31 December 2021. This increase was primarily attributable to the increase in bank borrowings and interest on lease liabilities.

## **Share of losses of associates**

Share of losses of associates increased from RMB3.9 million for the year ended 31 December 2020 to RMB10.1 million for the year ended 31 December 2021 mainly due to due to higher losses incurred by Shanghai International Superconducting Technology Co., Ltd. (上海國際超導科技有限公司).

## **Income tax expenses**

Income tax expenses increased by 124.7% from RMB17.0 million for the year ended 31 December 2020 to RMB38.3 million for the year ended 31 December 2021. The effective tax rate increased from 8.3% for the year ended 31 December 2020 to 15.1% for the year ended 31 December 2021. This increase was primarily attributable to some of the deferred tax expenses in 2020 due to COVID-19 being levied in 2021.

## **Profit for the year**

As a result of the foregoing, the Group recorded a net profit of RMB215.5 million for the year ended 31 December 2021, representing an increase of 15.0% as compared to RMB187.4 million for the year ended 31 December 2020.

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

### **Working Capital**

The Group's operations are working capital intensive due to the nature of the industry, which is inherent in the Group's business model. The Group utilises a significant amount of working capital for upfront prepayment to its suppliers to procure raw materials for the products and to provide deposit guarantees (in terms of tender and performance bonds) for the Cable Business. In 2021, the Group mainly funded the cash requirements through a combination of cash and cash equivalents, and banking credit facilities. Going forward, in order to fund the Group's increasing working capital needs due to business expansion and the future plans (including capital expenditure for the construction of production facility in Jiujiang and the Research and Development Centre for Cable Business) as disclosed in the section headed "Use of Proceeds", the Group will continue to fund its cash requirements using a combination of banking credit facilities, net cash flows from operating activities, and other financial instruments which will be available for drawdown within a short period of time.

As at 31 December 2021, the Group recorded net current assets amounting to RMB1,724.0 million (31 December 2020: RMB2,148.8 million). As at 31 December 2021, the cash and cash equivalents of the Group amounted to RMB373.0 million (31 December 2020: RMB891.9 million). The current ratio (calculated by dividing total current assets by total current liabilities) as at 31 December 2021, was 1.57 (31 December 2020: 2.13). The decrease in the current ratio was primarily due to the increase in current liabilities as some non-current liabilities were categorised as current liabilities in 2021.

## **Bank and other borrowings**

As at 31 December 2021, the outstanding bank and other borrowings of the Group was RMB2,018.7 million (31 December 2020: RMB1,640.4 million). The increase in bank and other borrowings was due to increased cash requirements to support the Group's growth. The debt to asset ratio (calculated by dividing total debt by total assets) as at 31 December 2021 was 56.3% (31 December 2020: 35.7%).

## **Charge on assets**

As at 31 December 2021, bank and other borrowings of RMB2,018.7 million (31 December 2020: RMB1,640.4 million) were secured by pledge of the Group's certain assets including leasehold land or trade and retention receivables in certain subsidiaries or bank deposits or personal guarantees given by director of the Company or corporate guarantees from independent third parties.

## **Contingent liabilities**

As at 31 December 2021, the Group did not have any significant contingent liabilities.

## **Capital structure**

As at 31 December 2021, the total share capital of the Company was RMB7,138,000, divided into 811,044,000 Shares of nominal value of HK\$0.01 each.

## USE OF PROCEEDS

The aggregate net proceeds raised by the Company from the Listing on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) was RMB451.9 million. The proceeds from the Listing were used and are proposed to be used according to the intentions previously disclosed by the Company. The following table set forth the Group’s intended timetable for use of proceeds from listing as of 31 December 2021.

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus <i>Note 1</i>	Use of proceeds adjusted according to the actual net proceeds from the Listing	Unutilised amount as of 31 December 2020	Utilized amount for the year ended 31 December 2021	Unutilized amount as of 31 December 2021	Expected timeline of full utilisation of the remaining balance
Repayment of banking facilities <i>Note 2</i>	27.2%	122.8	-	-	-	-
Acquisition of business <i>Note 3</i>	24.2%	109.4	109.4	-	109.4	Second half of 2022
Expansion of production facility for Prestressed Materials Business <i>Note 4</i>	21.1%	95.5	72.9	49.7	23.2	Second half of 2022
Expansion of research and development centre for Cable Business <i>Note 5</i>	13.4%	60.4	39.8	19.2	20.6	Second half of 2022
Working capital	9.6%	43.4	-	-	-	-
Purchase of additional production equipment and environmental protection facilities <i>Note 6</i>	4.5%	20.4	18.2	8.7	9.5	Second half of 2022
<b>Total</b>	<b>100%</b>	<b>451.9</b>	<b>240.3</b>	<b>77.6</b>	<b>162.7</b>	

*Notes:*

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

## **FINAL DIVIDEND**

The Board has resolved not to declare a final dividend by the Company for the year ended 31 December 2021 (2020: HK\$0.05 per ordinary share).



## OUTLOOK AND RECENT DEVELOPMENTS

In 2021, while COVID-19 has still caused considerable disruptions in the progress of construction projects, the economy of the PRC has gradually recovered from the COVID-19 pandemic situation in 2020 and returned to stable growth. The PRC's economy, especially in connection with the infrastructure development, has been benefiting from various easing policies implemented by the Government of the People's Republic of China (“**PRC**”) to stimulate economic growth and GDP.

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

In addition, it is expected that the PRC government will provide more funding to and financing the local governments in 2022 to accelerate the construction of infrastructure to projects and to boost the economy. In particular, it is expected that provincial governments of the PRC will issue special treasury bonds which will provide important source of funding for infrastructure projects in the PRC with an aim to facilitate the development of transportation infrastructure, energy, ecological environmental protection, municipal and industrial park infrastructure and other fields in 2022.

The Group will leverage on the PRC government's initiatives to actively explore and seize opportunities in the domestic and overseas infrastructure markets in order to enhance its market leadership. The Group will look for opportunities for merger and acquisitions to further expand its market share and pricing power. Riding on the completion of the privatisation of Ossen Innovation in 2021, the Group will also continue to utilise and enhance its upstream and downstream business capabilities within the Group and strengthen the connection between its galvanised prestressed products and bridge cable.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 December 2021, the total number of employees in the Group was 444 (31 December 2020: 454). The remuneration packages of the employees of the Group are determined with reference to their role, position, experience and work performance.

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

Save for the completion of privatisation of Ossen Innovation as mentioned in the “Business Review” section above, the Group did not have any material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments for the year ended 31 December 2021.

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

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

## **EVENTS SUBSEQUENT TO 31 DECEMBER 2021**

Save for the completion of the construction of the 1915 Canakkale Bridge set out in the section headed “Other Developments”, there was no other significant events occurred subsequent to 31 December 2021 and up to the date of this announcement.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2021.

## **AUDIT COMMITTEE**

The audit committee of the Company, together with the Company’s external auditors, have reviewed the Group’s audited consolidated results for the year ended 31 December 2021 prepared in accordance with the HKAS and agreed to the accounting principles and practices adopted by the Company.

## **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting (“**AGM**”) of the Company will be held on Tuesday, 21 June 2022. The notice of AGM will be published on the websites of the Company ([www.pji-group.com](http://www.pji-group.com)) and Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and sent to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 16 June 2022 to Tuesday, 21 June 2022, both days inclusive, during which period no transfer of Shares will be registered, for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 15 June 2022.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules applicable to the Company during the year ended 31 December 2021 (the “**CG Code**”) and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the year ended 31 December 2021 and up to the date of this announcement.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors of the Company and the relevant employees of the Company. Specific enquiry has been made to all directors of the Company and all of them have confirmed that they have complied with the Model Code during the year ended 31 December 2021.

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

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

## **PUBLICATION OF ANNUAL REPORT**

This annual results announcement was published on the websites of the Company ([www.pji-group.com](http://www.pji-group.com)) and Hong Kong Stock Exchange (<http://www.hkexnews.hk>). The annual report of the Company for the year ended 31 December 2021 containing all the information as required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

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

Hong Kong, 30 March 2022

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