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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **FINANCIAL HIGHLIGHTS**

	<b>Unaudited</b>		<b>Change (%)</b>
	<b>Six months ended 30 June</b>		
	<b>2021</b>	<b>2020</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	<b>952,165</b>	778,656	22.3
Gross profit	<b>261,745</b>	209,941	24.7
Profit for the period	<b>97,943</b>	82,728	18.4
Earnings per share (diluted)	<b>RMB0.0978</b>	RMB0.0798	22.6

The board of directors (the “**Board**”) of Pujiang International Group Limited (the “**Company**”) hereby announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2020. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee and by the external auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
FOR THE SIX MONTHS ENDED 30 JUNE 2021

		<b>Unaudited</b>	
		<b>six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	6	<b>952,165</b>	778,656
Cost of sales		<u>(690,420)</u>	<u>(568,715)</u>
<b>Gross profit</b>		<b>261,745</b>	209,941
Other revenue		<b>6,660</b>	10,445
Other gains and losses		<b>3,222</b>	(7,063)
Selling and distribution costs		<b>(21,023)</b>	(22,679)
General and administrative expenses		<b>(35,671)</b>	(29,283)
Research and development expenses		<b>(41,890)</b>	(31,318)
Share of (loss)/profit of associates		<b>(1,795)</b>	47
Finance costs	7	<u>(50,143)</u>	<u>(40,218)</u>
<b>Profit before income tax expenses</b>	8	<b>121,105</b>	89,872
Income tax expenses	10	<u>(23,162)</u>	<u>(7,144)</u>
<b>Profit for the period</b>		<u><b>97,943</b></u>	<u>82,728</u>
Attributable to:			
– Owners of the Company		<b>79,447</b>	65,115
– Non-controlling interests		<u><b>18,496</b></u>	<u>17,613</u>
		<u><b>97,943</b></u>	<u>82,728</u>

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit for the period</b>	<b>97,943</b>	82,728
<b>Other comprehensive income, net of tax</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange difference arising on translation of foreign operations	<u>(11,059)</u>	<u>5,942</u>
<b>Other comprehensive income for the period</b>	<u>(11,059)</u>	<u>5,942</u>
<b>Total comprehensive income for the period</b>	<u><b>86,884</b></u>	<u>88,670</u>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>67,476</b>	72,218
– Non-controlling interests	<u><b>19,408</b></u>	<u>16,452</u>
	<u><b>86,884</b></u>	<u>88,670</u>
<b>Earnings per share for profit attributable to equity holders of the Company</b>	<b><i>RMB</i></b>	<b><i>RMB</i></b>
	<i>12</i>	
– Basic	<u><b>0.0980</b></u>	<u>0.0803</u>
– Diluted	<u><b>0.0978</b></u>	<u>0.0798</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at <b>30 June 2021</b> <i>RMB'000</i>	Audited As at 31 December 2020 <i>RMB'000</i>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>13</i>	<b>141,918</b>	114,328
Intangible assets	<i>14</i>	–	–
Interest in associates	<i>15</i>	<b>264,340</b>	266,135
Deferred tax assets		<b>8,780</b>	9,915
Deposits and other receivables		<b>87,177</b>	152,037
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		<b>502,215</b>	542,415
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Current assets</b>			
Inventories		<b>770,311</b>	451,098
Trade and retention receivables	<i>16</i>	<b>978,783</b>	985,289
Prepayments, deposits and other receivables		<b>1,970,365</b>	1,464,858
Restricted bank deposits		<b>230,308</b>	247,536
Cash and cash equivalents		<b>298,827</b>	891,921
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		<b>4,248,594</b>	4,040,702
Non-current assets classified as held for sale	<i>17</i>	<b>12,513</b>	12,513
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
<b>Total current assets</b>		<b>4,261,107</b>	4,053,215
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total assets</b>		<b>4,763,322</b>	4,595,630
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Trade payables	18	<b>144,728</b>	142,295
Bills payables	18	<b>528,728</b>	442,681
Contract liabilities		<b>101,205</b>	155,807
Other payables and accruals		<b>131,136</b>	107,891
Bank and other borrowings	19	<b>1,061,940</b>	1,033,940
Income tax payable		<b>20,440</b>	21,434
Dividend payable		<b>40,552</b>	–
Lease liabilities		<b>186</b>	355
		<u><b>2,028,915</b></u>	<u>1,904,403</u>
<b>Total current liabilities</b>			
		<u><b>2,232,192</b></u>	<u>2,148,812</u>
<b>Net current assets</b>			
		<u><b>2,734,407</b></u>	<u>2,691,227</u>
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>1,263</b>	1,357
Bank and other borrowings	19	<b>603,402</b>	606,460
		<u><b>604,665</b></u>	<u>607,817</u>
<b>Total non-current liabilities</b>			
		<u><b>2,129,742</b></u>	<u>2,083,410</u>
<b>Net assets</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	20	<b>7,138</b>	7,138
Reserves		<b>1,784,141</b>	1,757,217
		<u><b>1,791,279</b></u>	<u>1,764,355</u>
<b>Equity attributable to the owners of the Company</b>			
<b>Non-controlling interests</b>		<b>338,463</b>	319,055
		<u><b>2,129,742</b></u>	<u>2,083,410</u>
<b>Total Equity</b>			

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 April 2017, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered office of the Company is located at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Its principal place of business in the People's Republic of China (the "PRC") is 16/F., No. 518 Shangcheng Road, Shanghai, 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

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These interim condensed consolidated financial statements were authorised for issue on 18 August 2021.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") have no material effect on these interim condensed consolidated financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2020.

These interim condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2020 consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

### **3. CHANGES IN HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 7, HKFRS4, HKFRS 9, HKAS 39, and HKFRS16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group’s accounting policies.

### **4. USE OF JUDGEMENTS AND ESTIMATES**

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

### **5. SEGMENT INFORMATION**

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group’s top management including executive directors and chief executive for their decisions about resources allocation to the Group’s business components and for their review of these components’ performance. The business components in the internal financial information reported to the top management are determined according to the Group’s major product and service lines.

Based on the above, the Group’s top management determined that the Group has two reportable segments. 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 extend parties for similar order.

(a) **Segment revenue and results**

*For the six months ended 30 June 2021 (unaudited)*

	Cables	Prestressed steel materials	Elimination	Segment total	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>512,430</u>	<u>439,735</u>	<u>–</u>	<u>952,165</u>	<u>–</u>	<u>952,165</u>
Segment profit/(loss) before income tax expenses	<u>91,892</u>	<u>56,951</u>	<u>–</u>	<u>148,843</u>	<u>(27,738)</u>	<u>121,105</u>

*For the six months ended 30 June 2020 (unaudited)*

	Cables	Prestressed steel materials	Elimination	Segment total	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>407,456</u>	<u>371,200</u>	<u>–</u>	<u>778,656</u>	<u>–</u>	<u>778,656</u>
Segment profit/(loss) before income tax expenses	<u>49,880</u>	<u>46,032</u>	<u>–</u>	<u>95,912</u>	<u>(6,040)</u>	<u>89,872</u>



**(b) Segment assets and liabilities**

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

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000
Segment assets		
Cables	<b>2,894,495</b>	2,620,367
Prestressed steel materials	<b>1,407,412</b>	1,136,607
	<hr/>	<hr/>
Segment assets	<b>4,301,907</b>	3,756,974
Unallocated	<b>461,415</b>	838,656
	<hr/>	<hr/>
Total assets	<b>4,763,322</b>	4,595,630
	<hr/>	<hr/>
Segment liabilities		
Cables	<b>2,000,912</b>	1,966,145
Prestressed steel materials	<b>357,084</b>	312,196
	<hr/>	<hr/>
Segment liabilities	<b>2,357,996</b>	2,278,341
Unallocated	<b>275,584</b>	233,879
	<hr/>	<hr/>
Total liabilities	<b>2,633,580</b>	2,512,220
	<hr/>	<hr/>

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

*For the six months ended 30 June 2021 (unaudited)*

	Prestressed steel		Segment	Unallocated	Total
	Cables	materials	total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	1,774	483	2,257	8	2,265
Government grants	2,610	1,784	4,394	–	4,394
Finance costs	(32,779)	(9,210)	(41,989)	(8,154)	(50,143)
Income tax expenses	(14,140)	(9,022)	(23,162)	–	(23,162)
Depreciation of right-of-use assets	(345)	(267)	(612)	–	(612)
Depreciation of property, plant and equipment	(2,432)	(1,217)	(3,649)	–	(3,649)
Share of profit/(loss) of associates	4,537	–	4,537	(6,332)	(1,795)
Impairment loss reversed/(recognised) on trade receivables and retention receivables	3,895	(350)	3,545	–	3,545
Impairment loss recognised on deposits and other receivables	(816)	–	(816)	–	(816)
Written off of property, plant and equipment	(3)	–	(3)	–	(3)
Loss on disposal of property, plant and equipment	–	(4)	(4)	–	(4)
Additions to property, plant and equipment	5,276	26,582	31,858	–	31,858

*For the six months ended 30 June 2020 (unaudited)*

	Prestressed steel		Segment	Unallocated	Total
	Cables	materials	total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	63	154	217	973	1,190
Government grants	5,454	3,751	9,205	49	9,254
Finance costs	(30,286)	(9,932)	(40,218)	–	(40,218)
Income tax expenses	(4,517)	(2,627)	(7,144)	–	(7,144)
Depreciation of right-of-use assets	(428)	(371)	(799)	–	(799)
Share of profit of an associate	47	–	47	–	47
Depreciation of property, plant and equipment	(2,286)	(1,570)	(3,856)	–	(3,856)
Impairment loss reversed on trade receivables and retention receivables	3,752	1,023	4,775	–	4,775
Impairment loss reversed on deposits and other receivables	1,206	3	1,209	–	1,209
Impairment loss recognised on inventories	–	(1,153)	(1,153)	–	(1,153)
Written off of property, plant and equipment	(25)	–	(25)	–	(25)
Additions to property, plant and equipment	1,947	8	1,955	–	1,955

**(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 the period.

**(e) Information about major customers**

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

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Customer A <sup>2</sup>	<b>311,522</b>	121,243
Customer B <sup>1</sup>	<b>106,162</b>	130,614
Customer C <sup>1</sup>	<b>94,233</b>	— <sup>*3</sup>
	<b>511,917</b>	<b>251,857</b>

Notes:

<sup>1</sup> Revenue from sales of cables.

<sup>2</sup> Revenue from sales of prestressed steel materials.

<sup>3</sup> Less than 10% of the Group's revenue.

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

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Audited</b>
Trade and retention receivables	<b>978,783</b>	985,289
Contract liabilities	<b>101,205</b>	155,807

### Timing of revenue recognition

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

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>At a point in time</b>		
Sales of customised prestressed steel materials and cables	<u>944,754</u>	<u>775,828</u>

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>Over time</b>		
Provision of installation services	<u>7,411</u>	<u>2,828</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 5.

### Unsatisfied performance obligations

As at 30 June 2020 and 2021, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) were approximately RMB966,251,000 and RMB1,333,019,000 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.

## 7. FINANCE COSTS

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest expense on bank borrowings	50,034	40,152
Interest expense on other borrowing	62	–
Interest expense on lease liabilities	<u>47</u>	<u>66</u>
	<u>50,143</u>	<u>40,218</u>

## 8. PROFIT BEFORE INCOME TAX EXPENSE

The Group's operating profit is arrived at after charging:

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Auditors' remuneration	500	500
Cost of inventories sold ( <i>Note i</i> )	690,420	568,715
Employee costs ( <i>Note 9</i> )	27,128	30,605

*Note:*

- (i) Cost of inventories sold for the six months ended 30 June 2020 and 2021 includes approximately RMB22,035,000 and RMB21,182,000 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 respectively.

## 9. EMPLOYEE COSTS

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Employee costs (including directors' emoluments) comprise:		
Wages and salaries	20,844	24,525
Contributions to retirement benefits scheme	3,426	2,559
Other employee benefits	2,858	3,521
	27,128	30,605

## 10. INCOME TAX EXPENSE

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax (the “PRC EIT”)		
– for the period	17,754	9,508
– (Over)/under provision in the prior periods	4,273	(3,245)
	<u>22,027</u>	<u>6,263</u>
Deferred tax		
– for the period	1,135	881
	<u>1,135</u>	<u>881</u>
Income tax expenses	<u>23,162</u>	<u>7,144</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company incorporated in the Cayman Islands and the Company’s subsidiaries incorporated in British Virgin Islands are not subject to any income tax.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the following subsidiaries.

Ossen Innovation Materials Co., Limited, Ossen (Jiujiang) New Materials Co., Limited, Shanghai Pujiang Cable Co., Limited and Zhejiang Pujiang Cable Co., Limited are recognised as a High and New-Tech enterprises according to the PRC tax regulations and are entitled to a preferential tax rate of 15% for the period.

## 11. DIVIDENDS

The Board of Directors has not declared an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). The Board of Directors has declared a final dividend of HK\$0.05 per share for year ended 31 December 2020 to be paid by cash on 21 July 2021, to shareholders whose names are listed on the register of members on 29 June 2021.

## 12. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately RMB79,447,000 (six months ended 30 June 2020: RMB65,115,000). The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the period ended 30 June 2021 of 811,044,000 shares (six months ended 30 June 2020: 811,044,000).

**(b) Diluted earnings per share**

For the six months ended 30 June 2021, the calculation of the diluted earnings per share amounts is based on the profit for the period attributable to owners of the Company of RMB79,447,000 (six months ended 30 June 2020: RMB65,115,000). The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the period ended 30 June 2021 of 812,479,953 shares (six months ended 30 June 2020: 815,860,135).

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

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	<b>79,447</b>	65,115
	<b>Number of</b>	Number of
	<b>shares</b>	shares
	<b>2021</b>	2020
<b>Number of Shares</b>		
Weighted average number of ordinary shares in issue during the period 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 options	<b>1,435,953</b>	4,816,135
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<b>812,479,953</b>	815,860,135

**13. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2021, the Group acquired items of plant and machinery with a cost of approximately RMB31,858,000 (six months ended 30 June 2020: RMB1,955,000) of which construction in progress is RMB30,865,000 (six months ended 30 June 2020: Nil).

There are items of plant and machinery being disposed for the period ended 30 June 2021 with a cost of approximately RMB95,000 (six months ended 30 June 2020: Nil). Items of plant and machinery with a net book value of approximately RMB4,000 were disposed during the six months ended 30 June 2021, resulting in a loss of disposal of RMB4,000 (six months ended 30 June 2020: Nil).

There are items of plant and machinery being written off for the period ended 30 June 2021 with a cost of approximately RMB59,000 (six months ended 30 June 2020: RMB639,000). Items of plant and machinery with a net book value of approximately RMB3,000 were written off during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB 25,000).

#### 14. INTANGIBLE ASSETS

	<b>Technology know-how RMB'000</b>
<b>Cost</b>	
At 31 December 2020 and 30 June 2021	<u>6,250</u>
<b>Accumulated depreciation</b>	
At 31 December 2020 and 30 June 2021	<u>6,250</u>
<b>Net book value</b>	
At 30 June 2021 (unaudited)	<u>–</u>
At 31 December 2020 (audited)	<u>–</u>

#### 15. INTEREST IN ASSOCIATES

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	<b>As at 31 December 2020 RMB'000</b>
Share of net assets other than goodwill	<b>202,835</b>	204,630
Goodwill	<u>61,505</u>	<u>61,505</u>
	<u><b>264,340</b></u>	<u>266,135</u>

Details of the Group's associates are as follows:

<b>Name</b>	<b>Place of incorporation, operation and principal activity</b>	<b>Percentage of ownership interests/profit share</b>
Shanghai Push Medical Device Technology Co., Limited	Developing the technology of, manufacturing and sales of medical equipment in the PRC	23.4%
Shanghai International Superconducting Technology Co., Ltd	Developing the technology of, manufacturing and superconducting cables and attachments in the PRC	40%



Summarised financial information of associates:

**Shanghai Push Medical Device Technology Co., Limited**

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000
Current assets	<b>68,354</b>	355,977
Non-current assets	<b>316,848</b>	8,803
Current liabilities	<b>(4,176)</b>	(3,007)
Non-current liabilities	<b>(9,251)</b>	(9,389)
Net assets	<b>371,775</b>	352,384
Group's share of the net assets of the associate	<b>86,995</b>	82,458
Revenues	<b>36,819</b>	15,869
Loss from continuing operations	<b>(17,429)</b>	(13,781)
Total comprehensive income	<b>19,390</b>	2,088
Group's share of profit of the associate	<b>4,537</b>	489

**Shanghai International Superconducting Technology Co., Ltd**

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000
Current assets	<b>123,937</b>	130,291
Non-current assets	<b>169,069</b>	179,472
Current liabilities	<b>(2,056)</b>	(4,183)
Non-current liabilities	<b>(1,350)</b>	(150)
Net assets	<b>289,600</b>	305,430
Group's share of the net assets of the associate	<b>115,840</b>	122,172
Revenues	<b>99</b>	17,921
Loss from continuing operations	<b>(15,930)</b>	(28,792)
Total comprehensive loss	<b>(15,831)</b>	(10,871)
Group's share of loss of the associate	<b>(6,332)</b>	(4,349)

## 16. TRADE AND RETENTION RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i>
Trade receivables	898,964	935,734
Retention receivables	112,681	93,980
Less: impairment loss on trade and retention receivables	<u>(32,862)</u>	<u>(44,425)</u>
	<b><u>978,783</u></b>	<b><u>985,289</u></b>

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 invoice dates, as of the end of the reporting period:

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i>
Within 3 months	381,089	562,292
Within 4 - 6 months	49,081	69,182
Within 7 - 12 months	255,912	58,482
More than 1 year but less than 2 years	244,622	248,811
More than 2 years but less than 3 years	24,533	34,228
More than 3 years but less than 4 years	17,397	3,733
More than 4 years but less than 5 years	6,149	7,281
Over 5 years	<u>–</u>	<u>1,280</u>
	<b><u>978,783</u></b>	<b><u>985,289</u></b>

## 17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 1 July 2020, Ossen (Jiujiang) New Materials Co., Limited (a subsidiary of the Group) and the Jiujiang Economic Development Zone of Ministry of Land and Resources entered into an agreement on compensation for Ossen (Jiujiang) New Materials Co., Limited's assets expropriation with total consideration of RMB51,725,000. Pursuant to the agreement, Ossen (Jiujiang) New Materials Co., Limited had received RMB51,725,000 from the government by 30 June 2021 and recorded the other payables as the ownership of the assets had not changed during the period. The assets transfer is expected to be completed within one year according to the agreement. As a result, the underlying assets related to the assets expropriation agreement are reclassified from property, plant and equipment to non-current assets held for sale. The net book value as at 30 June 2021 is RMB12,513,000 (31 December 2020: RMB12,513,000).

## 18. TRADE AND BILLS PAYABLES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i>
Trade payables	144,728	142,295
Bills payables	528,728	442,681
	<u>673,456</u>	<u>584,976</u>

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

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i>
Within 3 months	106,619	92,559
Within 4 – 6 months	21,613	19,493
Within 7 – 12 months	7,572	19,816
More than 1 year but less than 2 years	4,364	5,762
More than 2 year but less than 3 years	2,178	2,412
More than 3 year but less than 4 years	135	153
More than 4 year but less than 5 years	149	199
Over 5 years	2,098	1,901
	<u>144,728</u>	<u>142,295</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.

## 19. BANK AND OTHER BORROWINGS

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000
<b>Current</b>		
<i>Secured interest-bearing</i>		
– short-term bank loans	<u>1,061,940</u>	<u>1,033,940</u>
<b>Non-Current</b>		
<i>Secured interest-bearing</i>		
– long-term bank and other loans	<u>603,402</u>	<u>606,460</u>
	<u><b>1,665,342</b></u>	<u><b>1,640,400</b></u>
Analysed based on scheduled repayment terms set out in the loan agreements, into:		
Repayable on demand or within one year	1,061,940	1,033,940
More than one year, but not exceeding two years	553,402	503,973
More than two years, but no exceeding five years	<u>50,000</u>	<u>102,487</u>
	<u><b>1,665,342</b></u>	<u><b>1,640,400</b></u>

The bank borrowings of the Group bear interest at fixed and floating effective interest rates ranging from 3.05% to 9.00% at 30 June 2021 (31 December 2020: from 4.30% to 9.00%).

The bank and other loans are secured by:

- (a) certain buildings, leasehold improvement and machineries included in property, plant and equipment (Note 13) and trade and retention receivables (Note 16);
- (b) personal guarantees executed by Dr. Tang Liang, a director of the Company, and corporate guarantees given by independent third parties and Zhejiang Pujiang Cable Co., Limited, Ossen (Jiujiang) New Materials Co. Limited, Ossen Group Holding Limited, Shanghai Pujiang Cable Co., Limited, Shanghai New Materials Industry Technology Research Institute Co Ltd, Pujiang International Group Limited, Elegant Kindness Limited, Top Innovation Enterprises Limited, Acme Innovation Limited, Ossen Innovation Co., Ltd, Ossen Innovation Materials Group Co., Ltd, Top China Development Group Limited, Ossen Group Co., Limited, International Superconductor Holdings Limited, Chao Ao Investment Shanghai Co., Ltd, Shanghai Xiong Ao Enterprise Management Co., Ltd.

## 20. SHARE CAPITAL

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

	Share capital	
	Number	RMB'000
<b>Issued and fully paid</b>		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<b>811,044,000</b>	<b>7,138</b>

## 21. SHARE OPTION SCHEME

Pursuant to resolutions passed by the shareholder of the Company on 24 April 2019, the shareholders of the Company approved the adoption of a share option scheme (the “**Share Option Scheme**”). The maximum term of the options granted is 10 years from the date of offer. The exercise price of the options granted is set as the Stock Exchange closing price of the Company’s shares on the date of the offer. The Share Option Scheme is deemed to be an equity-settled share based remuneration scheme for employees and directors. The Share Option Scheme will be valid and effective for a period of 10 years commencing from 3 June 2019 and 23 October 2019 after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and the options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

The following share options were outstanding under the Share Option Scheme during the period:

	Six months ended 30 June			
	Weighted average exercise price 2021 HK\$	Number 2021	Weighted average exercise price 2020 HK\$	Number 2020
Outstanding at the beginning and the end of the period	<b>3.22</b>	<b>42,000,000</b>	<b>3.11</b>	<b>42,000,000</b>

The exercise price of options outstanding at the end of the period was HK\$3.75 (30 June 2020: HK\$3.24) and their weighted average remaining contractual life was 8.5 years (30 June 2020: 9.5 years).

Of the total number of options outstanding at the end of the period, no share option were exercisable at the end of both period.

The weighted average fair value of Share Option 1 and Share Option 2 granted during the both periods were HK\$36,630,000 and HK\$17,597,000, respectively.

The following information is relevant in the determination of the fair value of options granted during the period under the equity-settled share based remuneration schemes operated by the Group.

### Equity-settled

	<b>Share Option 1 Binominal Option Pricing Model</b>	<b>Share Option 2 Binominal Option Pricing Model</b>
Option pricing model used		
Weighted average share price at grant date	HK\$2.80	HK\$4.09
Exercise price	HK\$2.80	HK\$4.09
Weighted average contractual life	10 years	10 years
Expected volatility	47.61%	50.06%
Expected dividend rate	3.50%	3.50%
Risk-free interest rate	1.34%	1.49%

## 22. RELATED PARTY TRANSACTIONS

There are no related party transactions for six months ended 30 June 2021 and 30 June 2020.

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2021 was RMB874,000 (six months ended 30 June 2020: RMB473,000).

## 23. FINANCIAL RISK MANAGEMENT

The following table shows the carrying amount of financial assets and liabilities:

	<b>Unaudited 30 June 2021 Carrying amount RMB'000</b>	<b>Audited 31 December 2020 Carrying amount RMB'000</b>
<b>Financial assets</b>		
<b>At amortised cost</b>		
– Cash and cash equivalents	298,827	891,921
– Restricted bank deposits	230,308	247,536
– Trade and retention receivables	978,783	985,289
– Other receivables	1,191	261,300
	<b>1,509,109</b>	<b>2,386,046</b>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
– Trade payables	144,728	142,295
– Bills payables	528,728	442,681
– Other payables and accruals	48,971	33,014
– Bank and other borrowings	1,665,342	1,640,400
	<b>2,387,769</b>	<b>2,258,390</b>

**(a) Fair value**

The fair value measurement of the Group's financial and non-financial assets and liabilities utilised market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**Fair Value Hierarchy**"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (I.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

**Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, trade and retention receivables, deposit and other receivables, trade and bills payables, other payables and accruals, amounts dues to related parties and bank borrowings.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and retention receivables, deposit and other receivables, restricted bank deposits, trade and bills payables, other payables and accruals, and amounts due to related parties approximates fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as 30 June 2021 and 31 December 2020.

## 24. EFFECT OF COVID-19

The World Health Organisation declared coronavirus and Covid-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

- interruptions to manufacturing activities and closure of assembly plants;
- disruptions in the supply of inventory from major suppliers;
- significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products.

Governments in the countries in which the Group operates also implemented various measures which might mitigate some of the impact of the Covid-19 pandemic to the results and liquidity position of the Group. To the extent appropriate, the Group applies for such government assistance. Details of all of the arrangements that might be available and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty.

The directors of the Company are continuing to assess the implications of Covid-19 pandemic to the business in which the Group operates. Depending on the duration of the Covid-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021. However, the exact impact in the remainder of 2021 and thereafter cannot be predicted.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

During the Reporting Period, 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 six months ended 30 June 2021, the total revenue of the Group amounted to RMB952.2 million, representing an increase of 22.3% as compared to the corresponding period in 2020.

The Group recorded profit for the period of RMB97.9 million in 2021, representing an increase of 18.4% as compared to the first half of 2020. The gross profit margin for the Group improved slightly from 27.0% to 27.5% mainly due to the increase in sales from the Cable Business.

#### *Cable Business*

In 2021, the Group continued to focus on the production and sale of bridge cables, which generally have a higher profit margin compared to the Prestressed Materials Business. During the Reporting Period, the Group completed 44 projects and was awarded 91 new projects. During the Reporting Period, the Group has successfully registered for new patented technologies for the application of bridge cables, including a new type of heat resistant bridge cables.

As of the date of this announcement, the Group has 83 on-going projects with a backlog amounting to RMB1,333 million<sup>Note</sup>. With the on-going projects in hand, including the Shenzhen-Zhongshan Link – Lingding Yang Bridge and the Oujang North Estuary Bridge in China, the Group expects that its revenue from the Cable Business will continue to grow in the second half of 2021. Below sets out some of the on-going projects for the Cable Business:

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

- Shenzhen-Zhongshan Link – Lingding Yang Bridge (深中通道伶仃洋大橋)
- Oujiang North Estuary Bridge in Zhejiang Province, China (中國浙江省甌江北口大橋)
- Wujiang Bridge in Guizhou Province, China (中國貴州省烏江大橋)
- Tongzi River Bridge in Guizhou Province, China (中國貴州省桐梓河大橋)
- Fulong Bridge in Guangdong Province, China (中國廣東省富龍大橋)
- Jinhai Bridge in Guangdong Province, China (中國廣東省金海大橋)

### *Prestressed Materials Business*

For the Prestressed Materials Business, the Group has focused on the sales of rare earth coated prestressed products and galvanised prestressed products due to the higher profit margin compared to plain surface prestressed products. In order to capture the growing demand of galvanised prestressed products, the Group has already commenced its expansion plan in the construction of new production facility for the Prestressed Materials Business which is expected to be completed by the first half of 2022.

## **PERFORMANCE ANALYSIS AND DISCUSSION**

Revenue increased by 22.3% from RMB778.7 million in first half of 2020 to RMB952.2 million in 2021, mainly attributable to the increase in revenue from the Cable Business.

Revenue generated from the Cable Business increased by 25.8% from RMB407.5 million in the first half 2020 to RMB512.4 million in the first half of 2021, mainly attributable to the increase in the sales of suspension cables.

Revenue generated from the Prestressed Materials Business also increased by 18.5% from RMB371.2 million in first half of 2020 to RMB439.7 million in first half of 2021, mainly attributable to an increase in sales of rare earth coated prestressed products.

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

Gross profit increased by 24.7% from RMB209.9 million in first half of 2020 to RMB261.7 million in first half of 2021.

Overall gross profit margin increased slightly from 27.0% in first half of 2020 to 27.5% in first half of 2021, which was primarily due to an increase in sales from the Cable Business which have a higher profit margin. The gross profit margin for the Cable Business increased from 33.9% in first half of 2020 to 34.7% in first half of 2021 due to changes in product mix. The gross profit margin for the Prestressed Materials Business remained stable, with a slight drop from 19.4% in first half of 2020 to 19.0% in first half of 2021 due to the decrease in sales of galvanized products which has a higher profit margin.

### **Selling and distribution costs**

Selling and distribution costs of the Group decreased by 7.3% from RMB22.7 million in first half of 2020 to RMB21.0 million in first half of 2021. The decrease in selling and distribution costs was mainly attributable to the decrease in transportation expenses for overseas projects.

### **General and administrative expenses**

General and administrative expenses of the Group increased by 21.8% from RMB29.3 million in first half of 2020 to RMB35.7 million in first half of 2021. The increase was mainly attributable to the increase in legal and professional fee incurred.

### **Research and development expenses**

Research and development expenses increased by 33.8% from RMB31.3 million in first half of 2020 to RMB41.9 million in first half of 2021. This increase was primarily attributable to an increase in additional resources for the development of new technologies such as higher strength galvanized prestressed products and degrease-cooling acid bath technologies for Prestressed Materials Business.

### **Finance costs**

Finance costs increased by 24.7% from RMB40.2 million in first half of 2020 to RMB50.1 million in first half of 2021. This increase was primarily attributable to an increase in bank borrowings.

### **Share of (loss)/profit of an associate**

Share of profit of an associate decreased from a profit of RMB47,000 in first half of 2020 to a loss of RMB1.8 million in first half of 2021 mainly due to the losses in Shanghai Superconductor as the company is still in early commercialization stage.

### **Income tax expenses**

Income tax expenses increased by 224.2% from RMB7.1 million in first half of 2020 to RMB23.2 million in first half of 2021. This increase was mainly due to the net effect of the increase in income tax expense of Cable Business in the first half of 2021, and the decrease in income tax expenses attributable to the one-off over-provision of tax expenses in prior years.

### **Profit for the period**

As a result of the foregoing, the Group recorded a net profit of RMB97.9 million in the first half of 2021, representing an increase of 18.4% as compared to RMB82.7 million in first half of 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 first half of 2021, the Group mainly funded the cash requirements through a combination of bank borrowings, cash and cash equivalents, banking credit facilities and net cash flows from operating activities. Going forward, in order to fund the Group's increasing working capital needs due to business expansion and the future plans (including capital expenditure for the construction of production facility in Jiujiang and the Research and Development Centre for Cable Business) as disclosed in the section headed "Use of Proceeds", the Group will continue to fund its cash requirements using a combination of banking credit facilities, net cash flows from operating activities, other financial instruments which will be available for drawdown within a short period of time.

As at 30 June 2021, the Group recorded net current assets amounting to RMB2,232.2 million (31 December 2020: RMB2,148.8 million). As at 30 June 2021, the cash and cash equivalents of the Group amounted to RMB298.8 million (31 December 2020: RMB891.9 million).

### **Bank borrowings**

As at 30 June 2021, the outstanding bank borrowings of the Group was RMB1,665.3 million (31 December 2020: RMB1,640.4 million). The current ratio (calculated by dividing total current assets by total current liabilities) as at 30 June 2021, was 1.91 (31 December 2020: 2.13). The decrease in the current ratio was due to the decrease in current assets as a result of the decrease in cash and cash equivalents as at 30 June 2021.

On 30 July 2021, with the approval of the Board, the Company, together with Ossen Group Co. Limited and Dr. Tang Liang (together as “**guarantors**”), entered into a maximum value guaranty contract (最高額保證合同) with Agricultural Bank of China Shanghai Branch (“**ABC**”) in which the guarantors provide a guaranty with a maximum value of RMB600 million to Shanghai Pujiang Cable Co., Limited (“**SPCC**”), a subsidiary of the Company, as security for credit extended from ABC to SPCC.

### **Charge on assets**

As at 30 June 2021, bank borrowings of approximately RMB1,665.3 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.

### **Contingent liabilities**

As at 30 June 2021, the Group did not have any significant contingent liabilities.

### **Capital structure**

As at 30 June 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 Hong Kong Stock Exchange was RMB451.9 million. During the period from the Listing Date and up to the date of this announcement, the net proceeds had been applied as follows:

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus <sup>Note 1</sup>	Use of proceeds adjusted according to the actual net proceeds from the Listing	Actual use of proceeds from the Listing Date to the date of this announcement	Expected timeline of full utilisation of the remaining balance
		<i>(RMB million)</i>		
Repayment of banking facilities <sup>Note 2</sup>	27.2%	122.8	122.8	–
Acquisition of business <sup>Note 3</sup>	24.2%	109.4	–	First half of 2022
Expansion of production facility for Prestressed Materials Business <sup>Note 4</sup>	21.1%	95.5	31.5	End of 2021
Expansion of research and development centre for Cable Business <sup>Note 4</sup>	13.4%	60.4	31.1	First half of 2022
Working capital	9.6%	43.4	43.4	–
Purchase of additional production equipment and environmental protection facilities <sup>Note 5</sup>	4.5%	20.4	2.6	End of 2021
Total	100%	451.9	231.4	

### Notes:

- 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**”).
- 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, many business activities have been temporarily suspended which have affected the business performance of potential acquisition targets. 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 production facility and research and development centre are under construction.
5. As at the date of this announcement, the Company has started its procurement of production equipment and environmental protection equipment.

## **INTERIM DIVIDEND**

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **OUTLOOK AND FUTURE PROSPECTS**

In 2021, the China’s economy has recovered from the COVID-19 pandemic situation in 2020 and returned back to stable growth. The China’s economy, especially within the infrastructure development, has been benefiting from various easing policies implemented by the Government of the People’s Republic of China (“**PRC Government**”) to stimulate economic growth and GDP in 2020.

With the policies implemented since March 2020 aiming at post-COVID-19 economic recovery and the 14th Five-Year plan, China has seen an increasing number of infrastructure projects which allowed more opportunities for the Group in 2021. In addition, with the PRC Government’s directions on “self-sufficiency in technology” mentioned in the 14th Five-Year plan, it posed great advantages to the Group in obtaining new projects, thanks to the Group’s strong development capabilities.

Riding on the PRC Government’s initiatives and competitiveness of the Group, the Group will continue to invest significant resources in its research and development capabilities in innovation and would continue to identify potential strategic investment opportunities to create higher return for shareholders of the Company.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 June 2021, the total number of employees in the Group was 461 (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**

During the first half of 2021, 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.

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

Save for the completion of the proposed privatization of Ossen Innovation which is expected to take place in 2021 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 30 JUNE 2021**

There was no other significant events occurred subsequent to 30 June 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 first half of 2021.

## **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the six months ended 30 June 2021 have not been audited but have been reviewed by the external auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group’s unaudited condensed consolidated interim results and interim report for the six months ended 30 June 2021 and the accounting principles and practices adopted by the Company.



## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the six months ended 30 June 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 and the relevant employees of the Company. Specific enquiry has been made to all Directors and all of them have confirmed that they have complied with the Model Code during the six months ended 30 June 2021.

## **PUBLICATION OF INTERIM REPORT**

This interim results announcement was published on the websites of the Company ([www.pji-group.com](http://www.pji-group.com)) and Hong Kong Stock Exchange (<http://www.hkex.com.hk>). The interim report of the Company for the six months ended 30 June 2021 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company 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, 18 August 2021

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