



**巨匠建设**

JUJIANG CONSTRUCTION GROUP

**Jujiang Construction Group Co., Ltd.**  
**巨匠建設集團股份有限公司**

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



**2021**  
**INTERIM**  
**REPORT**

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Lyu Yaoneng (Chairman)  
Mr. Lyu Dazhong  
Mr. Li Jinyan  
Mr. Lu Zhicheng  
Mr. Shen Haiquan  
Mr. Zheng Gang

### Independent Non-Executive Directors

Mr. Yu Jingxuan  
Mr. Lin Tao (retired on 31 May 2021)  
Mr. Wong Ka Wai  
Mr. Ma Tao (appointed on 31 May 2021)

## SUPERVISORS

Mr. Zou Jiangtao  
Mr. Chen Xiangjiang  
Mr. Lyu Xingliang  
Mr. Zhu Jialian

## AUDIT COMMITTEE

Mr. Yu Jiagxuan (Chairman)  
Mr. Wong Ka Wai  
Mr. Lin Tao (retired on 31 May 2021)  
Mr. Ma Tao (appointed on 31 May 2021)

## NOMINATION COMMITTEE

Mr. Ma Tao (appointed on 31 May 2021)  
(Chairman)  
Mr. Lin Tao (retired on 31 May 2021) (Chairman)  
Mr. Lyu Yaoneng  
Mr. Yu Jingxuan

## REMUNERATION AND APPRAISAL COMMITTEE

Mr. Wong Ka Wai (Chairman)  
Mr. Lyu Yaoneng  
Mr. Lin Tao (retired on 31 May 2021)  
Mr. Ma Tao (appointed on 31 May 2021)

## STRATEGIC COMMITTEE

Mr. Lyu Yaoneng (Chairman)  
Mr. Lin Tao (retired on 31 May 2021)  
Mr. Zheng Gang  
Mr. Ma Tao (appointed on 31 May 2021)

## COMPANY SECRETARY

Mr. Jin Shuigen

## AUTHORISED REPRESENTATIVES

Mr. Lyu Yaoneng  
Mr. Jin Shuigen

## LEGAL ADVISER

*As to Hong Kong Law*  
Chungs Lawyers (in association with DeHeng  
Law Offices)

*As to PRC Law*  
AllBright Law Offices

## AUDITOR

Ernst & Young

## H SHARE REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKERS

China Construction Bank Corporation  
Tongxiang Branch  
Industrial and Commercial Bank of China  
Limited Tongxiang Branch  
Industrial Bank Co., Ltd Jiaxing Branch  
Bank of Communications Co., Ltd Tongxiang  
Branch  
China Merchants Bank Co., Ltd Jiaxing  
Tongxiang Branch

## REGISTERED ADDRESS

No. 669  
Qingfeng South Road (South)  
Tongxiang City  
Zhejiang Province  
PRC

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No. 669  
Qingfeng South Road (South)  
Tongxiang City  
Zhejiang Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F,  
Henley Building,  
5 Queen's Road Central  
Hong Kong

## STOCK CODE

1459

## WEBSITE

[www.jujiang.cn](http://www.jujiang.cn)

# Financial Summary

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

# Management Discussion and Analysis

## OVERVIEW

Jujiang Construction Group Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) were established in 1965 as one of the earliest construction companies in Jiaxing, a city currently with a population of more than 4.5 million and strong commercial and light industrial activities. With more than 50 years of experience in the construction industry, the Group has built a successful track record in the industry in which the Group operates.

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

## MARKET REVIEW

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

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

# Management Discussion and Analysis

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

## BUSINESS REVIEW

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

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

# Management Discussion and Analysis

Notes:

- (1) Net value of new contracts means the total contract value of new construction contracting contracts which were awarded to us during the relevant period indicated.
- (2) Revenue recognized means the revenue that has been recognized during the relevant period indicated.
- (3) Closing value of backlog means the total contract value for the remaining work of construction projects before the percentage of completion of such projects reached 100% as at the end of the relevant period indicated.

## **Making the principal business prominent: Focusing on quality development**

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

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

## **Excelling in professionalism: Deepening technological innovation**

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

## Management Discussion and Analysis

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

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

# Management Discussion and Analysis

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

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

## FINANCIAL REVIEW

### Revenue and gross profit margin

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

Gross profit increased by approximately 17.8% from approximately RMB191.8 million for the six months ended 30 June 2020 to approximately RMB226.0 million for the six months ended 30 June 2021, which was in line with increase in revenue. However, the gross profit margin decreased from approximately 5.13% for the six months ended 30 June 2020 to approximately 4.42% for the

# Management Discussion and Analysis

six months ended 30 June 2021, such decrease was mainly due to the decrease in gross profits margins of the construction contracting business, especially for the residential construction contracting business. The PRC government set a ceiling on the residential property markets, even the pricing policy, as a result, the pricing of the construction contracts was further compressed. The gross profit margin of the construction contracting business was at 4.29% and 5.04% for the six months ended 30 June 2021 and 2020, respectively.

## Other income and gains

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

## Administrative expenses

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

## Impairment losses on financial and contract assets, net

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

## Other expenses

Other expenses decreased by approximately RMB6.6 million from approximately RMB6.7 million for the six months ended 30 June 2020 to approximately RMB0.1 million for the six months ended 30 June 2021, primarily due to absence of a loss on disposal of a subsidiary amounting to approximately RMB6.4 million which was recorded during the six months ended 30 June 2020.

# Management Discussion and Analysis

## Finance costs

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

## Income tax expense

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

## Profit for the period

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

## Treasury policies

The Group monitors the cash flows and cash balance on a regular basis and seeks to maintain an optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies. In the future, the Group intends to finance its operations through cash generated from operating activities and interest-bearing bank and other borrowings. Other than normal bank borrowings that the Group obtains from commercial banks and potential debt financing plans, the Group does not expect to have any material external debt financing plan in the near future.

## Contract assets

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

# Management Discussion and Analysis

## Trade and bills receivables

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

## Trade and bills payables

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

## Borrowings and charge on assets

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

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

## Gearing ratio

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

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

## Capital expenditure

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

# Management Discussion and Analysis

## Capital commitments

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

## Contingent liabilities

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

## Fluctuation of RMB exchange rate and foreign exchange risks

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

## EMPLOYEE AND REMUNERATION POLICIES

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

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

# Management Discussion and Analysis

## FUTURE PROSPECTS

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

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

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

## SHARE CAPITAL

The share capital structure of the Company as at 30 June 2021 is as follows:

<b>Class of Shares</b>	<b>Number of shares</b>	<b>Approximate percentage of the total issued share capital</b>
Domestic shares in issue	400,000,000	75.0%
H shares in issue	133,360,000	25.0%
Total	533,360,000	100.0%

### INTERIM DIVIDEND

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors, Supervisors and the chief executive in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Stock Exchange are as follows:

#### The Company

Director/Supervisor	Nature of interest	Number of shares of the relevant corporation (including associated corporation) held <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company
Mr. Lyu Yaoneng <sup>(2)</sup>	Interest of controlled corporation	204,000,000 Domestic Shares (L)	38.25%	51%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) Zhejiang Jujiang Holdings Group Co., Ltd (浙江巨匠控股集團有限公司) ("Jujiang Holdings") is held as to approximately 51.33% by Mr. Lyu Yaoneng. Mr. Lyu Yaoneng controls more than one-third of the voting rights of Jujiang Holdings and are deemed to be interested in its interest in the Company by virtue of the SFO.

## Other Information

### INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Shareholders	Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of Shares <sup>(2)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(3)</sup>
Jujiang Holdings <sup>(4)</sup>	Beneficial owner	204,000,000 Domestic Shares (L)	51%	38.25%
Ms. Shen Hongfen <sup>(5)</sup>	Interest of spouse	204,000,000 Domestic Shares (L)	51%	38.25%
Jujiang Equity Investment <sup>(6)</sup>	Beneficial owner	196,000,000 Domestic Shares (L)	49%	36.75%
Chan Ka Wo	Beneficial owner	9,480,000 H Shares (L)	7.10%	1.78%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) The calculation is based on the percentage of shareholding in the Domestic Shares/H Shares.
- (3) The calculation is based on the total number of 533,360,000 Shares in issue after the Global Offering.
- (4) Jujiang Holdings will be directly interested in approximately 38.25% in the Company.
- (5) Ms. Shen Hongfen (沈洪芬), the spouse of Mr. Lyu Yaoneng, is deemed to be interested in Mr. Lyu Yaoneng's interest in the Company by virtue of the SFO.
- (6) Jujiang Equity Investment will be directly interested in approximately 36.75% in the Company.

Save as disclosed above, as at 30 June 2021, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

### DIRECTORS' COMPETING INTERESTS

As at 30 June 2021, none of the controlling shareholders of the Company, Directors and their respective close associates (as defined under the Listing Rules) has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' and supervisors securities transactions. Upon specific enquiries, all Directors and Supervisors have confirmed that they have complied with the relevant provisions of the Model Code throughout the period from 1 January 2021 to 30 June 2021.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

## Other Information

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

### AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules on 23 December 2015. The Audit Committee consists of three members, namely Mr. Wong Ka Wai, Mr. Lin Tao and Mr. Yu Jingxuan, all being our independent non-executive Directors. Mr. Yu Jingxuan has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

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

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

Zhejiang Province, the PRC, 20 August 2021

# Independent Review Report



## Ernst & Young

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## To the board of directors of **Jujiang Construction Group Co., Ltd.**

(Established in the People's Republic of China with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 50, which comprises the interim condensed consolidated statement of financial position of Jujiang Construction Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Review Report

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

20 August 2021

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

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

# Interim Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	153,435	140,431
Investment properties	12	15,912	16,196
Right-of-use assets		23,759	19,287
Goodwill		1,162	1,162
Other intangible assets		108,132	102,728
Deferred tax assets		39,330	33,263
Total non-current assets		341,730	313,067
<b>CURRENT ASSETS</b>			
Inventories		27,833	20,379
Trade and bills receivables	14	2,071,515	2,301,446
Contract assets	13	1,973,011	2,267,566
Prepayments, other receivables and other assets	15	725,997	576,782
Financial assets at fair value through profit or loss	24	10,000	–
Pledged deposits	16	148,789	122,431
Cash and cash equivalents	16	246,610	184,428
Total current assets		5,203,755	5,473,032
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	17	2,635,504	2,901,455
Other payables and accruals	18	412,027	446,511
Interest-bearing bank and other borrowings	19	488,283	510,891
Tax payable		239,319	220,563
Total current liabilities		3,775,133	4,079,420
<b>NET CURRENT ASSETS</b>		1,428,622	1,393,612
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,770,352	1,706,679

# Interim Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	<b>30 June 2021 RMB'000 (Unaudited)</b>	31 December 2020 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	19	<b>178,760</b>	173,394
Total non-current liabilities		<b>178,760</b>	173,394
Net assets		<b>1,591,592</b>	1,533,285
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	20	<b>533,360</b>	533,360
Reserves	21	<b>1,031,426</b>	972,606
		<b>1,564,786</b>	1,505,966
Non-controlling interests		<b>26,806</b>	27,319
Total equity		<b>1,591,592</b>	1,533,285

**Lyu Yaoneng**  
Director

**Lyu Dazhong**  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Notes	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2021 (audited)	533,360	188,665	-	89,843	694,098	1,505,966	27,319	1,533,285
Profit for the period	-	-	-	-	76,447	76,447	157	76,604
Total comprehensive income for the period	-	-	-	-	76,447	76,447	157	76,604
Transfer to special reserve (i)	-	-	98,105	-	(98,105)	-	-	-
Utilisation of special reserve (i)	-	-	(98,105)	-	98,105	-	-	-
Final 2020 dividend declared 9	-	-	-	-	(17,627)	(17,627)	-	(17,627)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(670)	(670)
At 30 June 2021 (unaudited)	533,360	188,665	-	89,843	752,918	1,564,786	26,806	1,591,592

# Interim Condensed Consolidated Statement of Changes in Equity

## FOR THE SIX MONTHS ENDED 30 JUNE 2020

Notes	Attributable to owners of the parent					Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000			
At 1 January 2020 (audited)	533,360	188,665	-	76,256	611,805	1,410,086	26,178	1,436,264
Profit for the period	-	-	-	-	56,809	56,809	620	57,429
Total comprehensive income for the period	-	-	-	-	56,809	56,809	620	57,429
Transfer to special reserve (i)	-	-	81,107	-	(81,107)	-	-	-
Utilisation of special reserve (i)	-	-	(81,107)	-	81,107	-	-	-
Final 2019 dividend declared 9	-	-	-	-	(19,471)	(19,471)	-	(19,471)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(911)	(911)
At 30 June 2020 (unaudited)	533,360	188,665	-	76,256	649,143	1,447,424	25,887	1,473,311

### Note:

- (i) In the preparation of the financial statements, the Group has appropriated a certain amount of retained profits to a special reserve fund for each of the six months ended 30 June 2021 and 2020, for safety production expense purposes as required by directives issued by the relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of such special reserve fund was utilised and transferred back to retained profits until such special reserve was fully utilised.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>101,434</b>	73,016
Adjustments for:			
Finance costs	6	<b>35,840</b>	45,490
Interest income	5	<b>(432)</b>	(338)
Exchange difference		<b>30</b>	1
Loss on disposal of a subsidiary		<b>-</b>	6,385
Depreciation of items of property, plant and equipment	7	<b>5,961</b>	5,754
Depreciation of right-of-use assets	7	<b>1,263</b>	748
Depreciation of investment properties	7	<b>284</b>	-
Amortisation of intangible assets	7	<b>354</b>	435
Impairment of trade receivables	7	<b>11,021</b>	9,898
Impairment of financial assets included in prepayments, other receivables and other assets	7	<b>3,595</b>	3,136
Impairment of contract assets	7	<b>12,113</b>	597
Gain on disposal of items of property, plant and equipment, net	11	<b>(2)</b>	(3)
		<b>171,461</b>	145,119
(Increase)/decrease in inventories		<b>(7,454)</b>	13,618
Decrease/(increase) in contract assets		<b>282,442</b>	(194,127)
Decrease in trade and bills receivables		<b>218,910</b>	151,869
Increase in prepayments, other receivables and other assets		<b>(152,810)</b>	(47,209)
Increase in financial assets at fair value through profit or loss		<b>(10,000)</b>	-
Decrease in pledged deposits		<b>2,616</b>	25,975
Decrease in trade and bills payables		<b>(265,951)</b>	(227,874)
(Decrease)/increase in other payables and accruals		<b>(59,941)</b>	23,175
Cash flows from/(used in) operations		<b>179,273</b>	(109,454)
Interest received		<b>432</b>	338
Income tax paid		<b>(12,141)</b>	(9,887)
Net cash flows from/(used in) operating activities		<b>167,564</b>	(119,003)

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of items of property, plant and equipment		(18,972)	(2,905)
Payments for acquisition of other intangible assets		(5,346)	(12,503)
Proceeds from disposal of items of property, plant and equipment	11	9	214
Disposal of a subsidiary		-	2,534
Net cash flows used in investing activities		(24,309)	(12,660)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans from third parties		(6,000)	-
Loans from third parties		13,388	2,000
Interest paid		(35,472)	(49,618)
Proceeds from borrowings		632,774	240,167
Repayment of borrowings		(653,984)	(226,580)
Principal portion of lease payments		(2,135)	(1,260)
Deposits received for bank loans		-	23,792
Deposits paid for bank loans		(28,974)	-
Dividends paid to non-controlling shareholders		(670)	(911)
Net cash flows used in financing activities		(81,073)	(12,410)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		62,182	(144,073)
		184,428	273,991
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
		246,610	129,918
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	16	395,399	190,277
Less: Pledged deposits		148,789	60,359
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		246,610	129,918

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 1. BASIS OF PREPARATION

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

This interim condensed consolidated financial information has not been audited.

## 2. CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9,  
IAS 39, IFRS 7, IFRS 4 and  
IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

Amendment to IFRS 16

*COVID-19-Related Rent Concessions beyond 30 June 2021  
(early adopted)*

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

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

## 2. CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and impact of the revised IFRSs are described below: *(Continued)*

(a) *(Continued)*

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

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

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

## 3. OPERATING SEGMENT INFORMATION

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax.

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

	For the six months ended 30 June 2021			
	Construction contracting	Others	Eliminations	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	5,076,180	32,381	-	5,108,561
Intersegment sales	-	7,080	(7,080)	-
<b>Total revenue</b>	<b>5,076,180</b>	<b>39,461</b>	<b>(7,080)</b>	<b>5,108,561</b>
Profit before tax for the period	107,667	(4,903)	(1,330)	101,434
Income tax expense	(24,757)	(73)	-	(24,830)
<b>Segment results</b>	<b>82,910</b>	<b>(4,976)</b>	<b>(1,330)</b>	<b>76,604</b>
<b>Other segment information:</b>				
Interest income	427	5	-	432
Finance costs	31,483	4,357	-	35,840
Depreciation	5,895	1,613	-	7,508
Amortisation	340	14	-	354
Impairment losses recognised/ (reversed) in profit or loss	26,931	(202)	-	26,729
Capital expenditure*	17,660	7,071	-	24,731

	As at 30 June 2021			
	Construction contracting	Others	Eliminations	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
<b>Segment assets</b>	<b>5,295,001</b>	<b>411,845</b>	<b>(161,361)</b>	<b>5,545,485</b>
<b>Segment liabilities</b>	<b>3,725,863</b>	<b>321,377</b>	<b>(93,347)</b>	<b>3,953,893</b>

Note:

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 3. OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2020

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers	3,709,370	28,297	–	3,737,667
Intersegment sales	–	8,073	(8,073)	–
<b>Total revenue</b>	<b>3,709,370</b>	<b>36,370</b>	<b>(8,073)</b>	<b>3,737,667</b>
Profit before tax for the period	89,099	(3,438)	(12,645)	73,016
Income tax expense	(15,487)	(100)	–	(15,587)
<b>Segment results</b>	<b>73,612</b>	<b>(3,538)</b>	<b>(12,645)</b>	<b>57,429</b>
<b>Other segment information:</b>				
Interest income	325	13	–	338
Finance costs	42,799	2,691	–	45,490
Depreciation	5,606	896	–	6,502
Amortisation	353	82	–	435
Impairment losses recognised/ (reversed) in profit or loss	13,791	(160)	–	13,631
Capital expenditure*	3,078	12,330	–	15,408

As at 31 December 2020

	Construction contracting RMB'000 (Audited)	Others RMB'000 (Audited)	Eliminations RMB'000 (Audited)	Total RMB'000 (Audited)
<b>Segment assets</b>	<b>5,551,350</b>	<b>383,092</b>	<b>(148,343)</b>	<b>5,786,099</b>
<b>Segment liabilities</b>	<b>4,044,428</b>	<b>288,915</b>	<b>(80,529)</b>	<b>4,252,814</b>

Note:

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4. REVENUE

*Disaggregated revenue information for revenue from contracts with customers*

For the six months ended 30 June 2021

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4. REVENUE (Continued)

### For the six months ended 30 June 2020

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 4. REVENUE (Continued)

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

### For the six months ended 30 June 2021

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

### For the six months ended 30 June 2020

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

# Notes to Interim Condensed Consolidated Financial Information

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## 5. OTHER INCOME AND GAINS

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

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

Note:

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

## 6. FINANCE COSTS

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

# Notes to Interim Condensed Consolidated Financial Information

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## 7. PROFIT BEFORE TAX

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

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

## 8. INCOME TAX EXPENSE

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

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

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

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 8. INCOME TAX EXPENSE (Continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate for the reporting period is as follows:

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

## 9. DIVIDENDS

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

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

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

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

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

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

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

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment at an aggregate cost amounting to approximately RMB18,972,000 (unaudited) (six months ended 30 June 2020: RMB2,905,000 (unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB7,000 (unaudited) (six months ended 30 June 2020: RMB211,000 (unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB2,000 (unaudited) (six months ended 30 June 2020: RMB3,000 (unaudited)).

# Notes to Interim Condensed Consolidated Financial Information

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## 12. INVESTMENT PROPERTIES

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
At beginning of the period/year	<b>16,196</b>	–
Additions	–	16,479
Depreciation	<b>(284)</b>	(283)
At end of the period/year	<b>15,912</b>	16,196

The Group's investment properties consist of five commercial properties in Mainland China and are stated at cost less depreciation and any impairment losses.

As at 30 June 2021, the investment properties were valued by the comparison approach with reference to comparable market transactions. The fair value of these properties was RMB17,240,000, which falls into the category of fair value measurements using significant observable inputs (Level 2) including comparable prices in the market.

## 13. CONTRACT ASSETS

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

# Notes to Interim Condensed Consolidated Financial Information

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## 14. TRADE AND BILLS RECEIVABLES

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

Trade receivables represented receivables for contract works. The payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has pledged trade receivables RMB30,000,000 (2020: Nil) for the Group's bills payable. Except for the pledged balance, the Group does not hold any other collateral or credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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

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

# Notes to Interim Condensed Consolidated Financial Information

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## 14. TRADE AND BILLS RECEIVABLES *(Continued)*

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

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

## 15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Deposits and other receivables	<b>231,309</b>	236,340
Provision for impairment of deposits and other receivables	<b>(37,203)</b>	(33,608)
Input value-added tax to be credited	<b>14,241</b>	11,745
Prepayment to suppliers	<b>208,347</b> <b>517,650</b>	214,477 362,305
	<b>725,997</b>	576,782

The movements in provision for impairment of deposits and other receivables are as follows:

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
At beginning of the period/year	<b>33,608</b>	35,844
Impairment losses/(reversal of impairment), net	<b>3,595</b>	(2,236)
At the end of the period/year	<b>37,203</b>	33,608

# Notes to Interim Condensed Consolidated Financial Information

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## 16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Cash and bank balances	<b>246,610</b>	184,428
Time deposits	<b>148,789</b>	122,431
	<b>395,399</b>	306,859
Less: Pledged time deposits:		
Pledged for salaries of migrant workers	<b>(95,398)</b>	(98,014)
Pledged for bank loans and bank notes	<b>(53,391)</b>	(24,417)
Cash and cash equivalents	<b>246,610</b>	184,428

The RMB is not freely convertible into other currencies. However, under Mainland China's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 17. TRADE AND BILLS PAYABLES

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

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Within 6 months	<b>2,029,454</b>	2,218,323
6 months to 1 year	<b>267,250</b>	315,259
1 to 2 years	<b>169,331</b>	169,429
2 to 3 years	<b>52,458</b>	113,449
Over 3 years	<b>117,011</b>	84,995
	<b>2,635,504</b>	2,901,455

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

# Notes to Interim Condensed Consolidated Financial Information

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## 18. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Other taxes payable	<b>144,965</b>	272,249
Contract liabilities	<b>177,757</b>	115,933
Other payables	<b>58,359</b>	41,001
Dividends payable	<b>17,217</b>	–
Accrued salaries, wages and benefits	<b>13,729</b>	17,328
	<b>412,027</b>	446,511

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

## 19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021			31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Lease liabilities	<b>4.90</b>	<b>2021-2022</b>	<b>2,678</b>	4.90	2021	1,012
Bank loans – mortgaged/ guaranteed	<b>4.00-6.20</b>	<b>2021-2022</b>	<b>339,560</b>	4.15-6.20	2021	330,160
Bank loans – guaranteed	<b>4.50-6.88</b>	<b>2021-2022</b>	<b>72,950</b>	4.15-6.88	2021	7,950
Bank loans- credit	<b>6.03-5.60</b>	<b>2022</b>	<b>18,000</b>	4.05	2021	5,000
Bank loans – other	<b>7.00-9.00</b>	<b>2021-2022</b>	<b>19,091</b>	8.00-11.00	2021	116,892
Current portion of long term bank loans – guaranteed	<b>4.41</b>	<b>2021-2022</b>	<b>17,504</b>	4.41	2021	7,004
Other loans	<b>6.50-12.20</b>	<b>2021-2022</b>	<b>18,500</b>	12.00-15.00	2021	42,873
			<b>488,283</b>			510,891
<b>Non-current</b>						
Lease liabilities	<b>4.90</b>	<b>2022-2030</b>	<b>12,404</b>	4.90	2022-2030	10,102
Bank loans – guaranteed	<b>4.41</b>	<b>2022-2030</b>	<b>166,356</b>	4.41	2022-2030	163,292
			<b>178,760</b>			173,394

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 19. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's buildings with net carrying amounts of approximately RMB81,933,000 (unaudited) and approximately RMB88,708,000 (audited) as at 30 June 2021 and 31 December 2020, respectively, were used to secure general banking facilities granted to the Group.
- (b) As set out in note 23(b), as at 30 June 2021 and 31 December 2020, the Group's interest-bearing bank and other borrowings of approximately RMB393,760,000 (unaudited) and approximately RMB324,360,000 (audited), respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group free of charge.
- (c) The Group entered into a fixed asset loan contract with maximum loan amounts totalling RMB190,000,000. As at 30 June 2021 and 31 December 2020, the Group obtained loan amounts totalling RMB183,860,000 (unaudited) and RMB170,296,000 (audited), respectively, and the interest rate is 10% lower than the base rate announced by the People's Bank of China.

## 20. SHARE CAPITAL

	<b>30 June 2021</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2020 RMB'000 (Audited)
Share capital	<b>533,360</b>	533,360

## 21. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

## 22. COMMITMENTS

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

# Notes to Interim Condensed Consolidated Financial Information

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## 23. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the reporting period:

	<b>For the six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Construction contracting services provided to:</b>		
Fellow subsidiaries	<b>9,632</b>	21,168
<b>Design, survey, training and consultancy services provided to:</b>		
Fellow subsidiaries	<b>-</b>	232

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

- (b) Other transactions with related parties:

The Group's interest-bearing bank and other borrowings of RMB393,760,000 (unaudited) and RMB324,360,000 (audited) as at 30 June 2021 and 31 December 2020, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, as set out in note 19(b).

- (c) Outstanding balances with related parties:

	<b>30 June 2021</b>	31 December 2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Trade and bills receivables:</b>		
Fellow subsidiaries	<b>11,856</b>	13,669
<b>Other receivables:</b>		
Fellow subsidiaries	<b>352</b>	352
Key management personnel of the holding company	<b>950</b>	950
<b>Contract assets:</b>		
Fellow subsidiaries	<b>26,086</b>	31,954
Associate of fellow subsidiaries	<b>50,628</b>	50,628
<b>Contract liabilities:</b>		
Fellow subsidiaries	<b>2,359</b>	3,133

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 23. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short term employee benefits	1,739	1,097
Post-employment benefits	48	44
Total compensation paid to key management personnel	1,787	1,141

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values as at the end of the reporting period, are as follows:

	Carrying amounts	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Financial assets</b>		
Bills receivable	709,556	783,214
Financial assets at fair value through profit or loss	10,000	–
	719,556	783,214
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings (other than lease liabilities)	651,961	673,171

# Notes to Interim Condensed Consolidated Financial Information

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## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Fair values	
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Financial assets</b>		
Bills receivable	709,556	783,214
Financial assets at fair value through profit or loss	10,000	–
	<b>719,556</b>	783,214
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings (other than lease liabilities)	651,961	673,171

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade receivables, trade and bills payables, interest-bearing bank and other borrowings, financial assets included in prepayments, other receivables and other assets and other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with senior management twice a year for annual financial reporting.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2021

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

##### As at 30 June 2021

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	10,000	-	-	10,000
Bills receivable	-	709,556	-	709,556
	10,000	709,556	-	719,556

##### As at 31 December 2020

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	-	783,214	-	783,214

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

# Notes to Interim Condensed Consolidated Financial Information

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## 25. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after the reporting period that are required to be disclosed.

## 26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 August 2021.