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Jianzhong Construction Development Limited

建中建設發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 589)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Jianzhong Construction Development Limited (the “**Company**”) is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2019, together with the comparative figures for the corresponding year ended 31 December 2018.

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 32.3% from approximately RMB1,192.8 million for the year ended 31 December 2018 to approximately RMB1,578.2 million for the year ended 31 December 2019.
- Gross profit increased by approximately 24.0% from approximately RMB285.5 million for the year ended 31 December 2018 to approximately RMB354.0 million for the year ended 31 December 2019.
- Gross profit margin was fairly stable during the years presented. As a result of change in income mix, we recorded overall gross profit margin of 22.4% (2018: approximately 23.9%).
- Profit attributable to the equity holders of the Company for the year ended 31 December 2019 increased by approximately RMB38.7 million or 27.6% from approximately RMB140.5 million for the year ended 31 December 2018 to approximately RMB179.2 million for the year ended 31 December 2019. Setting aside the listing expenses, the adjusted net profit for the year ended 31 December 2019 was approximately RMB197.8 million.
- Basic earnings per share was approximately RMB0.38 for the year ended 31 December 2019 and approximately RMB0.30 for the year ended 31 December 2018.
- The Board does not recommend any declaration and payment of final dividend.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 RMB'000	2018 RMB'000
Revenue	4	1,578,218	1,192,750
Cost of sales		<u>(1,224,195)</u>	<u>(907,228)</u>
Gross profit		354,023	285,522
Other net income	5	15,608	1,762
Administrative expenses		(118,908)	(80,820)
Other operating expenses		<u>(25,038)</u>	<u>(20,362)</u>
Profit from operations		225,685	186,102
Finance costs	6(a)	<u>(17,363)</u>	<u>(9,121)</u>
Profit before taxation	6	208,322	176,981
Income tax	7(a)	<u>(29,082)</u>	<u>(36,487)</u>
Profit for the year		<u>179,240</u>	<u>140,494</u>
Earnings per share	8		
Basic and diluted (RMB)		<u>0.38</u>	<u>0.30</u>

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

For the year ended 31 December 2019

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the year	<u>179,240</u>	<u>140,494</u>
Other comprehensive income for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside mainland China	<u>4</u>	<u>—</u>
Other comprehensive income for the year	<u>4</u>	<u>—</u>
Total comprehensive income for the year	<u><u>179,244</u></u>	<u><u>140,494</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Note</i>	2019 RMB'000	2018 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		397,232	423,285
Intangible assets		702	793
Receivables under service concession arrangement	12	32,909	36,753
Deferred tax assets	15(b)	4,031	1,632
Other non-current assets		10,724	14,548
		<hr/> 445,598	<hr/> 477,011
Current assets			
Inventories		26,561	42,579
Contract assets	10	490,201	254,842
Trade and other receivables	11	476,509	365,290
Receivables under service concession arrangement	12	17,436	9,249
Restricted bank balances		2,727	2,235
Cash and cash equivalents		102,968	93,772
		<hr/> 1,116,402	<hr/> 767,967
Current liabilities			
Trade and other payables	13	581,359	498,601
Contract liabilities	10	13,322	5,123
Loans and borrowings	14	57,256	134,778
Current taxation	15(a)	12,238	38,401
		<hr/> 664,175	<hr/> 676,903
Net current assets		<hr/> 452,227	<hr/> 91,064
Total assets less current liabilities		<hr/> 897,825	<hr/> 568,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2019

	<i>Note</i>	2019 RMB'000	2018 <i>RMB'000</i>
Non-current liabilities			
Loans and borrowings	14	64,492	5,627
Other non-current liabilities		9,201	5,460
		73,693	11,087
NET ASSETS		824,132	556,988
CAPITAL AND RESERVES			
Share capital	16	—*	148,000
Reserves		824,132	408,988
TOTAL EQUITY		824,132	556,988

* The balance represents an amount less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi, unless otherwise indicated)

1. GENERAL INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 5 February 2019 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 18 March 2020 (the “**Listing Date**”) through shares offering (the “**Listing**”).

The Company is an investment holding company. During the year, the Group’s subsidiaries were principally engaged in the provision of (i) construction services; (ii) leasing of construction machinery, equipment and tools; (iii) sewage treatment service; and (iv) sales of construction materials and equipment and others.

The immediate and ultimate holding company of the Company is MHX Investment Limited, a company incorporated in the British Virgin Islands (the “**BVI**”).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Company has consistently applied all applicable new and revised HKFRSs, which are effective for the accounting period beginning on 1 January 2019, including HKFRS 16 “*Leases*”, throughout all the periods presented in the Group’s financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation (“**Reorganisation**”) mentioned below. Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Fujian Jianzhong Construction Technology Co., Ltd. (“**Jianzhong Construction Technology**”) and its subsidiaries. To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Stock Exchange, the Group underwent the Reorganisation, as detailed in the section headed “**History, Reorganisation and Corporate Structure**” in the listing documents of the Company dated 29 February 2020 (the “**Prospectus**”). Upon completion of the Reorganisation on 21 May 2019, the Company became the holding company of the subsidiaries now comprising the Group.

As Jianzhong Construction Technology was controlled by Mr. Xun Minghong (the “**Controlling Shareholder**”) before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Reorganisation only involved inserting companies with no substantive operations as the holding companies of Jianzhong Construction Technology. The consolidated financial statements have been prepared and presented as a continuation of the consolidated financial statements of Jianzhong Construction Technology with the assets and liabilities of Jianzhong Construction Technology recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the consolidated financial statements.

The consolidated financial statements are presented in Renminbi (“**RMB**”), rounded to the nearest thousand.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of construction service, leasing of construction machinery, equipment and tools, and provision of sewage treatment service in mainland China.

(i) Disaggregation of revenue

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Revenue from construction service	1,456,680	1,087,896
— Revenue from sewage treatment service	5,213	2,373
— Others*	9,206	11,067
	<u>1,471,099</u>	<u>1,101,336</u>
Revenue from other sources		
— Revenue from leasing of construction machinery, equipment and tools	107,119	91,414
	<u>1,578,218</u>	<u>1,192,750</u>

* Others mainly represents sales of construction materials and equipment and provision of certain logistic services.

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Disaggregated by timing of revenue recognition		
— Over time	1,569,012	1,181,683
— Point in time	<u>9,206</u>	<u>11,067</u>
Total	<u>1,578,218</u>	<u>1,192,750</u>

Revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Customer A	1,086,884	658,686
Customer B	N/A*	121,450
Customer C	N/A*	127,442

* Less than 10% of the Group's revenue for the year ended 31 December 2019

- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB977,534,000 (2018: RMB530,560,000). The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 36 months (2018: next 36 months).

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

- (iii) ***Total future minimum lease payments receivable by the Group***

As at 31 December 2019, total future minimum lease payments under non-cancellable operating leases in place will be receivable by the Group were RMB4,504,000 (2018: RMB8,359,000). All these lease payments were receivable within one year.

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. No geographical segment analysis is presented as substantially all assets, liabilities, revenue and gross profit of the Group are attributable to the operations in the PRC.

The Group has four separate segments as follows:

- Provision of construction service (“**Construction service**”);
- Provision of leasing services of construction machinery, equipment and tools (“**Leasing of construction machinery, equipment and tools**”);
- Provision of sewage treatment service (“**Sewage treatment operation**”); and
- Sales of construction materials and equipment and others (“**Others**”).

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results based on the revenue and gross profits of Construction service, Leasing of construction machinery, equipment and tools, Sewage treatment operation and others.

	Construction service RMB'000	Leasing of construction machinery, equipment and tools RMB'000	Sewage treatment operation RMB'000	Others RMB'000	Total RMB'000
Year ended					
31 December 2019					
Revenue	1,456,680	107,119	5,213	9,206	1,578,218
Cost of sales	<u>(1,144,411)</u>	<u>(68,801)</u>	<u>(4,524)</u>	<u>(6,459)</u>	<u>(1,224,195)</u>
Reportable segment gross profits	<u>312,269</u>	<u>38,318</u>	<u>689</u>	<u>2,747</u>	<u>354,023</u>
Year ended					
31 December 2018					
Revenue	1,087,896	91,414	2,373	11,067	1,192,750
Cost of sales	<u>(835,554)</u>	<u>(61,793)</u>	<u>(1,761)</u>	<u>(8,120)</u>	<u>(907,228)</u>
Reportable segment gross profits	<u>252,342</u>	<u>29,621</u>	<u>612</u>	<u>2,947</u>	<u>285,522</u>

The Group's Construction service segment consists of below categories:

	Foundation works <i>RMB'000</i>	Formwork and scaffolding works <i>RMB'000</i>	Construction of sewage treatment infrastructure <i>RMB'000</i>	Other construction works <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2019					
Revenue	926,867	398,071	12,445	119,297	1,456,680
Cost of sales	<u>(717,318)</u>	<u>(334,442)</u>	<u>(10,188)</u>	<u>(82,463)</u>	<u>(1,144,411)</u>
Gross profits	<u>209,549</u>	<u>63,629</u>	<u>2,257</u>	<u>36,834</u>	<u>312,269</u>
Year ended 31 December 2018					
Revenue	874,308	139,990	42,254	31,344	1,087,896
Cost of sales	<u>(663,502)</u>	<u>(117,878)</u>	<u>(32,714)</u>	<u>(21,460)</u>	<u>(835,554)</u>
Gross profits	<u>210,806</u>	<u>22,112</u>	<u>9,540</u>	<u>9,884</u>	<u>252,342</u>

All of the Group's revenue were arising from mainland China. The Group does not allocate any specific assets or expenditure for property, plant and equipment to the operating segments as the Group's senior executive management does not use the information to measure the performance of the reportable segments.

5. OTHER NET INCOME

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest income	1,878	959
Government grants*	12,196	1,692
Gain/(loss) on disposal of property, plant and equipment	1,509	(907)
Others	<u>25</u>	<u>18</u>
	<u>15,608</u>	<u>1,762</u>

* Government grants were received mainly for subsidizing the costs incurred by the Group in conducting research and development activities. There were no unfulfilled conditions relating to the grants.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank loans and other borrowings	12,825	4,385
Interest on lease liabilities	180	167
Finance charges on sale and leaseback transactions	933	1,900
Interest on acquisition of equipment by instalments	2,413	2,669
Other borrowing costs	1,012	—
	<u>17,363</u>	<u>9,121</u>

(b) Staff costs (including directors' emoluments)

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Salaries, wages and other benefits	50,431	36,397
Contributions to defined contribution retirement benefit schemes	3,071	1,325
	<u>53,502</u>	<u>37,722</u>

(c) Other items

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Depreciation		
— property, plant and equipment owned	100,601	93,357
— right-of-use assets	2,298	1,039
	<u>102,899</u>	<u>94,396</u>
Amortisation of intangible assets	91	78
Impairment losses on trade and other receivables and contract assets	20,808	15,496
Loss on property, plant and equipment written off	—	4,115
Expenses relating to short-term leases	57,664	51,066
Auditors' remuneration	1,470	472
Research and development costs	55,415	46,579
Labour subcontracting fee	465,856	172,767
Listing expenses	18,605	338

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax — PRC Corporate Income Tax		
Provision for the year	31,481	29,384
Deferred tax — PRC Corporate Income Tax		
Origination and reversal of temporary differences	<u>(2,399)</u>	<u>7,103</u>
	<u>29,082</u>	<u>36,487</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit before taxation	<u>208,322</u>	<u>176,981</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	52,322	44,245
Tax effect of non-deductible expenses	1,257	903
Tax effect of super deduction for qualified research and development costs	(5,384)	(8,742)
Tax effect of unused tax losses not recognised	594	81
Effect on deferred tax balances at 1 January resulting from a change in tax rate	716	—
Statutory tax concession	<u>(20,423)</u>	<u>—</u>
Actual tax expense	<u>29,082</u>	<u>36,487</u>

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit that was subject to Hong Kong Profits Tax for the year ended 31 December 2019.
- (iii) The Group's subsidiaries in mainland China is subject to PRC corporate income tax at the statutory rate of 25%.

On 7 January 2020, Jianzhong Construction Technology obtained the state-level approval for its application of High-tech Enterprise qualification and was granted the qualification with effect from 2 December 2019. In accordance with the PRC Corporate Income Tax Law (“CIT Law”), the High-tech Enterprise qualification will be valid for a period of three years from 2019 to 2021 and entitles Jianzhong Construction Technology to a reduced tax rate at 15% during this period.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of the Company of RMB179,240,000 (2018: RMB140,494,000) and 468,750,000 shares (2018: 468,750,000) in issue as if the Reorganisation and capitalisation issue had been effective throughout the periods presented.

Diluted earnings per share is equal to basic earnings per share as there were no dilutive potential shares outstanding for the years ended 31 December 2019 and 2018.

9. DIVIDENDS

The Board has resolved not to declare any dividends for the year ended 31 December 2019 (year ended 31 December 2018: Nil).

10. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Arising from performance under construction contracts	<u>490,201</u>	<u>254,842</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (<i>Note 11</i>)	<u>277,019</u>	<u>227,167</u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. The Group also typically agrees to a retention for 3% to 5% of the contract value. The retention period normally ranges from one to two years upon the completion of work. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

As at 31 December 2019, the amount of contract assets that was expected to be recovered after more than one year were RMB162,115,000 (31 December 2018: RMB124,200,000).

Contract assets are transferred to trade receivables when the rights become unconditional.

During the years ended 31 December 2019, the amount of revenue recognised from performance obligations satisfied (or partially satisfied) in previous periods is RMB3,308,000 (2018: RMB nil).

(b) **Contract liabilities**

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Billings in advance for construction contracts	13,232	5,117
Sales deposits received	90	6
	<u>13,322</u>	<u>5,123</u>

Contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognised based on the progress of the provision of related services.

For the year ended 31 December 2019, revenue recognised in the year that was included in the contract liabilities balance at the beginning of the year was RMB4,834,000 (2018: RMB160,000).

11. TRADE AND OTHER RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables, net of loss allowance		
— third parties	350,740	251,742
— related parties	3,402	7,787
Bills receivables	73,700	59,539
Prepayments to suppliers	27,642	22,691
Amounts due from related parties	1,368	2,024
Deposits and prepayments	19,657	21,507
	<u>476,509</u>	<u>365,290</u>

As at 31 December 2019, the amount of deposits expected to be recovered or recognised as expense after more than one year is RMB3,000,000 (2018: RMB3,000,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

As part of its normal business, the Group has entered into certain factoring agreements with certain banks and factoring companies. As at 31 December 2019, outstanding trade receivables of RMB556,249,000 (31 December 2018: RMB241,054,000) were transferred to certain banks or factoring companies in accordance with non-recourse factoring agreements, and the corresponding trade receivables were derecognised as the directors are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore these receivables were qualified for derecognition.

As at 31 December 2019, outstanding commercial acceptance bills of RMB52,477,000 (31 December 2018: RMB58,145,000) were endorsed to certain suppliers with recourse and were not derecognised. The associated liabilities with the same amount were included in trade and other payables (Note 13).

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on date of progress certificates or date of issuance of bills and net of loss allowance, is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 1 month	93,800	72,211
More than 1 month but within 3 months	106,109	113,222
More than 3 months but within 6 months	109,068	72,526
More than 6 months but within 12 months	100,055	45,741
More than 12 months	18,810	15,368
	<u>427,842</u>	<u>319,068</u>

Trade receivables are practically due within 90 or 180 days from the date of progress certificates.

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

In January 2018, the Group entered into a service agreement to provide sewage treatment service in Change District. Details of the Group's service concession arrangement for providing sewage treatment service are listed below:

Term of concession rights	Till 30 April 2030
Rights to use specific assets	All relevant sewage treatment infrastructure
Pricing	Initial sewage treatment unit tariff price is set out in the relevant service agreement. Non-routine review of sewage treatment unit tariff price is conducted upon change in production costs or additional capital expenditure incurred due to compliance with new environmental requirements
Minimum sewage treatment volume guaranteed	40,000 tonnes per day
Responsibilities	During the concession period, the Group shall: <ul style="list-style-type: none">• Maintain the sewage treatment facilities and operation of sewage treatment• Monitor water quality• Disclose to the public the relevant tap water supply parameters, including quality, supply pressure and other service measures
Term of termination	Upon expiry of the concession period
Obligations to deliver specified assets at the end of the concession period	At the end of the concession period, the Group is obliged to deliver all the relevant sewage treatment infrastructure to the Grantor at nil consideration
Term of renewal	Not determined

The Group's receivables under service concession arrangement in respect of sewage treatment service concession arrangement are as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current portion	32,909	36,753
Current portion	17,436	9,249
	50,345	46,002
Expected collection schedule is as follows:		
Within 1 year	17,436	9,249
After 1 year but within 5 years	14,478	14,656
After 5 years but within 10 years	17,326	17,586
After 10 years	1,105	4,511
	50,345	46,002

The effective interest rate for the above financial assets was 3.85% per annum.

13. TRADE AND OTHER PAYABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables		
— third parties	304,871	265,871
— related parties	—	13
Bills payable	53,787	19,851
Payables to suppliers of property, plant and equipment	39,813	70,920
Payables for acquisition of equipment by instalments — current portion	21,471	29,488
Other payables and accruals	108,523	40,336
Obligation for bills endorsed with recourse	52,477	58,145
Interest payable	417	105
Amounts due to related parties	—	13,872
	581,359	498,601

As at 31 December 2019 and 2018, all the other trade and other payables are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade and bills payable (which are included in trade and other payables), based on the invoice date/transaction date, is as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	78,095	87,340
More than 1 month but within 3 months	90,964	79,251
More than 3 months but within 6 months	99,036	62,487
More than 6 months but within 12 months	47,579	40,681
More than 12 months	42,984	15,976
	<u>358,658</u>	<u>285,735</u>

14. LOANS AND BORROWINGS

	<i>Note</i>	2019	2018
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Bank loans-secured	(a)	64,089	—
Lease liabilities	(b)	403	1,091
Obligations arising from sale and leaseback transactions	(c)	—	4,536
		<u>64,492</u>	<u>5,627</u>
Current			
Bank loans-secured	(a)	51,121	122,314
Bank loans-unsecured	(a)	—	437
Lease liabilities	(b)	1,599	2,602
Obligations arising from sale and lease back transactions	(c)	4,536	9,425
		<u>57,256</u>	<u>134,778</u>
Total		<u>121,748</u>	<u>140,405</u>

(a) Bank loans

Bank loans were repayable as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	51,121	122,751
1 to 2 years	64,089	—
	<u>115,210</u>	<u>122,751</u>

As at 31 December 2019, bank loans of RMB115,210,000 were all secured by pledged properties of an independent property developer, among which bank loan of RMB44,000,000 was also guaranteed by an indirect wholly-owned subsidiary of the Company.

As at 31 December 2018, bank loan of RMB19,880,000 was guaranteed by the Controlling Shareholder of the Group and his spouse and secured by certain properties owned by the Controlling Shareholder of the Group, bank loan of RMB44,000,000 was guaranteed by the Controlling Shareholder of the Group and/or his spouse and secured by pledged properties of an independent property developer, and bank loans of RMB58,434,000 were secured by the pledge of trade receivables of RMB58,434,000.

(b) Lease liabilities

Maturity analysis-contractual undiscounted cash flows

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	1,649	2,783
1 to 2 years	375	738
2 to 5 years	<u>45</u>	<u>420</u>
Total undiscounted lease liabilities	2,069	3,941
Less: total future interest expenses	<u>(67)</u>	<u>(248)</u>
Lease liabilities included in the consolidated statements of financial position	<u>2,002</u>	<u>3,693</u>

Maturity analysis-present value of lease liabilities

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	1,599	2,602
1 to 2 years	359	688
2 to 5 years	<u>44</u>	<u>403</u>
Present value of lease liabilities	<u>2,002</u>	<u>3,693</u>

(c) **Obligations arising from sale and leaseback transactions**

Obligations arising from sale and leaseback transactions were repayable as below:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	4,951	10,440
1 to 2 years	—	4,951
	<hr/>	<hr/>
Total undiscounted obligations arising from sale and leaseback transactions	4,951	15,391
Less: total future interest expenses	(415)	(1,430)
	<hr/>	<hr/>
Obligations arising from sale and leaseback transactions included in the consolidated statements of financial position	4,536	13,961
	<hr/> <hr/>	<hr/> <hr/>

Maturity analysis-present value of obligations arising from sale and leaseback transactions

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Less than 1 year	4,536	9,425
1 to 2 years	—	4,536
	<hr/>	<hr/>
Present value of obligations arising from sale and leaseback transactions	4,536	13,961
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2019, obligations arising from sale and leaseback transactions of RMB1,686,000 (31 December 2018: RMB5,519,000) were secured by underlying machinery and equipment with carrying values of RMB14,789,000 (31 December 2018: RMB16,346,000) respectively. All the obligations arising from sale and leaseback transactions for the years ended 31 December 2019 and 2018 were guaranteed by the Controlling Shareholder of the Group and entities controlled by him. The aforementioned guarantees were released before the Listing.

15. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
PRC corporate income tax payable	<u>12,238</u>	<u>38,401</u>

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Credit loss allowances <i>RMB'000</i>	Construction costs <i>RMB'000</i>	Depreciation <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2018	3,168	2,949	2,121	497	8,735
Credited/(charged) to profit or loss	<u>3,882</u>	<u>967</u>	<u>(12,545)</u>	<u>593</u>	<u>(7,103)</u>
At 31 December 2018 and 1 January 2019	7,050	3,916	(10,424)	1,090	1,632
Effect on deferred tax balances resulting from a change in tax rate (Note 7(b)(iii))	(2,781)	(1,566)	3,839	(208)	(716)
Credited/(charged) to profit or loss	<u>3,214</u>	<u>4,775</u>	<u>(4,926)</u>	<u>52</u>	<u>3,115</u>
At 31 December 2019	<u>7,483</u>	<u>7,125</u>	<u>(11,511)</u>	<u>934</u>	<u>4,031</u>

(ii) Reconciliation to the consolidated statement of financial position

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Net deferred tax asset recognised in the consolidated statement of financial position	<u>4,031</u>	<u>1,632</u>

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,373,000 (2018: RMB324,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within five years under current tax legislation.

(d) Deferred tax liabilities not recognised

At 31 December 2019, deferred tax liabilities of RMB35,460,000 (31 December 2018: RMB19,805,000) in respect of the PRC dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at the end of each of the reporting period, it was determined that the undistributed profits of the Company's PRC subsidiaries would not be distributed in the foreseeable future.

16. SHARE CAPITAL

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 5 February 2019 with authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each. On the same date, one share was allotted and issued, credited as fully paid.

The Reorganisation was completed on 21 May 2019. The share capital in the consolidated statements of financial position as at 31 December 2018 represented the paid-up capital of Jianzhong Construction Technology and the share capital as at 31 December 2019 represented the share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2019, we continued to be a leading construction services provider based in Fujian Province, the People's Republic of China (the "PRC") which specialises in offering one-stop solutions in foundation works. Our business mainly covers foundation works (including bored piles, H-piles, Larssen sheet piles, diaphragm walls and tunnelling works). To complement our foundation works service, we also provide a wide spectrum of other construction services including (i) formwork and scaffolding works (including formwork and falsework design, manufacturing of scaffold and erection services); (ii) construction of sewage treatment infrastructure; and (iii) other construction works (mainly E&M engineering works). We also have an extensive fleet of construction machinery and equipment, which enables us to handle complicated and/or sizable construction works, thus allowing us to capture more opportunities in the construction market and engage in construction machinery, equipment and tools leasing services. We also operate a sewage treatment plant and engage in the sales of construction materials and equipment and others. We developed as a regional foundation works service provider in Fujian Province and have further extended our footprint across a number of provinces in the PRC.

Our competitive advantage remains on our ability to manage and execute construction works projects on a timely and reliable manner. With an experienced management team, in-house R&D capabilities, large fleet of construction machinery and equipment, and production base, we have established ourselves as a leading operator and service provider in the foundation works market in both Fujian Province and the PRC.

During the year ended 31 December 2019, we have been awarded with 118 new construction projects with a total contract sum of approximately RMB1,203.4 million; and had completed 124 construction works projects with a total contract sum of approximately RMB1,138.9 million. As at 31 December 2019, we had 135 projects on hand (including projects in progress and projects which were awarded to us but have yet to commence) with an outstanding contract value to be completed of approximately RMB977.5 million.

PROSPECTS

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 18 March 2020. The Directors believe that the Listing would enhance the Group's profile and bring a positive effect on the Group's business opportunities in the market. Moreover, the net proceeds from the Listing would provide the Group with the capital necessary for carrying out its long-term development plan and support the growth of the Group.

The construction industry in the PRC has been supported by various governmental policies over the years. In terms of the effect of the coronavirus outbreak, the entire economy of China is expected to be adversely affected, but by experience, infrastructure and construction industries are usually affected to a lesser extent. Previously, when natural disasters or epidemics were over, the PRC government would generally make greater investments in (among other segments) infrastructure projects, with a view to encouraging economic stability and growth. If the PRC government continues to adopt such policy, it is likely for the Group to engage in a greater number of construction projects so launched by the PRC government.

Having regard to the above, the Directors remain prudently optimistic about developing new business opportunities in the PRC in the long run.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include: (i) negotiating with major customers, suppliers and subcontractors about the arrangements for resumption of construction works; (ii) cutting unnecessary operating expenses and capital expenditure; and (iii) deferring the expansion of the fleet of construction machinery and equipment. The Group will keep the contingency measures under review as the situation evolves. As far as the Group's businesses are concerned, there were 60 projects on hand being affected and these projects have been resumed gradually since the end of February 2020. As the progress of these construction projects was delayed by about one month, approximately RMB51.9 million of the Group's revenue which should have been recognised in February 2020 has been delayed. In addition, the Group may waive rental fees of leasing of construction machinery, equipment and tools to certain customers of approximately RMB6.3 million depending on their respective specific circumstances. These may have consequential impacts on the Group's revenue for 2020. The actual impacts may differ from these estimates as situation continues to evolve and further information may become available. No adjustments have been made to the consolidated financial statements in this regard.

- (b) In accordance with the shareholders' resolution of the Company dated 18 February 2020, the authorised share capital of the Company has been increased from 39,000,000 shares of par value of HK\$0.01 each to 2,000,000,000 shares of par value of HK\$0.01 each. It was also resolved that the Company allotted and issued 468,740,000 shares, credited as fully paid, at par to the shareholders whose names were on the register of member of the Company as of the close of business on 13 March 2020. This resolution was conditional on the share premium account being credited as a result of the Company's public offering and the shares issued in the capitalisation issue should carry the same rights in all respects as the then existing issued shares.
- (c) On 18 March 2020, the Company issued 156,250,000 shares with par value of HK\$0.01 each, at a price of HK\$1.65 per share by initial public offering. Gross proceeds from such issue amounted to HK\$257,812,500 before deducting underwriting fees, commissions and related expenses.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2019, the overall revenue of the Group has increased by approximately RMB385.5 million, or approximately 32.3% compared to the year ended 31 December 2018, from approximately RMB1,192.8 million to approximately RMB1,578.2 million. The overall increase was mainly due to an increase in revenue from provision of construction service.

Our revenue generated from construction services amounted to approximately RMB1,456.7 million for the year ended 31 December 2019 (year ended 31 December 2018: RMB1,087.9 million), representing approximately 92.3% (year ended 31 December 2018: 91.2%) of our total revenue.

Our construction service mainly cover foundation works, which accounted for approximately 58.7% (year ended 31 December 2018: 73.3%) of the total revenue. To complement our foundation works service, we also provide a wide spectrum of other construction services including formwork and scaffolding works, construction of sewage treatment infrastructure, and E&M engineering works. During the year ended 31 December 2019, the revenue from formwork and scaffolding works increased by 184.4% to approximately RMB398.1 million (year ended 31 December 2018: RMB140.0 million).

Cost of sales

Cost of sales mainly comprises of material cost, labor subcontracting fee, depreciation and others. The overall increase in cost of sales was in line with the increase in our turnover. During the year ended 31 December 2019, the overall cost of sales of the Group has increased by approximately RMB317.0 million, or approximately 34.9% compared to the year ended 31 December 2018, from approximately RMB907.2 million to approximately RMB1,224.2 million.

Gross profit and gross profit margin

Set out below is the breakdown of the gross profit and gross profit margins of our Group by business segment and work type during the year under review and the corresponding year in 2018:

	For the year ended 31 December			
	2019		2018	
	<i>RMB'000</i>	<i>GP%</i>	<i>RMB'000</i>	<i>GP%</i>
Foundation works	209,549	22.6	210,806	24.1
Formwork and scaffolding works	63,629	16.0	22,112	15.8
Construction of sewage treatment infrastructure	2,257	18.1	9,540	22.6
Other constructions	36,834	30.9	9,884	31.5
	<hr/>	<hr/>	<hr/>	<hr/>
Construction services	312,269	21.4	252,342	23.2
Leasing of construction machinery, equipment and tools	38,318	35.8	29,621	32.4
Sewage treatment operation	689	13.2	612	25.8
Others	2,747	29.8	2,947	26.6
	<hr/>	<hr/>	<hr/>	<hr/>
	354,023	22.4	285,522	23.9
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During the years ended 31 December 2019 and 2018, our Group's overall gross profit margin was fairly stable. We recorded gross profit margin of approximately 22.4% for the year ended 31 December 2019 (year ended 31 December 2018: 23.9%). We had a relatively lower gross profit margin for the year ended 31 December 2019 as the formwork and scaffolding works sub-segment, which has lower gross profit margin, accounted for a relatively higher proportion of our revenue for the year.

Other net income

The other net income mainly represented government grants, interest income and gain/(loss) on disposal of property, plant and equipment. During the year ended 31 December 2019, the other net income has increased by approximately RMB13.8 million, or approximately 785.8% compared to the year ended 31 December 2018, from approximately RMB1.8 million to approximately RMB15.6 million. The increase in other net income mainly attributable to the increase in government grants from approximately RMB1.7 million in 2018 to RMB12.2 million in 2019. Government grants were received mainly for subsidizing the costs incurred by the Group in conducting research and development activities.

Administrative expenses

Our administrative expenses mainly include (i) research and development costs; (ii) salaries and other benefits; and (iii) listing expenses. The overall administrative expenses increased by approximately 47.1% from RMB80.8 million for the year ended 31 December 2018 to RMB118.9 million for the year ended 31 December 2019. The increase in administrative expenses was mainly due to the increase in listing expenses from approximately RMB0.3 million for the year ended 31 December 2018 to approximately RMB18.6 million for the year ended 31 December 2019, and also the increase in staff costs and research and development costs.

Finance costs

Our finance costs mainly represented (i) interests on bank loans and other borrowings; (ii) finance charges on sale and leaseback transactions; and (iii) interest on acquisition of equipment by instalments.

Our finance costs increased by RMB8.2 million from RMB9.1 million to RMB17.4 million for the year ended 31 December 2019 when comparing with that for the year ended 31 December 2018. This was mainly due to that our bank borrowings and factoring arrangements increased during the year.

Income tax expenses

During the year ended 31 December 2019, the income tax expenses has decreased by approximately RMB7.4 million, or approximately 20.3% compared to the year ended 31 December 2018, from approximately RMB36.5 million to approximately RMB29.1 million.

All of our Group's subsidiaries operate in the PRC and our Group's income tax represented PRC corporate income tax provided at the statutory rate of 25%.

On 7 January 2020, Jianzhong Construction Technology obtained the state-level approval for its application of High-tech Enterprise qualification and was granted the qualification with effect from 2 December 2019. In accordance with the CIT Law, the High-tech Enterprise qualification will be valid for a period of three years from 2019 to 2021 and Jianzhong Construction Technology will be entitled to a reduced tax rate at 15% during this period.

As such, the effective tax rate of the Group decreased from 20.6% in 2018 to 14.0% in 2019.

Net profit and adjusted net profit

As a result of the foregoing, the net profit for the year of our Group increased by approximately RMB38.7 million, or approximately 27.6%, from approximately RMB140.5 million for the year ended 31 December 2018 to approximately RMB179.2 million for the year ended 31 December 2019.

Setting aside the listing expenses amounted to approximately RMB18.6 million and approximately RMB0.3 million for the years ended 31 December 2019 and 2018, respectively, the Group's adjusted net profit for the year ended 31 December 2019 was approximately RMB197.8 million as compared to approximately RMB140.8 million for the year ended 31 December 2018. The adjusted net profit margin (excluding the listing expenses) for the years ended 31 December 2018 and 2019 were approximately 11.8% and 12.5%, respectively, representing a slightly increase of approximately 0.7%.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The shares of the Company have been listed on the Stock Exchange on 18 March 2020.

The Group maintained a sound financial position during the year ended 31 December 2019. As at 31 December 2019, the Group had cash and cash equivalent of approximately RMB103.0 million (31 December 2018: approximately RMB93.8 million). As at 31 December 2019, the Group had net current asset of approximately RMB452.2 million, representing an increase of approximately RMB361.1 million as compared to that of approximately RMB91.1 million as at 31 December 2018.

As at 31 December 2019, the gearing ratio of the Group, calculated based on the net debts (including interest-bearing loans and borrowings, and payables for acquisition of equipment by instalments, less cash and cash equivalents) divided by the equity as at the end of reporting period and multiplied by 100%, was approximately 6.0% (31 December 2018: approximately 14.6%).

CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital commitments in respect of purchase of property, plant and equipment, which had been contracted but not provided for in the financial statements, in the total amount of approximately RMB8.1 million (31 December 2018: approximately RMB5.1 million).

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2019 (31 December 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group has a total of 473 full-time employees (31 December 2018: 364). The Group has developed its human resources policies and procedures to determine the individual remuneration with reference to factors such as performance, qualification, responsibilities of each individual, market conditions, etc. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, other staff benefits including provident fund contributions, medical insurance coverage, annual leave and options which may be granted under the share option scheme were adopted by the Company on 18 February 2020. The total staff costs (excluding Directors' remuneration) incurred by the Group during the year ended 31 December 2019 was approximately RMB51.9 million (year ended 31 December 2018: approximately RMB36.7 million).

FOREIGN EXCHANGE EXPOSURE

During the years ended 31 December 2019 and 2018, the Group had a minimal exposure to foreign currency risk as most of its business transactions were conducted in the PRC in RMB. Moreover, the Group's assets and liabilities are principally denominated in RMB. As such, the Directors believe that the Group's risk in foreign exchange is insignificant.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Company was incorporated in the Cayman Islands on 5 February 2019 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Group completed the Reorganisation in preparation for the Listing on the Stock Exchange pursuant to which the Company became the holding company of the Group. For further information in relation to the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure” in the Prospectus. Apart from the Reorganisation, there were no significant investments held, material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2019.

DIVIDEND

The Board does not recommend any payment of dividend for the year ended 31 December 2019.

ANNUAL GENERAL MEETING

The annual general meeting (the “AGM”) of the Company for the year ended 31 December 2019 is scheduled to be held on Monday, 22 June 2020. A notice convening the AGM will be issued and despatched to the shareholders according to the applicable law, the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 22 June 2020, the register of members of the Company will be closed from Wednesday, 17 June 2020 to Monday, 22 June 2020, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 June 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Throughout the period from the Listing Date to the date of this announcement, neither the Company nor any of its subsidiaries redeemed, purchased or sold any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") throughout the period from the Listing Date to the date of this announcement, except for the deviation as mention below.

Code Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Xun Minghong currently holds both positions. Mr. Xun Minghong is the founder of the Group. He has diversified knowledge and experience in the construction industry as well as a variety of business connection with a network of reputable construction enterprises and contractors in Fujian. The Board believes that vesting the roles of both Chairman of the Board and chief executive officer in the same person will provide strong and consistent leadership to the Company and allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans that are in the best interests of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required dealing standards set out in the Model Code throughout the period from the Listing Date to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company (as defined in the Listing Rules) or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business at any time during the year ended 31 December 2019.

PUBLIC FLOAT

As at the date of this announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

REVIEW BY THE AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Board (the “**Audit Committee**”) comprises all the independent non-executive Directors, namely Mr. Sze Irons, Mr. Wong Kun Kau and Mr. Zhu Diwu. Mr. Wong Kun Kau currently serves as the chairman of the Audit Committee.

The annual results of the Group for the year ended 31 December 2019 and this results announcement have been reviewed and approved by the Audit Committee.

SCOPE OF WORK OF THE GROUP’S AUDITOR

The figures in respect of the Group’s consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been compared by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.fjjzkj.com. The annual report of the Company for the year ended 31 December 2019 will be despatched to the shareholders and published on the above websites according to the Listing Rules.

By order of the Board
Jianzhong Construction Development Limited
Mr. Xun Minghong
Chairman and Chief Executive Officer

Hong Kong, 26 March 2020

As at the date of this announcement, the board of Directors of the Company comprises Mr. Xun Minghong, Mr. He Wenlin and Ms. Zheng Ping as Executive Directors; Mr. Yang Kaifa, Mr. Zeng Guohua and Mr. Xun Liangbao as Non-executive Directors; and Mr. Sze Irons, Mr. Wong Kun Kau and Mr. Zhu Diwu as Independent Non-executive Directors.