

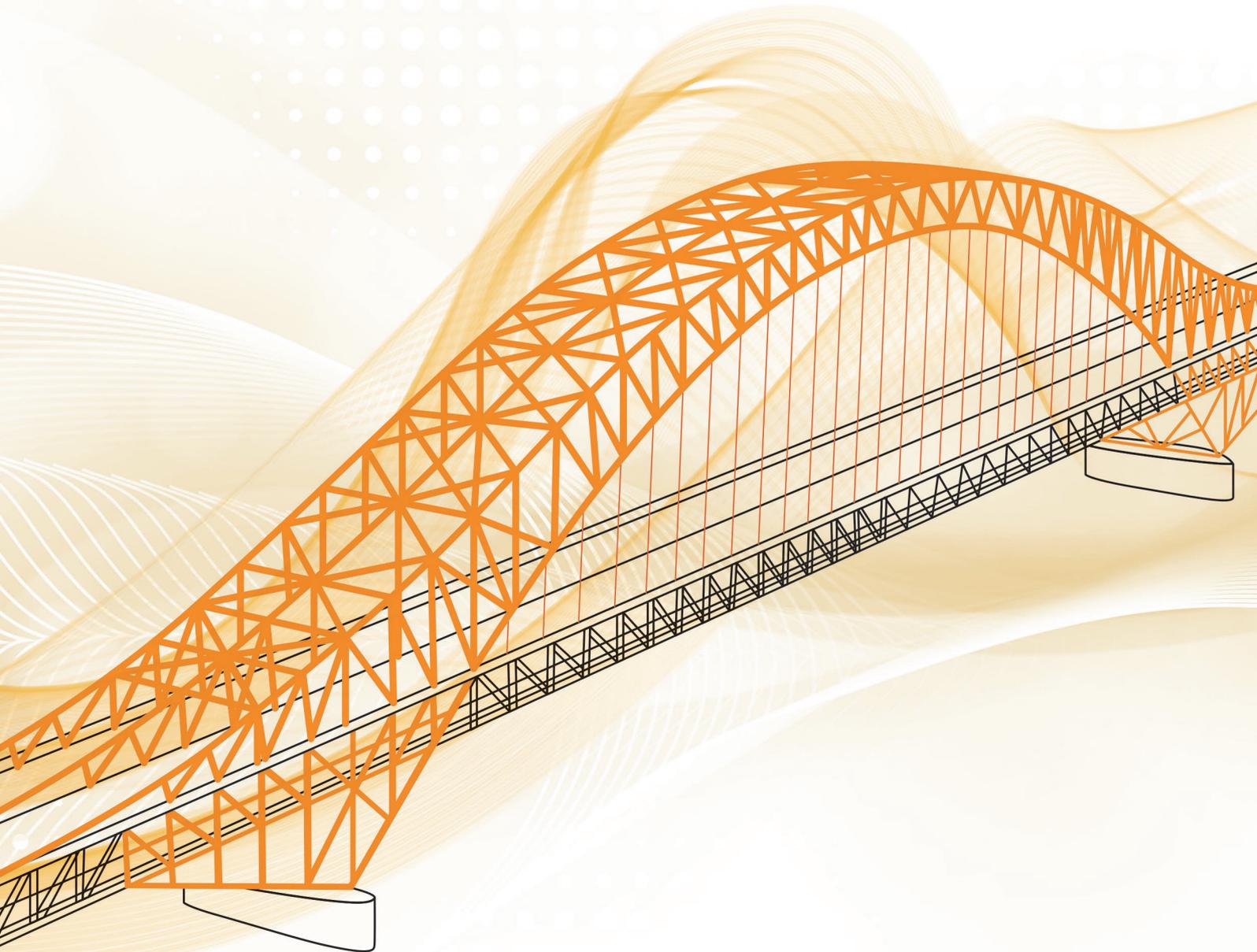


浦江國際集團

PUJIANG INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2060)

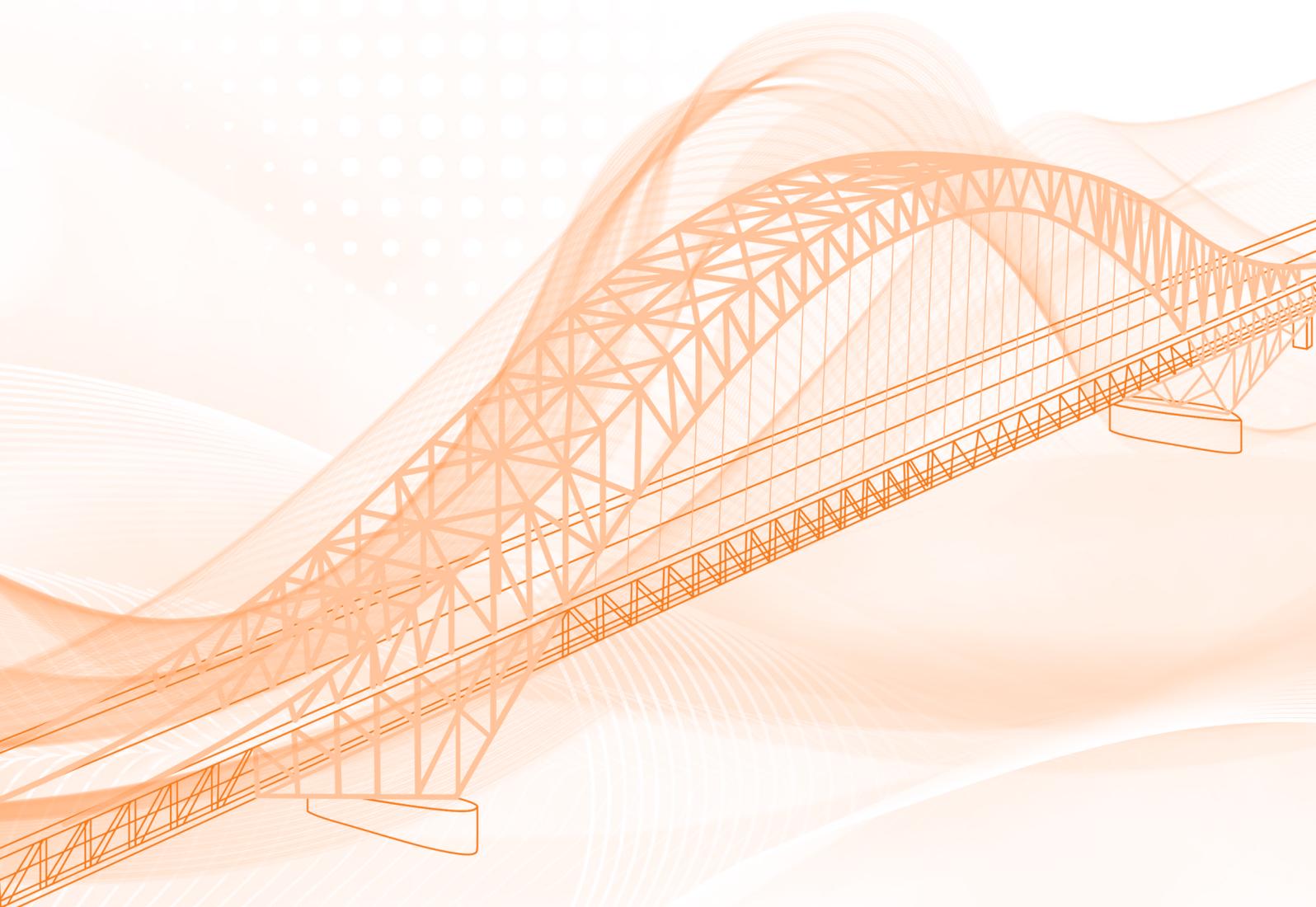
INTERIM REPORT
2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Tang Liang (*Chairman*)
Mr. Zhou Xufeng (*CEO*)
Mr. Ni Xiaofeng
Mr. Hua Wei (appointed on 17 March 2021)
Ms. Zhang Weiwen (resigned on 17 March 2021)

Independent Non-Executive Directors

Ms. Pan Yingli
Mr. Chen Dewei
Mr. Zhang Bihong

SENIOR MANAGEMENT

Mr. Daniel Ling
Mr. Luo Guoqiang
Mr. Xu Haoming
Mr. You Shengyi
Mr. Li Gang

COMPANY SECRETARY

Ms. Lai Siu Kuen (appointed on 17 March 2021)
Ms. Wong Yik Han (resigned on 17 March 2021)

AUDIT COMMITTEE

Mr. Zhang Bihong (*Chairman*)
Ms. Pan Yingli
Mr. Chen Dewei

REMUNERATION COMMITTEE

Ms. Pan Yingli (*Chairman*)
Mr. Chen Dewei
Mr. Zhang Bihong

NOMINATION COMMITTEE

Mr. Chen Dewei (*Chairman*)
Ms. Pan Yingli
Mr. Zhang Bihong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Floor 16, 518 Shangcheng Road
Shanghai 200120
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

www.pji-group.com

CAYMAN SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKER

Guangzhong Sub-branch, Bank of Shanghai
No. 879, Guangzhong Road
Shanghai, China

Jiashan Sub-branch, Agriculture Bank of China
No. 285, East Jiefang Road
Weitang Street, Jiashan County
Jiaying City, Zhejiang Province, China

Shanghai Branch, Bank of Nanjing
No. 909, North Zhongshan Road
Shanghai, China

AUDITOR

BDO Limited

HONG KONG LEGAL ADVISER

Norton Rose Fulbright Hong Kong

STOCK CODE

2060

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF PUJIANG INTERNATIONAL GROUP LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 4 to 35 which comprise the condensed consolidated statement of financial position of Pujiang International Group Limited and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2021 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “interim condensed consolidated financial statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This 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 HKICPA. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong

18 August 2021

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	141,918	114,328
Intangible assets	14	–	–
Interest in associates	15	264,340	266,135
Deferred tax assets		8,780	9,915
Deposits and other receivables		87,177	152,037
		502,215	542,415
Current assets			
Inventories		770,311	451,098
Trade and retention receivables	16	978,783	985,289
Prepayments, deposits and other receivables		1,970,365	1,464,858
Restricted bank deposits		230,308	247,536
Cash and cash equivalents		298,827	891,921
		4,248,594	4,040,702
Non-current assets classified as held for sale	17	12,513	12,513
Total current assets		4,261,107	4,053,215
Total assets		4,763,322	4,595,630
Current liabilities			
Trade payables	18	144,728	142,295
Bills payables	18	528,728	442,681
Contract liabilities		101,205	155,807
Other payables and accruals		131,136	107,891
Bank and other borrowings	19	1,061,940	1,033,940
Income tax payable		20,440	21,434
Dividend payable		40,552	–
Lease liabilities		186	355
Total current liabilities		2,028,915	1,904,403

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

AS AT 30 JUNE 2021

	Notes	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Net current assets		2,232,192	2,148,812
Total assets less current liabilities		2,734,407	2,691,227
Non-current liabilities			
Lease liabilities		1,263	1,357
Bank and other borrowings	19	603,402	606,460
Total non-current liabilities		604,665	607,817
Net assets		2,129,742	2,083,410
CAPITAL AND RESERVES			
Share capital	20	7,138	7,138
Reserves		1,784,141	1,757,217
Equity attributable to the owners of the Company		1,791,279	1,764,355
Non-controlling interests		338,463	319,055
Total equity		2,129,742	2,083,410

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Equity attributable to the owners of the Company									
	Share capital	Share premium	Capital reserve	Statutory reserve	Merger reserve	Translation reserve	Share-based payment reserves	Retained earnings	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 20)									
Unaudited										
For the six months ended										
30 June 2021										
At 1 January 2021	7,138	465,016	159,181	94,199	90,341	(15,041)	47,688	915,833	319,055	2,083,410
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(11,971)	-	-	912	(11,059)
Profit for the period	-	-	-	-	-	-	-	79,447	18,496	97,943
Total comprehensive gain/(loss) for the period	-	-	-	-	-	(11,971)	-	79,447	19,408	86,884
Transfer from retained earnings to statutory reserve	-	-	-	10,490	-	-	-	(10,490)	-	-
Dividend declared	-	(40,552)	-	-	-	-	-	-	-	(40,552)
At 30 June 2021	7,138	424,464	159,181	104,689	90,341	(27,102)	47,688	984,790	338,463	2,129,742

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Equity attributable to the owners of the Company									
	Share capital RMB'000 (Note 20)	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Share-based payment reserves RMB'000	Retained earnings RMB'000	Non-controlling interest RMB'000	Total RMB'000

Unaudited

For the six months ended

30 June 2020

At 1 January 2020	7,138	465,016	159,181	87,991	90,341	(5,062)	47,688	770,822	280,413	1,903,528
Exchange difference arising on translation of foreign operations	-	-	-	-	-	7,103	-	-	(1,161)	5,942
Profit for the period	-	-	-	-	-	-	-	65,115	17,613	82,728
Total comprehensive income for the period	-	-	-	-	-	7,103	-	65,115	16,452	88,670
Transfer from retained earnings to statutory reserve	-	-	-	7,460	-	-	-	(7,460)	-	-
At 30 June 2020	7,138	465,016	159,181	95,451	90,341	2,041	47,688	828,477	296,865	1,992,198

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited six months ended 30 June	
	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expenses	121,105	89,872
Adjustments for:		
Share of loss/(profit) of associates	1,795	(47)
Depreciation of property, plant and equipment	3,649	3,856
Depreciation of right-of-use-assets	612	799
Finance costs	50,143	40,218
Write-down of inventories to net realisable value	–	1,153
Impairment loss reversed on trade and retention receivables	(3,545)	(4,775)
Impairment loss recognised/(reversed) on deposits and other receivables	816	(1,209)
Interest income	(2,265)	(1,190)
Written off of property, plant and equipment	3	25
Loss on disposal of property, plant and equipment	4	–
Operating profits before working capital changes	172,317	128,702
Increase in inventories	(319,213)	(314,640)
Decrease in trade and retention receivables	10,051	187,725
Increase in prepayments, deposits and other receivables	(409,385)	(125,331)
Increase in trade payables	2,433	6,329
Increase in bills payables	86,047	82,194
(Decrease)/Increase in contract liabilities	(54,602)	74,048
Decrease in other payables and accruals	(981)	(363)
Cash (used in)/generated from operations	(513,333)	38,664
Income tax paid	(23,021)	(14,897)
<i>Net cash (used in)/generated from operating activities</i>	(536,354)	23,767
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(7,632)	(1,955)
Purchases of right of use assets – land use right	–	(5,180)
Deposit paid for purchases of property, plant and equipment	(32,078)	–
Decrease/(Increase) in restricted bank deposits	17,228	(20,880)
Proceeds from disposal of financial assets at fair value through profit and loss	–	88,597
Interest received	2,265	1,190
<i>Net cash (used in)/generated from investing activities</i>	(20,217)	61,772

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited six months ended 30 June	
	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,110,640	1,053,503
Repayment of bank borrowings	(1,085,698)	(766,683)
Payment of lease liabilities	(263)	(390)
Interest paid	(50,143)	(40,274)
	<hr/>	<hr/>
<i>Net cash (used in)/generated from financing activities</i>	(25,464)	246,156
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NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(582,035)	331,695
Cash and cash equivalents at the beginning of the period	891,921	307,638
Effect of foreign exchange rates changes, net	(11,059)	5,848
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	298,827	645,181
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NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

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

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

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

2. BASIS OF PREPARATION (Continued)

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

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the HKICPA. BDO Limited’s independent review report to the Board of Directors is included on pages 1 and 2.

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

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

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

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

4. USE OF JUDGEMENTS AND ESTIMATES

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

5. SEGMENT INFORMATION

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

Based on the above, the Group's top management determined that the Group has two reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Cables

Provision of manufacture, installation and sale of cables

- Prestressed steel materials

Provision of manufacture and sale of customised prestressed steel materials

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

(a) Segment revenue and results

For the six months ended 30 June 2021 (unaudited)

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

5. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2020 (unaudited)

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

(b) Segment assets and liabilities

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

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000
Segment assets		
Cables	2,894,495	2,620,367
Prestressed steel materials	1,407,412	1,136,607
Segment assets	4,301,907	3,756,974
Unallocated	461,415	838,656
Total assets	4,763,322	4,595,630

5. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000
Segment liabilities		
Cables	2,000,912	1,966,145
Prestressed steel materials	357,084	312,196
Segment liabilities	2,357,996	2,278,341
Unallocated	275,584	233,879
Total liabilities	2,633,580	2,512,220

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

For the six months ended 30 June 2021 (unaudited)

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

5. SEGMENT INFORMATION (Continued)

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

For the six months ended 30 June 2020 (unaudited)

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

(d) Geographical information and major customers

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

5. SEGMENT INFORMATION (Continued)

(e) Information about major customers

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

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

Notes:

- ¹ Revenue from sales of cables.
- ² Revenue from sales of prestressed steel materials.
- ³ Less than 10% of the Group's revenue.

6. REVENUE

Revenue represents the net invoiced value of goods sold or services rendered and earned by the Group. All the Group's revenue is derived from contracts with customers.

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

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

6. REVENUE (Continued)

Timing of revenue recognition

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

At a point in time

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Sales of customised prestressed steel materials and cables	944,754	775,828

Over time

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Provision of installation services	7,411	2,828

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive officer of the Group) reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies. Accordingly, the Group has two reportable segments and analysis of these two segments are presented in Note 5.

Unsatisfied performance obligations

As at 30 June 2020 and 2021, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) were approximately RMB966,251,000 and RMB1,333,019,000 respectively. Management expects that the unsatisfied performance obligations at each reporting date will be recognised as revenue in the subsequent one to three years based on the contract period and the timing of the transfer of those goods and services is at the discretion of the customers.

7. FINANCE COSTS

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

8. PROFIT BEFORE INCOME TAX EXPENSE

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

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

Note:

- (i) Cost of inventories sold for the six months ended 30 June 2020 and 2021 includes approximately RMB22,035,000 and RMB21,182,000 of staff costs, depreciation, subcontracting fee, provision of obsolete stock and other manufacturing overheads which are also included in the respective total amounts disclosed above for each of these types of expenses respectively.

9. EMPLOYEE COSTS

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

10. INCOME TAX EXPENSE

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

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

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

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

11. DIVIDENDS

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

12. EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

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

	Unaudited six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	79,447	65,115

12. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

	Number of shares 2021	Number of shares 2020
Number of Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	811,044,000	811,044,000
Effect of dilution – weighted average number of ordinary shares: Share options	1,435,953	4,816,135
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	812,479,953	815,860,135

13. PROPERTY, PLANT AND EQUIPMENT

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

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

There are items of plant and machinery being written off for the period ended 30 June 2021 with a cost of approximately RMB59,000 (six months ended 30 June 2020: RMB639,000). Items of plant and machinery with a net book value of approximately RMB3,000 were written off during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB25,000).

14. INTANGIBLE ASSETS

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

15. INTEREST IN ASSOCIATES

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000
Share of net assets other than goodwill	202,835	204,630
Goodwill	<u>61,505</u>	<u>61,505</u>
	<u>264,340</u>	<u>260,135</u>

15. INTEREST IN ASSOCIATES (Continued)

Details of the Group's associates are as follows:

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

Summarised financial information of associates:

Shanghai Push Medical Device Technology Co., Limited

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

15. INTEREST IN ASSOCIATES (Continued)

Shanghai International Superconducting Technology Co., Ltd

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

16. TRADE AND RETENTION RECEIVABLES

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

16. TRADE AND RETENTION RECEIVABLES (Continued)

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

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

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

18. TRADE AND BILLS PAYABLES

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

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

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

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

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

19. BANK AND OTHER BORROWINGS

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

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

19. BANK AND OTHER BORROWINGS (Continued)

The bank and other loans are secured by:

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

20. SHARE CAPITAL

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

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

21. SHARE OPTION SCHEME

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

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

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

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

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

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

21. SHARE OPTION SCHEME (Continued)

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

Equity-settled

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

22. RELATED PARTY TRANSACTIONS

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

The compensation of key management personnel, representing remuneration of the Company's directors, for the six months ended 30 June 2021 was RMB874,000 (six months ended 30 June 2020: RMB472,730).

23. FINANCIAL RISK MANAGEMENT

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

	Unaudited 30 June 2021 Carrying amount RMB'000	Audited 31 December 2020 Carrying amount RMB'000
Financial assets		
At amortised cost		
– Cash and cash equivalents	298,827	891,921
– Restricted bank deposits	230,308	247,536
– Trade and retention receivables	978,783	985,289
– Other receivables	369,295	261,300
	<u>1,877,213</u>	<u>2,386,046</u>
Financial liabilities		
At amortised cost		
– Trade payables	144,728	142,295
– Bills payables	528,728	442,681
– Other payables and accruals	48,971	33,014
– Bank and other borrowings	1,665,342	1,640,400
	<u>2,387,769</u>	<u>2,258,390</u>

23. FINANCIAL RISK MANAGEMENT (Continued)

(a) Fair value

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

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

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

Financial instruments not measured at fair value

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

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

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

24. EFFECT OF COVID-19

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The board of Directors (the “Board”) of Pujiang International Group Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”).

During the Reporting Period, the Group has two main reporting business segments, namely, the business which manufactures cables for long-span bridges (the “Cable Business”) and the business which manufactures prestressed materials for various infrastructure construction (the “Prestressed Materials Business”). For the six months ended 30 June 2021, the total revenue of the Group amounted to RMB952.2 million, representing an increase of 22.3% as compared to the corresponding period in 2020.

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

Cable Business

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

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

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

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

BUSINESS REVIEW (Continued)

Prestressed Materials Business

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

PERFORMANCE ANALYSIS AND DISCUSSION

Revenue

	Unaudited Six months ended 30 June			
	2021		2020	
	RMB'000	% of total revenue	RMB'000	% of total revenue
Revenue				
Cable Business:				
Suspension cables projects	350,386	36.8	253,126	32.5
Stay cables projects	153,853	16.2	147,965	19.0
Others-installation projects	7,411	0.8	2,257	0.3
Others-sale of scrap materials	780	0.1	4,108	0.5
	<u>512,430</u>	<u>53.9</u>	<u>407,456</u>	<u>52.3</u>
Prestressed Materials Business:				
Plain surface prestressed products	10,951	1.2	7,518	1.0
Rare earth prestressed products	349,284	36.7	282,877	36.3
Galvanised prestressed products	73,966	7.8	78,956	10.1
Other steel materials	5,534	0.6	1,849	0.2
	<u>439,735</u>	<u>46.1</u>	<u>371,200</u>	<u>47.7</u>
	<u>952,165</u>	<u>100.0</u>	<u>778,656</u>	<u>100.0</u>

PERFORMANCE ANALYSIS AND DISCUSSION (Continued)

Revenue (Continued)

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

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

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

Gross profit and gross profit margin

The following table sets out the respective gross profit and gross profit margin by operating segment:

	Unaudited six months ended 30 June			
	2021		2020	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Cable Business	178,021	34.7	138,018	33.9
Prestressed Materials Business	83,724	19.0	71,923	19.4
Total	261,745	27.5	209,941	27.0

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

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

PERFORMANCE ANALYSIS AND DISCUSSION (Continued)

Selling and distribution costs

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

General and administrative expenses

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

Research and development expenses

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

Finance costs

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

Share of (loss)/profit of associates

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

Income tax expenses

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

Profit for the period

As a result of the foregoing, the Group recorded a net profit of RMB97.9 million in the first half of 2021, representing an increase of 18.4% as compared to RMB82.7 million in first half of 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Working Capital

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

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

Cash flows

Cash flows from operating activities

For the six months ended 30 June 2021, our net cash used in operating activities was RMB513.3 million (excluding income tax paid of RMB23.0 million), while profit before income tax was RMB121.1 million. Changes in working capital consisted mainly of (i) an increase of RMB409.4 million in prepayments, deposits and other receivables for procuring raw materials for upcoming bridge cable projects and to secure favourable treatment in terms of supply of raw materials; (ii) an increase of RMB319.2 million in inventories for the production of upcoming bridge projects; and (iii) an increase of RMB88.5 million in trade and bills payables due to the increase in bills payables to enjoy longer credit period.

Cash flows from investing activities

For the six months ended 30 June 2021, net cash used in investing activities was RMB20.2 million. This consisted mainly of the deposit paid for purchases of property, plant and equipment for the expansion of production facility and research centre.

Cash flows from financing activities

For the six months ended 30 June 2021, net cash used in financing activities was RMB25.5 million. This consisted mainly of the repayment of bank borrowings.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES (Continued)

Bank borrowings

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

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

Charge on assets

As at 30 June 2021, bank borrowings of approximately RMB1,665.3 million (31 December 2020: RMB1,640.4 million) were secured by pledge of the Group’s certain assets including leasehold land or trade and retention receivables in certain subsidiaries or bank deposits.

Contingent liabilities

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

Capital structure

As at 30 June 2021, the total share capital of the Company was RMB7,138,000, divided into 811,044,000 Shares of nominal value of HK\$0.01 each.

FOREIGN EXCHANGE RISK

The Group operates in the PRC with most of the transactions denominated and settled in RMB. As at 30 June 2021, except for certain amount of interest-bearing bank borrowings denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. Currently, the Group has not used derivative financial instruments to hedge its foreign currency risk.

USE OF PROCEEDS

The aggregate net proceeds raised by the Company from the Listing on the Hong Kong Stock Exchange was RMB451.9 million. During the period from the Listing Date and up to the date of this report, the net proceeds had been applied as follows:

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus ^{Note 1}	Use of proceeds		Unutilised net proceeds as of the date of this report	Expected timeline of full utilisation of the remaining balance
		adjusted according to the actual net proceeds from the Listing	Actual use of proceeds from the Listing Date to the date of this report		
Repayment of banking facilities ^{Note 2}	27.2%	122.8	122.8	–	–
Acquisition of business ^{Note 3}	24.2%	109.4	–	109.4	First half of 2022
Expansion of production facility for Prestressed Materials Business ^{Note 4}	21.1%	95.5	31.5	64.0	End of 2021
Expansion of research and development centre for Cable Business ^{Note 4}	13.4%	60.4	31.1	29.3	First half of 2022
Working capital	9.6%	43.4	43.4	–	–
Purchase of additional production equipment and environmental protection facilities ^{Note 5}	4.5%	20.4	2.6	17.8	End of 2021
Total	100%	451.9	231.4	220.5	

Notes:

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

INTERIM DIVIDEND

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

OUTLOOK AND FUTURE PROSPECTS

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

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

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

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

Hong Kong, on 18 August 2021

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As of 30 June 2021, so far as known to the Directors, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”) which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules (including those they are taken or deemed to have under such provisions of the SFO) were as follows:

(i) Interest in shares of the Company

Name of the directors	Capacity	Number of Shares interested ⁽¹⁾	Approximate shareholding percentage
Dr. Tang Liang (“Dr. Tang”)	Interest of a controlled corporation ⁽²⁾	552,721,064 (L)	68.15%
Mr. Hua Wei	Beneficial owner	7,800,000 (L)	0.96%
Mr. Ni Xiaofeng	Beneficial owner	1,300,000 (L)	0.16%
Mr. Zhou Xufeng	Beneficial owner	2,520,000 (L)	0.31%

Notes:

1. The letter “L” denotes the entity/person’s long position in the Shares.
2. The 552,721,064 Shares are held by Elegant Kindness Limited (“Elegant Kindness”) which is in turn wholly owned by Dr. Tang. Dr. Tang is deemed or taken to be interested in all the Shares held by Elegant Kindness Limited for the purposes of SFO.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Interest in shares of associated corporations of the Company

Name of Director	Name of associated corporations	Capacity	Number of shares in the associated corporation	Approximate shareholding percentage
Dr. Tang	Elegant Kindness	Beneficial owner	50,000	100%
	Shanghai Xiong Ao Investment Co., Ltd. (formerly "Shanghai Xiong Ao Enterprise Management Co., Ltd.")	Beneficial owner	4,999,995	1%
	Shanghai Pujiang Cable Co., Ltd.	Beneficial owner	2,500,000	0.5%
	Shanghai Push Medical Device Co., Limited	Beneficial owner	21,000,000	37.8%

Save as disclosed above, as of 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2021, as far as is known to the Directors, the following person (not being the Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate shareholding percentage
Elegant Kindness	Beneficial owner	552,721,064 (L)	68.15%
China Merchants Bank Co., Ltd ⁽²⁾	Interest of controlled corporation	200,000,000 (L)	24.66%
CMB International Finance Limited	Security interest in shares	200,000,000 (L)	24.66%
China Silver Asset Management Limited	Investment manager	73,269,000 (L)	9.03%
CS Asia Opportunities Master Fund	Beneficial owner	73,269,000 (L)	9.03%

Notes:

1. The letter "L" denotes the entity/person's long position in the Shares.
2. CMB International Finance Limited is directly controlled by China Merchants Bank Co., Ltd. and therefore China Merchants Bank Co., Ltd is deemed to be interested in the security interest over the Shares held by CMB International Finance Limited.

Save as disclosed above, and as of 30 June 2021, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

The Group has adopted a share option scheme (the “Scheme”) pursuant to the shareholders’ written resolution passed on 24 April 2019. As of 30 June 2021, an aggregate of 42,000,000 share options were granted under the Scheme.

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme was to provide incentives or rewards to certain eligible persons for their contribution to the growth of the Group or any entity in which the Group holds any equity interests (“Invested Entity”) and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

2. Participants of the Share Option Scheme and the basis of determining the eligibility of the Participants

The Board shall be entitled but shall not be bound at any time and from time to time within the period of ten years from the date on which the Share Option Scheme becomes effective to make offers to: (i) any employee (whether full time or part time employee, including any executive Director but not any non-executive Director) of the Group and any Invested Entity; (ii) any non-executive Director (including independent non-executive Directors) of the Group or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer, business or joint venture partner, franchisee, contractor, agent or representative of our Group or any Invested Entity; (v) any consultant, adviser, manager, officer or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to the Group or any Invested Entity; and (vi) any direct or indirect Shareholder of the Group or any Invested Entity (collectively the “Participants”), as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, to take up options to subscribe for Shares, being a board lot for dealing in Shares on the Hong Kong Stock Exchange or an integral multiple thereof, as the Board may determine at a price calculated in accordance with Share Option Scheme.

3. Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not, in aggregate, exceed 10% of the total number of Shares in issue as at the Listing Date (the “Scheme Mandate Limit”) unless the Company seeks the approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit in accordance with the Share Option Scheme. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Group shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

The Company may at any time refresh such limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time.

SHARE OPTION SCHEME (Continued)

4. Maximum entitlement of each participant

Unless approved by the Shareholders in the manner set out in the Share Option Scheme, no participant shall be granted an option if the total number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised and outstanding options) in any 12-month period up to and including the date of the such further grant would exceed 1% of the Shares in issue as at the date of such further grant.

5. Offer period

An offer of the grant of option may be accepted by a participant within 21 business days from the date of the offer of grant of options.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may in its absolute discretion determine which shall not be more than 10 years from the date of grant of the option and the Board may at its discretion determine the minimum period for which the option has to be held or restrictions before the exercise of the subscription right attaching to an option.

6. Subscription price

The subscription price for Shares in respect of any option granted under the Share Option Scheme shall be such price as determined by the Board, in its absolute discretion, but in any case shall not be less than the highest of:

- (i) the closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;
- (ii) the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and
- (iii) the nominal value of a Share on such date of grant,

provided that for the purpose of calculating the subscription price, where the Shares have been listed on the Hong Kong Stock Exchange for less than five trading days, the new issue price shall be used as the closing price for any trading day falling within the period before such listing. Upon acceptance of the option, the grantee shall pay HK\$1 to our Company by way of consideration for the grant.

7. Remaining life of the Share Option Scheme

Subject to the fulfilment of the conditions of the Share Option Scheme and the earlier termination by Shareholders, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 28 May 2019, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

SHARE OPTION SCHEME (Continued)

Details of the movement in options granted under the Scheme during the Reporting Period were as follows:

Grantee	Date of grant	Number of share options				As at 30 June 2021	Exercise period	Exercise price per share
		As at 1 January 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/cancelled during the Reporting Period			
Director								
Mr. Hua Wei	3 June 2019	1,950,000	-	-	-	1,950,000	3 June 2022 to 2 June 2029	HK\$2.80
		1,950,000				1,950,000	3 December 2022 to 2 June 2029	HK\$2.80
		1,950,000				1,950,000	3 June 2023 to 2 June 2029	HK\$2.80
		1,950,000				1,950,000	3 December 2023 to 2 June 2029	HK\$2.80
Mr. Zhou Xufeng	3 June 2019	630,000	-	-	-	630,000	3 June 2022 to 2 June 2029	HK\$2.80
		630,000				630,000	3 December 2022 to 2 June 2029	HK\$2.80
		630,000				630,000	3 June 2023 to 2 June 2029	HK\$2.80
		630,000				630,000	3 December 2023 to 2 June 2029	HK\$2.80
Mr. Ni Xiaofeng	3 June 2019	325,000	-	-	-	325,000	3 June 2022 to 2 June 2029	HK\$2.80
		325,000				325,000	3 December 2022 to 2 June 2029	HK\$2.80
		325,000				325,000	3 June 2023 to 2 June 2029	HK\$2.80
		325,000				325,000	3 December 2023 to 2 June 2029	HK\$2.80
Others								
Other employees in aggregate	3 June 2019	5,095,000	-	-	-	5,095,000	3 June 2022 to 2 June 2029	HK\$2.80
		5,095,000				5,095,000	3 December 2022 to 2 June 2029	HK\$2.80
		5,095,000				5,095,000	3 June 2023 to 2 June 2029	HK\$2.80
		5,095,000				5,095,000	3 December 2023 to 2 June 2029	HK\$2.80
	23 October 2019	2,500,000	-	-	250,000	2,250,000	23 October 2022 to 22 October 2029	HK\$4.092
		2,500,000			250,000	2,250,000	23 April 2023 to 22 October 2029	HK\$4.092
		2,500,000			250,000	2,250,000	23 October 2023 to 22 October 2029	HK\$4.092
		2,500,000			250,000	2,250,000	23 April 2024 to 22 October 2029	HK\$4.092
		<u>42,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,000,000</u>		

Save as disclosed, none of the shares granted under the Scheme were exercised, cancelled or lapsed during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

There was no other significant events occurred subsequent to 30 June 2021 and up to the date of this report.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2021, the total number of employees in the Group was 461 (31 December 2020: 454 and total employee costs amounted to RMB27.1 million). The remuneration packages of the employees of the Group are determined with reference to their role, position, experience and work performance. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

Further, in terms of training and development, the Group focused on strategic development and re-energising employees with training and formulated employee training management system to enhance stability, flexibility and the entirety of its workforce.

MATERIAL ACQUISITIONS AND DISPOSAL AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the completion of the proposed privatization of Ossen Innovation which is expected to take place in 2021 and the future plans set out in the section headed "Use of Proceeds" above, the Company has no plan for any material investments or additions of capital assets as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Period.

CHANGES TO DIRECTORS' INFORMATION

On 17 March 2021, Ms. Zhang Weiwen resigned as an executive Director and Mr. Hua Wei has been appointed as an executive Director with effect from 17 March 2021. Save as disclosed in this report, the Directors confirm that there is no change in the information of the Directors that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF CHAPTER 13 OF THE LISTING RULES

On 23 July 2020, the Company as borrower entered into a facility agreement (the “Facility Agreement”) with two financial institutions as lenders (the “Lenders”) in relation to a term loan facility in an amount up to US\$40,000,000 (with a greenshoe option of up to US\$30,000,000).

Pursuant to the Facility Agreement and in order to secure the Company’s obligations under the Facility Agreement and the other Finance Documents (as defined in the Facility Agreement), on even date, Elegant Kindness, being the immediate controlling shareholder of the Company, executed a share charge, pursuant to which Elegant Kindness agreed to deposit 200,000,000 shares of the Company (the “Charged Shares”) (subject to adjustment), into a securities account and charge the same in favour of CMB International Securities Limited, an affiliate of one of the Lenders. The Charged Shares represent 24.66% of the total issued shares of the Company as at the date of this report.

Pursuant to the terms of the Facility Agreement, if:

- (a) Dr. Tang ceases to control or beneficially (directly or indirectly) own at least 51% of the entire issued share capital of the Company; or
- (b) Dr. Tang ceases to control or beneficially (directly or indirectly) own the entire issued shares of Elegant Kindness; or
- (c) Elegant Kindness ceases to control or beneficially (directly or indirectly) own at least 51% of the issued share capital of the Company; or
- (d) Ossen Group Co., Limited (“Ossen HK”), a wholly-owned subsidiary of the Company and Dr. Tang cease to control or beneficially (directly or indirectly) own 99% and 1%, respectively, of the equity interest of Shanghai Xiong Ao Investment Co., Ltd (上海雄傲投資有限公司)(“Shanghai Xiong Ao”), a subsidiary of the Company; or
- (e) Shanghai Xiong Ao, Dr. Tang and Ossen HK cease to control or beneficially (directly or indirectly) own 98.5%, 0.5% and 1%, respectively, of the equity interest of Shanghai Pujiang Cable Co., Limited (上海浦江纜索股份有限公司), a subsidiary of the Company,

the commitments under the Facility Agreement shall be immediately cancelled in full and all amounts outstanding under the Facility Agreement and the Finance Documents (as defined in the Facility Agreement) shall become immediately due and payable.



AUDIT COMMITTEE

The unaudited interim condensed consolidated results of the Group have been reviewed by the audit committee of the Company and by the external auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the Reporting Period.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and the relevant employees of the Company. Specific enquiry has been made to all Directors and all of the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

During the Reporting Period, the Company is not aware of any incident of non-compliance of the Model Code by the relevant employees.