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

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	**(Unaudited)**	(Unaudited)
Revenue	4	**5,108,561**	3,737,667
Cost of sales		**(4,882,547)**	(3,545,822)
Gross profit		**226,014**	191,845
Other income and gains	5	**7,377**	3,734
Administrative expenses		**(69,275)**	(56,737)
Impairment losses on financial and contract assets, net		**(26,729)**	(13,631)
Other expenses		**(113)**	(6,705)
Finance costs	6	**(35,840)**	(45,490)
PROFIT BEFORE TAX	7	**101,434**	73,016
Income tax expense	8	**(24,830)**	(15,587)
PROFIT FOR THE PERIOD		**76,604**	57,429
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**76,604**	57,429
Profit attributable to:			
Owners of the parent		**76,447**	56,809
Non-controlling interests		**157**	620
		76,604	57,429
Total comprehensive income attributable to:			
Owners of the parent		**76,447**	56,809
Non-controlling interests		**157**	620
		76,604	57,429
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	10	**0.14**	0.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

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

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepare 0 (** (*, 0/ , (0 (** 0. ((**IAS** *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial information, and should be ,(0 * * 0 0/ /, ((-0 (*0((, , - /, ,(, , December 2020. The interim condensed consolidated financial information is presented in , 0)0 **RMB** (((, (, , /, ,(, / (nds, except when otherwise indicated.

This interim condensed consolidated financial information has not been audited.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in /, , ((0 - /, annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards **IFRSs** - /, -0 0 , - /, * , , 0 -0 (*0(0 - (0

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform Phase 2*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions before 30 June 2021* (early adopted)

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-- ,, (, /, phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark ,- (, 0 -0 (*0(0 , (0 ((., , (,.

The amendment did not have any impact on /, 0 , 0 * , , consolidated financial information.

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

/, (, , 0 /(, (0 (* /, 0 , 0 * , , consolidated financial information, since no rent concession has been offered to the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) Construction contracting provision of construction services;

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

/, , , , - , , (* , - ,(*/ , (0 . segment is set out in note 4 to the interim condensed consolidated financial information.

((. , , 0 /, , - /, , (0 . ,. , , ((, - /, purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax.

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

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

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

Note:

[1] Capital expenditure mainly consists of additions to property, plant and equipment and other intangible assets.

For the six months ended 30 June 2020	Construction contracting	Others	Eliminations	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue				
Sales to external customers	3,709,370	28,297	-	3,737,667
Intersegment sales	-	8,073	(8,073)	-
Total revenue	3,709,370	36,370	(8,073)	3,737,667
Profit before tax	89,099	(3,438)	(12,645)	73,016
Income tax expense	(15,487)	(100)	-	(15,587)
Segment results	73,612	(3,538)	(12,645)	57,429
Other segment information:				
Interest income	325	13	-	338
Finance costs	42,799	2,691	-	45,490
Depreciation	5,606	896	-	6,502
Amortisation	353	82	-	435
Impairment losses recognised/(reversed) in profit or loss	13,791	(160)	-	13,631
Capital expenditure[1]	3,078	12,330	-	15,408

As at 31 December 2020	Construction contracting	Others	Eliminations	Total
	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets	5,551,350	383,092	(148,343)	5,786,099
Segment liabilities	4,044,428	288,915	(80,529)	4,252,814

Note:

[1] Capital expenditure mainly consists of additions to property, plant and equipment and other intangible assets .

4. REVENUE

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

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

For the six months ended 30 June 2020

Segments	Construction contracting	Others	Total
	(Unaudited)	(Unaudited)	(Unaudited)
Type of goods or service			
Residential	2,155,180	-	2,155,180
Commercial	343,169	-	343,169
Industrial	859,264	-	859,264
Public works	351,757	-	351,757
Construction contracting			

8. INCOME TAX EXPENSE

Most - /,) 0 0(0, , (0. 0 (0 (/0 ((,) ,* enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws. Except for those further explained below, PRC enterprise income tax has been provided at the rate of 25% (2020: 25%) on the taxable income.

Pursuant to relevant laws and regulations in the PRC and with the approval from the tax (/ 00, 0 */(., , - /,) 0 0(0, 0(0. 0(. ,-, *, 0 , Co., Ltd., qualified as a High and New Technology Enterprise, is entitled to the preferential tax rate of 15% for the three years from November 2018 to November 2021. The status is renewable after November 2021 subject to fulfilment of certain conditions imposed by the relevant laws and regulations.

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

The breakdown of income tax expense is as follow:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Current income tax Mainland China		
Charge for the period	**33,007**	23,219
Over-provision in prior years	**(2,110)**	(4,275)
Deferred income tax	**(6,067)**	(3,357)
Tax charge for the period	**24,830**	15,587

A reconciliation of the income tax expense applicable to profit before tax at the statutory 0 * , ((, /, 0 * , (, , , (/, , --, * 0 , 0 * , (rate is as follows:

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

9. DIVIDENDS

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

* The Company proposed to distribute a final dividend of 4.0 Hong Kong cents in cash (before tax) per share for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company on Friday, 25 June 2021. The exchange rate for the divi f7 Tm

11. CONTRACT ASSETS

	As at 30 June 2021	As at 31 December 2020

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

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

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

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

13. TRADE AND BILLS PAYABLES

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

	As at 30 June 2021	As at 31 December 2020
	(Unaudited)	(Audited)
Within 6 months	**2,029,454**	2,218,323
6 months to 1 year	**267,250**	315,259
1 to 2 years	**169,331**	169,429
2 to 3 years	**52,458**	113,449
Over 3 years	**117,011**	84,995
	2,635,504	2,901,445

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

14. COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Year of 0 /, -0 ,(- 0 , , 0. /, / 0,- ,((/, * * 0 industry still faces a relatively sound market environment, but the market structure and competition landscape have changed, imposing new requirements on construction enterprises. While doing well in market operation and project performance, construction enterprises must also constantly carry out organizational renewal and capability reconstruction, actively adjust

In the first half of 2021, the government announced a number of important policies. In March 2021, the Notice on the Technical Guidelines for Green Construction (Trial) ( ) was issued, setting out the main technical requirements for green construction: adopting systematic integrated design, lean production and construction, integrated renovation, strengthening the promotion and application of new technologies, and improving the industrialization level of construction methods as a whole; effectively adopting building 0- (0 ,0. **BIM** , Internet of Things, big data, cloud computing, mobile communication, blockchains, artificial intelligence, robots and other related technologies based on the actual needs to improve the overall informatization level of construction methods; adopting organizational management methods such as engineering, procurement and construction and engineering consulting in the entire process to promote in-depth coordination among design, production and construction, and comprehensively improving the intensive level of construction management; strengthening communication and cooperation between upstream and downstream enterprises in the whole industrial chain of design, production, construction and operation, strengthening professional division of labor and social collaboration, optimize resource allocation, build a green construction industrial chain, and improve the industrialization level of the construction process as a whole. On 30 April 2021, President Xi emphasized at the meeting of the Political Bureau of the Central Committee that party committees and governments at all levels had to clearly define the schedule, roadmap and construction plan for carbon peak and carbon neutralization. He emphasized that the realization of carbon peak and carbon neutrality was the solemn commitment of China to the world, and was also a broad and profound economic and social reform which cannot be realized easily. In May 2021, the Chinese government published the Notice of the State Council on Deepening the ,- - ,((0. ,0- 0, 0*, , /, 0(, /, 0(0- Market Players ( ). As reflected from the above measures, the central government is determined to promote green * *0 ((* *0)0 (/0(*0)(0/0, (0 (competitiveness.

BUSINESS REVIEW

0.)(*0 /,-0 /(- - /, ,(,0 , , , /, , , , (- /, /0,-,((,0 -*, /,),*0,- (carried out various tasks in accordance with the comprehensive high-quality development requirements to promote market expansion, production management and technological 0(0 /, , , ,(,-0- /,0 /, , , , , approximately RMB5,108.6 million and approximately RMB76.6 million respectively, representing an increase of approximately 36.7% and approximately 33.4% respectively from the corresponding period of the previous year. The value of backlog increased by approximately 15.0% to approximately RMB17,660.0 million as at 30 June 2021 as compared to that of approximately RMB15,354.4 million as at 30 June 2020. The following table sets forth a breakdown of the movement in the value of backlog:

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

Notes:

(1) Net value of new contracts means the total contract value of new construction contracting

FINANCIAL REVIEW

Revenue and gross profit margin

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

Gross profit increased by approximately 17.8% from approximately RMB191.8 million for the six months ended 30 June 2020 to approximately RMB226.0 million for the six months ended 30 June 2021, which was in line with increase in revenue. However, the gross profit margin decreased from approximately 5.13% for the six months ended 30 June 2020 to approximately 4.42% for the six months ended 30 June 2021, such decrease was mainly due to the decrease in gross profits margins of the construction contracting business, especially for the residential construction contracting business. The PRC government set a ceiling on the residential property markets, even the pricing policy, as a result, the pricing of the construction contracts was further compressed. The gross profit margin of the construction contracting business was at 4.29% and 5.04% for the six months ended 30 June 2021 and 2020, respectively.

Other income and gains

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

Administrative expenses

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

Impairment losses on financial and contract assets, net

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

Other expenses

Other expenses decreased by approximately RMB 6.6 million from approximately RMB6.7 million for the six months ended 30 June 2020 to approximately RMB0.1 million for the six months ended 30 June 2021, primarily due to absence of a loss on disposal of a subsidiary amounting to approximately RMB6.4 million which was recorded during the six months ended 30 June 2020.

Finance costs

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

Income tax expense

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

Profit for the period

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

/, 0. *(0(- /, , (0 0 (0 * , - *(/ ., , (, - operating activities and interest-bearing bank and other borrowings. As at 30 June 2021 and 31 December 2020, the Group had cash and cash equivalents of approximately RMB246.6 million and approximately RMB184.4 million, respectively.

Treasury policies

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

Contract assets

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

Trade and bills receivables

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

Trade and bills payables

Trade and bills payables decreased by approximately 9.2% from approximately RMB2,901.5 million as at 31 December 2020 to approximately RMB2,635.5 million as at 30 June 2021. Such decrease was due to the advanced payment made to secure the materials to be delivered on time as the

Borrowings and charge on assets

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

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

Gearing ratio

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

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

Capital expenditure

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

Capital commitments

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

Contingent liabilities

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

Fluctuation of RMB exchange rate and foreign exchange risks

/, (0 - /,) 0, (( )( ) 0. (, , 0 (, ((** , for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEE AND REMUNERATION POLICIES

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

The Group believes that the long-term growth depends on the expertise, experience and development of the employees. The salaries and benefits of the employees depend primarily on their type of work, position, length of service with us and local market conditions. In order to 0 , /, , ,, 0 (,*/ 0*(, , 0, /, provides regular training to the employees.

FUTURE PROSPECTS

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

, - (, , , , /, 0 - /, , , , (- /, / Five- ,((, 0 - * s on the three-year action plan for comprehensive high-quality development, adhere to the general tone of work of steady and rapid progress, coordinate development and safety with innovative development as the driving force, promote transformation and brea / ./ (- /, , /(*, /, 0 ,.0 (* , 00, advantages.

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OTHER INFORMATION

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Save as disclosed in this announcement, none of the controlling shareholders of the Company, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other businesses, which would require disclosure under Rule 8.10 of the Rules Governing the Listing of ,* 00 /, * */(., - . . 0 0, /, **Listing Rules** .

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. /, (/((, /, * , 00 /, **Code Provisions** - /, (, , (*, , **CG Code** , 0 , 0 /, 00. ,

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules **Model Code** (/, (* , - * * ,.(0. 0,* (s , 0 securities transactions. Upon specific enquiries, all Directors and Supervisors confirmed that