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Jianzhong Construction Development Limited

建中建設發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 589)

PROFIT WARNING

This announcement is made by Jianzhong Construction Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Group for the five months ended 31 May 2020 (the “**Relevant Period**”) and the information currently available to the Board, the Group’s consolidated revenue and profit after tax for the Relevant Period has decreased by approximately 25% and 55% as compared to the corresponding period of 2019. The Board considers that the said decrease was primarily attributable to, among other things:

- (i) delay in progress of the Group’s construction projects due to the coronavirus outbreak as set out in the prospectus of the Company dated 29 February 2020. This led to the drop of revenue and gross profit of the Group during the Relevant Period; and
- (ii) increase in recognition of allowance for expected credit losses. The prolonged spread of coronavirus in mainland China had greater impact on the economy of China. Coupled with the weakened world economy after the massive outbreak of coronavirus in Europe and United States of America since March 2020, additional challenges were posed on China’s economy, including cashflow of construction sector. All of these resulted in more long-aged trade receivables and contract assets

of the Group being recorded during the Relevant Period. Accordingly, additional allowance for expected credit losses on trade receivables and contract assets was made during the Relevant Period.

Furthermore, based on the information currently available to the Company, the operating environment of the Group remained challenging for the month of June 2020 due to the prolonged outbreak of coronavirus. Accordingly, the Board expects that the Group's revenue and profit after tax for the six months ended 30 June 2020 will decrease substantially as compared to that for the six months ended 30 June 2019.

The Company is in the process of preparing the interim results of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on the information currently available to the Company and the preliminary review by the Board on the Management Accounts, which have not been reviewed by the independent auditors and/or the audit committee of the Company. The actual interim results of the Group for the six months ended 30 June 2020 may differ from what is disclosed in this announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and to read carefully the announcement of interim results of the Group for the six months ended 30 June 2020, which is expected to be published in August 2020 in accordance with the requirements of the Listing Rules.

By order of the Board
Jianzhong Construction Development Limited
Xun Minghong
Chairman and Executive Director

Fuzhou, PRC, 8 July 2020

As at the date of this notice, the Board comprised executive Directors Mr. Xun Minghong (chairman of the Board), Mr. He Wenlin and Ms. Zheng Ping; non-executive Directors Mr. Yang Kaifa, Mr. Zeng Guohua and Mr. Xun Liangbao; and independent non-executive Directors Mr. Sze Irons, B.B.S., J.P., Mr. Wong Kun Kau and Mr. Zhu Diwu.