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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)

SUPPLEMENTAL ANNOUNCEMENT – QUARTERLY UPDATE ON RESUMPTION PROGRESS AND CONTINUED SUSPENSION OF TRADING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Jianzhong Construction Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement (the “**Announcement**”) of the Company dated 17 January 2025 in relation to a quarterly update on the Company’s progress in fulfilling the resumption guidance setting out by The Stock Exchange of Hong Kong Limited for resumption of trading of the Company’s shares. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board wishes to update the Shareholders and potential investors of the Company with information regarding (i) the details of the information and documents required by Crowe (HK) CPA Limited, the auditors of the Company (the “**Auditors**”), and the progress of the Company in providing such information and documents; (ii) the current progress of the audit work for the 2023 Annual Results; (iii) the expected timeline for the completion of the audit work for the 2023 Annual Results and the publication of the 2023 Annual Results and the 2024 Interim Results; and (iv) the pertinent business updates and status of business operations for each of the Group’s business segments.

1 THE DETAILS OF THE INFORMATION AND DOCUMENTS REQUIRED BY THE AUDITORS AND THE PROGRESS OF THE COMPANY IN PROVIDING SUCH INFORMATION AND DOCUMENTS

As previously disclosed in the Announcement, the Company is still in the process of collecting and collating the necessary information and documents as required by the Auditors to complete the audit process. As at the date of this announcement, the information and documents required by the Auditors include, among others, (i) impairment assessment on the items of property, plant and equipment; (ii) estimated provision for expected credit loss of trade receivables; (iii) recovery of certain confirmations from banks, customers and suppliers; (iv) assessment on the going concern basis on the preparation of the Company's consolidated financial statements; and (v) demonstration of effectiveness of the internal controls and procedures of the Company (collectively the "**Major Outstanding Matters**").

The provision of the necessary information and documents to the Auditors has required additional coordination and effort, given (i) the substantial volume of materials involved; (ii) the engagement of appropriate experts for various valuations and reviews; and (iii) the fact that this marks the first collaboration between the Company and the Auditors, who were formally appointed on 11 April 2024 following the conclusion of the extraordinary general meeting. As with any initial partnership, the process involved adapting to new working dynamics, which posed challenges that extended the audit closing process. Nevertheless, significant progress in alignment and communication has been achieved over the course of the year.

In light of the Major Outstanding Matters, the Company has engaged independent valuers to assess the impairment issues and is in the process of considering suitable candidates to be appointed to conduct a review of the internal controls and procedures of the Company to demonstrate that the Company has in place adequate internal controls and procedures to meet obligations under the Listing Rules.

2 THE CURRENT PROGRESS OF THE AUDIT WORK FOR THE 2023 ANNUAL RESULTS

As at the date of this announcement, (i) all confirmations have been dispatched according to the confirmation control list provided by the Auditors pending receipt of replies from banks, customers and suppliers; (ii) the valuation report in respect of the impairment issues are being reviewed by the Auditors and more time is needed for the Auditors to discuss with the valuers engaged by the Company; and (iii) a substantial portion of the information and documents required by the Auditors had been provided and the Company will work closely with the auditors to finalise the audit of the 2023 Annual Results.

3 THE EXPECTED TIMELINE FOR THE COMPLETION OF THE AUDIT WORK FOR THE 2023 ANNUAL RESULTS AND THE PUBLICATION OF THE 2023 ANNUAL RESULTS AND THE 2024 INTERIM RESULTS

It is expected that the audit work for the 2023 Annual Results will be completed by the end of March 2025. The Company will strive to publish the 2023 Annual Results and the 2024 Interim Results on or before the end of March 2025.

4 THE PERTINENT BUSINESS UPDATES AND STATUS OF BUSINESS OPERATIONS FOR EACH OF THE GROUP'S BUSINESS SEGMENTS

The Company would like to provide additional information about the update to the Company's existing business in mainland China, which includes (i) the provision of construction service (the "**Construction Service Business**"), (ii) the provision of equipment operation service (the "**Equipment Operation Service Business**"), and (iii) the provision of sewage treatment service (the "**Sewage Treatment Service Business**").

The Construction Service Business

In view of the recent economic condition in the PRC, the primary focus of the Group is to strengthen its liquidity position and to retain more cash to navigate the challenging operating environment. Given the substantial capital demands of the construction services business, coupled with extended trade receivable collection periods and a heightened risk of bad debts, the Group has been taking a conservative, prudent and cautious approach in tendering for new construction projects, ensuring a careful balance between opportunity and risk management.

The Equipment Operation Service Business

Amid recent economic challenges and other influencing factors, demand for equipment operation services has experienced a year-on-year adjustment. However, the Company maintains a robust reserve of equipment, ensuring readiness to provide operational services as and when required. With confidence in the potential of this segment, the Company remains optimistic and is actively pursuing opportunities to secure new orders and to drive future growth.

The Sewage Treatment Service Business

The sewage treatment service business remained stable with no major fluctuations.

The Board's conclusion

The Group will continue to ensure the smooth business operation of the Group. The Board will continue to assess and monitor the impact (if any) of the suspension of trading in the shares of the Company on the operations and financial performance of the Group and take appropriate measures, including publication of announcement(s) in relation to the business operations of the Group, as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 2 April 2024 and will remain suspended until the Company fulfils the Resumption Guidance.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Jianzhong Construction Development Limited
Xun Minghong
*Chairman, chief executive officer and
executive Director*

Fuzhou, the PRC, 23 January 2025

As at the date of this announcement, the Board of the Company comprises Mr. Xun Minghong, Mr. He Wenlin and Ms. Zheng Ping as Executive Directors; Mr. Yang Kaifa, Mr. Wang Wei and Mr. Xun Liangbao as Non-executive Directors; and Ms. Wang Huaping, Mr. Fu Binjie and Mr. Fan Wei as Independent Non-executive Directors.