Jujiang Construction Group Co., Ltd.
巨匠建設集團股份有限公司

(*A joint stock limited liability company established in the People's Republic of China*)
(Stock Code: 1459)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2023	2022	**Change**
	RMB'000	RMB'000	**%**
Revenue	**4,168,315**	4,214,634	**(1.10)**
Gross profit	**160,848**	171,704	**(6.32)**
Gross profit margin	**3.86%**	4.07%	**(0.21)**
Profit for the period	**31,278**	34,514	**(9.38)**
Net profit margin	**0.75%**	0.82%	**(0.07)**
Basic and diluted earnings per share (RMB)	**0.06**	0.07	

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jujiang Construction Group Co., Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022. The interim results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

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

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June **2023** **RMB'000** **(Unaudited)**	 2022 RMB'000 (Unaudited)
Revenue	4	**4,168,315**	4,214,634
Cost of sales		**(4,007,467)**	(4,042,930)
Gross profit		**160,848**	171,704
Other income and gains	5	**10,590**	18,938
Administrative expenses		**(86,000)**	(81,417)
Impairment losses on financial and contract assets, net		**(22,676)**	(51,368)
Other expenses		**(8,614)**	(230)
Finance costs	6	**(21,219)**	(19,511)
PROFIT BEFORE TAX	7	**32,929**	38,116
Income tax expense	8	**(1,651)**	(3,602)
PROFIT FOR THE PERIOD		**31,278**	34,514
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**281**	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**281**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**31,559**	34,514
Profit attributable to:			
Owners of the parent		**31,086**	34,915
Non-controlling interests		**192**	(401)
		31,278	34,514
Total comprehensive income attributable to:			
Owners of the parent		**31,283**	34,915
Non-controlling interests		**276**	(401)
		31,559	34,514
Earnings per share attributable to ordinary equity holders of the parent:			
Basic and diluted (expressed in RMB per share)	10	**0.06**	0.07

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**193,727**	188,233
Investment Properties		**14,776**	15,060
Right-of-use assets		**25,335**	27,049
Goodwill		**1,162**	1,162
Other intangible assets		**84,029**	88,195
Deferred tax assets		**70,527**	66,038
Long term deferred assets		**115,051**	119,420
Total non-current assets		**504,607**	505,157
CURRENT ASSETS			
Inventories		**26,767**	26,351
Non-currents assets due within one year		**8,526**	8,274
Trade and bills receivables	12	**2,362,959**	2,060,624
Contract assets	11	**2,444,338**	2,770,952
Prepayments, other receivables and other assets		**637,952**	655,007
Financial assets at fair value through profit or loss		**10,653**	10,535
Pledged deposits		**229,297**	238,151
Cash and bank balances		**210,671**	221,145
Total current assets		**5,931,163**	5,991,039
CURRENT LIABILITIES			
Trade and bills payables	13	**3,404,874**	3,438,205
Other payables and accruals		**445,500**	512,644
Interest-bearing bank and other borrowings	14	**553,934**	516,895
Tax payable		**227,024**	224,995
Total current liabilities		**4,631,332**	4,692,739
NET CURRENT ASSETS		**1,299,831**	1,298,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,804,438**	1,803,457

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	**145,224**	159,152
Total non-current liabilities		**145,224**	159,152
Net assets		**1,659,214**	1,644,305
EQUITY			
Equity attributable to owners of the parent			
Share capital		**533,360**	533,360
Reserves		**1,096,610**	1,084,427
		1,629,970	1,617,787
Non-controlling interests		**29,244**	26,518
Total equity		**1,659,214**	1,644,305

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. The interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

This interim condensed consolidated financial information has not been audited.

2. CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact 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.

The Group's revenue from external customers from each operating segment is set out in note 4 to the interim condensed consolidated financial information.

Management monitors the results of the Group's operating segments separately for the 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 June2023	**Construction contracting RMB'000 (Unaudited)**	**Others RMB'000 (Unaudited)**	**Eliminations RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment revenue				
Sales to external customers	**4,131,023**	**37,292**	**-**	**4,168,315**
Intersegment sales	**-**	**8,091**	**(8,091)**	**-**
Total revenue	**4,131,023**	**45,383**	**(8,091)**	**4,168,315**
Profit before tax for the period	**30,896**	**(1,438)**	**595**	**32,929**
Income tax expense	**(1,714)**	**93**	**(30)**	**(1,651)**
Segment results	**29,182**	**1,531**	**565**	**31,278**
Other segment information:				
Interest income	**5,037**	**24**	**-**	**5,061**
Finance costs	**16,645**	**4,574**	**-**	**21,219**
Depreciation	**6,696**	**3,331**	**-**	**10,027**
Amortisation	**340**	**3,838**	**-**	**4,178**
Impairment losses recognised in profit or loss	**22,101**	**575**	**-**	**22,676**
Capital expenditure[1]	**7,600**	**5,935**	**-**	**13,535**

As at 30 June 2023	**Construction contracting RMB'000 (Unaudited)**	**Others RMB'000 (Unaudited)**	**Eliminations RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Segment assets	**6,343,100**	**352,839**	**(260,169)**	**6,435,770**
Segment liabilities	**4,711,085**	**233,838**	**(168,367)**	**4,776,556**

Note:

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

For the six months ended 30 June 2022	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue				
Sales to external customers	4,184,646	29,988	-	4,214,634
Intersegment sales	-	8,615	(8,615)	-
Total revenue	4,184,646	38,603	(8,615)	4,214,634
Profit before tax	43,593	(1,546)	(3,931)	38,116
Income tax expense	(3,998)	188	208	(3,602)
Segment results	39,595	(1,358)	(3,723)	34,514
Other segment information:				
Interest income	5,994	10	-	6,004
Finance costs	14,201	5,310	-	19,511
Depreciation	7,272	1,718	-	8,990
Amortisation	358	3,831	-	4,189
Impairment losses recognised in profit or loss	51,250	118	-	51,368
Capital expenditure[1]	13,223	668	-	13,891

As at 31December 2022	Construction contracting RMB'000 (Audited)	Others RMB'000 (Audited)	Eliminations RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	6,330,199	388,394	(222,397)	6,496,196
Segment liabilities	4,721,368	263,103	(132,580)	4,851,891

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 2023

	Construction contracting RMB'000 (Unaudited)	**Others RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Type of goods or service			
Construction contracting	**4,131,023**	**-**	**4,131,023**
Design, survey, training and consultancy	**-**	**19,271**	**19,271**
Sale of construction materials and civil defence products	**-**	**18,021**	**18,021**
Total revenue from contracts with customers	**4,131,023**	**37,292**	**4,168,315**
Geographical markets			
Mainland China	**4,082,554**	**37,292**	**4,119,846**
Indonesia	**48,469**	**-**	**48,469**
Total revenue from contracts with customers	**4,131,023**	**37,292**	**4,168,315**
Timing of revenue recognition			
Services transferred over time	**4,131,023**	**14,474**	**4,145,497**
Goods and services transferred at a point in time	**-**	**22,818**	**22,818**
Total revenue from contracts with customers	**4,131,023**	**37,292**	**4,168,315**

For the six months ended 30 June 2022

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Type of goods or service			
Construction contracting	4,184,646	-	4,184,646
Design, survey, training and consultancy	-	15,044	15,044
Sale of construction materials and civil defence products	-	14,944	14,944
Total revenue from contracts with customers	4,184,646	29,988	4,214,634
Geographical markets			
Mainland China	4,184,646	29,988	4,214,634
Total revenue from contracts with customers	4,184,646	29,988	4,214,634
Timing of revenue recognition			
Services transferred over time	4,184,646	9,743	4,194,389
Goods and services transferred at a point in time	-	20,245	20,245
Total revenue from contracts with customers	4,184,646	29,988	4,214,634

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the six months ended 30 June 2023

	Construction contracting RMB'000 (Unaudited)	**Others RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue			
External customers	**4,131,023**	**37,292**	**4,168,315**
Intersegment sales	**-**	**8,091**	**8,091**
	4,131,023	**45,383**	**4,176,406**
Intersegment adjustments and eliminations	**-**	**(8,091)**	**(8,091)**
Total revenue from contracts with customers	**4,131,023**	**37,292**	**4,168,315**

For the six months ended 30 June 2022

	Construction contracting RMB'000 (Unaudited)	**Others RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
Revenue			
External customers	4,184,646	29,988	4,214,634
Intersegment sales	-	8,615	8,615
	4,184,646	38,603	4,223,249
Intersegment adjustments and eliminations	-	(8,615)	(8,615)
Total revenue from contracts with customers	4,184,646	29,988	4,214,634

5. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other income		
Bank interest income	**3,787**	6,004
Government grant	**5,061**	10,616
Others interest income from financial assets at fair value through profit or loss	**118**	244
Others*	**1,624**	1,038
	10,590	17,902
Gains		
Fair value gains, net: Financial assets at fair value through profit or loss	**-**	1,036
	10,590	18,938

Note:

*Government grants primarily consisted of the incentive fund received from the Bureau of Housing and Urban-Rural Development to support construction services.

6. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	**18,019**	15,710
Factoring expense	**2,735**	2,320
Interest on discounted bills receivable	**-**	1,136
Interest on lease liabilities	**465**	345
	21,219	19,511

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of construction contracting (including depreciation and research and development costs)	**3,992,562**	4,021,724
Cost of others	**14,905**	21,206
Total cost of sales	**4,007,467**	4,042,930
Depreciation of items of property, plant and equipment	**8,029**	7,365
Depreciation of investment properties	**284**	284
Depreciation of right-of-use assets	**1,714**	1,341
Amortisation of intangible assets	**4,178**	4,189
Total depreciation and amortisation	**14,205**	13,179
Research and development costs:		
Current period expenditure	**131,432**	155,816
	131,432	155,816
Impairment of trade receivables	**2,062**	15,458
Impairment of contract assets	**17,712**	26,018
Impairment of financial assets included in prepayments, other receivables and other assets	**2,902**	9,892
Total impairment losses, net	**22,676**	51,368
Auditor's remuneration	**1,100**	1,071
Employee benefit expenses (including directors' and supervisors' remuneration):	**52,468**	50,568
- Wages, salaries and allowances	**42,450**	38,470
- Social insurance	**8,406**	11,652
-Welfare and other expenses	**1,612**	446
Interest income	**(5,061)**	(6,004)

8. INCOME TAX EXPENSE

Most of the companies of the Group are subject to PRC Corporation Income Tax Law, which have been provided based on the statutory rate of 25% (2022: 25%) of the assessable profits of each of these companies during the year as determined in accordance with the relevant PRC income tax rules and regulations, except for certain PRC entities of the Company, which were taxed at 15%.Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**5,456**	12,587
Over-provision in prior years	**-**	(570)
Current– Elsewhere	**684**	-
Deferred	**(4,489)**	(8,415)
Tax charge for the period	**1,651**	3,602

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax	**32,929**	38,116
Income tax charge at the statutory income tax rate	**8,232**	9,529
Lower tax rate enacted by local authority	**(2,927)**	(3,209)
Additional deductible allowance for research and development expenses	**(4,096)**	(2,604)
Income not subject to tax	**-**	(34)
Expenses not deductible for tax purposes	**257**	232
Adjustments in respect of current tax of previous periods	**-**	(570)
Tax losses not recognised	**185**	258
Tax charge for the period at the effective rate	**1,651**	3,602

9. DIVIDENDS

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Declared and paid final dividend - RMB3.67 cents (2022: RMB3.43 cents) per ordinary share*	**19,100**	18,757
	19,100	18,757

The Company proposed to distribute a final dividend of Hong Kong 4.0 cents in cash (before tax) for the year ended 31 December 2022 to the shareholders whose names appear on the register of members of the Company on Monday, 15 May 2023 (the "Record Date") and been paid on Friday, 30 June 2023. The exchange rate for the dividend calculation in RMB is based on the average benchmark exchange rate of Hong Kong Dollar against RMB as published by the People's Bank of China, being HK$1.0000: RMB0.918. Based on the above exchange rate, a final dividend of RMB3.67 cents (before tax) have been paid per domestic share.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

The following reflects the income and share data used in the basic earnings per share computation:

	For the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**31,086**	34,915

	For the six months ended 30 June	
	2023	2022
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**533,360**	533,360

11. CONTRACT ASSETS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contract assets arising from:		
Construction services	**2,536,766**	2,849,515
Design, survey and consultancy	**10,401**	6,554
	2,547,167	2,856,069
Impairment	**(102,829)**	(85,117)
	2,444,338	2,770,952

12. TRADE AND BILLS RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables at amortised cost	**1,774,756**	1,699,734
Provision for impairment	**(176,720)**	(174,658)
Trade receivables, net	**1,598,036**	1,525,076
Bills receivables at fair value	**764,923**	535,548
	2,362,959	2,060,624

The majority of the Group's revenue are generated through construction services, and the settlements are made in accordance with the terms specified in the contracts governing the relevant transactions. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period offered by the Group is one to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	**668,921**	656,916
3 months to 6 months	**249,144**	160,121
6 months to 1 year	**198,078**	315,793
1 to 2 years	**408,604**	303,046
2 to 3 years	**64,786**	74,002
3 to 4 years	**4,375**	8,889
4 to 5 years	**4,128**	6,309
	1,598,036	1,525,076

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
At beginning of the period/year	**174,658**	135,313
Impairment losses, net	**2,062**	39,345
At end of the period/year	**176,720**	174,658

13. TRADE AND BILLS PAYABLES

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	**2,394,839**	2,496,681
6 months to 1 year	**418,770**	295,956
1 to 2 years	**372,726**	447,446
2 to 3 years	**135,012**	120,285
Over 3 years	**83,527**	77,837
	3,404,874	3,438,205

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023			31 December 2022		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	**4.90**	**2023-2024**	**3,912**	4.90	2023	3,493
Bank loans – mortgaged/ guaranteed	**4.20-5.73**	**2023-2024**	**475,580**	4.35-5.80	2023	440,480
Bank loans – guaranteed	**4.65-7.12**	**2023-2024**	**55,350**	4.41-7.12	2023	54,550
Current portion of long term bank loans – guaranteed	**4.41**	**2023-2024**	**19,092**	4.41	2023	18,372
			553,934			516,895
Non-current						
Lease liabilities	**4.90**	**2025-2032**	**14,245**	4.90	2025-2032	16,585
Bank loans – guaranteed	**4.41**	**2024-2030**	**130,979**	4.41	2024-2030	142,567
			145,224			159,152

Notes:

(a) Certain of the Group's buildings with net carrying amounts of approximately RMB83,057,000 (unaudited) and approximately RMB84,186,000 (audited) as at 30 June 2023 and 31 December 2022, respectively, were used to secure general banking facilities granted to the Group.

(b) As at 30 June 2023 and 31 December 2022, the Group's interest-bearing bank and other borrowings of approximately RMB437,180,000 (unaudited) and approximately RMB458,480,000 (audited), respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group free of charge.

(c) The Group entered into a fixed asset loan contract with maximum loan amounts totalling RMB190,000,000. As at 30 June 2023 and 31 December 2022, the outstanding loan balance amount to RMB150,071,000 (unaudited) and RMB160,939,000 (audited), and the interest rate is 4.41%.

15. COMMITMENTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2023, as the economy and society fully returned to normalcy, China steadily transitioned through the post-pandemic period with a rapid recovery of macroeconomic growth. As one of the important pillar industries of China, the construction industry plays a crucial role in the national economy and social development. In the midst of a bleak real estate industry, infrastructure and public construction provided strong support to the construction industry, allowing an uptick in the industry prospect. On the one hand, the continued weakening of the real estate development and investment and land acquisition by property developers may lead to a substantial dampening effect on new construction areas in the coming years. On the other hand, in view of the vigorous progression in infrastructure construction, which serves as an important leverage for “ensuring steady growth” of the economy, infrastructure investment might remain at a high level in the future. In general, the total value of the PRC construction industry for the first half of the year has maintained moderate-to-low growth while industrial concentration was further enhanced.

According to the National Bureau of Statistics of the People’s Republic of China, for the six months ended 30 June 2023, the total value of the PRC construction industry was approximately RMB13.2 trillion, representing a period-to-period growth of 5.9%, and the total construction area of buildings of the PRC construction industry was approximately 11.78 billion sq.m., representing a period-to-period decrease of 1.7%. National sales area of commercial property was approximately 595 million sq.m., representing a decrease of 5.3%; and the sales amount of commercial property was approximately RMB6.3 trillion, representing an increase of 1.1%. In addition, according to the China Association of Construction Enterprises, for the first half of 2023, the total contract sum of PRC construction enterprises was approximately RMB51,495.9 billion, representing a period-to-period increase of 5.03%, and the new contract sum was approximately RMB15,439.9 billion, representing a period-to-period increase of 3.11%.

In March 2023, Ni Hong, Minister of Housing and Urban-Rural Development of the People’s Republic of China, proposed to support the construction industry due to the tremendous amount of works, wide range of aspects and large number of workers involved in, and enormous job opportunities for the public provided by, the industry; the advocation for a technology empowered construction industry for the promotion of a high-quality development of the industry, which allow the construction industry to play an instrumental part in the “promoting investment, ensuring steady growth and maintaining employment”; the extension of an easing policy with regard to the real estate policies; the implementation of easing controls by various local governments, which, in particular, include measures such as raising the maximum loan amount under the housing provident fund, granting fiscal tax subsidies for housing purchase, implementing monetisation resettlement for squatter residents and optimising limited purchase, striving to relief the weak performance of the real estate sector.

BUSINESS REVIEW

Looking back into the first half of 2023, the Group earnestly implemented its working plan for the year at all levels by adhering to the guiding principles of steady operation and quality and safe development, led by the breakthroughs in “market optimisation” and “risk prevention and mitigation”, and underpinned by “talents, innovation and management”, thereby further consolidating the foundation for development and enhancing the quality of development. The Group’s revenue and net profit for the six months ended 30 June 2023 were approximately RMB4,168.3 million and approximately RMB31.3 million, respectively, representing a decrease of approximately 1.1% and approximately 9.4%, respectively, as compared to the corresponding period of last year. The value of backlog increased by approximately 9.0% to approximately RMB19,346.7 million as at 30 June 2023 from that of approximately RMB17,741.5 million as at 30 June 2022.

The following table sets forth the movement of backlog of the construction projects during the periods:

	For the six months ended 30 June	
	2023	2022
	RMB'million	RMB'million
	(Unaudited)	(Unaudited)
Opening value of backlog	**18,736.8**	**18,762.9**
Net value of new projects(1)	**4,741.0**	**3,163.3**
Revenue recognised(2)	**(4,131.1)**	**(4,184.7)**
Closing value of backlog(3)	**19,346.7**	**17,741.5**

Notes:

(1) Net value of new contracts means the total contract value of new construction contracting contracts which were awarded to the Group during the relevant period indicated.

(2) Revenue recognised means the revenue that has been recognised during the relevant period indicated.

(3) Closing value of backlog means the total contract value for the remaining work of construction projects before the percentage of completion of such projects reached 100% as at the end of the relevant period indicated.

Steady Business Progress through New Path of Transformation and Upgrade

In the first half of 2023, faced with both challenges and opportunities arising from the industry, the Group continued to implement the three major business strategies of "major customers, quality business and market expansion" to enhance business quality, resulting in a net value of newly contracted projects of approximately RMB4,741.0 million.

In terms of major customer expansion, the Group's newly contracted businesses from major customer accounted for 44.22% of the total contract sum in the first half of the year, among which, the projects from industrial enterprise accounted for 71.82% of the total sum, representing an increase of 50% as compared to the corresponding period of last year. In the first half of the year, there were ten projects with a contract sum of over RMB100 million and five projects with a contract sum of over RMB300 million. In terms of quality business, the newly contracted public construction works accounted for 62.47% of the total sum in the first half of the year, representing an increase of 2.2% as compared to the corresponding period of last year. We are still working hard on our "market expansion" strategy, with the newly contracted local businesses from Zhejiang accounted for 74.67% of the total contracts sum in the first half of the year, among which, the newly contracted business from Jiaxing accounted for 66.4% of the total sum, representing an increase of 98.7% as compared to the corresponding period of last year. While businesses from local market achieved a significant growth, business undertaken outside the province accounted for 25.80% of the total sum, representing a decrease of 14.5% over last year.

The Group persisted in high quality transformation and upgrade in the face of the complicated macroeconomic and industrial environment. During the period, the Group has planned to increase our resources to explore the markets within the province, it will give full play to our local regional advantages, among which the Group will focus on the development of Yiwu City. The Yiwu City has a world-renowned small commodity market and its economy is developing rapidly. We are strengthening the co-operation and communication with the local government and enterprise, which will pave the way for further market expansion of Yiwu City and provided guarantee for the city to further enhance its regional competitive edges, demonstrating a new pathway and new platform for market expansion. On the other hand, in response to the "Belt and Road" national strategy, the chairman of the Group visited Indonesia during the period to conduct research on the key market, making a significant step in the Group's further development in the Indonesian market and mapping out its new development blueprint.

Adhere to Project Quality with Notable Results in Quality and Standardisation Establishment

The Group adheres to a target-oriented approach in which project quality is always given the top priority. We strictly observe the requirements in respect of construction duration to ensure smooth completion with high quality and high standard, garnering customers' recognition and praise through outstanding services and quality. In the first half of the year, Huaian Jushi High Performing Special Fiberglass New Material Project (with annual production capacity of 800,000 tons), and the Second People's Hospital of Tongxiang (Zhouquan Branch) Project have both made progress ahead of schedule. In addition, the piling and foundation works of the Huayou Holdings Headquarter (Science and Technology Building) Project, in particular, was completed one month in advance, which was highly recognised by the construction project owner.

In the first half of 2023, the Group proactively established construction sites in adherence with construction quality and standard to enhance our edges in quality. A total of 9 standardised construction sites were established at the municipal level, which have earned them nine quality construction awards in the "Nanhu Cup" (南湖杯) and four quality construction awards in the "Qianjiang Cup" (錢江 杯), among which, the "China Jushi Science and Technology Centre Construction" and "Tongkun Group Headquarters Building (Phase I) Construction" have been selected and shortlisted for the "Luban Prize" (魯班獎) and "National Quality Engineering Award" (國家優質工程獎). During the period, the Group was named "Zhejiang Top 100 Leading Private Enterprises in Social Responsibility 2022" (2022年浙江民營企業社會責任100家領先企業) and "Outstanding Provincial Enterprise Technology Centers 2022" (2022年度優秀省級企業技術中心), and was awarded the title of "Model Enterprises in the Modernisation of Zhejiang's Construction Industry" (浙江省建 築產業現代化示範企業). In addition, the Group ranked 51th in the "National Top 500 Zhejiang Enterprises 2022" (2022浙商全國500強) published by the Chamber of Direct Members of National Federation of Industry and Commerce.

Promote smart manufacturing projects and step-up technical support for projects

With the great support of leading cadres at all levels, the preparation of smart construction base project is advancing in an orderly manner. The Group has completed the preliminary research on, among others, project site selection, project background analysis, development prospect analysis, market analysis, benefit analysis and equipment selection, which formed the basis for the compilation of the project's feasibility report. If the project materialises on schedule in the second half of the year, it will play a positive role in the Group's transformation and upgrading towards high-quality development.

During the period, the Group continued to strengthen the evaluation and maintenance of provincial enterprises technology centers, enhanced the application of platforms such as "industry, universities and research institutions cooperation" and post-doctoral workstations, and reinforced research on "four new" technologies, thereby strengthening the technical support for the construction of key projects. During the first half of the year, the Group completed the application for 3 construction methods at provincial level. The applications for 7 national patents were accepted and 4 national patents were granted, we obtained 1 quality control achievement at provincial (ministerial) level and 3 quality control achievements at municipal level 2 software copyrights were granted. We also participated in 1 group standard compilation project, 2 scientific research projects were accepted by the Provincial Department of Construction. Moreover, we completed the application for the Model Enterprise of Intellectual Property Rights in Zhejiang Province, and 3 post-doctoral researchers were recruited to the post-doctoral workstations. Through the applications for quality control achievements, construction methods, patents and model projects, the Group has further enhanced our existing technological achievements and promoted their applications.

In terms of BIM technology application, the coverage of BIM technology application was further expanded. Two service projects were launched with two newly developed applications, namely, drone oblique photography application and 720° cloud scene building, in collaboration with the smart site division. The Group has accelerated the deep integration of BIM technology with project technology, production and business management, assisted the production management center in completing the split of production value of 8 projects, and made substantial breakthroughs in business settlement. A total of 82 smart site projects were implemented in the first half of the year. The Group formulated the R&D plan for the 3.0 version of the smart site, which improved, refined and made progress on the original system, built the overall framework function of the 1.0 version of the smart operation and maintenance platform, and developed the training function of the tower crane and environmental monitoring module of the smart site training simulation platform, so as to realise the comprehensive integration of "BIM + Quality + Safety + Cost + Progress".

For the six months ended 30 June 2023, the construction contracting business contributed approximately 99.1% of the revenue (for the six months ended 30 June 2022: approximately 99.3%). The following table sets forth a breakdown of our revenue by business and project type for the periods indicated:

	For the six months ended 30 June			
	2023		2022	
	RMB'million (Unaudited)	**%**	RMB'million (Unaudited)	%
Construction contracting business				
Residential	**1,916.3**	**46.0**	1,967.1	46.7
Commercial	**291.4**	**7.0**	417.8	9.9
Industrial	**1,219.3**	**29.2**	1,221.1	29.0
Public works	**704.0**	**16.9**	578.7	13.7
	4,131.0	**99.1**	4,184.7	99.3
Other business				
Design, survey and consultancy	**19.3**	**0.5**	15.0	0.4
Sale of construction materials and civil defence products	**18.0**	**0.4**	14.9	0.3
	37.3	**0.9**	29.9	0.7
Total revenue	**4,168.3**	**100.0**	4,214.6	100.0

FINANCIAL REVIEW

Revenue and gross profit margin

Revenue slightly decreased by approximately 1.10% from approximately RMB4,214.6 million for the six months ended 30 June 2022 to approximately RMB4,168.3 million for the six months ended 30 June 2023, primarily attributed to a decrease in the construction contracting business amounting to approximately RMB53.7 million for the six months ended 30 June 2023. The decrease in construction contracting business was primarily due to the downturn in property market in general during the six months ended 30 June 2023. The revenue from residential and commercial construction contracting business for the six months ended 30 June 2023 were decreased by approximately RMB50.8 million and approximately RMB126.4 million, respectively, as compared with the corresponding period last year. Such decrease was partially offset by an increase in public contracting business of approximately RMB125.3 million for the six months ended 30 June 2023 as compared with the corresponding period last year. The Group increased its resources and focused in public and industrial construction contracting business to reduce its business risks and maintain the business growth.

Gross profit decreased by approximately 6.32% from approximately RMB171.7 million for the six months ended 30 June 2022 to approximately RMB160.8 million for the six months ended 30 June 2023, which was in line with the decrease in revenue. The gross profit margin decreased from approximately 4.07% for the six months ended 30 June 2022 to approximately 3.86% for the six months ended 30 June 2023 which was mainly due to an increase in labour costs and material costs and a decrease in gross profit margin of the commercial and residential construction business. The gross profit margin of the construction contracting business decreased from 3.89% for the six months ended 30 June 2022 to 3.47% for the six months ended 30 June 2023.

Other income and gains

Other income and gains decreased by approximately RMB8.3 million from approximately RMB18.9 million for the six months ended 30 June 2022 to approximately RMB10.6 million for the six months ended 30 June 2023, primarily attributed to a decrease in government subsidies of approximately RMB6.8 million mainly consisting of the incentive fund received from the Bureau of Housing and Urban-Rural Development to support construction services and a decrease in fair value gains in relation to financial assets at fair value through profit or loss by approximately RMB1.0 million.

Administrative expenses

The administrative expenses increased by approximately 5.65% from approximately RMB81.4 million for the six months ended 30 June 2022 to approximately RMB86.0 million for the six months ended 30 June 2023, which was primarily due to an increase in salaries and employee benefits and depreciation and amortization expenses of approximately RMB1.9 million and approximately RMB1.3 million, respectively. During the period, the Group purchased new property and office equipment, resulting in the increase in depreciation and amortization expenses.

Impairment losses on financial and contract assets, net

Impairment losses on financial and contract assets, net, including trade receivables and other receivables, decreased significantly by approximately 55.84% from approximately RMB51.4 million for the six months ended 30 June 2022 to approximately RMB22.7 million for the six months ended 30 June 2023, primarily due to the significant amount of specific impairment loss provided on trade receivables and contract assets from certain customers for the six months ended 30 June 2022 primarily resulting from the downturn in property market and a series of negative news and announcements over the financial conditions of certain listed property developers which heightened the credit risk of certain customers . As such circumstances were alleviated for the six months ended 30 June 2023, impairment losses on financial and contract assets, net decreased significantly.

Other expenses

Other expenses increased by approximately RMB8.4 million from approximately RMB0.2 million for the six months ended 30 June 2022 to approximately RMB8.6 million for the six months ended 30 June 2023, which was mainly primarily due to an increase in fair value loss in relation to financial assets at fair value through profit or loss of approximately RMB7.8 million.

Finance costs

Finance costs increased by approximately 8.72% from approximately RMB19.5 million for the six months ended 30 June 2022 to approximately RMB21.2 million for the six months ended 30 June 2023. Such increase was primarily due to an increase in average balance of the interest-bearing bank and other borrowings.

Income tax expense

Income tax expense decreased by approximately 52.78% from approximately RMB3.6 million for the six months ended 30 June 2022 to approximately RMB1.7 million for the six months ended 30 June 2023 primarily attributed to a decrease in operating profits and an increase in additional deductible allowance for research and development expenses as the Group is recognised as an advanced and new technology enterprise. The effective tax rate decreased from approximately 9.5% for the six months ended 30 June 2022 to 5.0% for the six months ended 30 June 2023 primarily attributed to an increase in additional deductible allowance for research and development expenses for the six months ended 30 June 2023 as compared with the corresponding period in 2022.

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately 9.38% from approximately RMB34.5 million for the six months ended 30 June 2022 to approximately RMB31.3 million for the six months ended 30 June 2023. Net profit margin remained stable at approximately 0.82% and approximately 0.75% for the six months ended 30 June 2022 and 2023, respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The working capital for the Group's operations primarily comes from cash generated from operating activities and interest-bearing bank and other borrowings. As at 30 June 2023 and 31 December 2022, the Group had cash and cash equivalents of approximately RMB210.7 million and approximately RMB221.1 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 to 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 any material external debt financing plan in the near future.

Contract assets

The contract assets decreased by approximately 11.79% from approximately RMB2,771.0 million as at 31 December 2022 to approximately RMB2,444.3 million as at 30 June 2023, representing 46.25% and 41.21% of the total current assets as at the end of the corresponding periods. The decrease in absolute amounts was primarily attributable to increased billings to our customers after the completion of the projects.

Trade and bills receivables

Trade and bills receivables increased by approximately 14.68% from approximately RMB2,060.6 million as at 31 December 2022 to approximately RMB2,363.0 million as at 30 June 2023. Such increase was due to the delay in settlement by our customers. The trade and bills receivables turnover days remained stable at approximately 99 days and 97 days as at 31 December 2022 and 30 June 2023, respectively.

Trade and bills payables

Trade and bills payables decreased by approximately 0.97% from approximately RMB3,438.2 million as at 31 December 2022 to approximately RMB3,404.9 million as at 30 June 2023. Such decrease was due to the decrease in costs of sales. The trade and bills payables turnover days increased from approximately 145 days as at 31 December 2022 to approximately 156 days as at 30 June 2023.

Borrowings and charge on assets

As at 30 June 2023, the Group relied on short-term and long-term interest-bearing borrowings in the aggregated amount of approximately RMB699.1 million (31 December 2022: approximately RMB676.0 million). The short-term interest bearing borrowings amounting to approximately RMB553.9 million (31 December 2022: approximately RMB516.9 million) are repayable within 1 year and carried effective interest rate with a range from 4.20% to 7.12% per annum (31 December 2022: 4.35% to 7.12% per annum). As at 30 June 2023, the long-term interest bearing borrowings amounting to approximately RMB145.2 million (31 December 2022: RMB159.2 million) are repayable from 2024 to 2032 (31 December 2022: 2024 to 2032) and the interest rate is at the range from 4.41% to 4.90% (31 December 2022: 4.41% to 4.90%).

As at 30 June 2023, certain general banking facilities were secured by buildings of approximately RMB83.1 million (31 December 2022: 84.2 million).

Gearing ratio

The gearing ratio increased from 13.2% as at 31 December 2022 to approximately 15.6% as at 30 June 2023. The increase was mainly attributable to an increase in interest-bearing bank and other borrowings.

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 2023, the capital expenditures were approximately RMB13.5 million (six months ended 30 June 2022: approximately RMB13.9 million). The capital expenditure incurred for the six months ended 30 June 2023 was primarily related to construction works in new office building and the purchase of new machinery.

Capital commitments

As at 30 June 2023, the Group did not have any significant capital commitments (31 December 2022: nil).

Contingent liabilities

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: nil).

Fluctuation of RMB exchange rate and foreign exchange risks

The majority of the Group's business and all bank borrowings are denominated and accounted 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 2023 (six months ended 30 June 2022: 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 2023.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2023, the Group had a total of 1,070 employees, of which 583 were based in Jiaxing City, and 487 were based in other areas in Zhejiang Province or in other provinces and regions in China. For the six months ended 30 June 2023, the Group incurred total staff costs of approximately RMB52.5 million, representing an increase of approximately 3.75% as compared with the same period in 2022, mainly attributable to salary increments and an increase in performance bonus.

The Group believes that its 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 improve the employees' skills and technical expertise, the Group provides regular training to the employees.

FUTURE PROSPECTS

In recent years, under the influence of government regulations, market demand, technological development and many other factors, the construction industry has been undergoing transformation to comprehensively enhance high-quality development. 2023 is not only a year crucial for getting our efforts to build China into a modern socialist country in all respects, but also a crucial year in continuing the implementation of the "14th Five-Year Plan". The Central Economic Work Conference emphasised the need to prioritize stability while pursuing steady progress, and to continue to implement a proactive fiscal policy and a prudent monetary policy, while the construction industry will continue to be an important pillar of maintaining steady growth in China.

In the second half of the year, the Group will, with a focus on the development plan and annual goals and tasks of the "14th Five-Year Plan", adhere to the guiding principles of steady operation, high quality and safe development, persistently make the "three breakthroughs", make the comprehensive and high-quality development of the "four major projects" as a leverage, and internally strengthen the control and prevention of risks to lay a solid foundation for development; externally strengthen the development of high-quality business and maintenance of customers to continuously improve the core competitiveness of the Company, and strive to open up new prospects for the healthy and sustainable development of the Company. We will continue to focus on key regions and key customers, so as to improve business in the Yiwu market in terms of both quantity and quality. In due course, we will seek to replicate the Yiwu model and increase our effort in foreign market expansion.

OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2023 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.

DIRECTORS' COMPETING INTERESTS

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 Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board comprises six executive Directors and three independent non-executive Directors. The Board has adopted the code provisions (the "Code Provisions") of the Corporate Governance Code ("CG Code") set out in Appendix 14 to the Listing Rules. Throughout the six months ended 30 June 2023 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") as the Company's code of conduct regarding Directors' and Supervisors' securities transactions. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the period from 1 January 2023 to 30 June 2023.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Model Code.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no major events subsequent to 30 June 2023 which would materially affect the Group's operating and financial performance as at the date of this announcement.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company the accounting principles and policies adopted by the Group, and discussed the internal control and financial reporting matters of the Group. The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023, and is of the opinion that the financial statements comply with the applicable accounting standards.

By order of the Board
Jujiang Construction Group Co., Ltd.
Mr. Lyu Yaoneng
Chairman

Zhejiang Province, the PRC, 18 August 2023

As at the date of this announcement, the Board comprises Mr. Lyu Yaoneng, Mr. Lyu Dazhong, Mr. Li Jinyan, Mr. Lu Zhicheng, Mr. Shen Haiquan and Mr. Zheng Gang, as executive Directors; and Mr. Yu Jingxuan, Mr. Ma Tao, and Mr. Wong Kai Wai, as independent non-executive Directors.

** for identification purposes only*