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Jujiang Construction Group Co., Ltd.

(A joint stock

)

(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		%
Revenue	4,168,315	4,214,634	(1.10)
Gross profit	160,848	171,704	(6.32)
<i>Gross profit margin</i>	3.86%	4.07%	(0.21)
Profit for the period	31,278	34,514	(9.38)
<i>Net profit margin</i>	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

Board
Company

Directors

Group

interim

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	2022
		RMB'000	
	Notes	(Unaudited)	(Unaudited)
Revenue	4	4,168,315	4,214,634
Cost of sales		<u>(4,007,467)</u>	<u>(4,042,930)</u>
Gross profit		160,848	171,704

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022
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
		<hr/>	<hr/>
Total non-current assets		504,607	505,157
		<hr/>	<hr/>

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

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 annual financial statements for the year ended 31 December 2022. The interim condensed consolidated financial information is presented 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 annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised International Financial Reporting Standards

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

(a)

(b) Amendments

(c) Amendments

(d)

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.

note 4 to the interim condensed consolidated financial information.

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 2023	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.

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
	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 (Unaudited)	Others (Unaudited)	Total (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
	<u>4,131,023</u>	<u>45,383</u>	<u>4,176,406</u>
Intersegment adjustments and eliminations	-	(8,091)	(8,091)
Total revenue from contracts with customers	<u>4,131,023</u>	<u>37,292</u>	<u>4,168,315</u>

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
	<u>4,184,646</u>	<u>38,603</u>	<u>4,223,249</u>
Intersegment adjustments and eliminations	-	(8,615)	(8,615)
Total revenue from contracts with customers	<u>4,184,646</u>	<u>29,988</u>	<u>4,214,634</u>

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2023	2022
	RMB'000	
	(Unaudited)	(Unaudited)
<u>Other income</u>		
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
	<u>10,590</u>	<u>17,902</u>
<u>Gains</u>		
Fair value gains, net: Financial assets at fair value through profit or loss	-	1,036
	<u>10,590</u>	<u>18,938</u>

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 RMB'000 (Unaudited)	2022 (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
	<u>21,219</u>	<u>19,511</u>

7. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 (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
	<u>4,007,467</u>	<u>4,042,930</u>
Total cost of sales		
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
	<u>14,205</u>	<u>13,179</u>
Total depreciation and amortisation		
	<u>131,432</u>	<u>155,816</u>
	<u>131,432</u>	<u>155,816</u>
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
	<u>22,676</u>	<u>51,368</u>
Total impairment losses, net		
	<u>1,100</u>	<u>1,071</u>
Employee benefit expenses (including d and s	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	<u>(5,061)</u>	<u>(6,004)</u>

12. TRADE AND BILLS RECEIVABLES

As at 30 June 2023	As at 31 December 2022
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13. TRADE AND BILLS PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 (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
	<u>3,404,874</u>	<u>3,438,205</u>

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

30 June 2023						
Effective interest rate (%)	Maturity	RMB'000				
4.90	2023-2024	3,912	4.90	2023	3,493	
4.20-5.73	2023-2024	475,580	4.35-5.80	2023	440,480	
4.65-7.12	2023-2024	55,350	4.41-7.12	2023	54,550	
4.41	2023-2024	<u>19,092</u>	4.41	2023	<u>18,372</u>	
		<u>553,934</u>			<u>516,895</u>	
4.90	2025-2032	14,245	4.90	2025-2032	16,585	
4.41	2024-2030	<u>130,979</u>	4.41	2024-2030	<u>142,567</u>	
		<u>145,224</u>			<u>159,152</u>	

15. COMMITMENTS

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

BUSINESS REVIEW

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	
	(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⁾	<u>19,346.7</u>	<u>17,741.5</u>

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

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

Other income and gains

Administrative expenses

Profit for the period

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Treasury policies

Contract assets

Trade and bills receivables

Trade and bills payables

Borrowings and charge on assets

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

FUTURE PROSPECTS

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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