



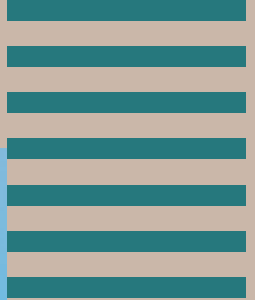
巨匠建设

JUJIANG CONSTRUCTION GROUP

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

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

# 2024



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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Lyu Yaoneng (Chairman)  
Mr. Lyu Dazhong  
Mr. Li Jinyan  
Mr. Lu Zhicheng  
Mr. Shen Haiquan  
Mr. Zheng Gang

### Independent Non-Executive Directors

Ms. Lam Fei Sui (appointed on 11 June 2024)  
Mr. Wang Xinglong (appointed on 11 June 2024)  
Mr. Ma Tao  
Mr. Wong Ka Wai (Retired on 11 June 2024)

## SUPERVISORS

Mr. Zou Jiangtao  
Mr. Chen Xiangjiang  
Mr. Lyu Xingliang  
Mr. Zhu Jialian

## AUDIT COMMITTEE

Ms. Lam Fei Sui (Chairman) (appointed on 11 June 2024)  
Mr. Wang Xinglong (appointed on 11 June 2024)  
Mr. Ma Tao (Retired as Chairman on 11 June 2024)  
Mr. Wong Ka Wai (Retired on 11 June 2024)

## NOMINATION COMMITTEE

Mr. Wang Xinglong (Chairman) (appointed on 11 June 2024)  
Mr. Lyu Yaoneng  
Mr. Ma Tao (Retired as Chairman on 11 June 2024)  
Mr. Yu Jingxuan (Retired on 11 June 2024)

## REMUNERATION AND APPRAISAL COMMITTEE

Mr. Ma Tao (Chairman) (Retired as Chairman on 11 June 2024)  
Mr. Lyu Yaoneng  
Mr. Wang Xinglong (appointed on 11 June 2024)  
Mr. Wong Ka Wai (Retired on 11 June 2024)

## STRATEGIC COMMITTEE

Mr. Lyu Yaoneng (Chairman)  
Mr. Zheng Gang  
Mr. Ma Tao

## COMPANY SECRETARY

Mr. Jin Shuigen

## AUTHORISED REPRESENTATIVES

Mr. Lyu Yaoneng  
Mr. Jin Shuigen

## LEGAL ADVISER

*As to Hong Kong Law*  
DeHeng Law Offices (Hong Kong) LLP

*As to PRC Law*  
AllBright Law Offices

## AUDITOR

Ernst & Young

## H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKERS

China Construction Bank Corporation  
Tongxiang Branch  
Industrial and Commercial Bank of China  
Limited Tongxiang Branch  
Industrial Bank Co., Ltd Jiaxing Branch  
Bank of Communications Co., Ltd Tongxiang  
Branch  
China Merchants Bank Co., Ltd Jiaxing  
Tongxiang Branch

### REGISTERED ADDRESS

No. 669 Qingfeng South Road (South)  
Tongxiang City  
Zhejiang Province  
PRC

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

No. 669 Qingfeng South Road (South)  
Tongxiang City  
Zhejiang Province  
PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F  
Henley Building  
5 Queen's Road Central  
Hong Kong

### STOCK CODE

1459

### WEBSITE

[www.jujiang.cn](http://www.jujiang.cn)

## Financial Summary

	For the six months ended 30 June		
	2024 Unaudited RMB'000	2023 Unaudited RMB'000	Change %
<b>Revenue</b>	<b>3,833,658</b>	4,168,315	(8.03)
<b>Gross profit</b>	<b>155,935</b>	160,848	(3.05)
Gross profit margin	<b>4.07%</b>	3.86%	0.21
<b>Profit for the period</b>	<b>16,849</b>	31,278	(46.13)
Net profit margin	<b>0.44%</b>	0.75%	(0.31)
<b>Basic and diluted earnings per share (RMB)</b>	<b>0.03</b>	0.06	

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

# Management Discussion and Analysis

## OVERVIEW

Established in 1965, Jujiang Construction Group Co., Ltd. ("**Jujiang Construction**" or the "**Company**", together with its subsidiaries, the "**Group**") is one of the earliest construction companies in Jiaxing, a city which is home to about 5.55 million people with well-developed commercial and light industries. With more than 50 years of experience in the industry and proven track record, the Company has become a leading construction group company in Jiaxing.

The Company successfully obtained the Premium Class Certificate for General Building Construction Contracting Work ("**Premium Class Certificate**") and the Grade A Engineering Design (Construction Industry) Certificate ("**Engineering Design Certificate**") on 28 January 2015 after undergoing a stringent review process. The Premium Class Certificate is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Certificate is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. As the holder of these two key certificates as well as the holder of other certificates, the Group is able to provide fully-integrated construction solutions, which consist of construction contracting and design, survey and consultancy services for building construction projects of all types and scales nationwide.

## MARKET REVIEW

Amid significant shifts in the global economic landscape, the construction industry, as a key pillar of national economy, has encountered unprecedented challenges and opportunities. During the first half of 2024, domestic and external environments were marked by complexity and volatility, while China's overall economic performance remained stable. The overall fundamentals of the construction industry were relatively weak due to a sluggish real estate market, slowdown in investment and debt issues. In addition, the government has invested a substantial amount of public funding to stimulate development of construction industry, leading to an even higher level of concentration within the construction industry.

Despite some positive signs in the real estate market, the overall downturn pressure has not yet receded. In terms of policy making, the basic and prominent theme remained to be one of accommodative and relaxed. Following the meeting of the Political Bureau of the Central Committee of the Communist Party of China in April 2024, the focus of the real estate policy has shifted towards "destocking". On 17 May 2024, regulatory authorities launched a series of measures to regulate the real estate market, which included reducing the minimum down payment ratios for first- and second-time homebuyers to 15% and 25% respectively, removing the interest rate floor on commercial loans, and cutting the interest rate of borrowing from housing provident funds. While local governments in different regions of the country have also introduced various stimulus policies, expectations for the future real estate market have not improved, and the downward trend has yet to reach its bottom.

# Management Discussion and Analysis

According to the National Bureau of Statistics of the People's Republic of China ("PRC"), for the six months ended 30 June 2024, total value of the PRC construction industry was approximately RMB13.2 trillion, representing a period-to-period growth of 5.9%, and total construction area of housing of the PRC construction industry was approximately 11.8 billion sq.m., representing a period-to-period decrease of 1.7%. National sales area of commodity housing fell by 19.0% to approximately 480 million sq.m., while the sales amount of newly built commodity housing declined by 25.0% to approximately RMB4.7 trillion. In addition, according to the China Association of Construction Enterprises, for the first half of 2024, the total contract sum of PRC construction enterprises was approximately RMB53,303.5 billion, representing a period-to-period increase of 3.7%, and the new contract sum was approximately RMB14,912.5 billion, representing a period-to-period decrease of 3.3%.

For the first half of the year, given that sentiment in real estate investment continued to be sluggish, various authorities worked together to support the "Three Major Projects", namely indemnificatory housing construction, public infrastructure construction for "normal and urgent use", and urban village renovation. The "Three Major Projects" benefited a number of enterprises with its significant investment and long industry chain, which could effectively counteract the economic impact of downturn in the real estate sector and provide the construction industry with development opportunities. As a typical traditional industry, the construction sector is facing comprehensive transformation and upgrading, including advancements in greening and intelligent development. It is imperative for construction enterprises to seize technological trends, adapt to the policy environment, meet market demands, cope with environmental challenges, fulfil their social responsibilities and promote the sustainable development of the construction industry.

## BUSINESS REVIEW

In reviewing the first half of 2024, with the opportunities and challenges presented in the industry, the Group have once again overcome the difficulties and obstacles, achieved stable operating results, and maintained a healthy development. The Group's revenue and net profit for the six months ended 30 June 2024 were approximately RMB3,833.7 million and approximately RMB16.8 million, representing a decrease of approximately 8.0% and approximately 46.1% respectively, as compared to the corresponding period of last year. The value of backlog decreased by approximately 16.5% to approximately RMB16,147.5 million as at 30 June 2024 from that of approximately RMB19,346.7 million as at 30 June 2023.

# Management Discussion and Analysis

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

	For the six months ended 30 June	
	2024 RMB'million (Unaudited)	2023 RMB'million (Unaudited)
Opening value of backlog	18,890.6	18,736.8
Net value of new projects <sup>(1)</sup>	1,044.0	4,741.0
Revenue recognised <sup>(2)</sup>	(3,787.1)	(4,131.1)
Closing value of backlog <sup>(3)</sup>	16,147.5	19,346.7

Notes:

- (1) Net value of new projects means the total contract value of new construction contracting projects 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.

## Market Expansion for “Maintaining Total Volume”

In the first half of 2024, despite facing both challenges and opportunities in the industry, the Group kept its belief and stayed unfazed by changes, and achieved a net value of approximately RMB1,044.0 million in newly contracted projects by focusing on “maintaining the total volume, enhancing quality, and reducing inventory”. For the first half of the year, we undertook 5 projects with contract value exceeding RMB100 million. Our successful bids for open tender projects exceeded RMB500 million, with business from newly contracted major customers accounted for 64.8% of the total contract value.

In January 2024, the Group successfully won the bid for the first phase of the industrial organic renewal project of flexible electronic materials park in Wuzhen Big Data Industrial Park in an open tender with a bid amount of RMB340 million, further solidifying our market position. During the first half of the year, in recognition of its market competitiveness, the Group was awarded the title of the first batch of “Construction Industry Modernization General Contracting Demonstration Enterprises of Jiaxing” and the 2023 “Advanced Construction Enterprise of Zhejiang Province”.



# Management Discussion and Analysis

In terms of project types, industrial projects accounted for 58.1%, commercial and residential projects accounted for 15.6%, and public construction projects accounted for 26.3%. In terms of regional distribution, newly contracted business from locality of Jiaying accounted for 86.7%, with newly contracted business from Tongxiang City accounted for 77.4%, while newly contracted business outside the province accounted for 10.1%, representing a period-to-period decrease of 81.8%.

## Construction Work Management for “Enhancement of Quality”

The Group adhered to a goal-oriented principle and continued to focus on project quality. During the period under review, the Group paid close attention to quality control elements and project planning to improve construction quality and technical standards of projects. In the first half of the year, we won three “Nanhu Cup”(南湖杯) Outstanding Construction Awards in Jiaying and two “Fengming Cup”(鳳鳴杯) Outstanding Construction Awards in Tongxiang. In May 2024, the Group organised an observation function at Feng Zikai Art Center project site, which is a pilot point for smart construction in the province, to fully demonstrate the reputation and strength of the enterprise.

The Group continued to steadily promote safety management, focusing on strengthening process monitoring and carrying out special inspections such as large-scale investigation and rectification of potential safety hazards. We strictly controlled the rectification of hazardous projects and major hidden dangers, integrating “Safety Production Month” activities to focus on source management and safety risk control, ensuring its effective practical implementation, mitigating risks and maintaining the standards, thereby ensuring the production situation was stable and orderly.

In terms of construction progress management, we focused on the analysis of construction progress delays and strengthened process control. In particular, during the first half of the year, construction period of the second phase of Zhenshi New Material Park project was fully utilised to meet the unit construction target, and the organic renewal project in Wuzhen Big Data Industrial Park was completed 10 days ahead of schedule. A total of 18 projects were completed during the first half of the year.

## Technology Innovation for “Breakthroughs”

In order to grasp the development opportunities arising from the emerging trends in the construction industry, the Group has continuously intensified its efforts in technological innovation and accelerated its technological research and development. In the first half of the year, the Group continued to strengthen the evaluation and maintenance of provincial enterprise technology centres and deepen the application of platforms such as “Industry-Academic-Research”. For the first half of the year, two doctoral degree holders have completed their work at the post-doctoral workstations.

# Management Discussion and Analysis

In stepping up its efforts in technological research, the Group completed 3 provincial construction method applications, had 10 national patents accepted and 2 additional patents authorised, obtained 2 provincial and 3 municipal quality works, filed 2 provincial applications for scientific research projects, and established 37 projects at enterprise level. The Group has carried forward application of demonstration projects in an orderly manner. It has applied for 9 provincial demonstration projects of different types, among which Huai'an Jushi Project 239 (淮安巨石239項目) has passed the process acceptance for green construction demonstration projects in the construction industry of Jiangsu Province.

## **“New Driving Force” from Digitalisation Development**

In terms of application of Building Information Modelling (“BIM”) technology, the Group continued to enhance its BIM implementation and application services and embarked on the development of “going global”. Currently, the Group has 32 BIM implementation service projects, among which 12 are external projects. The Group explored the value of applying commercial data in management decisions, and has identified cost management, efficiency service and settlement business as the three main focuses of its BIM commercial application. At present, the Group has a total of 8 implemented projects, and has initially realised the organic integration of BIM commercial applications with smart construction site platform.

The Group accelerated the development of smart construction sites and strengthened the outward expansion of its intelligent application services. Currently, the Group has commenced 26 new projects, of which 23 are external projects, and has expanded into the market in Zhoushan. Through the promotion of its intelligent research and development work, the Group has realised the comprehensive integration of “BIM + Quality + Safety + Cost + Progress”, implemented smart construction sites, and achieved data interoperability of the i8 system. In terms of visualisation technology of intelligent operation and maintenance platform, the Group has overcome the 3D technology barrier by realising the fusion display of BIM models and traditional diagrams.

The Yunjiang Research and Development Institute has formed a strategic partnership with Guangdong Bright Dream Robotics Co., Ltd. to enhance collaboration in research and development, marketing and promotion of construction robotics products, as well as research on teaching and training results, which injected new vigour into the field of smart construction, thereby promoting the ongoing innovation and development of the industry.

# Management Discussion and Analysis

For the six months ended 30 June 2024, the construction contracting business contributed approximately 98.8% of the revenue (for the six months ended 30 June 2023: approximately 99.1%). 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			
	2024 RMB'million (Unaudited)	%	2023 RMB'million (Unaudited)	%
<b>Construction contracting business</b>				
Residential	1,460.2	38.1	1,916.3	46.0
Commercial	489.5	12.8	291.4	7.0
Industrial	1,261.9	32.9	1,219.3	29.2
Public works	575.5	15.0	704.0	16.9
	<b>3,787.1</b>	<b>98.8</b>	4,131.0	99.1
<b>Other business</b>				
Design, survey and consultancy	29.5	0.8	19.3	0.5
Sale of construction materials and civil defence products	17.1	0.4	18.0	0.4
	<b>46.6</b>	<b>1.2</b>	37.3	0.9
Total revenue	<b>3,833.7</b>	<b>100.0</b>	4,168.3	100.0

## FINANCIAL REVIEW

### Revenue and gross profit margin

Revenue decreased by approximately 8.03% from approximately RMB4,168.3 million for the six months ended 30 June 2023 to approximately RMB3,833.7 million for the six months ended 30 June 2024, primarily attributed to a decrease in the construction contracting business amounting to approximately RMB343.9 million for the six months ended 30 June 2024. The decrease in construction contracting business was primarily due to the general downturn in the property market and a decrease in the amount of net values of new projects undertaken by the Group during the six months ended 30 June 2024. The revenue from residential and public works construction contracting business for the six months ended 30 June 2024 were decreased by approximately RMB456.1 million and approximately RMB128.5 million, respectively, as compared with the corresponding period last year. Such decrease was partially offset by an increase in commercial and industrial construction contracting business of approximately RMB198.1 million and approximately RMB42.6 million, respectively, for the six months ended 30 June 2024 as compared with the corresponding period last year. The Group increased its resources and focused in high value projects with good credit customers to reduce its business risks and maintain the business growth.

# Management Discussion and Analysis

Gross profit decreased by approximately 3.05% from approximately RMB160.8 million for the six months ended 30 June 2023 to approximately RMB155.9 million for the six months ended 30 June 2024, which was in line with the decrease in revenue. The gross profit margin increased from approximately 3.86% for the six months ended 30 June 2023 to approximately 4.07% for the six months ended 30 June 2024, which was mainly due to higher revenue from other business segments with a higher profit margin. The gross profit margin of the construction contracting business remained stable at approximately 3.47% and approximately 3.51% for the six months ended 30 June 2023 and 2024, respectively.

## Other income and gains

Other income and gains decreased by approximately RMB1.7 million from approximately RMB10.6 million for the six months ended 30 June 2023 to approximately RMB8.9 million for the six months ended 30 June 2024, primarily attributed to a decrease in other income and interest income of approximately RMB1.0 million and approximately RMB0.8 million, respectively, for the six months ended 30 June 2024. Decrease in other income was mainly attributed to non-recurring one-off service income recorded for the six months ended 30 June 2023. Decrease in interest income was in line with decrease in bank balance for the six months ended 30 June 2024.

## Administrative expenses

The administrative expenses decreased by approximately 8.82% from approximately RMB86.0 million for the six months ended 30 June 2023 to approximately RMB78.4 million for the six months ended 30 June 2024, which was primarily due to a decrease in salaries and employee benefits of approximately RMB7.6 million. During the period, the Group optimized its headcount to enhance its operation efficiency.

## Impairment losses on financial and contract assets, net

Impairment losses on financial and contract assets, net, including trade receivables and other receivables, increased by approximately 93.80% from approximately RMB22.7 million for the six months ended 30 June 2023 to approximately RMB43.9 million for the six months ended 30 June 2024, primarily due to the downturn in property market and a series of negative news and announcements regarding the financial conditions of certain listed property developers which heightened the credit risk of certain customers.

## Other expenses

Other expenses slightly increased by approximately RMB0.5 million from approximately RMB8.6 million for the six months ended 30 June 2023 to approximately RMB9.1 million for the six months ended 30 June 2024, which was stable.

## Finance costs

Finance costs decreased by approximately 23.24% from approximately RMB21.2 million for the six months ended 30 June 2023 to approximately RMB16.3 million for the six months ended 30 June 2024. Such decrease was primarily due to a decrease in average balance of the interest-bearing bank and other borrowings and other financing activities.

# Management Discussion and Analysis

## Income tax expense

Income tax expense decreased by approximately 84.55% from approximately RMB1.7 million for the six months ended 30 June 2023 to approximately RMB0.3 million for the six months ended 30 June 2024, which was primarily attributed to an increase in deferred tax expenses as impairment losses on financial and contract assets, net for the six months ended 30 June 2024. The effective tax rate also decreased from approximately 5.0% for the six months ended 30 June 2023 to approximately 1.5% for the six months ended 30 June 2024, primarily attributed to an increase in assessable profits contributed by certain subsidiaries, which benefited from a lower income tax rate incentive.

## Profit for the period

As a result of the foregoing, profit for the period decreased by approximately 46.13% from approximately RMB31.3 million for the six months ended 30 June 2023 to approximately RMB16.8 million for the six months ended 30 June 2024. Net profit margin decreased from approximately 0.75% for the six months ended 30 June 2023 to approximately 0.44% for the six months ended 30 June 2024.

## 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 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB129.5 million and approximately RMB263.6 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 15.85% from approximately RMB3,142.0 million as at 31 December 2023 to approximately RMB2,644.1 million as at 30 June 2024, representing 49.71% and 43.28% of the total current assets as at the end of the corresponding periods. The decrease in absolute amounts was primarily attributable to a decrease in revenue from construction projects.

## Trade and bills receivables

Trade and bills receivables increased by approximately 22.64% from approximately RMB2,217.7 million as at 31 December 2023 to approximately RMB2,719.8 million as at 30 June 2024. Such increase was due to the downturn in property market which led to delay in settlement made by our customers. The trade and bills receivables turnover days increased from approximately 93 days as at 31 December 2023 to approximately 118 days as at 30 June 2024.

# Management Discussion and Analysis

## Trade and bills payables

Trade and bills payables decreased by approximately 3.44% from approximately RMB3,775.7 million as at 31 December 2023 to approximately RMB3,645.7 million as at 30 June 2024. Such decrease was due to a decrease in costs of sales. The trade and bills payables turnover days increased from approximately 163 days as at 31 December 2023 to approximately 184 days as at 30 June 2024.

## Borrowings and charge on assets

As at 30 June 2024, the Group relied on short-term and long-term interest-bearing borrowings in the aggregated amount of approximately RMB610.8 million (31 December 2023: approximately RMB665.8 million). The short-term interest bearing borrowings amounting to approximately RMB489.4 million (31 December 2023: approximately RMB527.2 million) are repayable within 1 year and carried effective interest rate with a range from 3.70% to 7.09% per annum (31 December 2023: 3.70% to 7.09% per annum). As at 30 June 2024, the long-term interest bearing borrowings amounting to approximately RMB121.5 million (31 December 2023: RMB138.6 million) are repayable from 2025 to 2032 (31 December 2023: 2024 to 2032) and the interest rate is at the range from 4.41% to 4.90% (31 December 2023: 4.41% to 4.90%).

As at 30 June 2024, certain general banking facilities were secured by buildings of approximately RMB136.0 million (31 December 2023: RMB138.5 million).

## Gearing ratio

The gearing ratio increased from 15.90% as at 31 December 2023 to approximately 21.45% as at 30 June 2024. The increase was mainly attributable to a decrease in cash and cash equivalents.

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 2024, the capital expenditures were approximately RMB2.9 million (six months ended 30 June 2023: approximately RMB13.5 million). The capital expenditure incurred for the six months ended 30 June 2024 was primarily related to renovation works in office buildings and the purchase of new machinery.

## Capital commitments

As at 30 June 2024, the Group did not have any significant capital commitments (31 December 2023: nil).

## Contingent liabilities

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: nil).

# Management Discussion and Analysis

## 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 report, the Group had no significant investments held, material acquisitions and disposals during the six months ended 30 June 2024 (six months ended 30 June 2023: 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 2024.

## EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 958 employees, of which 559 were based in Jiaying City, and 399 were based in other areas in Zhejiang Province or in other provinces and regions in China. For the six months ended 30 June 2024, the Group incurred total staff costs of approximately RMB44.9 million, representing an decrease of approximately 14.33% as compared with the same period in 2023, mainly attributable to optimizing human resources to enhance the operation efficiency.

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

Looking ahead to the second half of 2024, the Central Government is expected to introduce more policies aimed at 'destocking' and stabilising the market. Local governments might also keep rolling out further policies to sustain the market on both supply-side and demand-side. Boosted by these stimulative policies, real estate transactions are expected to see a steady recovery, of which new property transactions in core first- and second-tier cities are expected to stabilise, and the share of second-hand property transactions are anticipated to continue to expand, further narrowing the extent of sales decline in national commodity housing. However, due to the impact of cash flow pressure arising from the industry's downturn, weaker sales and slackened financing, it is expected that the real estate industry would remain in downward trend for now.

## Management Discussion and Analysis

The Group will keep abreast of macro-economic and industry trends while maintaining confidence to overcome difficulties and challenges. In order to adhere to the blueprint of development of the “14th Five-Year Plan” and to achieve our annual objectives, the Group will focus on the dual principles of “change” and “consistency” as our key operations “maintaining the total volume, enhancing quality, and reducing inventory” as our operation focus, and “market model transformation, production model transformation, and management model transformation” as our direction, to accelerate transformation and promote the comprehensive high-quality development of the Group.

The Group will endeavour to facilitate transformation of the market model and accelerate the establishment of a professional marketing team to target key regions and core customers. It will strive to optimise its market presence through cultivating the local market of Tongxiang and focusing on Jiaxing and Yiwu regions, while maintaining focus on “going global” and actively exploring opportunities in beyond provincial and overseas markets leveraging the resource advantages of the Yiwu Joint Venture to further expand our business territory. The Group will closely oversee the construction of the intelligent manufacturing base, which would enhance our capabilities and boost the development, laying a solid foundation for seizing future development opportunities.

Best efforts will be directed towards accelerating the transformation of our production model and managing the balance and co-ordination of the “three factors of production + costs” to uncover the potential within production costs. By leveraging our intelligent command centre platform and big data, we aim to effectively reduce costs and improve efficiency enhancement. Our focus on technological innovation should enhance the standard of digital application. By placing emphasis on cost reduction and efficiency enhancement, we aim to improve our cost management and control standards.

The Group is fully committed to implement the transformation of our management model and enhance the disposal and revitalisation of existing stock to facilitate the process of destocking. We will speed up the step-by-step and category-based disposal of existing stock and additional assets, and effectively implement and promote such disposals, while putting in place various measures such as maintenance, operation, rental and sale for capital recovery. We will also work to achieve enhancement of asset operation and management capabilities, strengthen risk source control, and improve our risk prevention and control capabilities.



## Other Information

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2024 and up to the date of this interim report, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company (including sale of treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”))). As at 30 June 2024, the Company did not hold any treasury shares.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests or short positions of the directors (the “**Directors**”), the supervisors (the “**Supervisors**”) and the chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”)) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange are as follows:

#### The Company

Director/Supervisor	Nature of interest	Number of shares of the relevant corporation (including associated corporation) held <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company	Approximate percentage of shareholdings in the relevant class of shares of the Company
Mr. Lyu Yaoneng <sup>(2)</sup>	Interest of controlled corporation	204,000,000 Domestic Shares (L)	38.25%	51%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the domestic shares.
- (2) Zhejiang Jujiang Holdings Group Co., Ltd.\* (浙江巨匠控股集團有限公司) (“**Jujiang Holdings**”) is held as to approximately 51.33% by Mr. Lyu Yaoneng. Mr. Lyu Yaoneng, an executive Director, controls more than one-third of the voting rights of Jujiang Holdings and is deemed to be interested in its interest in the Company by virtue of the SFO.

### INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of the SFO, the substantial Shareholders and other persons (other than Directors, Supervisors and the chief executive of the Company) had the following interests and/or short positions in the shares or underlying shares of the Company:

Shareholders	Nature of interest	Number of shares held <sup>(1)</sup>	Approximate percentage of shareholdings in the relevant class of shares <sup>(2)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(3)</sup>
Jujiang Holdings <sup>(4)</sup>	Beneficial owner	204,000,000 Domestic Shares (L)	51.0%	38.25%
Ms. Shen Hongfen <sup>(5)</sup>	Interest of spouse	204,000,000 Domestic Shares (L)	51.0%	38.25%
Jujiang Equity Investment <sup>(6)</sup>	Beneficial owner	196,000,000 Domestic Shares (L)	49.0%	36.75%
Chan Ka Wo	Beneficial owner	9,480,000 H Shares (L)	7.1%	1.78%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the domestic shares.
- (2) The calculation is based on the percentage of shareholding in the domestic shares/H shares.
- (3) The calculation is based on the total number of 533,360,000 shares in issue.
- (4) Jujiang Holdings is directly interested in approximately 38.25% in the Company.
- (5) Ms. Shen Hongfen (沈洪芬), the spouse of Mr. Lyu Yaoneng, is deemed to be interested in Mr. Lyu Yaoneng's interest in the Company by virtue of the SFO.
- (6) Zhejiang Jujiang Equity Investment Management Co., Ltd.\* (浙江巨匠股權投資管理股份有限公司) ("Jujiang Equity Investment") is directly interested in approximately 36.75% in the Company.

## Other Information

Save as disclosed above, as at 30 June 2024, so far as the Directors, Supervisors and the chief executive of the Company are aware of, no other persons have interests and/or short positions in the Shares or underlying Shares which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded in the register kept under such provisions.

### DIRECTORS' COMPETING INTERESTS

Save as disclosed in this interim report, 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 C1 to the Listing Rules. Throughout the six months ended 30 June 2024 and up to the date of this interim report, 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 C3 to the Listing Rules 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 2024 to 30 June 2024.

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.

### CHANGES OF MEMBERS OF THE BOARD OF DIRECTORS

The changes of the members of the Board up to the date of this interim report are as follows:

With effect from the conclusion of the annual general meeting of the Company held on 11 June 2024, Mr. Yu Jingxuan and Mr. Wong Ka Wai have retired as independent non-executive Directors. At the same meeting, Mr. Wang Xinglong and Ms. Lam Fei Sui have been appointed as independent non-executive Directors for a term of three years, effective from 11 June 2024.

Save as disclosed above, there is no other change of the members of the Board up to the date of this interim report.

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there are no major events subsequent to 30 June 2024 which would materially affect the Group's operating and financial performance as at the date of this interim report.

### 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 2024, and is of the opinion that the financial statements comply with the applicable accounting standards.

On behalf of the Board  
**Jujiang Construction Group Co., Ltd.**  
**Mr. Lyu Yaoneng**  
*Chairman*

Zhejiang Province, the PRC, 16 August 2024

\* *For identification purpose only*

# Independent Review Report



## Ernst & Young

27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong  
Tel: +852 2846 9888  
Fax: +852 2868 4432  
www.ey.com

## To the board of directors of Jujiang Construction Group Co., Ltd.

(Established in the People's Republic of China with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 52, which comprises the interim condensed consolidated statement of financial position of Jujiang Construction Group Co., Ltd. (the **"Company"**) and its subsidiaries (together, the **"Group"**) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (**"IAS 34"**) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Review Report

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

*Certified Public Accountants*  
Hong Kong

16 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>3,833,658</b>	4,168,315
Cost of sales		<b>(3,677,723)</b>	(4,007,467)
<b>Gross profit</b>		<b>155,935</b>	160,848
Other income and gains	5	<b>8,934</b>	10,590
Administrative expenses		<b>(78,411)</b>	(86,000)
Impairment losses on financial and contract assets, net		<b>(43,945)</b>	(22,676)
Other expenses		<b>(9,122)</b>	(8,614)
Finance costs	6	<b>(16,287)</b>	(21,219)
<b>PROFIT BEFORE TAX</b>	7	<b>17,104</b>	32,929
Income tax expense	8	<b>(255)</b>	(1,651)
<b>PROFIT FOR THE PERIOD</b>		<b>16,849</b>	31,278
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		<b>(538)</b>	281
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>(538)</b>	281
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>16,311</b>	31,559
<b>Profit attributable to:</b>			
Owners of the parent		<b>14,830</b>	31,086
Non-controlling interests		<b>2,019</b>	192
		<b>16,849</b>	31,278
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		<b>14,453</b>	31,283
Non-controlling interests		<b>1,858</b>	276
		<b>16,311</b>	31,559
<b>Earnings per share attributable to ordinary equity holders of the parent:</b>			
Basic and diluted (expressed in RMB per share)	10	<b>0.03</b>	0.06

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	125,559	129,761
Investment properties		69,430	71,108
Right-of-use assets		22,735	24,501
Goodwill		1,162	1,162
Other intangible assets		75,940	80,150
Deferred tax assets		93,684	86,691
Long term receivables		105,996	110,633
Total non-current assets		494,506	504,006
<b>CURRENT ASSETS</b>			
Inventories		25,521	24,125
Non-current assets due within one year		9,054	8,787
Trade and bills receivables	13	2,719,841	2,217,659
Contract assets	12	2,644,051	3,142,043
Prepayments, other receivables and other assets	14	452,004	512,802
Financial assets at fair value through profit or loss		–	10,760
Pledged deposits	15	128,742	141,644
Cash and cash equivalents	15	129,460	263,550
Total current assets		6,108,673	6,321,370
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	3,645,678	3,775,673
Other payables and accruals	17	473,385	513,197
Interest-bearing bank and other borrowings	18	489,370	527,186
Tax payable		229,341	231,546
Total current liabilities		4,837,774	5,047,602
NET CURRENT ASSETS		1,270,899	1,273,768
TOTAL ASSETS LESS CURRENT LIABILITIES		1,765,405	1,777,774



# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	18	121,477	138,646
Total non-current liabilities		121,477	138,646
Net assets		1,643,928	1,639,128
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	19	533,360	533,360
Reserves		1,080,718	1,075,974
		1,614,078	1,609,334
<b>NON-CONTROLLING INTERESTS</b>			
		29,850	29,794
Total equity		1,643,928	1,639,128

**Lyu Yaoneng**

Director

**Lyu Dazhong**

Director

# Interim Condensed Consolidated Statement of Changes in Equity

## FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Special reserve	Statutory surplus reserve	Exchange fluctuation	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 (audited)	533,360	188,665	-	107,519	79	779,711	1,609,334	29,794	1,639,128
Profit for the period	-	-	-	-	-	14,830	14,830	2,019	16,849
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	(377)	-	(377)	(161)	(538)
Total comprehensive income for the period	-	-	-	-	(377)	14,830	14,453	1,858	16,311
Transfer to special reserve (i)	-	-	121,713	-	-	(121,713)	-	-	-
Utilisation of special reserve (i)	-	-	(121,713)	-	-	121,713	-	-	-
Final 2023 dividend declared 9	-	-	-	-	-	(9,709)	(9,709)	-	(9,709)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(1,802)	(1,802)
At 30 June 2024 (unaudited)	533,360	188,665	-	107,519	(298)	784,832	1,614,078	29,850	1,643,928

# Interim Condensed Consolidated Statement of Changes in Equity

## FOR THE SIX MONTHS ENDED 30 JUNE 2023

Notes	Attributable to owners of the parent						Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Capital reserve RMB'000	Special reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation RMB'000	Retained profits RMB'000			
At 31 December 2022 (audited)	533,360	188,665	-	105,917	-	789,845	1,617,787	26,518	1,644,305
Profit for the period	-	-	-	-	-	31,086	31,086	192	31,278
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	197	-	197	84	281
Total comprehensive income for the period	-	-	-	-	197	31,086	31,283	276	31,559
Contribution from non- controlling interests	-	-	-	-	-	-	-	2,450	2,450
Transfer to special reserve (i)	-	-	127,466	-	-	(127,466)	-	-	-
Utilisation of special reserve (i)	-	-	(127,466)	-	-	127,466	-	-	-
Final 2022 dividend declared 9	-	-	-	-	-	(19,100)	(19,100)	-	(19,100)
At 30 June 2023 (unaudited)	533,360	188,665	-	105,917	197	801,831	1,629,970	29,244	1,659,214

### Note:

- (i) Pursuant to the Circular on Printing and Issuing the Management Measures on the Enterprise Production Safety Expenses Appropriation and Utilisation (Cai Qi [2012] No.16) issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside from profit after tax an amount to a safety reserve at 1.5% to 2% of the total construction contract revenue recognised. On 21 November 2022, the Ministry of Finance and the Ministry of Emergency Management of the People's Republic of China issued Cai Zi [2022] No.136 to update the safety reserve rate to 1.5% to 3%, with immediate effect on the new contracts signed afterwards. The reserve can be utilised for improvements of safety on the construction work.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>17,104</b>	32,929
Adjustments for:			
Finance costs	6	<b>16,287</b>	21,219
Interest income	5	<b>(4,220)</b>	(5,061)
Exchange difference		<b>122</b>	(248)
Depreciation of items of property, plant and equipment	7	<b>7,049</b>	8,029
Depreciation of right-of-use assets	7	<b>1,766</b>	1,714
Depreciation of investment properties	7	<b>1,678</b>	284
Amortisation of intangible assets	7	<b>4,253</b>	4,178
Impairment of trade receivables	7	<b>28,885</b>	2,062
Impairment of financial assets included in prepayments, other receivables and other assets	7	<b>(2,511)</b>	2,902
Impairment of contract assets	7	<b>17,571</b>	17,712
Fair value loss on bill receivables		<b>7,513</b>	7,824
Gain on disposal of items of property, plant and equipment, net	11	<b>(4)</b>	–
		<b>95,493</b>	93,544
Increase in inventories		<b>(1,395)</b>	(416)
Decrease in contract assets		<b>484,790</b>	313,018
Increase in trade and bills receivables		<b>(538,580)</b>	(312,222)
Decrease in prepayments, other receivables and other assets		<b>63,309</b>	14,154
Decrease in financial assets at fair value through profit or loss		<b>–</b>	(118)
Decrease in pledged deposits		<b>12,902</b>	20,548
Decrease in trade and bills payables		<b>(129,993)</b>	(33,330)
Decrease in other payables and accruals		<b>(53,522)</b>	(68,644)
Cash flows (used in)/generated from operations		<b>(66,996)</b>	26,534
Interest received		<b>4,220</b>	5,061
Income tax paid		<b>(9,452)</b>	(4,111)
Net cash flows (used in)/generated from operating activities		<b>(72,228)</b>	27,484

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of items of property, plant and equipment		(2,848)	(13,523)
Payments for acquisition of other intangible assets		(44)	(12)
Proceeds from disposal of financial assets at fair value through profit or loss		10,760	–
Proceeds from disposal of items of property, plant and equipment	11	4	–
Net cash flows from/(used in) investing activities		7,872	(13,535)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of loans from third parties		–	(2,000)
Loans from third parties		4,000	3,500
Interest paid		(15,479)	(20,972)
Proceeds from borrowings		311,180	376,800
Repayment of borrowings		(364,875)	(351,768)
Principal portion of lease payments		(2,098)	(1,920)
Deposits paid for bank loans		–	(11,694)
Acquisition of non-controlling interests		–	2,450
Dividends paid to shareholders		–	(19,100)
Dividends paid to non-controlling shareholders		(1,800)	–
Net cash flows used in financing activities		(69,072)	(24,704)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		(133,428)	(10,755)
Effect of foreign exchange rate changes, net		263,550	221,145
		(662)	281
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>129,460</b>	<b>210,671</b>

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023. 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 2023, 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 IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 2. CHANGES IN THE GROUP'S ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and impact of the revised IFRSs are described below: *(Continued)*

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 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 of design, survey, training and consulting relating to construction contracting in architecture, and the 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 profit or loss before tax.



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

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.

Six months ended 30 June 2024

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4)</b>				
Sales to external customers	3,787,132	46,526	-	3,833,658
Intersegment sales	-	10,959	(10,959)	-
<b>Total segment revenue</b>	<b>3,787,132</b>	<b>57,485</b>	<b>(10,959)</b>	<b>3,833,658</b>
Profit before tax for the period	11,758	9,183	(3,837)	17,104
Income tax expense	365	(620)	-	(255)
<b>Segment results</b>	<b>12,123</b>	<b>8,563</b>	<b>(3,837)</b>	<b>16,849</b>
<b>Other segment information:</b>				
Interest income	4,206	14	-	4,220
Finance costs	12,875	3,412	-	16,287
Depreciation	7,046	3,447	-	10,493
Amortisation	248	4,005	-	4,253
Impairment losses recognised in profit or loss	44,172	(227)	-	43,945
Capital expenditure*	2,423	469	-	2,892

Note:

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2023

	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue (note 4):</b>				
Sales to external customers	4,131,023	37,292	–	4,168,315
Intersegment sales	–	8,091	(8,091)	–
<b>Total segment revenue</b>	<b>4,131,023</b>	<b>45,383</b>	<b>(8,091)</b>	<b>4,168,315</b>
Profit before tax for the period	30,896	1,438	595	32,929
Income tax expense	(1,714)	93	(30)	(1,651)
<b>Segment results</b>	<b>29,182</b>	<b>1,531</b>	<b>565</b>	<b>31,278</b>
<b>Other segment information:</b>				
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*	7,600	5,935	–	13,535

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 3. OPERATING SEGMENT INFORMATION *(Continued)*

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023.

	Construction contracting RMB'000	Others RMB'000	Eliminations RMB'000	Total RMB'000
Segment assets				
30 June 2024 (unaudited)	6,568,886	337,360	(303,067)	6,603,179
31 December 2023 (audited)	6,693,276	381,006	(248,906)	6,825,376
Segment liabilities				
30 June 2024 (unaudited)	4,961,951	209,371	(212,071)	4,959,251
31 December 2023 (audited)	5,096,132	247,682	(157,566)	5,186,248

Note:

- \* 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 2024

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>			
Construction contracting	3,787,132	-	3,787,132
Design, survey, training and consultancy	-	29,458	29,458
Sale of construction materials and civil defence products	-	17,068	17,068
<b>Total</b>	<b>3,787,132</b>	<b>46,526</b>	<b>3,833,658</b>
<b>Geographical markets</b>			
Chinese Mainland	3,728,317	46,526	3,774,843
Indonesia	58,815	-	58,815
<b>Total</b>	<b>3,787,132</b>	<b>46,526</b>	<b>3,833,658</b>
<b>Timing of revenue recognition</b>			
Services transferred over time	3,787,132	18,136	3,805,268
Goods transferred at a point in time	-	28,390	28,390
<b>Total</b>	<b>3,787,132</b>	<b>46,526</b>	<b>3,833,658</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 4. REVENUE (Continued)

### Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2023

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>			
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
<b>Total</b>	<b>4,131,023</b>	<b>37,292</b>	<b>4,168,315</b>
<b>Geographical markets</b>			
Chinese Mainland	4,082,554	37,292	4,119,846
Indonesia	48,469	–	48,469
<b>Total</b>	<b>4,131,023</b>	<b>37,292</b>	<b>4,168,315</b>
<b>Timing of revenue recognition</b>			
Services transferred over time	4,131,023	14,474	4,145,497
Goods transferred at a point in time	–	22,818	22,818
<b>Total</b>	<b>4,131,023</b>	<b>37,292</b>	<b>4,168,315</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 4. REVENUE (Continued)

### Disaggregated revenue information for revenue from contracts with customers (Continued)

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

Segments	For the six months ended 30 June 2024		
	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>			
External customers	3,787,132	46,526	3,833,658
Intersegment sales	-	10,959	10,959
<b>Subtotal</b>	<b>3,787,132</b>	<b>57,485</b>	<b>3,844,617</b>
Intersegment adjustments and eliminations	-	(10,959)	(10,959)
<b>Total</b>	<b>3,787,132</b>	<b>46,526</b>	<b>3,833,658</b>

For the six months ended 30 June 2023

Segments	Construction contracting RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Revenue</b>			
External customers	4,131,023	37,292	4,168,315
Intersegment sales	-	8,091	8,091
<b>Subtotal</b>	<b>4,131,023</b>	<b>45,383</b>	<b>4,176,406</b>
Intersegment adjustments and eliminations	-	(8,091)	(8,091)
<b>Total</b>	<b>4,131,023</b>	<b>37,292</b>	<b>4,168,315</b>

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 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	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Government grant*	4,043	3,787
Bank interest income	4,220	5,061
Other interest income from financial assets at fair value through profit or loss	74	118
Others	597	1,624
Total	8,934	10,590

Note:

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

## 6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	15,883	18,019
Factoring expense	–	2,735
Interest on lease liabilities	404	465
Total	16,287	21,219

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 7. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
Cost of construction contracting (including depreciation and research and development costs)	<b>3,654,379</b>	3,992,562
Cost of others	<b>23,344</b>	14,905
<b>Total cost of sales</b>	<b>3,677,723</b>	4,007,467
Depreciation of items of property, plant and equipment	<b>7,049</b>	8,029
Depreciation of investment properties	<b>1,678</b>	284
Depreciation of right-of-use assets	<b>1,766</b>	1,714
Amortisation of intangible assets	<b>4,253</b>	4,178
<b>Total depreciation and amortisation</b>	<b>14,746</b>	14,205
Research and development costs: Current period expenditure	<b>121,880</b>	131,432
	<b>121,880</b>	131,432
Impairment of trade receivables	<b>28,885</b>	2,062
Impairment of contract assets	<b>17,571</b>	17,712
Impairment of financial assets included in prepayments, other receivables and other assets	<b>(2,511)</b>	2,902
<b>Total impairment losses, net</b>	<b>43,945</b>	22,676
Auditor's remuneration	<b>1,100</b>	1,100
Employee benefit expenses (including directors' and supervisors' remuneration):		
– Wages, salaries and allowances	<b>35,103</b>	42,450
– Social insurance	<b>8,146</b>	8,406
– Welfare and other expenses	<b>1,699</b>	1,612
	<b>44,948</b>	52,468
Interest income	<b>(4,220)</b>	(5,061)



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 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% (2023: 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – Chinese mainland		
Charge for the period	<b>5,252</b>	5,456
Current- Elsewhere	<b>1,996</b>	684
Deferred	<b>(6,993)</b>	(4,489)
Tax charge for the period	<b>255</b>	1,651

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 for the reporting period is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit before tax	<b>17,104</b>	32,929
Income tax charge at the statutory income tax rate	<b>4,276</b>	8,232
Lower tax rate enacted by local authority	<b>(1,666)</b>	(2,927)
Additional deductible allowance for research and development expenses	<b>(2,838)</b>	(4,096)
Expenses not deductible for tax purposes	<b>434</b>	257
Tax losses not recognised	<b>49</b>	185
Tax charge for the period at the effective rate	<b>255</b>	1,651

## 9. DIVIDENDS

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Declared final dividend – RMB1.82 cents (2023: RMB3.67 cents) per ordinary share*	<b>9,709</b>	19,100

\* The Company proposed to distribute a final dividend of Hong Kong 2.0 cents in cash (before tax) for the year ended 31 December 2023 to the shareholders whose names appear on the register of members of the Company on Thursday, 20 June 2024. 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: RMB0.910. Based on the above exchange rate, a final dividend of RMB1.82 cents (before tax) will be payable 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 2024 and 2023 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:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Earnings: Profit for the period attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>14,830</b>	31,086

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

For the six months ended 30 June

	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	<b>533,360</b>	533,360

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment at an aggregate cost amounting to approximately RMB2,848,000 (unaudited) (six months ended 30 June 2023: RMB13,523,000 (unaudited)).

In addition, during the same period, property, plant and equipment with an aggregate net carrying value of approximately RMB0 (unaudited) (six months ended 30 June 2023: nil (unaudited)) were disposed of, which resulted in a net gain on disposal of approximately RMB4,000 (unaudited) (six months ended 30 June 2023: nil (unaudited)).

## 12. CONTRACT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract assets arising from:		
Construction services	<b>2,810,423</b>	3,289,283
Design, survey, training and consultancy	<b>9,561</b>	11,122
Total	<b>2,819,984</b>	3,300,405
Impairment	<b>(175,933)</b>	(158,362)
Net carrying amount	<b>2,644,051</b>	3,142,043

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 13. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade receivables at amortised cost	<b>2,336,465</b>	1,739,777
Provision for impairment	<b>(252,064)</b>	(223,179)
Trade receivables, net	<b>2,084,401</b>	1,516,598
Bills receivable	<b>635,440</b>	701,061
Total	<b>2,719,841</b>	2,217,659

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 Group's 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:

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	<b>891,702</b>	618,712
3 months to 6 months	<b>387,294</b>	209,204
6 months to 1 year	<b>285,535</b>	270,506
1 to 2 years	<b>362,102</b>	264,013
2 to 3 years	<b>127,916</b>	120,882
3 to 4 years	<b>28,120</b>	31,812
4 to 5 years	<b>1,732</b>	1,469
Total	<b>2,084,401</b>	1,516,598

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 13. TRADE AND BILLS RECEIVABLES (Continued)

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

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At beginning of the period/year	<b>223,179</b>	174,658
Impairment losses, net	<b>28,885</b>	48,521
At end of the period/year	<b>252,064</b>	223,179

## 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Prepayments	<b>350,472</b>	390,094
Deposits and other receivables	<b>153,255</b>	176,942
Impairment allowance	<b>503,727</b> <b>(51,723)</b>	567,036 (54,234)
Net carrying amount	<b>452,004</b>	512,802

The movements in provision for impairment of deposits and other receivables are as follows:

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
At beginning of the period/year	<b>54,234</b>	46,264
Impairment losses, net	<b>(2,511)</b>	7,970
At end of the period/year	<b>51,723</b>	54,234

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<b>129,460</b>	263,550
Pledged deposits	<b>128,742</b>	141,644
	<b>258,202</b>	405,194
Less: Pledged time deposits:		
Pledged for salaries of migrant workers	<b>(65,925)</b>	(45,295)
Pledged for bank notes	<b>(11,020)</b>	(22,357)
Pledged for legally freezing	<b>(51,797)</b>	(73,992)
Cash and cash equivalents	<b>129,460</b>	263,550

The RMB is not freely convertible into other currencies. However, under Chinese Mainland's prevailing rules and regulations over foreign exchange, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 16. 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:

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 6 months	<b>2,154,422</b>	2,550,978
6 months to 1 year	<b>709,835</b>	343,442
1 to 2 years	<b>424,145</b>	497,478
2 to 3 years	<b>210,799</b>	278,372
Over 3 years	<b>146,477</b>	105,403
Total	<b>3,645,678</b>	3,775,673

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

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 17. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Other taxes payable	<b>260,908</b>	271,730
Contract liabilities	<b>127,068</b>	158,978
Other payables	<b>60,012</b>	56,695
Accrued salaries, wages and benefits	<b>15,924</b>	25,794
Dividends payable	<b>9,473</b>	–
<b>Total</b>	<b>473,385</b>	513,197

The above amounts are unsecured, non-interest-bearing and have no fixed terms of settlement.

## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024			31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	<b>4.90</b>	<b>2024-2025</b>	<b>4,249</b>	4.90	2024	3,165
Bank loans						
– mortgaged/ guaranteed	<b>3.70-5.73</b>	<b>2024-2025</b>	<b>328,920</b>	3.70-5.73	2024	449,580
Bank loans – guaranteed	<b>4.05-7.09</b>	<b>2024-2025</b>	<b>136,450</b>	4.05-7.09	2024	55,350
Current portion of long term bank loans – guaranteed	<b>4.41</b>	<b>2024-2025</b>	<b>19,751</b>	4.41	2024	19,091
<b>Total-current</b>			<b>489,370</b>			527,186
Non-current						
Lease liabilities	<b>4.90</b>	<b>2025-2032</b>	<b>11,838</b>	4.90	2025-2032	14,212
Bank loans – guaranteed	<b>4.41</b>	<b>2025-2030</b>	<b>109,639</b>	4.41	2025-2030	124,434
<b>Total non-current</b>			<b>121,477</b>			138,646

## 18. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (a) Certain of the Group's buildings with net carrying amounts of approximately RMB136,023,000 (unaudited) and approximately RMB138,543,000 (audited) as at 30 June 2024 and 31 December 2023, respectively, were used to secure general banking facilities granted to the Group.
- (b) As set out in note 21(b), as at 30 June 2024 and 31 December 2023, the Group's interest-bearing bank and other borrowings of approximately RMB330,700,000 (unaudited) and approximately RMB445,130,000 (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 2024 and 31 December 2023, the outstanding loan balances amounted to RMB129,390,000 (unaudited) and RMB143,525,000 (audited), respectively, and the interest rate is 4.41%.

## 19. SHARE CAPITAL

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Share capital	<b>533,360</b>	533,360

## 20. COMMITMENTS

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



# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 21. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the reporting period:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Construction contracting services provided to:</b>		
Fellow subsidiaries	547	154
<b>Purchases of raw materials from a company of which the controlling shareholder of the company is a key member of management personnel of the parent company</b>	1,983	904
<b>Lease payments to a fellow subsidiary</b>	1,694	1,694

The above related party transactions were conducted in accordance with the terms mutually agreed between the parties.

- (b) Other transactions with related parties:

The Group's interest-bearing bank and other borrowings of RMB330,700,000 (unaudited) and RMB445,130,000 (audited) as at 30 June 2024 and 31 December 2023, respectively, were jointly guaranteed by the controlling shareholder and other related parties of the Group, as set out in note 18(b).

## 21. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

	<b>30 June 2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Trade and bills receivables:</b>		
Fellow subsidiaries	<b>30,843</b>	32,283
<b>Trade payables:</b>		
Fellow subsidiaries	<b>354</b>	81
A company of which the controlling shareholder of the company is a key member of management personnel of the parent company	<b>114</b>	370
<b>Other receivables:</b>		
Fellow subsidiaries	<b>20</b>	20
Key management personnel of the holding company	<b>950</b>	950
<b>Contract assets:</b>		
Fellow subsidiaries	<b>9,881</b>	11,076
Associate of fellow subsidiaries	<b>6,072</b>	12,922
<b>Contract liabilities:</b>		
Fellow subsidiaries	<b>948</b>	948

(d) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
Short term employee benefits	<b>1,983</b>	2,132
Post-employment benefits	<b>65</b>	65
Total compensation paid to key management personnel	<b>2,048</b>	2,197

# Notes to Interim Condensed Consolidated Financial Information

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## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values as at the end of the reporting period, are as follows:

	Carrying amounts	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>		
Bills receivable	635,440	701,061
Long term receivables	105,996	110,633
Financial assets at fair value through profit or loss	–	10,760
Total	741,436	822,454
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings (other than lease liabilities)	594,760	648,455
	Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>		
Bills receivable	635,440	701,061
Long term receivables	105,996	110,633
Financial assets at fair value through profit or loss	–	10,760
Total	741,436	822,454
<b>Financial liabilities</b>		
Interest-bearing bank and other borrowings (other than lease liabilities)	594,760	648,455

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade receivables, trade and bills payables, interest-bearing bank and other borrowings, financial assets included in prepayments, other receivables and other assets, and other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief accountant. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief accountant. The valuation process and results are discussed with senior management twice a year for annual financial reporting.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

##### As at 30 June 2024

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Bills receivable	-	635,440	-	635,440

##### As at 31 December 2023

	Fair value measurement categorised into			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	10,760	-	-	10,760
Bills receivable	-	701,061	-	701,061
Total	10,760	701,061	-	711,821

# Notes to Interim Condensed Consolidated Financial Information

30 June 2024

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: Nil)

## 23. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after the reporting period that are required to be disclosed.

## 24. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 16 August 2024.