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PUJIANG INTERNATIONAL GROUP LIMITED

浦江國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2060)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Unaudited		Change
	Six months ended 30 June		
	2023	2022	
	RMB'000	RMB'000	(%)
Revenue	900,026	1,028,266	(12.5)
Gross profit	225,342	230,211	(2.1)
Profit for the period	43,752	75,711	(42.2)
Earnings per share (diluted)	RMB0.0513	RMB0.0872	(41.2)

The board (the “**Board**”) of directors (the “**Directors**”) of Pujiang International Group Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited	
		six months ended 30 June	
		2023	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	6	900,026	1,028,266
Cost of sales		<u>(674,684)</u>	<u>(798,055)</u>
Gross profit		225,342	230,211
Other revenue		18,628	5,913
Other gains and losses		(39)	34,225
Distribution costs		(11,776)	(10,563)
Administrative expenses		(21,501)	(21,089)
Impairment loss recognised on trade and retention receivables		(25,524)	(32,378)
Reversal of impairment loss on deposits and other receivables		1,337	281
Research and development expenses		<u>(48,458)</u>	<u>(39,471)</u>
Operating profit		138,009	167,129
Share of losses of associates		(9,363)	(7,558)
Finance costs	7	<u>(74,772)</u>	<u>(76,951)</u>
Profit before income tax	8	53,874	82,620
Income tax expenses	10	<u>(10,122)</u>	<u>(6,909)</u>
Profit for the period		<u>43,752</u>	<u>75,711</u>
Profit for the period attributable to:			
Owners of the Company		41,491	70,912
Non-controlling interests		<u>2,261</u>	<u>4,799</u>
		<u>43,752</u>	<u>75,711</u>

		Unaudited	
		six months ended 30 June	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
Profit for the period		43,752	75,711
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>2,031</u>	<u>(2,563)</u>
Other comprehensive income for the period		<u>2,031</u>	<u>(2,563)</u>
Total comprehensive income for the period		<u>45,783</u>	<u>73,148</u>
Total comprehensive income attributable to:			
Owners of the Company		43,522	68,349
Non-controlling interests		<u>2,261</u>	<u>4,799</u>
		<u>45,783</u>	<u>73,148</u>
Earnings per share:			
	<i>12</i>	RMB	RMB
– Basic		<u>0.0513</u>	<u>0.0874</u>
– Diluted		<u>0.0513</u>	<u>0.0872</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>13</i>	287,965	287,260
Intangible assets	<i>14</i>	–	–
Interest in associates	<i>15</i>	231,784	241,147
Deposits		34,031	89,033
Deferred tax assets		19,064	15,369
		<u>572,844</u>	<u>632,809</u>
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Current assets			
Inventories		556,911	561,981
Trade and retention receivables	<i>16</i>	1,797,552	1,542,308
Prepayments, deposits and other receivables		2,323,627	2,035,945
Restricted bank deposits		278,718	268,481
Cash and cash equivalents		260,915	554,128
		<u>5,217,723</u>	<u>4,962,843</u>
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		Unaudited	Audited
		As at	As at
		30 June	31 December
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
Current liabilities			
Trade and bills payables	17	863,929	761,461
Contract liabilities		30,925	55,486
Other payables and accruals		203,772	185,031
Bank and other borrowings	18	2,194,079	2,117,861
Income tax payable		48,787	36,010
Lease liabilities		1,597	13,493
		<u>3,343,089</u>	<u>3,169,342</u>
Net current assets		<u>1,874,634</u>	<u>1,793,501</u>
Total assets less current liabilities		<u>2,447,478</u>	<u>2,426,310</u>
Non-current liabilities			
Bank and other borrowings	18	70,729	94,000
Lease liabilities		840	1,693
		<u>71,569</u>	<u>95,693</u>
NET ASSETS		<u>2,375,909</u>	<u>2,330,617</u>
CAPITAL AND RESERVES			
Share capital	19	7,119	7,138
Reserves		2,259,339	2,216,289
Equity attributable to owners of the Company		<u>2,266,458</u>	<u>2,223,427</u>
Non-controlling interests		<u>109,451</u>	<u>107,190</u>
TOTAL EQUITY		<u>2,375,909</u>	<u>2,330,617</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 April 2017, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered office of the Company is located at PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. Its principal place of business in the People's Republic of China (the "PRC") is 16/F., No. 518 Shangcheng Road, Shanghai, PRC. The Company is an investment holding company and the Group is principally engaged in manufacture, installation and sales of customised prestressed steel materials and cables. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 28 May 2019.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial statements were authorised by the Directors for issue on 31 August 2023.

The interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2022 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023. Details of any changes in accounting policies are set out in note 3. The adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") have no material effect on the interim condensed consolidated financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of the interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRSs and should be read in conjunction with the 2022 consolidated financial statements.

3. CHANGES IN HKFRSs

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2022.

5. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Group's top management including executive directors and chief executive for their decisions about resources allocation to the Group's business components and for their review of these components' performance. The business components in the internal financial information reported to the top management are determined according to the Group's major product and service lines.

Operating segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The segments are managed separately as each business offers different products and requires different business strategies.

- Cables
Provision of manufacture, installation and sale of cables
- Prestressed steel materials
Provision of manufacture and sale of customised prestressed steel materials

Inter-segment transactions are priced with reference to prices charged to extend parties for similar order.

(a) **Segment revenue and results**

For the six months ended 30 June 2023 (unaudited)

	Cables	Prestressed steel materials	Elimination	Segment total	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>606,125</u>	<u>293,901</u>	<u>–</u>	<u>900,026</u>	<u>–</u>	<u>900,026</u>
Segment profit/(loss) before income tax expenses	<u>100,767</u>	<u>(15,154)</u>	<u>–</u>	<u>85,613</u>	<u>(31,739)</u>	<u>53,874</u>

For the six months ended 30 June 2022 (unaudited)

	Cables	Prestressed steel materials	Elimination	Segment total	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>514,934</u>	<u>513,332</u>	<u>–</u>	<u>1,028,266</u>	<u>–</u>	<u>1,028,266</u>
Segment profit/(loss) before income tax expenses	<u>58,640</u>	<u>51,850</u>	<u>–</u>	<u>110,490</u>	<u>(27,870)</u>	<u>82,620</u>

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the current and prior periods.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Unaudited As at 30 June 2023 RMB'000	Audited As at 31 December 2022 <i>RMB'000</i>
Segment assets		
Cables	3,442,843	3,342,017
Prestressed steel materials	1,586,778	1,480,075
Segment assets	5,029,621	4,822,092
Unallocated	760,946	773,560
Total consolidated assets	5,790,567	5,595,652
Segment liabilities		
Cables	2,608,296	2,471,505
Prestressed steel materials	602,236	560,524
Segment liabilities	3,210,532	3,032,029
Unallocated	204,126	233,006
Total consolidated liabilities	3,414,658	3,265,035

(c) **Other segment information**

For the six months ended 30 June 2023 (unaudited)

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	5,165	602	5,767	840	6,607
Government grants	3,041	198	3,239	–	3,239
Finance costs	(56,991)	(3,020)	(60,011)	(14,761)	(74,772)
Income tax expenses	(9,539)	(583)	(10,122)	–	(10,122)
Depreciation of right-of-use assets	(180)	(10,013)	(10,193)	(618)	(10,811)
Depreciation of property, plant and equipment	(2,854)	(679)	(3,533)	–	(3,533)
Share of gains/(losses) of associates	2,466	–	2,466	(11,829)	(9,363)
Impairment loss reversed/(recognised) on trade receivables and retention receivables	2,017	(27,541)	(25,524)	–	(25,524)
Impairment loss reversed/(recognised) on deposits and other receivables	1,973	(636)	1,337	–	1,337
Gain on disposal of property, plant and equipment	39	–	39	–	39
Additions to property, plant and equipment	5,132	6,058	11,190	–	11,190

For the six months ended 30 June 2022 (unaudited)

	Cables	Prestressed steel materials	Segment total	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	738	596	1,334	31	1,365
Government grants	3,260	1,283	4,543	–	4,543
Finance costs	(58,030)	(6,400)	(64,430)	(12,521)	(76,951)
Income tax expenses	727	(7,636)	(6,909)	–	(6,909)
Depreciation of right-of-use assets	(180)	(14,857)	(15,037)	–	(15,037)
Depreciation of property, plant and equipment	(1,189)	(2,157)	(3,346)	–	(3,346)
Share of loss of associates	–	–	–	(7,558)	(7,558)
Impairment loss recognised on trade receivables and retention receivables	(14,300)	(18,078)	(32,378)	–	(32,378)
Impairment loss reversed on deposits and other receivables	281	–	281	–	281
Gain on disposal of property, plant and equipment	13	23	36	–	36
Additions to property, plant and equipment	6,129	140,853	146,982	–	146,982
Gain on disposal of assets classified as held for sale	–	34,135	34,135	–	34,135

(d) Geographical information

The Group's revenue from external customers is derived mainly from its operations in the PRC, where all its non-current assets are located. Management determines that the Group is domiciled in the PRC. All the Group's revenue is derived from external customers and all of the Group's non-current assets are located in the PRC. Accordingly, no separate segmental analysis is presented.

(e) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Reporting Period is as follows:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Customer A ¹	241,065	373,276

Note:

¹ Revenue from sales of prestressed steel materials.

6. REVENUE

Revenue represents the net invoiced value of goods sold or services rendered and earned by the Group.

The principal activities of the Group are manufacturing and sale of cables, customised prestressed steel materials and providing installation services. An analysis of the revenue from the Group's principal activities is as follows:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers		
Manufacture, installation and sale of cables	606,125	514,934
Manufacture and sale of customised prestressed steel materials	293,901	513,332
	900,026	1,028,266

Disaggregation of revenue from contracts with customers

The following amounts represent revenue recognised over time and at a point in time:

	Unaudited six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Timing of revenue recognition		
At a point in time		
– Sales of customised prestressed steel materials and cables	891,096	1,026,771
Over time		
– Provision of installation services	8,930	1,495
	<u>900,026</u>	<u>1,028,266</u>

As at 30 June 2023 and 2022, the aggregate amount of the consideration the Group is entitled and allocated to performance obligation that are unsatisfied (or partially unsatisfied) under the Group's contracts, was approximately RMB1,502,428,000 and RMB1,588,000,000 respectively.

Management expects that the unsatisfied performance obligations at the end of the Reporting Period will be recognised as revenue in the subsequent one to three years based on the contract period, and the timing of the transfer of those goods and services is at the discretion of the customers.

7. FINANCE COSTS

	Unaudited six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest expense on bank and other borrowings	77,027	73,125
Interest expense on lease liabilities	690	902
Handling fee	5,028	4,975
	<u>82,745</u>	<u>79,002</u>
Less: amount capitalised into qualifying assets	<u>(7,973)</u>	<u>(2,051)</u>
	<u>74,772</u>	<u>76,951</u>

Borrowing costs capitalised during the period arose on general borrowing pool are calculated by applying a capitalisation rate of 5.73% (2022: 5.74%) to expenditure on qualifying assets.

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Auditors' remuneration	550	550
Cost of inventories recognised as expense (<i>note</i>)	674,684	798,055
Depreciation charge:		
– Property, plant and equipment	3,533	3,346
– Right of use assets	10,811	15,037
Employee costs (<i>note 9</i>)	26,693	27,369
Short-terms lease expenses	627	198
Bank and other interest income	(6,607)	(1,365)
Exchange gains	(2)	(56)
Gain on disposal of property, plant and equipment	(39)	(36)

Note:

Cost of inventories recognised as expense for the six months ended 30 June 2023 includes approximately RMB7,187,000 (2022: RMB12,731,000) of employee costs and depreciation charge, which are also included in the respective total amounts disclosed above for each of these types of expenses.

9. EMPLOYEE COSTS

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Employee costs (including directors' emoluments) comprise:		
– Wages and salaries	20,374	20,819
– Contributions to retirement benefits scheme	2,832	3,213
– Other employee benefits	3,487	3,337
	<u>26,693</u>	<u>27,369</u>

10. INCOME TAX EXPENSE

The amount of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax		
– for the period	13,817	19,555
– over provision in respect of prior periods	<u>–</u>	<u>(6,966)</u>
	13,817	12,589
Deferred tax	<u>(3,695)</u>	<u>(5,680)</u>
	<u>10,122</u>	<u>6,909</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and British Virgin Islands.

No Hong Kong profits tax has been provided in the interim condensed consolidated financial statements as the Group did not derive any estimated assessable profit in Hong Kong for the current and prior periods.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the Group's subsidiaries is calculated based on the statutory tax rate of 25%, except for Ossen Innovation Materials Co. Limited, Ossen (Jiujiang) New Materials Co. Limited, Shanghai Pujiang Cable Co. Limited and Zhejiang Pujiang Cable Co. Limited are recognised as High and New-Tech enterprises according to the PRC tax regulations. These subsidiaries are entitled to a preferential tax rate of 15% for the six months ended 30 June 2023 (six months ended 30 June 2022: 15%).

11. DIVIDENDS

The Board has not declared an interim dividend for the six months ended 30 June 2023 and 30 June 2022. The Board has resolved not to recommend any payment of dividends for year ended 31 December 2022 at the annual general meeting of the Company on 21 June 2023.

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on profit for the period attributable to owners of the Company of approximately RMB41,491,000 (six months ended 30 June 2022: RMB70,912,000). The weighted average number of ordinary shares used for the purpose of calculation the basic earnings per share for the period includes the weighted average number of shares issued of 808,913,000 shares (six months ended 30 June 2022: 811,044,000).

(b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the Reporting Period attributable to owners of the Company of RMB41,491,000 (six months ended 30 June 2022: RMB70,912,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Reporting Period, as used in the basic earnings per share calculation and the diluted shares from share option scheme of 808,913,000 shares (six months ended 30 June 2022: 813,220,180 shares).

The calculations of basic and diluted earnings per share are based on:

	Unaudited	
	six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	41,491	70,912
	Number of shares	Number of shares
	2023	2022
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	808,913,000	811,044,000
Effect of dilution – weighted average number of ordinary shares: Share options	–	2,176,180
Weighted average number of ordinary shares during the period used in the diluted earnings per share calculation	808,913,000	813,220,180

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of plant and machinery with a cost of approximately RMB19,163,000 (six months ended 30 June 2022: RMB146,982,000) of which construction in progress is RMB11,028,000 (six months ended 30 June 2022: RMB146,469,000). Amongst the additions of property, plant and equipment during the six months ended 30 June 2023, amount of RMB8,135,000 was unpaid and included within “Other payables and accruals” (six months ended 30 June 2022: RMB74,707,000).

There are items of plant and machinery being disposed of for the six months ended 30 June 2023 with net book value of approximately RMB4,143,000 (six months ended 30 June 2022: RMB16,000), resulting in a gain on disposal of approximately RMB39,000 (six months ended 30 June 2022: gain on disposal of RMB36,000).

14. INTANGIBLE ASSETS

	Technology know-how RMB'000
Cost	
At 1 January 2022, 31 December 2022 and 30 June 2023	<u>6,250</u>
Accumulated amortisation	
At 1 January 2022, 31 December 2022 and 30 June 2023	<u>6,250</u>
Net book value	
At 30 June 2023 (Unaudited)	<u>–</u>
At 31 December 2022 (Audited)	<u>–</u>

15. INTEREST IN ASSOCIATES

	Unaudited As at 30 June 2023 <i>RMB'000</i>	Audited As at 31 December 2022 <i>RMB'000</i>
Share of net assets other than goodwill	170,279	179,642
Goodwill	<u>61,505</u>	<u>61,505</u>
	<u>231,784</u>	<u>241,147</u>

Details of the Group's associates are as follows:

Name	Place of incorporation, operation and principal activity	Percentage of ownership interests/profit share
Shanghai Push Medical Device Technology Co., Limited	Developing the technology of, manufacturing and sales of medical equipment in the PRC	23.11%
Shanghai International Superconducting Technology Co., Ltd	Developing the technology of, manufacturing and superconducting cables and attachments in the PRC	40%

The following tables illustrates the aggregate financial information of the Group's associates that are not individually material:

	Unaudited Six months ended 30 June 2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Share of the associates' losses for the period	(9,363)	(7,558)
Share of the associates' other comprehensive income for the period	<u>–</u>	<u>–</u>
Share of the associates' total comprehensive income	<u>(9,363)</u>	<u>(7,558)</u>
Dividend received from associates	<u>8,781</u>	<u>–</u>
	Unaudited As at 30 June 2023 <i>RMB'000</i>	Audited As at 31 December 2022 <i>RMB'000</i>
Aggregate carrying amount of the Group's interests in associates	<u>170,279</u>	<u>179,642</u>

16. TRADE AND RETENTION RECEIVABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Trade receivables	1,691,732	1,439,250
Retention receivables	190,216	162,030
	1,881,948	1,601,280
Less: provision for impairment	(84,496)	(58,972)
	1,797,452	1,542,308
Bill receivables	100	–
	1,797,552	1,542,308

The Group grants a credit period within 0-90 days to its trade customers.

The ageing analysis of the Group's trade and retention receivables (net), based on invoice date, at the end of the Reporting Period is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Within 3 months	529,049	484,107
Within 4 – 6 months	173,965	253,737
Within 7 – 12 months	628,113	394,159
More than 1 year but less than 2 years	358,181	235,327
More than 2 years but less than 3 years	81,803	155,286
More than 3 years but less than 5 years	23,468	17,714
Over 5 years	2,873	1,978
	1,797,452	1,542,308

The movements in the allowance for impairment of trade and retention receivables during the Reporting Period/year are as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
At the beginning of the period/year	58,972	35,310
Impairment loss recognised during the period/year	25,524	23,662
	<u>84,496</u>	<u>58,972</u>

17. TRADE AND BILLS PAYABLES

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Trade payables	158,859	167,891
Bills payables	705,070	593,570
	<u>863,929</u>	<u>761,461</u>

The ageing analysis of trade payables, based on the invoice date, as of the end of the Reporting Period, is as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Within 3 months	39,844	68,709
Within 4 – 6 months	10,037	26,212
Within 7 – 12 months	46,098	17,199
More than 1 year but less than 2 years	18,267	40,220
More than 2 year but less than 3 years	32,675	10,916
More than 3 year but less than 5 years	10,027	2,655
Over 5 years	1,911	1,980
	<u>158,859</u>	<u>167,891</u>

The Group's trade payables are non-interest bearing and credit periods granted by suppliers normally range from 0 to 90 days.

18. BANK AND OTHER BORROWINGS

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Current		
Secured interest-bearing		
– bank and other borrowings	1,832,620	1,699,667
– bank and other borrowings which contain a repayment on demand clause	<u>361,459</u>	<u>418,194</u>
	2,194,079	2,117,861
Non-current		
Secured interest-bearing		
– bank and other borrowings due for repayment after one year	<u>70,729</u>	<u>94,000</u>
	2,264,808	2,211,861

None of the portion of bank and other borrowings due for repayment after one year which contain a repayment on demand clause (and therefore classified as current liability) is expected to be settled within one year.

At the end of the reporting period, bank and other borrowings were scheduled to be repaid and ignore the effect of any repayment on demand clause as follows:

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Within one year	1,980,363	1,853,656
More than one year, but not exceeding two years	129,270	179,766
More than two years, but not exceeding five years	<u>155,175</u>	<u>178,439</u>
	2,264,808	2,211,861

At 30 June 2023, the bank and other borrowings of the Group were interest bearing at fixed rates ranging from 3.7% to 6.0% per annum in aggregate amounted to RMB1,387,615,000 (31 December 2022: 3.7% to 5.8% per annum in aggregate amounted to RMB1,311,739,000) and floating rates ranging from 5.35% to 13.7% per annum in aggregate amounted to RMB877,193,000 (31 December 2022: 4.3% to 10.0% per annum in aggregate amounted to RMB900,122,000).

Included in the amount as at 30 June 2023 was the bank borrowings denominated in USD of RMB199,394,000 (31 December 2022: RMB228,445,000).

The bank and other borrowings are secured by:

- (a) Certain time deposits of RMB5,000,000, land and buildings, leasehold improvement and machineries of RMB73,552,000 included in property, plant and equipment and trade and retention receivables of RMB47,328,000;
- (b) As at 30 June 2023 and 31 December 2022, the bank borrowings are secured by personal guarantees executed by Dr. Tang Liang and Mr. Hua Wei, both are executive Directors, and corporate guarantees given by the independent third parties, ultimate holding company and the subsidiaries of the Group as follows:

Jiangxi Province Financing Guarantee Group Co. Ltd.;
Shanghai Zhaoyang New Metal Material Co. Ltd.;
Maanshan Pubang Financing Guaranty Co. Ltd.;
Elegant Kindness Limited (“**Elegant Kindness**”);
Top Innovation Enterprises Limited;
New Ossen Group Limited;
Ossen Innovation Co. Ltd.;
Ossen Innovation Materials Group Co. Ltd.;
Topchina Development Group Limited;
Ossen Group (Asia) Co. Limited;
Ossen Group Co. Limited;
International Supconductor Holdings Limited;
Shanghai Xiong Ao Investment Co. Ltd.;
Chao Ao Investment Shanghai Co. Ltd.;
Shanghai Pujiang Cable Co. Limited;
Zhejiang Pujiang Cable Co. Limited;
Shanghai Pujiang Cable Installation Engineering Co. Limited;
Pujiang International Group Limited;
Ossen (Jiujiang) New Materials Co. Limited;
Ossen Innovation Materials Co. Limited; and
Shanghai Square Iron & Steel Co. Ltd..

19. SHARE CAPITAL

Details of the share capital of the Company are as follows:-

	Number of shares	<i>RMB'000</i>
Issued and fully paid		
At 1 January 2022, 31 December 2022 and 1 January 2023	811,044,000	7,138
Cancellation of shares	<u>(2,164,000)</u>	<u>(19)</u>
At 30 June 2023	<u>808,880,000</u>	<u>7,119</u>

During the year ended 31 December 2022, the Company repurchased an aggregate of 1,150,000 of its own shares on the Stock Exchange at total consideration plus transaction costs of RMB602,000.

During the period ended 30 June 2023, the Company repurchased an aggregate of 1,014,000 of its own shares on the Stock Exchange at total consideration plus transaction costs of RMB491,000.

As at 30 June 2023, all the repurchased shares of 2,164,000 have been cancelled by the Company on 19 January 2023 and the total repurchase costs amounting to RMB1,093,000 was settled.

20. CAPITAL COMMITMENTS

	Unaudited As at 30 June 2023 <i>RMB'000</i>	Audited As at 31 December 2022 <i>RMB'000</i>
Contracted for but not provided in the financial statements:		
– Acquisition of property, plant and equipment	<u>324</u>	<u>555</u>

21. RELATED PARTY TRANSACTIONS

Same as disclosed elsewhere in this announcement, the Group had the following transactions with related parties during the period:

The compensation of key management personnel of the Group, representing remuneration of the Company's directors, for the six months ended 30 June 2023 amounted to RMB1,385,000 (six months ended 30 June 2022: RMB1,576,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is one of the largest providers of bridge cables for the construction of super-long-span bridges in the PRC and the leading prestressed materials manufacturers in the PRC. The shares of the Company (the “**Shares**”) were successfully listed on the Stock Exchange on 28 May 2019 (the “**Listing**”).

During the Reporting Period, the Group has two main reporting business segments, namely, the business which manufactures cables for long-span bridges (the “**Cable Business**”) and the business which manufactures prestressed materials for various infrastructure construction (the “**Prestressed Materials Business**”). During the Reporting Period, the total revenue of the Group amounted to RMB900.0 million, representing a decrease of 12.5% as compared to the corresponding period in 2022. In particular, the revenue of the Cable Business increased by 17.7% during the Reporting Period. Despite the increase in the revenue of the Cable Business, the total revenue of the Group decreased due to the decrease in revenue of Prestressed Materials Business as a result of the relocation of the production facilities in Jiujiang, the PRC.

The Group recorded a gross profit of RMB225.3 million in the Reporting Period, representing a decrease of 2.1% as compared to RMB230.2 million in the first half of 2022, and a profit for the period of RMB43.8 million for the Reporting Period, representing a decrease of 42.2% as compared with that of the first half of 2022. The profit for the Reporting Period is lower than that of the first half of 2022 partly attributable to the receipt of a one-off subsidy of RMB34.1 million in relation to the relocation of the production facility in Jiujiang, the PRC for the Prestressed Materials Business in the the first half of 2022, while similar grant was not available during the Reporting Period. Meanwhile, the Group also increased the research and development expenses in relation to the Cable Business by RMB9.8 million during the Reporting Period. The overall gross profit margin for the Group increased from 22.4% for the first half of 2022 to 25.0% for the Reporting Period, which was primarily due to increase in the revenue of the Cable Business, which has relatively higher gross profit margin compared with that of Prestressed Materials Business, coupled with the impact of the decrease in revenue of Prestressed Materials Business which has relatively lower gross profit margin.

Cable Business

During the Reporting Period, the Group continued to focus on the production and sale of bridge cables. During the Reporting Period, the Group completed 53 projects and was awarded 50 new projects for the Cable Business.

As of the date of this announcement, the Group has 132 on-going projects. With the on-going projects in hand, the Group remains confident in the development of Cable Business in the second half of 2023. Below sets out some of the on-going projects for the Cable Business:

- Shenzhen-Zhongshan Link – Lingding Yang Bridge* (深中通道伶仃洋大橋)
- Guizhou Jinzhou Grand Bridge* (貴州金州大橋)
- Fulong Grand Bridge* (富龍特大橋)
- Guangdong Hongqimen Grand Bridge* (廣東洪齊門大橋)
- Husuhu Railway Qingpu Grand Bridge* (滬蘇湖鐵路青浦特大橋)
- Zangkejiagn Grand Bridge* (牂牁江特大橋)
- Chile Chacao Channel Bridge* (智利查考跨海大橋)

In addition, during the Reporting Period, the Group has successfully obtained 6 new patented technologies for the application of bridge cables (including 3 patents for invention). During the Reporting Period, the Group had applied for registration of 40 patents in relation to bridge cables which are pending approval.

Prestressed Materials Business

For the Prestressed Materials Business, the Group has focused on the sale of rare earth coated prestressed products, plain surface prestressed products and galvanised prestressed products with specific focus on galvanised prestressed products. In order to capture the growing demand for galvanised prestressed products, the Group has completed the expansion of its production facility for the galvanised Prestressed Materials Business. In addition, during the Reporting Period, the Group has successfully obtained 2 new patented technologies in relation to Prestressed Materials Business (including 1 patent for invention). During the Reporting Period, the Group had applied for registration of 12 patents in relation to Prestressed Materials Business which are pending approval.

Awards and Recognitions

The Group received the following prizes and awards during the first half of 2023:

Awards	Granting Authority
The First Prize of Science and Technology Award of China Highway & Transportation Society * (中國公路協會科學技術獎一等獎)	China Highway & Transportation Society* (中國公路協會)
Manufacturing Single Item Champion Demonstration Enterprise (2022-2024)* (製造業單項冠軍示範企業(2022年-2024年))	Ministry of Industry and Information Technology, China Federation of Industrial Economics* (工業和信息化部中國工業經濟聯合會)
Jiaxing Green Factory* (嘉興市綠色工廠)	Jiaxing Municipal Bureau of Economic and Information Technology* (嘉興市經濟和信息化局)
Innovative SMEs in Anhui Province in 2022 * (2022年度安徽省創新型中小企業)	Anhui Provincial Department of Economy and Information Technology* (安徽省經濟和信息化廳)
2022 Top 30 Enterprises in Industrial Economy* (2022年度工業經濟三十強企業)	Cihu High-tech Industrial Development Zone Party Working Committee*(慈湖高新技術產業開發區黨工委), Cihu High-tech Development Zone Management Committee* (慈湖高新技術開發區管委會)
2022 Major Tax Payer* (2022年度納稅大戶)	Cihu High-tech Industrial Development Zone Party Working Committee*(慈湖高新技術產業開發區黨工委), Cihu High-tech Development Zone Management Committee*(慈湖高新技術開發區管委會)
Safe Enterprise* (平安企業)	Cihu High-tech Zone Leading Group for Safety and Development, Cihu High-tech Zone Economic and Trade Development Department* (慈湖高新區平安建設領導小組、慈湖高新區經貿發展部)

Other Developments

During the Reporting Period, a number of bridge construction projects have gradually resumed after the COVID-19 pandemic. The construction of our research and development centre in Zhejiang Province, the PRC has been previously delayed due to the COVID-19 pandemic situation in China, resulting in further delay in the construction progress in 2023. It is expected that the construction of the research and development centre will be completed before the end of 2023. The construction of the production facility in Jiujiang, Jiangxi Province, the PRC has been completed.

Shanghai International Superconducting Technology Co., Ltd (“**Shanghai International Superconducting**”), an associate of the Group, has participated in the construction of the world’s first 35-kV kilometer-grade superconducting cable transmission project (the “**Project**”) in Shanghai which has set a new record for the largest actual operating capacity of China’s commercial superconducting power transmission projects with up to 2,160.12 amperes. The Project has provided continuous and stable power supply in the downtown area of Shanghai for more than 600 days, making a number of world-leading achievements in terms of line length, transmission capacity and application scenarios. According to the third-party appraisal reports of the Chinese Academy of Social Sciences* (中國社會科學院), its comprehensive system loss accounted for 86% of the traditional cable transmission loss (energy consumption ratio), saving 70% of underground pipeline space. Meanwhile, Shanghai International Superconducting is initiating and promoting the 5km-grade superconducting project with relevant government departments. The Company is also in the progress of the research and development, production and sales of the 1.5T and 3.0T superconducting magnets.

In January 2023, Shanghai Push Medical Device Technology Co. Limited (“**Shanghai Push Medical**”), an associate of the Group, had obtained the registration certificate of “Cardiac Occluder Delivery System”(心臟封堵器輸送系統), and carried out tendering and bidding in various provinces and cities in the PRC to accelerate the commercialisation process of its products. Shanghai Push Medical’s core product, LACbes left atrial appendage occlude, has reached more than 260 distributors in the PRC and has been promoted to a total of approximately 550 hospitals in the PRC. At the same time, Shanghai Push Medical is in the process of applying for listing.

PERFORMANCE ANALYSIS AND DISCUSSION

Revenue decreased by 12.5% from RMB1,028.3 million in the first half of 2022 to RMB900.0 million in the Reporting Period, mainly attributable to the decrease in sales of prestressed products during the Reporting Period.

Revenue generated from the Cable Business increased by 17.7% from RMB514.9 million in the first half of 2022 to RMB606.1 million in the first half of 2023, mainly attributable to the increase in delivery of cable projects during the Reporting Period.

Revenue generated from the Prestressed Materials Business decreased by 42.7% from RMB513.3 million in the first half of 2022 to RMB293.9 million in the Reporting Period, mainly attributable to the decrease in sales and delivery of prestressed products during the Reporting Period mainly caused by the relocation of the production facility in Jiujiang, the PRC and time required for the corresponding installation of production equipment after the relocation.

Gross profit and gross profit margin

Gross profit decreased by 2.1% from RMB230.2 million in the first half of 2022 to RMB225.3 million in the Reporting Period.

Overall gross profit margin increased from 22.4% in the first half of 2022 to 25.0% for the Reporting Period, which was primarily due to increase in the revenue of the Cable Business, which has relatively higher gross profit margin compared with that of Prestressed Materials Business, coupled with the impact of the decrease in revenue of Prestressed Materials Business which has relatively lower gross profit margin.

Other gains and (losses)

Other gains decreased from other gain of RMB34.2 million in the first half of 2022 to other loss of RMB39,000 for the Reporting Period, which was mainly attributable to the one-off government grant received by the Group in relation to the relocation of the production facility in Jiujiang, the PRC for the Prestressed Materials Business in the first half of 2022 while similar grant was not available during the Reporting Period.

Impairment loss recognised on trade and retention receivables

Impairment loss recognised on trade and retention receivables amounted to RMB25.5 million for the Reporting Period, compared to an impairment loss recognised on trade and retention receivables amounted to RMB32.4 million in the first half of 2022. Impairment loss is recognised primarily due to longer ageing of some trade and retention receivables. The Group has not incurred any bad debts during the Reporting Period.

Administrative expenses

Administrative expenses of the Group remained relatively stable with slight increase by 1.9% from RMB21.1 million in the first half of 2022 to RMB21.5 million for the Reporting Period.

Research and development expenses

Research and development expenses increased by 22.8% from RMB39.5 million in the first half of 2022 to RMB48.5 million in the Reporting Period. This increase was primarily attributable to the increase in research and development for developing products with higher technical requirements for the Cable Business.

Share of loss of associates

Share of loss of associates increased by 23.7% from a loss of RMB7.6 million in the first half of 2022 to a loss of RMB9.4 million for the Reporting Period mainly due to higher losses incurred by Shanghai International Superconducting. It is expected that the business of Shanghai International Superconducting will realise greater growth with the commercialisation of its superconducting projects and the increase in sales of its superconducting magnet products.

Income tax expenses

Income tax expenses increased by 46.4% from RMB6.9 million in the first half of 2022 to RMB10.1 million for the Reporting Period. This increase was mainly due to the provisions made in the prior periods and movements on deferred tax.

Profit for the Reporting Period

As a result of the foregoing, including but not limited to the decrease in revenue of the Prestressed Materials Business and the receipt of a one-off subsidy of RMB34.1 million in relation to the relocation of the production facility in Jiujiang, the PRC for the Prestressed Materials Business in the the first half of 2022, while similar grant was not available during the Reporting Period, the Group recorded a net profit of RMB43.8 million for the Reporting Period, representing a decrease of 42.2% as compared to RMB75.7 million in the first half of 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Working Capital

The Group's operations are working capital intensive due to the nature of the industry, which is inherent in the Group's business model. The Group utilises a significant amount of working capital for upfront prepayment to its suppliers to procure raw materials for the products and to provide deposit guarantees (in terms of tender and performance bonds) for the Cable Business. During the Reporting Period, the Group mainly funded the cash requirements through a combination of bank borrowings, cash and cash equivalents and banking credit facilities. Going forward, in order to fund the Group's increasing working capital needs due to business expansion and the future plans of the Company (including but not limited to the construction of the research and development centre for the Cable Business) as disclosed in the section headed "Use of Proceeds", the Group will continue to fund its cash requirements using a combination of banking credit facilities and other financial instruments (as applicable) which will be available for drawdown within a short period of time.

As at 30 June 2023, the Group recorded net current assets amounting to RMB1,874.6 million (31 December 2022: RMB1,793.5 million). As at 30 June 2023, the cash and cash equivalents of the Group amounted to RMB260.9 million (31 December 2022: RMB554.1 million).

Bank and other borrowings

As at 30 June 2023, the outstanding bank and other borrowings of the Group were RMB2,264.8 million (31 December 2022: RMB2,211.9 million). The current ratio (calculated by dividing total current assets by total current liabilities) as at 30 June 2023, was 1.56 (31 December 2022: 1.57).

Charge on assets

As at 30 June 2023, bank and other borrowings of approximately RMB2,264.8 million (31 December 2022: RMB2,211.9 million) were secured by (including but not limited to) certain time deposits, land and buildings, leaseholds improvement and machineries, trade and retention receivables, personal guarantees given by certain Director(s) and corporate guarantees provided by certain subsidiary(ies) of the Company.

Contingent liabilities

As at 30 June 2023, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 30 June 2023, the capital commitment of the Group amounted to RMB324,000 which was primarily related to acquisition of property, plant and equipment. Save as disclosed above, as at 30 June 2023, the Group had no significant capital commitments.

USE OF PROCEEDS

The aggregate net proceeds raised by the Company from the Listing were RMB451.9 million. The proceeds from the Listing were used and are proposed to be used according to the intentions previously disclosed by the Company. The following table set forth the Group's intended timetable for use of proceeds from the Listing as at 30 June 2023.

Business objectives as stated in the Prospectus	Percentage of proceeds as stated in the Prospectus ^{Note 1}	Use of proceeds adjusted according to the actual net proceeds from the Listing	Unutilised amount as at 31 December 2022 (RMB million)	Utilised amount during the Reporting Period	Unutilised amount as at 30 June 2023	Expected timeline of full utilisation of the remaining balance
Repayment of banking facilities ^{Note 2}	27.2%	122.8	-	-	-	-
Acquisition of business ^{Note 3}	24.2%	109.4	109.4	-	109.4	End of 2023
Expansion of production facility for Prestressed Materials Business ^{Note 4}	21.1%	95.5	-	-	-	-
Expansion of research and development centre for Cable Business ^{Note 5}	13.4%	60.4	8.4	-	8.4	End of 2023
Working capital	9.6%	43.4	-	-	-	-
Purchase of additional production equipment and environmental protection facilities ^{Note 6}	4.5%	20.4	-	-	-	-
Total	100%	451.9	117.8	-	117.8	

Notes:

1. The percentage (except for the repayment of banking facilities) were adjusted on a pro rata basis based on the percentage as disclosed in the Prospectus of the Company dated 17 May 2019 (the “**Prospectus**”).
2. The repayment of banking facilities of RMB122.8 million was made pursuant to the irrevocable instruction to repay part of a loan. Please refer to the section headed “Relationship with Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence” in the Prospectus for details. As at the date of this announcement, the full amount of RMB122.8 million has been applied.
3. As at the date of this announcement, the Company has yet to identify an acquisition target, partly due to the impact of the COVID-19 pandemic in the past years, resulting in additional time required to locate an acquisition target, leading to further delay in utilisation of the proceeds. The Company will continue to look for acquisition target(s) that would be beneficial to the Group and will comply in full with all applicable Listing Rules and requirements in due course when any acquisition is undertaken.
4. As at the date of this announcement, the Company has completed the construction of the new production facility in Jiujiang, Jiangxi Province and the full amount of RMB95.5 million has been applied.
5. As at the date of this announcement, the Company has commenced the construction of the research and development centre, which is expected to be completed in the end of 2023 due to previous delay caused by the COVID-19 pandemic situation in China in 2022, resulting in further delay in the construction progress in 2023.
6. As at the date of this announcement, the full amount of RMB20.4 million has been applied for procurement of production equipment and environmental protection equipment.

INTERIM DIVIDEND

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

OUTLOOK AND FUTURE PROSPECTS

According to the 2023 government work report, some major projects set out in the 14th Five-Year Plan should be implemented ahead of schedule. Local governments shall also accelerate the issuance and use of special-purpose bonds to replenish capital for major construction projects. It is expected that government investment and policy incentives could effectively drive investment society-wide. It is proposed that approximately RMB3.8 trillion may be allocated for special purpose bonds for local governments this year. Implementation of major projects set out in the 14th Five Year Plan will be sped up. Urban renewal projects should also be launched. Complementary development between regions should be promoted so that each region can fully leverage its strengths. Continuous support for economic and social development in areas badly hit by COVID-19 should be stepped up. From January to April 2023, it is estimated that fixed investment funds from the national budget increased by approximately 43%, of which more than approximately 70% was invested in the infrastructure sector. In addition, the support from fiscal funds and credit facilities of financial institutions continued to increase. Benefiting from the continuous increase in infrastructure investment, it is estimated that the market size of the infrastructure industry may reach approximately RMB45,670 billion by 2027, and the infrastructure investment is expected to continuously grow at a higher rate.

Looking forward, the PRC government may continuously implement counter-cyclical policies with special purpose bonds designated to support infrastructural development in the domestic market. As a reputable provider of bridge cables with leading technology in the PRC, the Group will seize this development opportunity and actively participate in the construction of domestic engineering projects and strive to obtain more domestic bridge cable projects. In the overseas market, the PRC government is actively promoting “Going Global” for infrastructure in the PRC and accelerating the interconnection and intercommunication of infrastructure with neighboring countries and regions. The Group will actively respond to the two strategic frameworks of “Silk Road Economic Belt” and “Maritime Silk Road” and promote the “external expansion” of its products to seek international cooperation.

The Group will continue to step up its effort in technological development to cement its market leadership, and improve the business capabilities of the upstream and downstream industries within the Group. In particular, the Group intends to strengthen the integration of its Prestressed Materials Business and Cable Business, so as to further expand its market shares and improve its pricing power. In addition, Shanghai International Superconducting will accelerate the progress of its 5km-grade superconducting project. The Group will cooperate with shareholders of Shanghai International Superconducting, to continuously promote the development and application of superconductors in high-tech fields such as power transmission, nuclear magnetic resonance and controllable nuclear fusion. Furthermore, the Group has been continuously improving its environmental, social and governance management in an effort to achieve a win-win situation for both society and the enterprise.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2023, the total number of employees in the Group was 447 (31 December 2022: 430). For the six months ended 30 June 2023, the total employee costs recognised as expenses of the Group amounted to RMB26.7 million (30 June 2022: RMB27.4 million).

The remuneration packages of the employees of the Group are determined with reference to their role, position, experience and work performance. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge.

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any material investments or acquire any material capital assets, or make any material acquisitions or disposals of subsidiaries and associated companies, or significant investments.

Significant Investments Held

During the Reporting Period, the Group did not hold any significant investments including any investment in an investee company with a value of 5% or more of the Group's total assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the future plans set out in the section headed "Use of Proceeds" above, the Company has no plan for any material investments or additions of capital assets as at the date of this announcement.

EVENTS SUBSEQUENT TO 30 JUNE 2023

There was no other significant events affecting the Group occurred subsequent to 30 June 2023 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 1,014,000 Shares (the "Shares Repurchase") at an aggregate consideration (total cash consideration plus transaction costs) of approximately HK\$571,340 on the Stock Exchange. All the Shares repurchased have been cancelled on 19 January 2023. Details of the Shares Repurchase are as follows:

Month of repurchase in 2023	Number of Shares repurchased	Price per Share highest (HK\$)	Price per Share lowest (HK\$)	Aggregated purchase price (approximately) (HK\$)
January	<u>1,014,000</u>	<u>0.61</u>	<u>0.53</u>	<u>571,340</u>

The Shares Repurchase were made for the benefit of the Company and the Shareholders as a whole with a view to enhance Shareholders' value in the long run.

Save as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the Reporting Period.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Reporting Period has not been audited but has been reviewed.

The Audit Committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2023.

COMPLIANCE WITH THE CG CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in part 2 of Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance. The Board is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the six months ended 30 June 2023 and up to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and the relevant employees of the Company. Specific enquiries have been made to all Directors and save as disclosed below, all of them have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

Elegant Kindness, which is wholly owned by Dr. Tang Liang ("**Dr Tang**"), executive director and chairman of the Company, provided standing instructions to its securities broker to purchase the Company's shares based on certain price instructions. Due to inadvertent mistake, Elegant Kindness did not terminate on time the standing instruction before the commencement of the blackout period of the Company. As a result, four transactions (the "**Dealings**") were made between 30 January to 2 February 2023 during the Black-out Period. The Dealings were entered into by the broker, who did not possess any inside information and involved 567,000 shares of the Company and amounted to HK\$335,969. Dr. Tang immediately instructed the independent securities broker to cease dealing of the Shares and terminated the standing order upon becoming aware of the Dealings.

The Company has proposed the following measures implemented or to be implemented by the Company to avoid similar incident in the future:

- (a) arrange specific trainings to the directors on the duties and obligations of Directors under the Listing Rules and the Securities and Future Ordinance and require compulsory attendance by the directors;
- (b) seek advice from the Company's legal advisor and/or their own legal advisors on any potential dealing of the Company's shares by the Directors;
- (c) continue to review its internal control procedures to ensure that the Company has in place adequate internal control procedures in relation to the Directors' securities transactions to ensure compliance with the Listing Rules; and
- (d) appoint an officer who has substantive knowledge and experience of the Listing Rules and risk management to oversee the Directors' compliance with the Listing Rules and to ensure that the Directors adhere to proper corporate governance practice, in particular, in relation to notification requirements and restrictions in dealing in securities.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.pji-group.com) and the Stock Exchange (<http://www.hkexnews.com.hk>), respectively. The interim report of the Company for the six months ended 30 June 2023 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

By Order of the Board
Pujiang International Group Limited
Dr. Tang Liang
Chairman

Hong Kong, 31 August 2023

As at the date of this announcement, the executive Directors are Dr. Tang Liang, Mr. Zhou Xufeng, Mr. Ni Xiaofeng and Mr. Hua Wei; and the independent non-executive Directors are Mr. Zhang Bihong, Ms. Pan Yingli and Mr. Chen Dewei.

* *For identification purpose only*