

## BAOYE GROUP COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 2355

# 2023 INTERIM REPORT



# OUR MISSION

From Construction to Manufacturing  
leads construction industry towards  
industrialisation in China

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# CORPORATE PROFILE

## BUSINESS STRUCTURE



BAOYE GROUP COMPANY LIMITED

### CONSTRUCTION BUSINESS

- Government and Public Buildings
- Urban Facilities and Infrastructure
- Commercial Buildings
- Residential Buildings
- Industrial Buildings
- Electrical and Electronic Installation
- Fireproof Facilities Installation
- Curtain Wall Installation

### PROPERTY DEVELOPMENT BUSINESS

- Shaoxing "Baoye Four Seasons Garden"
- Shaoxing "Yunxili"
- Hangzhou "Fengyue Shangzhu"
- Lishui "Xishan Yueyuan"
- Lishui "Biou Jiayuan"
- Shanghai "Baoye Qingchunli"
- Shanghai "Baoye Active Paradise"
- Wuhan "Xingyu Fu"
- Wuhan "Puyuan"
- Yichang "Qinyuan"
- Mengcheng "Shidai Green Garden"
- Mengcheng "Binhe Green Garden"
- Taihe "Jiangnan Fu"
- Kaifeng "Baoye Longhu Yucheng"
- Lu'an "Baoye Junyue Green Garden"
- Lu'an "Yeji Jiangnan Fu"
- Zhengzhou "Zhengzhou Project"
- Sixian "Sizhou Green Garden"
- Sixian "Xuefu Green Garden"
- Bozhou "Qinglan Green Garden"

### BUILDING MATERIALS BUSINESS

- Curtain Wall
- Ready-mixed Concrete
- Furnishings and Interior Decorations
- Wooden Products and Fireproof Materials
- PC Assembly Plate
- Others

## BUSINESS NETWORK

### CONSTRUCTION BUSINESS

- Zhejiang
- Shanghai
- Jiangsu
- Anhui
- Hubei
- Hunan
- Beijing
- Tianjin
- Hebei
- Henan
- Shandong
- Shanxi
- Liaoning
- Sichuan
- Chongqing
- Xinjiang
- Jiangxi
- Fujian
- Guangdong
- Africa

### PROPERTY DEVELOPMENT BUSINESS

- Zhejiang
- Shanghai
- Hubei
- Anhui
- Henan

### BUILDING MATERIALS BUSINESS

- Zhejiang Building Materials Industrial Park
- Anhui Building Materials Industrial Park
- Hubei Building Materials Industrial Park
- Shanghai Building Materials Industrial Park
- Jiangsu Building Materials Industrial Park

# CORPORATE INFORMATION

## DIRECTORS

### Non-executive Director

Mr. Pang Baogen  
(Chairman of the Board)

### Executive Directors

Mr. Gao Lin  
Mr. Gao Jun  
Mr. Jin Jixiang  
Mr. Xu Gang  
Mr. Wang Rongbiao  
Mr. Xia Feng

### Independent

#### Non-executive Directors

Mr. Li Wangrong  
Ms. Liang Jing  
Mr. Xiao Jianmu  
Mr. Fung Ching, Simon

## SUPERVISORS

### Supervisors

Mr. Sun Yuguang (Chairman)  
Mr. Kong Xiangquan  
Mr. Wang Jianguo

## AUDIT COMMITTEE

Mr. Xiao Jianmu (Chairman)  
Mr. Fung Ching, Simon  
Mr. Li Wangrong

## REMUNERATION COMMITTEE

Mr. Li Wangrong (Chairman)  
Mr. Pang Baogen  
Ms. Liang Jing

## NOMINATION COMMITTEE

Mr. Li Wangrong (Chairman)  
Mr. Wang Rongbiao  
Ms. Liang Jing

## ESG COMMITTEE

Mr. Wang Rongbiao (Chairman)  
Mr. Xiao Jianmu  
Mr. Fung Ching, Simon

## COMPANY SECRETARY

Mr. Chow Chan Lum

## AUDITORS

### International Auditor

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity  
Auditor  
22/F, Prince's Building  
Central, Hong Kong

### Statutory Auditor

PricewaterhouseCoopers  
Zhong Tian LLP  
34/F Tower A, Kingkey 100  
5016 Shennan East Road  
Luohu District  
Shenzhen, the PRC  
Post Code: 518001

## LEGAL ADVISERS

### As to Hong Kong law

Kwok Yih & Chan  
Suites 1501, 15th Floor  
Bank of America Tower  
12 Harcourt Road,  
Central, Hong Kong

### AS TO PRC LAW

Fenxun Partners  
Suite 1008, China World Tower 2  
China World Trade Centre  
No.1 Jianguomenwai Avenue  
Beijing, the PRC  
Post Code: 100004

## H SHARE REGISTRAR

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

## PRINCIPAL BANKS

Agricultural Bank of China Limited  
Bank of China Limited  
Bank of Communications  
Company Limited  
China Construction Bank Corporation  
China Minsheng Banking  
Corporation Limited  
Industrial and Commercial Bank of  
China Limited  
Shanghai Pudong Development Bank  
Company Limited

## REGISTERED ADDRESS

No.228 Yangxun Road  
Yangxunqiao Subdistrict  
Keqiao District, Shaoxing City  
Zhejiang Province, the PRC  
Tel: 86 575 84882990  
Post Code: 312028

## HEADQUARTER ADDRESS

No.1687 Guazhu East Road,  
Keqiao District, Shaoxing City  
Zhejiang Province, the PRC  
Post Code: 312030

## CORRESPONDENCE ADDRESS IN HONG KONG

Room A, 7th Floor,  
Southern Commercial Building,  
11 Luard Road  
Wanchai, Hong Kong

## AUTHORISED REPRESENTATIVES

Mr. Pang Baogen  
Mr. Wang Rongbiao

## STOCK CODE

HKEx (2355)

## CONTACT

Investor Relations  
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Fax: +86 575 84118792  
E-mail: irbaoye@baoyegroup.com

## WEBSITE

www.baoyegroup.com

# FINANCIAL HIGHLIGHTS

## For the six months ended/As at 30 June

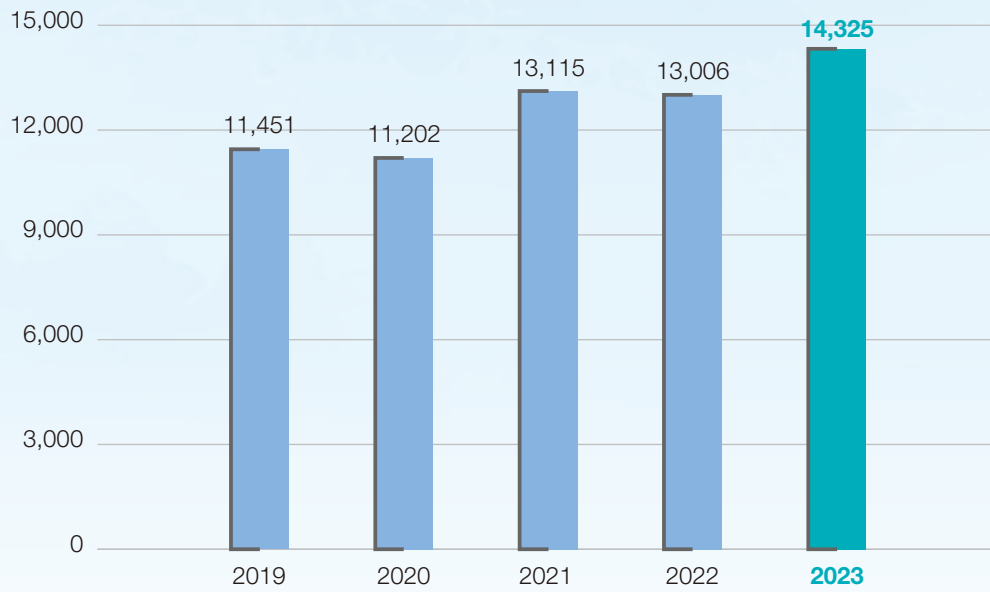
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
<b>Results</b>					
Revenue	14,324,646	13,005,950	13,114,524	11,201,994	11,450,605
Profit Attributable to the Owners of the Company	704,675	241,796	335,479	298,105	331,146
Earnings per Share (RMB yuan)	1.34	0.44	0.60	0.53	0.59
<b>Assets and Liabilities</b>					
Total Assets	47,534,995	49,141,608	45,721,111	37,802,012	32,200,784
Total Liabilities	34,786,753	37,637,855	34,883,382	27,903,164	23,282,738
Total Equity	12,748,242	11,503,753	10,837,729	9,898,848	8,918,046

## KEY FINANCIAL RATIOS

### For the six months ended/ As at 30 June

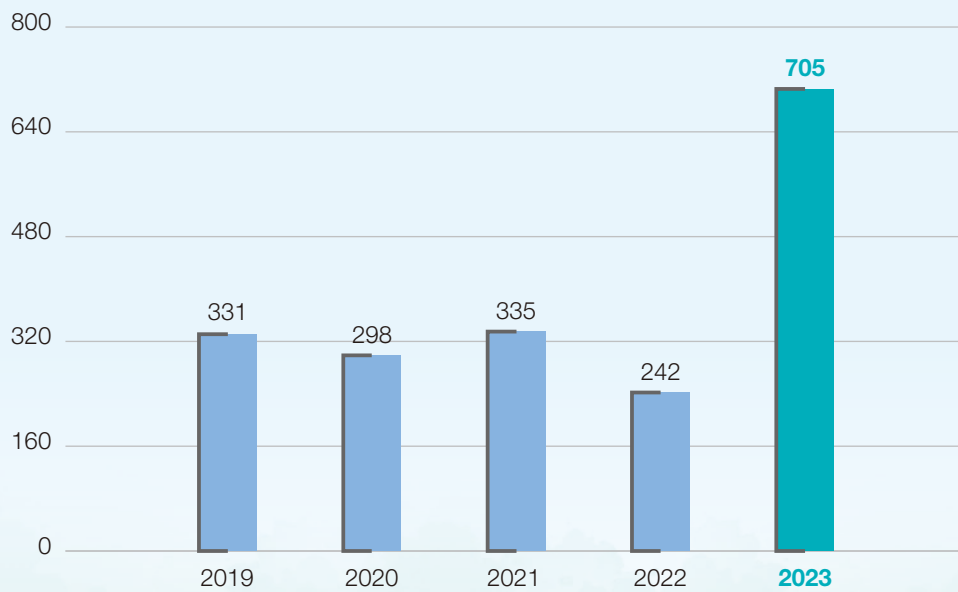
	2023	2022
Return on Equity	5.72%	2.20%
Net Assets Value per Share (RMB yuan)	23.64	20.40
Net Cash Ratio	56%	50%
Current Ratio	1.21	1.16
Net Cash Inflow from Operating Activities (RMB'000)	164,744	594,703

## Financial Highlights



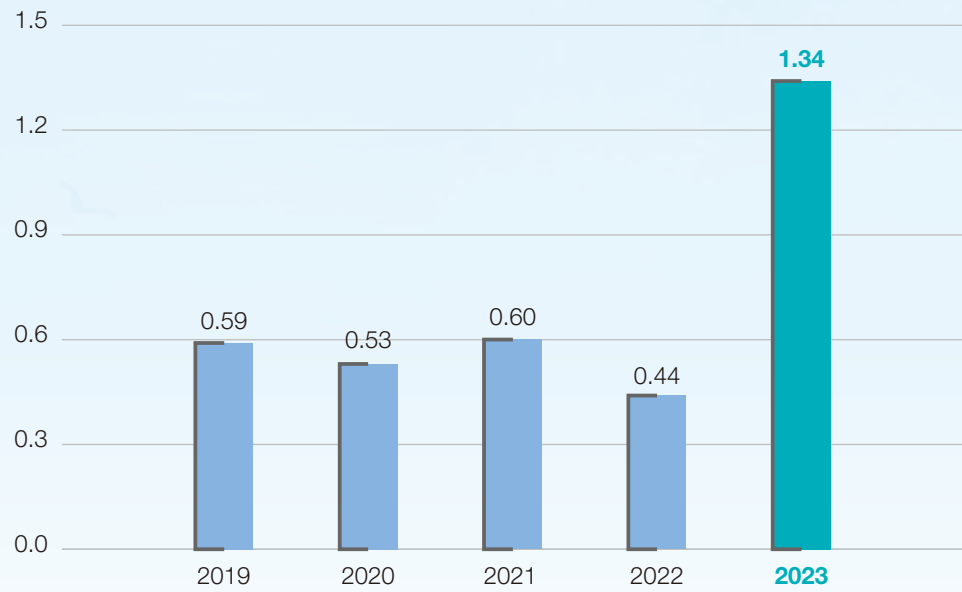
### REVENUE

(in RMB million)  
(For the six months ended 30 June)



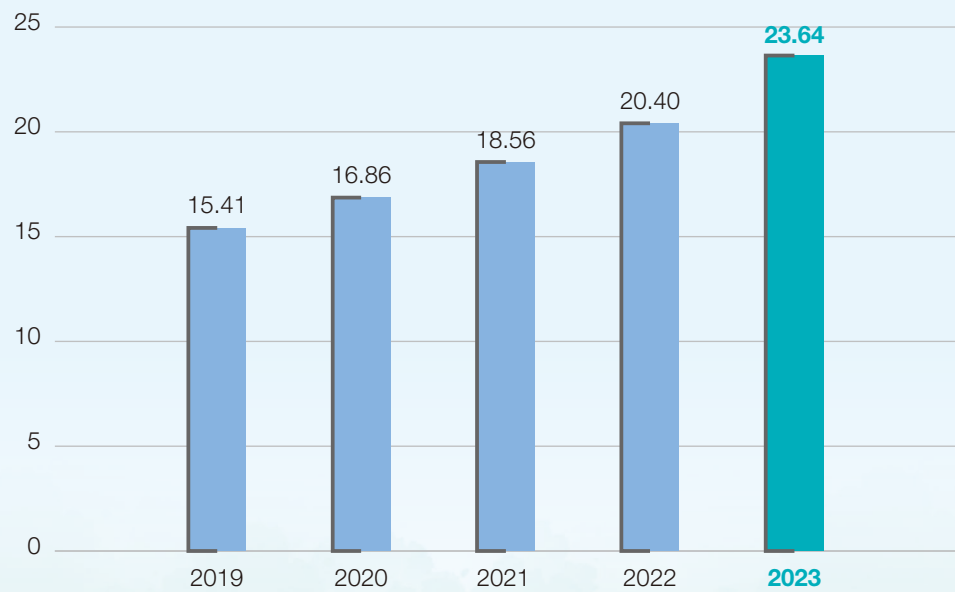
### PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

(in RMB million)  
(For the six months ended 30 June)



**EARNINGS PER SHARE**

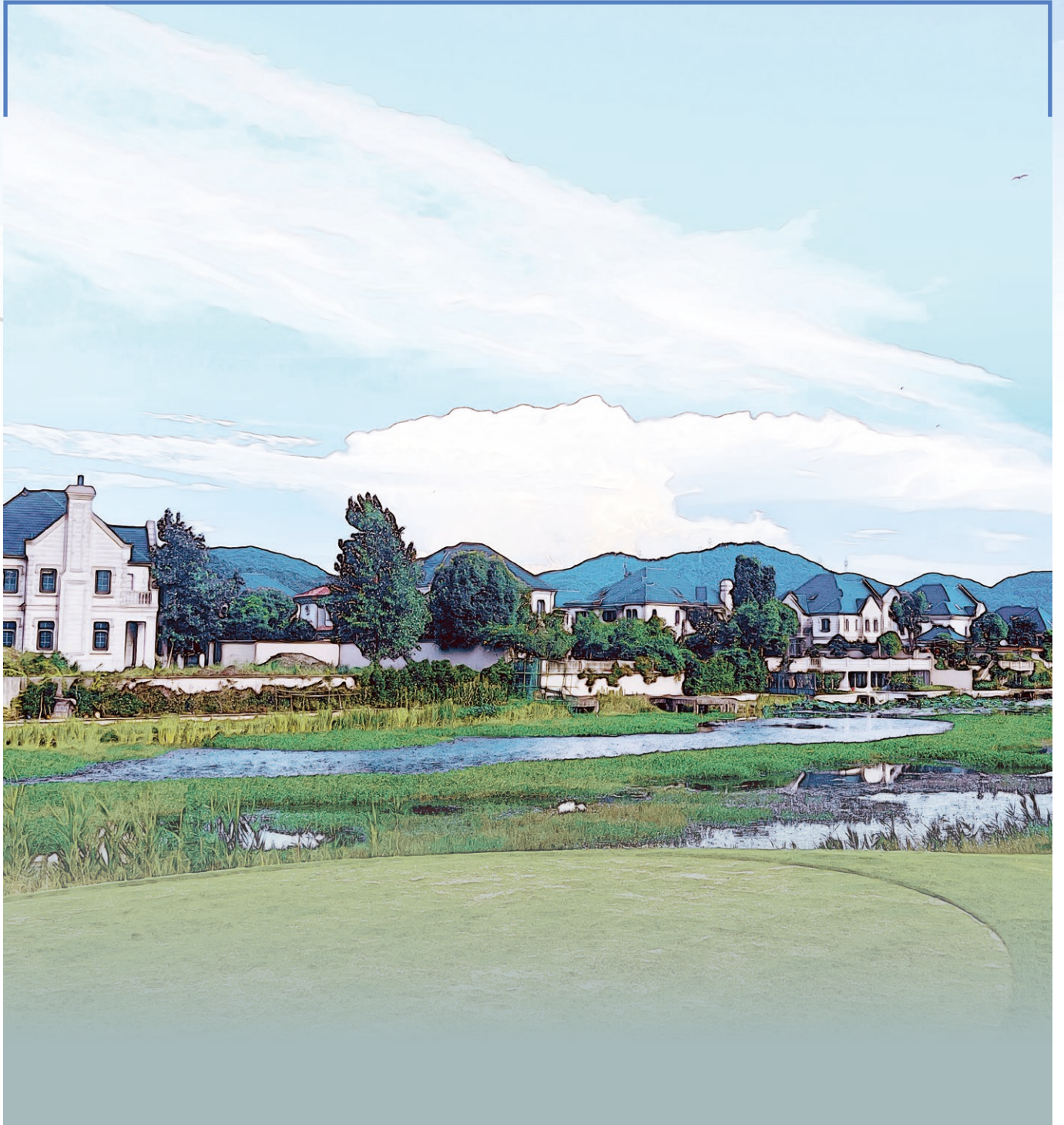
(in RMB)  
(For the six months ended 30 June)



**NET ASSETS VALUE PER SHARE**

(in RMB)  
(As at 30 June)





# MANAGEMENT DISCUSSION AND ANALYSIS

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS REVIEW

For the six months ended 30 June 2023, the Group achieved a consolidated revenue of approximately RMB14,324,646,000, which represents an increase of approximately 10% compared with the corresponding period last year; operating profit amounted to approximately RMB1,119,765,000, which represents a substantial increase of approximately 205% as compared with the corresponding period last year; profit attributable to the owners of the Company amounted to approximately RMB704,675,000, which represents a substantial increase of approximately 191% compared to the same period last year; earnings per share were approximately RMB1.34, which represents a substantial increase of approximately 205% compared to the same period last year. During the period, the operating profit of the Company increased significantly as compared with the corresponding period last year, which was mainly due to (1) a one-time compensation income of approximately RMB337,020,000 from the local government for the land, housing storage and demolition of a wholly-owned subsidiary of the Group for the public rail transportation construction, and (2) the majority of properties to be delivered to purchasers in 2023 have been delivered and recognised as revenue in the first half of the year.

## Revenue

	For the six months ended 30 June				Change
	2023		2022		
	RMB'000	% of total	RMB'000	% of total	
Construction	8,230,935	57%	9,549,222	73%	-14%
Property Development	4,822,040	34%	2,320,441	18%	108%
Building Materials	1,110,109	8%	1,004,485	8%	11%
Others	161,562	1%	131,802	1%	23%
<b>Total</b>	<b>14,324,646</b>	<b>100%</b>	<b>13,005,950</b>	<b>100%</b>	<b>10%</b>

## Operating Profit

	For the six months ended 30 June				Change
	2023		2022		
	RMB'000	% of total	RMB'000	% of total	
Construction	483,044	43%	169,697	46%	185%
Property Development	751,482	67%	140,926	38%	433%
Building Materials	(114,818)	-10%	60,344	17%	-290%
Others	57	0%	(3,510)	-1%	102%
<b>Total</b>	<b>1,119,765</b>	<b>100%</b>	<b>367,457</b>	<b>100%</b>	<b>205%</b>

## Management Discussion and Analysis



### Construction Business

For the six months ended 30 June 2023, the Group's construction business achieved a revenue of approximately RMB8,230,935,000, representing a decrease of approximately 14% compared to the same period last year; operating profit was approximately RMB483,044,000, representing a substantial increase of approximately 185% over the same period last year. During the period, the revenue from the construction business was mainly from the orders contracted in the past two years. Affected by the epidemic and risk rising of the property industry, the Group actively cut down orders from property developers thus leading to reduction of orders received. The significant increase in operating profit was mainly due to a compensation income of approximately RMB337,020,000 from the local government for the land, housing storage and demolition of a wholly owned subsidiary of the Group for the public rail transportation construction.

During the period, the contract value of the new construction of the Group's construction business was approximately RMB8.2 billion (corresponding period of 2022: RMB7.6 billion), representing an increase of approximately 8% compared to the same period last year. The increase in new contract orders was mainly from infrastructure construction provided by local governments in order to recover the economy by investment from the epidemic control policy adjustment since the beginning of 2023 in a timely and moderate manner. By virtue of excellent construction technology and quality as well as good business reputation, the Group's construction business seized the opportunity of increasing government infrastructure projects and secured some representative projects in spite of a sharp decline in real estate construction, such as Fanhuali Health Station Project, Zhejiang Provincial Innovation Center of Advanced Textile Technology Project, Mirror Lake Hotel Upgrading Project, and Land Parcel GJ2012-161#A EPC Project in Rugao City and etc.

## Property Development Business

### Property Sales

For the six months ended 30 June 2023, the revenue of the Group's property development business amounted to approximately RMB4,822,040,000, which represents a substantial increase of approximately 108% from the corresponding period last year. Operating profit amounted to approximately RMB751,482,000, which represents an increase of approximately 433% compared to the corresponding period last year. The significant increase of revenue and operating profit of the property development business during the period was mainly due to the higher average sales price, profit margin and more areas compared to the same period last year.

During the period under review, revenue of property sales was mainly derived from the following projects, details of which are set out below:

Project	Location	Average Selling Price (RMB/Sqm)	Floor Areas Sold (Sqms)	Revenue (RMB'000)
Baoye Daban Green Garden	Shaoxing	27,145	58,603	1,590,761
Baoye Phoenix One	Ningbo	8,164	92,736	757,096
Baoye Yinghe Green Garden	Taihe	4,681	107,220	501,843
Baoye Longhu Yucheng	Kaifeng	3,872	112,660	436,181
Baoye Four Seasons Garden	Shaoxing	16,409	15,529	254,824

For the six months ended 30 June 2023, the Group's property development business achieved a contract sales value of approximately RMB1.8 billion with a total contract sales area of approximately 165,807 square metres.



## Management Discussion and Analysis

### Projects under Development

As at 30 June 2023, projects under development of the Group are tabulated below:

Project Name	Location	Total Floor Area Under Development (Sqms)	Equity Interest of the Group
Baoye Four Seasons Garden	Shaoxing	300,000	100%
Xialv Project • Yunxili	Shaoxing	214,970	60%
Fengyue Shangzhu	Hangzhou	49,497	100%
Baoye Xishan Yueyuan	Lishui	116,905	100%
Biou Jiayuan	Lishui	124,655	100%
Baoye Qinqchunli	Shanghai	36,289	100%
Active Paradise	Shanghai	65,001	100%
Xingyu Fu	Wuhan	187,747	100%
Puyuan	Wuhan	165,144	100%
Qinyuan	Yichang	196,596	100%
Shidai Green Garden	Mengcheng	124,257	60%
Binhe Green Garden	Mengcheng	Under planning	100%
Taihe Jiangnan Fu	Taihe	68,654	100%
Baoye Longhu Yucheng	Kaifeng	300,598	60%
Baoye Junyue Green Garden	Lu'an	216,407	100%
Yeji Jiangnan Fu	Lu'an	98,451	70%
Zhengzhou Project	Zhengzhou	Under planning	51%
Sizhou Green Garden	Sixian	217,323	100%
Xuefu Green Garden	Sixian	Under planning	100%
Qinglan Green Garden	Bozhou	404,465	51%

Baoye Four Seasons Garden is located in Kuaijishan Tourist Resort Zone, a “province-rank” resort district in Zhejiang Province. With historical culture and spectacular scenery, the area is where ancient civilization flourished. As the origin of many myths and folklores, this area has not only profound cultural tradition but also a large number of historical heritages. Being only 5 kilometres from the downtown of Shaoxing City, it is known as the “natural treasure in the heart of a city”. Baoye Four Seasons Garden has a site area of approximately 1,050,000 square metres and a planned gross floor area of approximately 650,000 square metres for the development of deluxe villas, semi-detached villas and town houses, all fully equipped with supporting facilities, such as a golf club, a five-star resort hotel, two leisure parks, a sport park, a shopping arcade, a kindergarten and a central lakeside garden. Phase I has a few remaining houses for sale. A minority of Phase II has been delivered to purchasers while the majority is under construction.

Xialv Project consists of three separate parcels of land with a total cost of RMB511,036,354 and a total site area of 262,862 square meters, pursuant to which the Group is interested in 60%. The Group acquired the land use rights through public judicial auction in 2017. One of the three parcels of land, Baoye Yunxili, will be developed in two phases. Phase I has almost been sold out and Phase II is for presale. The project will be delivered in the second half of 2023.

Fengyue Shangzhu is located in Xiaoshan District, Hangzhou City. The project covers a site area of approximately 16,235 square meters, with a plot ratio of 2.0 and a total gross floor area of approximately 49,497 square meters. In May 2021, the Group acquired this land use right through tendering and bidding at a total consideration of RMB334,760,000. The project is built with Baoye's One-hundred-year Housing decoration system. The project is under presale and is expected to be delivered in the second half of 2024.

Xishan Yueyuan, located in Liandu District, Lishui City, Zhejiang Province, has a total site area of approximately 45,173 square meters and a total gross floor area of approximately 116,905 square meters. The project consists of high-rise, multi-storey, well decorated and rough buildings, some of which will be built by the one-hundred-year construction technology. A subsidiary of the Company acquired this land use right in August 2021 at a total consideration of RMB510,000,000. The project is being developed in two phases, both of which are currently under presale.

Biou Jiayuan, located in Liandu District, Lishui City, Zhejiang Province, has a site area of approximately 45,949 square meters and a total gross floor area of approximately 124,655 square meters. A subsidiary of the Company secured this parcel of land use right in June 2022 at a total consideration of RMB270,000,000. The project will be sold to the local community to whom their homes were being demolished and are to be resettled at specified prices. The project is being developed in two phases while Phase I is under presale.

Baoye Qingchunli is located in Qingcun Town, Fengxian District, Shanghai. The project covers a site area of approximately 13,102 square meters with a gross floor area of 36,289 square meters and a plot ratio of 1.8. The Group obtained this parcel of land use right at a total consideration of RMB312,000,000 in November 2020. The project will be built with a new industrialized prefabricated assembly technology, using the world's leading brand, German Vollert fully imported production line, and will be delivered with an overall refined decoration. The project is currently under presale.

Baoye Active Paradise, located in Baihe Town, Qingpu District, Shanghai, has a site area of 22,309 square meters and a plot ratio of 2.0. The Group acquired this parcel of land use right at a total consideration of RMB568,600,000 in August 2021. Adhering to the idea of "building a house like assembling a car", the project will be constructed as an industrialized prefabricated scientific building with fully imported production line of the global leading brand, German Vollert. The project is currently under presale.

Xingyu Fu project, located in Xinzhou District, Wuhan City, Hubei Province, has a total site area of 129,528 square meters and a gross floor area of approximately 259,056 square metres. The Group acquired this parcel of land use right in December 2017 at a consideration of RMB780,000,000. The project is planned to be developed in three phases while Phase I had been delivered in 2022 and Phases II and III are still under negotiation regarding the delivery of the land use rights with the related government authority.

Baoye Puyuan, located at the center area of Guanggu Center, Donghu High-Tech Development District, Wuhan City, Hubei Province, has a total site area of approximately 45,582 square meters and a total gross floor area of approximately 165,144 square meters. A subsidiary of the Company acquired this piece of land in December 2022 at a total consideration of RMB1,199,900,000 through public bidding. The project is surrounded by convenient facilities and is close to the schools and parks. The project is close to prosperity but far away from the noise. At present, the project is under construction and is expected to start the presale in the second half of 2023.

## Management Discussion and Analysis

Baoye Qinyuan, located in center area of Wujiagang District, Yichang City, acquired by a subsidiary of the Company in December 2022 at a total consideration of RMB455,100,000 through public bidding, has a total land area of approximately 73,405 square meters and a total gross floor area of approximately 196,596 square meters. The project will be constructed with a rare plot ratio of 2.0 times in the center of Yichang City. The project is surrounded by schools and is close to Binjiang Park, 1st May Square and White Horse Park. The project is expected to start the presale in the second half of 2023.

Mengcheng Shidai Green Garden is located in Mengcheng County, Anhui Province. A subsidiary of the Company obtained the land use right through public auction at a consideration of RMB190 million in April 2020. The project covers a site area of approximately 58,797 square meters. The project consists of high-rise, multi-storey residential and commercial buildings. The pre-sold part of phase I has been delivered during the period while the remaining part of the project is still under pre-sale.

Mengcheng Binhe Green Garden, located in Mengcheng City, Anhui Province, has a site area of approximately 76,503 square meters. A wholly-owned subsidiary of the Company acquired this parcel of land use rights in May 2022 at a total consideration of RMB240,990,000. The project is under planning. With a plot ratio of 2, the project consists of 4 high-rise buildings, 5 small high-rise buildings, 17 foreign-style houses and commercial businesses. Buildings 1-10 have been under presale since 1 May 2023 while Phase II is currently under construction.

Jiangnan Fu, located in Taihe County, Anhui Province has a site area of approximately 29,577 square meters and a gross floor area of approximately 68,654 square meters with 1.7 times plot ratio. In June 2020, a subsidiary of the Company acquired this land use right at a total consideration of RMB110,925,000 through public auction. The project started the presale in January 2022 and is expected to be delivered in 2024.

Baoye Longhu Yucheng is located in a prime area of Eastern New City, Kaifeng County, Henan Province. It has a total site area of approximately 648,000 square metres and an estimated gross floor area of approximately 972,000 square metres. After completion, it will become the city's new business centre and leisure centre. The project will be developed in five phases. Among them, the first and the second phases have been delivered to owners. Only some remaining units are under presale. Currently, the third phase is under construction and presale.

Baoye Junyue Green Garden is located in Lu'an City, Anhui Province. The project was acquired by the Group through a judicial auction in September 2017. This part has a total site area of approximately 54,220 square meters, and a gross floor area of approximately 129,665 square meters which were delivered at the end of 2020. The commercial segment with a site area of approximately 7,220 square meters is under construction. The surrounding transportation of the project is convenient, the supporting facilities are well-developed, and there are parks, banks, shopping malls and other business formats. In February 2019, the project company obtained another land use right with a total site area of approximately 11,947 square meters on the west side of the project. This part will be developed in two phases with 21 high-rise buildings and is expected to be delivered in the second half of 2023 and 2024.

Yeji Jiangnan Fu project, located in Lu'an City, Anhui Province, has a total site area of approximately 59,241 square meters and a gross floor area of approximately 98,451 square meters with a plot ratio of 1.2. A subsidiary of the Company obtained this land use right in December 2020 at a total consideration of RMB108,640,000, of which the Company is interested in 70%. The project will be built as a high-end community integrating characteristic villas, low-rise residences and bungalows and is currently under presale.

Zhengzhou Project, located in Jianshan Tourist Resort Zone, Xinmi City, Zhengzhou City, with convenient transportation, spectacular scenery and historical culture, has a site area of approximately 336,776 square meters. The Group acquired this land use right in November 2018 at a total consideration of RMB184,662,013. The project is under planning.

Sizhou Green Garden is located in the Economic Development Zone of Sixian County, Suzhou City, Anhui Province. In May 2019, the Group acquired the land parcel A and B with a total site area of approximately 46,888 square meters and a gross floor area of approximately 124,907 square meters at a total consideration of RMB113,500,000 through public auction. In April 2020, the Group acquired the land parcel C with a total site area of approximately 42,007 square meters at a total consideration of RMB107,120,000 through public auction. This project enjoys well-developed facilities, convenient transportation and education resources. The land parcel A and B had been delivered in 2021 while the land parcel C is under construction.

Sixian Xuefu Green Garden, located in Sixian Economic Development District, Suzhou City, Anhui Province, has a site area of approximately 111,955 square meters. The Group obtained this land use right in June 2021 through public auction at a total consideration of RMB300,000,000. The project is currently under planning.

Qinglan Green Garden, located in Lixin County, Bozhou City, Anhui Province, has a site area of approximately 171,109 square meters with a plot ratio of 1.8 and a gross floor area of approximately 404,465 square meters. A subsidiary of the Company obtained this land use right in September 2021 at a total consideration of RMB565,000,000. The Company holds 51% interest of the project. At present, the project is currently under presale.

### Building Materials Business

For the six months ended 30 June 2023, the revenue of the Group's building materials business was approximately RMB1,110,109,000, an increase of approximately 11% compared to the same period last year; operating loss was approximately RMB114,818,000, which represents a sharp decrease of approximately 290% over the same period last year. During the period, the operating loss was mainly due to the comparatively low profit margin of the building materials business, and an impairment accounted for the trade receivables and contract assets of some real estate development companies with increased credit risk.

The revenue break-down of the Group's building materials for the six months ended 30 June 2023 is analysed below:

	2023		2022		Change
	RMB'000	% the total	RMB'000	% the total	
Curtain Wall	591,240	53%	497,664	51%	19%
Furnishings and Interior Decorations	78,023	7%	163,786	16%	-52%
Ready-mixed Concrete	79,394	7%	95,518	10%	-17%
PC Assembly Plate	264,814	24%	125,162	12%	112%
Wooden Products and Fireproof Materials	47,270	4%	46,661	5%	1%
Steel Structure	8,499	1%	21,908	2%	-61%
Others	40,869	4%	53,786	4%	-24%
<b>Total</b>	<b>1,110,109</b>	<b>100%</b>	<b>1,004,485</b>	<b>100%</b>	<b>11%</b>



## Management Discussion and Analysis

### *Construction Stone Mining Rights*

An indirect wholly-owned subsidiary of the Company, held a construction stone mining rights located in Yichang City, Hubei Province for a term of 23 years with a mine area of approximately 0.3323 square kilometres. As at 30 June 2023, the mine was still under infrastructure construction and had not yet commenced mineral mining work, which is expected to commence in 2024.

## **BUSINESS PROSPECT**

### **Construction business is the platform for the Group's business development**

In 2023, the Chinese government adjusted the epidemic prevention and control policies and endeavors to realize the economy growth recovery. Since the beginning of the year, the economy has seen a wave of resumed growth as a joint result of the release of pent-up demand in the previous years, the introduction of supportive policies, and the low-base effect due to the epidemic. However, there are still obvious delays and hindrances to the transmission of macroeconomic recovery to national employment status and income level, to enterprises' operation, and to market confidence. Domestic and foreign circumstances remain rather severe: the Russia-Ukraine conflict continues, the US and Europe tighten their monetary and foreign policies towards China, and the global supply chain are constantly adjusting; domestically, there are growing concerns about a series of problems, including a decline in employment and residents income and industrial enterprises profit, depressed land market, as well as serious debts of local governments. Earlier this year, a massive demand for construction business was released when local governments also launched a number of infrastructure projects, which brought many orders to construction industry in the short run. On the other hand, national construction industry becomes more concentrated in an intensely competitive market. Most of the resources and projects in construction industry are now available to state-owned and state-controlled enterprises, thus private construction enterprises are going through a much harder time surviving. Against this background, the Group improves itself in construction business to ramp up its business capabilities. With more attention on technology and innovation, we strive to achieve technological upgrading from traditional on-site work mode to off-site working. To navigate the changing industry landscape, enterprises must adjust business mode and enhance business capabilities for survival and development.

### **Property development business contributes substantial profit to the Group**

Unlike the previous property market turmoil, the current turndown of the property industry turned out while the fundamental elements for the industry, like urbanization, population of marriageable age, and per capita housing area and etc. changed. Although the government has loosened the restricted policies on the property industry, the downward trend of the industry cannot be changed radically. "High debt-high leverage-high turnover" mode that prevailed in the past is impossible nowadays, and residents' anticipation of falling housing prices leads to further decline of property industry. However, adjustment for an industry does not necessarily mean disappearing of an industry. In China, the property industry still provides vital backup to economic growth and signifies a lot in national economy. Looking to the future, people's demand for wonderful and high-quality housing will exist forever. The new round of adjustment in property market is also a sorting-out process where well-performing companies succeed in intense competition and those which are poorly run are eliminated. Facing the rigorous industry environment, the Group insists on providing high-quality properties for customers and market and keeps building healthy, green and one-hundred-year housing, while adhering to long-termism in property development business.

## **Housing industrialization is an important strategy to sustain continuous growth for the Group**

The Group's construction industrialization business consistently promotes the transformation and upgrading of traditional construction industry through construction industrialization, enlarges and enriches its content around the ideal of green, environmental friendly and sustainable development. During the period, the Group realized to calculate the housing energy consumption from K-index to Q-index after 17 years of scientific and technological research for the first time, upgrading separate measurement of individual components in different parts of housing to comprehensive calculation of buildings in respect of energy consumption. Adhering to the idea of sustainable development, "Baoye One-hundred-year Housing" aims at construction industrialization, longevity of buildings, high quality, as well as green and low-carbon development. By assembling 80,000 parts and applying hi-tech products and technologies to "invisible" parts of building, it has ensured solidity, durability as well as green and energy conservation of residences. In the future, the Group will still advocate construction industrialization as a major strategy for the development of industrial enterprises, extend and expand businesses related to construction industrialization, and also enrich its application scenarios, so as to expand businesses from the construction of traditional residential and public buildings to the refurbishment and repair of the existing building stock and other scopes, and to provide customers with one-stop and full-cycle solutions from design, construction to maintenance.

## **FINANCIAL REVIEW**

### **Financial Policies**

The Group has adopted prudent financial policies and exercised tight risk management control over its investment, financing and cash as well as maintaining a sound capital structure. The Group will adjust its investment, financing and capital structure from time to time according to sustainable development and internal resources available, with a view to optimising the capital structure of the Group.

The Group has established a financial settlement centre, which centralises funding for the Company and all of its subsidiaries at the group level. The Board believes that such policy can achieve better control on the treasury operations, minimise financing risks and lower the average cost of funding.

### **Financial Resources and Liabilities**

With the support of steady increase in cash flow, sound credit record and excellent reputation in the industry, the Group preserved the AAA credit rating by a credit rating institution recognised by the People's Bank of China. Such excellent credit rating will benefit the Group's financing activities and allow the Group to continue to enjoy the prime rate offered by the banks. During the period under review, the Group maintained part of its borrowings on an unsecured basis. The amount of secured debt accounted for approximately 37.4% (corresponding period of 2022: 37.4%) of the total borrowings. In addition, approximately 60.4% of the total borrowings (corresponding period of 2022: 54.9%) were guaranteed by the Company; approximately 0.3% of the total borrowings (corresponding period of 2022: 1.7%) were jointly guaranteed by the Company and non-controlling interests to the lending banks. Leveraging on its excellent credit rating, the Group intends to continue to obtain its borrowings on an unsecured basis, which will be supplemented by project financing when necessary.

The Group's objectives of the management of capital and financial resources are to safeguard the sustainable development of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

## Management Discussion and Analysis

The Group's financial position has been satisfactory and has continued to maintain a net cash position. The Group has sufficient capital resource to expand its business. As at 30 June 2023, the untapped banking facilities of the Group amounted to approximately RMB8 billion.

Details of which are analysed below:

	As at 30 June	
	2023 RMB'000	2022 RMB'000
Cash and cash equivalents	8,224,103	7,635,885
Term deposits with initial term of over three months	427,992	404,608
Restricted bank deposits	1,622,198	1,152,552
Less: total borrowings	(3,372,370)	(3,675,526)
Net cash	6,901,923	5,517,519
Total equity attributable to the owners of the Company	12,311,475	11,007,295
Net cash ratio	56%	50%

Net cash ratio = net cash/total equity attributable to the owners of the Company

### Other Key Financial Ratios

	As at 30 June	
	2023	2022
Return on equity	5.72%	2.20%
Net assets value per share (RMB yuan)	23.64	20.40
Current ratio	1.21	1.16

Return on equity = profit attributable to the owners of the Company/total equity attributable to the owners of the Company

Net assets value per share = total equity attributable to the owners of the Company/number of issued shares at the end of the period

Current ratio = current assets/current liabilities

During the period, the profit attributable to owners of the Company was approximately RMB704,675,000, a substantial increase of approximately 191% over the same period of the previous year, and the return on shareholders' equity increased by approximately 161% over the same period last year. As at 30 June 2023, the Group was still in a net cash position with a net cash ratio of 56%.

## Cash Flow Analysis

	Note	For the six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Net cash inflow from operating activities	(i)	164,744	594,703
Net cash (outflow)/inflow from investing activities	(ii)	(24,922)	125,301
Net cash inflow/(outflow) from financing activities	(iii)	315,383	(912,119)
Net increase/(decrease) in cash and cash equivalents		455,205	(192,115)

Note:

- (i) During the period under review, the net cash inflow from operating activities was approximately RMB164,744,000, a decrease of approximately RMB429,959,000 compared to the same period last year, which was mainly due to the payment of the land use rights during the period;
- (ii) During the period under review, the net cash outflow from investing activities was approximately RMB24,922,000, an increase of cash outflow of approximately RMB150,223,000 compared with that of approximately RMB125,301,000 for the same period last year, which was mainly attributed by the decrease in disposal of financial assets measured at fair value through profit and loss during the period;
- (iii) During the period under review, the net cash inflow from financing activities was approximately RMB315,383,000, which was mainly attributed by the net increase of bank borrowings during the period.

## Other Gains – Net

During the period, Hubei Construction Engineering No. 2 Company Limited, a subsidiary of the Group, recognized a one-time compensation income of approximately RMB337,020,000 for land, housing, storage and demolition. The demolition was made by the local government according to Properties on State-owned Land Demolition Decision for the public city railway construction. The demolished land and housing were used as a commodity market. The demolition will not affect the Group's day-to-day operations. The property demolition and compensation is favorable for the Group to grasp the urban development opportunities, realize the commercial value of existing resources and enhance the overall efficiency of the Company and the shareholder returns, which is in line with the Group's overall strategic development goals and long-term interests.

## Administrative Expenses

The Group's administrative expenses amounted to approximately RMB375,704,000 for the six months ended 30 June 2023, representing an increase of 12% as compared to that of approximately RMB336,303,000 for the same period last year. The increase in administrative expenses was mainly due to the increase of research and development and consulting fees.

## Management Discussion and Analysis

### Finance Costs – Net

During the period, the net finance costs had recorded a sharp decrease of approximately RMB16,062,000 compared to the same period last year, mainly due to: (1) The Group had early terminated the asset-backed securities program at the end of 2022, for details please refer to the Company's announcement dated on 18 November 2022. The asset-backed securities program had a finance cost of approximately RMB18,122,000 in the same period last year while no such finance cost took place during the period. (2) The bank borrowing rate has been reducing in recent years. The Group had paid back some long-term bank borrowings last year and borrowed some current operational loans with lower rate, thus leading to the decrease of interest on bank borrowings during the period compared to the same period last year.

### Income Tax Expenses

For the six months ended 30 June 2023, income tax expenses comprised of PRC corporate income tax of approximately RMB275,187,000 (corresponding period of 2022: approximately RMB89,744,000) and PRC land appreciation tax of approximately RMB184,490,000 (corresponding period of 2022: approximately RMB46,635,000), representing an increase of approximately RMB323,298,000 compared to the same period last year, primarily due to higher income and profit margin of properties of which revenue was recognized during the period.

### Financial Guarantees

	30 June 2023 RMB'000	31 December 2022 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers	1,784,062	1,928,050

The Group had provided guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of property developed by the Group. The banks will release such guarantees upon the delivery of the building ownership certificates of such properties to banks as securities.

### Details of the Charges on the Group's Assets

As at 30 June 2023, properties under development, completed properties held for presale, right-of-use for land, property, plant and equipment with an aggregate carrying value of approximately RMB3,543,705,000 (as at 31 December 2022: approximately RMB3,338,440,000) were pledged to banks as security in securing bank borrowings.

### Capital Expenditure Plan

The Group adopts a prudent approach in capital expenditure spending to ensure the security of the capital chain. The Group will pay more attention to market changes and will increase its investments in acquisition of land and relevant businesses at appropriate time with reasonable costs.

### Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

The majority of the Group's business and all bank borrowings are denominated and accounted in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect that 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.

### Dividends

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2023 (corresponding period of 2022: Nil).

# CORPORATE GOVERNANCE

The Group is committed to establishing an efficient, orderly and transparent corporate governance mechanism. Since its listing, the Company strives to comply with the Company Law of the PRC, the Listing Rules, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”) and other relevant laws and regulations and will regularly review the corporate management activities to enhance corporate value so as to ensure a sustainable development of the Company and to maximise shareholders’ returns.

## CORPORATE GOVERNANCE PRACTICES

As at the date of this report, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the “CG Code”), except for deviation of provisions of the CG Code as mentioned below:

Pursuant to code provision C.2.1 of the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. As Mr. Pang Baogen, the chairman of the Board has resigned as the chief executive officer, the chief executive officer position has been vacant since 16 June 2023. The Company deviates from this provision. The Board believes that Mr. Pang Baogen will make valuable contributions to the Company’s overall strategic planning as a non-executive Director and the chairman of the Board. The Group has appointed three general managers to oversee and manage the three main business activities (construction, property development and building materials) of the Group respectively. Currently, the Board comprises one non-executive Director, six executive Directors, and four independent non-executive Directors. The composition of the Board is competent and experienced to formulate overall strategic plans and key policies of the Group and is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

The Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

## BOARD OF DIRECTORS

The Board formulates overall strategic plans and key policies of the Group, monitors its financial performance, maintains effective oversight over the management, assess risk reasonably, improve and review the Group’s policies and practices on corporate governance and delegate the daily operations of the Company to the executive Directors or the management. The Board is committed to making the best interests of both the Company and its shareholders.

The Board consists of eleven Directors, including a non-executive Director, namely, Mr. Pang Baogen; six executive Directors, namely, Mr. Gao Lin, Mr. Gao Jun, Mr. Jin Jixiang, Mr. Xu Gang, Mr. Wang Rongbiao and Mr. Xia Feng; four independent non-executive Directors, namely, Mr. Li Wangrong, Ms. Liang Jing, Mr. Xiao Jianmu and Mr. Fung Ching, Simon. Each of Mr. Fung Ching, Simon and Mr. Xiao Jianmu, has professional accounting qualifications and possesses rich experience in accounting and financial management, Mr. Li Wangrong has rich experience in law and Ms. Liang Jing has rich experience in project management and audit, The diverse composition of the Board brings the Board different views, and also reflects a balance between effectiveness and independence.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The composition of independent non-executive Directors of the Board complies with Rule 3.10(1) of the Listing Rules. The Company has appointed four independent non-executive Directors, accounting more than one third of the Board. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders.

## Corporate Governance

### BOARD COMMITTEES

The Board has established four board committees, namely, audit committee, nomination committee, remuneration committee and environmental, social and governance committee (the “ESG committee”) to strengthen its functions and corporate governance rules. The audit committee, the nomination committee, the remuneration committee and the ESG committee perform their specific duties in accordance with their respective terms of reference and operation mode.

### AUDIT COMMITTEE

As at the date of this report, the audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors, namely, Mr. Xiao Jianmu, Mr. Li Wangrong and Mr. Fung Ching, Simon, with Mr. Xiao Jianmu as the Chairman of the Audit Committee. The Audit Committee held two meetings, and discussed the accounting policies as well as critical accounting estimates and assumptions with the management. The audit objectives of internal audit department of the Group were also discussed.

### REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2023 had been reviewed by the Audit Committee before being approved by the Board. The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2023 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 HKICPA.

### REMUNERATION COMMITTEE

As at the date of this report, the remuneration committee of the Company (the “Remuneration Committee”) comprises two independent non-executive Directors, namely, Mr. Li Wangrong, Ms. Liang Jing and one non-executive Director, namely, Mr. Pang Baogen, with Mr. Li Wangrong as the Chairman of the Remuneration Committee. The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company’s policy and structure for remuneration of the Directors, Supervisors and senior management of the Company, to review and approve the management’s remuneration recommendation according to the Board’s policy and target, and to take the market forces and comparable industries into consideration when determining the remuneration packages of the Directors, Supervisors and senior management of the Company.

### NOMINATION COMMITTEE

As at the date of this report, the nomination committee of the Company (the “Nomination Committee”) comprises two independent non-executive Directors, namely, Mr. Li Wangrong, Ms. Liang Jing and one executive Director, namely, Mr. Wang Rongbiao, with Mr. Li Wangrong as the Chairman of the Nomination Committee. The main duties of the Nomination Committee are to review the structure, size and composition of the Board of Directors on a regular basis, to make recommendations to the Board regarding any proposed changes and to identify individuals suitably qualified to become board members. It is also responsible for assessing the independence of the independent non-executive Directors and providing recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors and Supervisors.

### ESG COMMITTEE

During the period, the Company has established an ESG Committee. The ESG Committee comprises two independent non-executive Directors, namely Mr. Xiao Jianmu, Mr. Fung Ching, Simon and one executive Director Mr. Wang Rongbiao, with Mr. Wang Rongbiao as the Chairman of the ESG Committee. The primary duties of the ESG Committee are comprehensively formulate and review the administrative policies, strategies and structures of the Group’s ESG, review ESG-related policies, regulations and trends, and to provide decision-making advice to the Board of Directors regarding the Group’s ESG strategies and operations, to ensure the Company to comply with requirements of applicable laws and regulations; monitor and supervise the formulation and implementation of the Group’s ESG objectives; identify external ESG trends, risks and opportunities; and actively incorporate ESG considerations into the business decision – making processes, etc.

## AUDITORS

The re-appointment of PricewaterhouseCoopers as the Company's international auditor and the re-appointment of PricewaterhouseCoopers Zhong Tian Certified Public Accountants ("LLP") as the Company's PRC statutory auditor were approved at the annual general meeting held on 16 June 2023.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Board and the Supervisory Committee have adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as its own code of conduct for securities transactions by the Directors and Supervisors. Specific enquiries have been made by the Company and all the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023. If any related employee possesses information which may be considered as sensitive to the Company's share price and such information is not public, such employee has to comply with the written guidance, which is as strict as the Model Code.

## INVESTORS RELATIONS

The Company believed that it's very important to disclose accurate information timely and effectively for building market confidence, so the Company maintained good relations and communication with investors actively. The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) the Company's Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vi) the Investor Relations Department of the Company handles enquiries from shareholders and investors generally.

## SUBSTANTIAL SHAREHOLDERS OF H SHARES

As at 30 June 2023, so far as was known to the Directors, the following persons, other than Directors, Supervisors and senior management of the Company, have an interest in the shares of the Company as recorded in the register required to be kept under the Section 336 of the the SFO and which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Number of H Shares of the Company Held (Long Position)	Approximate Percentage of the Total Issued H Shares of the Company	Approximate Percentage of the Total Registered Share Capital of the Company
Wu Xueqin	29,304,000	17.24%	5.63%
Zhu Yicai ( <i>note 1</i> )	29,304,000	17.24%	5.63%

Notes:

1. Mr. Zhu Yicai, the spouse of Ms. Wu Xueqin, is deemed to be interested 29,304,000 H shares.
2. Information disclosed here is based on the information available on the website of Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).
3. As at 30 June 2023, the Company has a total of 520,756,053 shares, of which 170,014,000 shares were H shares.



# OTHER INFORMATION

## INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT

As at the date of this report, the interests and short positions of Directors, Supervisors, chief executive and senior management of the Company and any of the associated corporations within the meaning of Part XV of the SFO, which are required to be (i) notified to the Company and HKEx pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and HKEx pursuant to the Model Code, were as follows:

Directors/Supervisors/ Senior Management	Relevant Entity	Capacity	Number of Domestic Shares (Long Position)	Number of H Shares (Long Position)	Approximate Percentage of the Total Registered Capital of the Relevant Entity
<b>Directors</b>					
Mr. Pang Baogen	The Company	Individual	193,753,054	–	37.21%
Mr. Gao Lin	The Company	Individual	9,544,775	–	1.83%
Mr. Gao Jun	The Company	Individual	5,794,259	–	1.11%
Mr. Jin Jixiang	The Company	Individual	2,440,527	–	0.47%
Mr. Xu Gang	The Company	Individual	18,407,116	–	3.53%
Mr. Wang Rongbiao	The Company	Individual	2,638,026	–	0.51%
Mr. Xia Feng	The Company	Individual	18,918,851	–	3.63%
<b>Supervisors</b>					
Mr. Wang Jianguo	The Company	Individual	5,250,290	–	1.01%
Mr. Wang Jianguo	Zhejiang Baoye Curtain Wall Decoration	Individual	42,700,001	–	16.94%
<b>Senior Management</b>					
Mr. Lou Zhonghua	The Company	Individual	4,533,172	–	0.87%

Note:

As at 30 June 2023, the Company has a total of 520,756,053 shares, of which 170,014,000 shares were H shares.

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review, did the Company or any of its subsidiaries make any arrangement to enable the Directors, the Supervisors and their respective spouses or children under 18 years of age, to benefit from acquisition of the shares or debentures of the Company or any other corporation.

## CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

Changes in the Directors' and Supervisors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name	Change
<b>Director</b>	
Mr. Chan Yin Ming, Dennis	Resigned on 1 August 2023 as an independent Director, chairman of the Audit Committee, Remuneration Committee and Environment, Social and Governance Committee ("ESG Committee") of the Company
Mr. Fung Ching, Simon	Re-designated as an independent Director from non-executive Director of the Company since 1 August 2023
Mr. Xiao Jianmu	Re-designated as chairman of the Audit Committee and a member of the ESG Committee of the Company since 1 August 2023
Mr. Li Wangrong	Re-designated as chairman of the Remuneration Committee of the Company since 1 August 2023
Mr. Wang Rongbiao	Re-designated as chairman of the ESG Committee of the Company since 1 August 2023
<b>Supervisor</b>	
Mr. Zhang Xindao	Passed away on 13 July 2023

Directors' biographies are available on the Company's website.

The Company will appoint a new supervisor pursuant to the provisions of the relevant laws, regulations and its articles of association, and will make necessary disclosures in due course.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Other Information

### **HUMAN RESOURCES**

As at 30 June 2023, the Group had a total of approximately 6,445 permanent employees (as at 30 June 2022: 6,663). Also, there were approximately 62,587 indirectly employed construction site workers (as at 30 June 2022: 67,690). These workers were not directly employed by the Group. For the six months ended 30 June 2023, the total employee benefit expenses amounted to approximately RMB2,251,063,000 (the corresponding period in 2022: RMB2,448,200,000). Employee benefit expenses include salaries, insurance and other benefits. Remuneration is determined by reference to market terms as well as the performance, qualification and experience of individual employee. The Group is subject to social insurance contribution plans organised by the PRC local government. In accordance with relevant national and local labor and social welfare laws and regulations, employee benefits provided by the Group include pension and medical insurance coverage, injury insurance, maternity insurance and unemployment insurance. The Group highly values human resources management, and is devoted to establishing a high quality team to support its long term business development. The Group is continuously working on devising, revising and implementing a more effective employee incentive plan and training plan to encourage superior performance of employees to fit into the Group's long term development plan.

### **CONNECTED TRANSACTIONS**

During the period under review, the Group had no connected transaction that would require disclosure under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### **CONTINGENT LIABILITIES**

As at 30 June 2023, neither the Company nor the Group had any significant contingent liabilities.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

During the period under review, the Group did not have material acquisitions and disposals of subsidiaries, joint ventures and associates.

### **PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY**

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **LITIGATION AND ARBITRATION**

As at the date of this report, the Group had no material litigation and arbitration.

### **ENTRUSTED DEPOSITS AND OVERDUE TIME DEPOSITS**

As at the date of this report, the Group did not have any entrusted deposits placed with financial institutions in the PRC. All of the Group's cash and cash equivalents were deposited in commercial banks in accordance with the applicable laws and regulations. The Group had no bank deposits which can not be withdrawn upon maturity.

## APPRECIATION

The Board would like to take this opportunity to express gratitude to our shareholders, customers, suppliers, banks, intermediaries and employees of the Group for their continuous patronage and support.

By Order of the Board  
**Baoye Group Company Limited**  
**Pang Baogen**  
*Chairman*

Zhejiang, the PRC  
25 August 2023

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF BAOYE GROUP COMPANY LIMITED**

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 60, which comprises the interim condensed consolidated balance sheet of Baoye Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected 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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion 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.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 25 August 2023

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# INTERIM FINANCIAL INFORMATION

## Interim Condensed Consolidated Balance Sheet

	Note	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3,151,968	3,146,542
Right-of-use assets	11	739,321	758,540
Investment properties	11	757,455	758,548
Intangible assets	12	388,147	388,147
Investments accounted for using the equity method	7	469,466	402,735
Trade and other receivables	10	402,167	398,210
Financial assets at fair value through other comprehensive income	5.3	609,951	338,603
Financial assets at fair value through profit or loss	5.3	9,546	7,144
Deferred income tax assets		361,684	346,815
		<b>6,889,705</b>	6,545,284
<b>Current assets</b>			
Inventories		345,820	265,029
Properties under development	8	8,857,356	14,177,763
Completed properties held for sale	9	7,188,727	4,170,578
Contract assets	13	6,441,032	6,889,311
Trade and other receivables	10	7,481,062	7,317,784
Financial assets at fair value through profit or loss	5.3	57,000	54,000
Restricted bank deposits		1,622,198	1,274,090
Term deposits with initial term of over three months		427,992	377,942
Cash and cash equivalents		8,224,103	7,748,703
		<b>40,645,290</b>	42,275,200
<b>Total assets</b>		<b>47,534,995</b>	48,820,484
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and premium	14	890,230	890,230
Other reserves	15	524,012	320,099
Retained earnings		10,897,233	10,192,558
		<b>12,311,475</b>	11,402,887
<b>Non-controlling interests</b>		<b>436,767</b>	451,708
<b>Total equity</b>		<b>12,748,242</b>	11,854,595

## Interim Financial Information

## Interim Condensed Consolidated Balance Sheet (continued)

	<i>Note</i>	<b>Unaudited 30 June 2023 RMB'000</b>	Audited 31 December 2022 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	17	845,230	586,540
Lease liabilities		12,147	13,975
Deferred income tax liabilities		284,929	215,633
		<b>1,142,306</b>	816,148
<b>Current liabilities</b>			
Contract liabilities		13,826,375	16,612,513
Trade and other payables	16	16,878,203	16,824,546
Lease liabilities		2,680	2,745
Bank and other borrowings	17	2,527,140	2,391,596
Current income tax liabilities		410,049	318,341
		<b>33,644,447</b>	36,149,741
<b>Total liabilities</b>		<b>34,786,753</b>	36,965,889
<b>Total equity and liabilities</b>		<b>47,534,995</b>	48,820,484

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Approved by the Board of Directors on 25 August 2023 and were signed on its behalf.

**Mr. Pang Baogen**  
*Director*

**Mr. Wang Rongbiao**  
*Director*

## Interim Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	6	14,324,646	13,005,950
Cost of sales	20	(13,139,094)	(12,435,841)
<b>Gross profit</b>		<b>1,185,552</b>	570,109
Other income	18	131,776	133,278
Other gains – net	19	366,463	66,012
Selling and marketing costs	20	(91,741)	(44,527)
Administrative expenses	20	(375,704)	(336,303)
Net impairment losses on financial assets and contract assets		(96,581)	(21,112)
<b>Operating profit</b>		<b>1,119,765</b>	367,457
Finance income	21	6,942	6,716
Finance costs	21	(204)	(16,040)
Finance costs – net	21	6,738	(9,324)
Share of results of investments accounted for using the equity method	7	56,792	33,040
<b>Profit before income tax</b>		<b>1,183,295</b>	391,173
Income tax expenses	22	(459,677)	(136,379)
<b>Profit for the period</b>		<b>723,618</b>	254,794
<b>Profit attributable to:</b>			
– Owners of the Company		704,675	241,796
– Non-controlling interests		18,943	12,998
		<b>723,618</b>	254,794
<b>Earnings per share for profit attributable to the owners of the Company</b>			
– Basic and diluted (expressed in RMB yuan per share)	23	1.34	0.44

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.



## Interim Financial Information

## Interim Condensed Consolidated Statement of Comprehensive Income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>723,618</b>	254,794
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<b>401</b>	(2,579)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income	<b>203,512</b>	(24,235)
<b>Total other comprehensive income for the period, net of tax</b>	<b>203,913</b>	(26,814)
<b>Total comprehensive income for the period</b>	<b>927,531</b>	227,980
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	<b>908,588</b>	214,982
– Non-controlling interests	<b>18,943</b>	12,998
	<b>927,531</b>	227,980

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited								
	Attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2022</b>	560,634	475,474	(234)	335,484	9,494,855	10,866,213	482,960	11,349,173	
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	241,796	241,796	12,998	254,794	
Other comprehensive income	-	-	-	(26,814)	-	(26,814)	-	(26,814)	
<b>Total comprehensive income for the period</b>	-	-	-	(26,814)	241,796	214,982	12,998	227,980	
<b>Transactions with owners in their capacity as owners</b>									
Buy-back and cancellation of shares	(20,988)	(53,146)	234	-	-	(73,900)	-	(73,900)	
Transfer of statutory surplus reserves	-	-	-	1,740	(1,740)	-	-	-	
Capital contributions by non-controlling interests	-	-	-	-	-	-	500	500	
<b>Total transactions with owners</b>	(20,988)	(53,146)	234	1,740	(1,740)	(73,900)	500	(73,400)	
<b>Balance at 30 June 2022</b>	539,646	422,328	-	310,410	9,734,911	11,007,295	496,458	11,503,753	

## Interim Financial Information

## Interim Condensed Consolidated Statement of Changes in Equity (continued)

	Unaudited							
	Attributable to the owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>	539,646	419,686	(69,102)	320,099	10,192,558	11,402,887	451,708	11,854,595
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	704,675	704,675	18,943	723,618
Other comprehensive income	-	-	-	203,913	-	203,913	-	203,913
<b>Total comprehensive income for the period</b>	-	-	-	203,913	704,675	908,588	18,943	927,531
<b>Transactions with owners in their capacity as owners</b>								
Cancellation of shares	(18,890)	(50,212)	69,102	-	-	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	(33,884)	(33,884)
<b>Total transactions with owners</b>	(18,890)	(50,212)	69,102	-	-	-	(33,884)	(33,884)
<b>Balance at 30 June 2023</b>	520,756	369,474	-	524,012	10,897,233	12,311,475	436,767	12,748,242

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Interim Condensed Consolidated Statement of Cash Flows

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>520,786</b>	1,083,494
Interest paid	<b>(71,969)</b>	(106,740)
Income tax paid	<b>(284,073)</b>	(382,051)
<b>Net cash generated from operating activities</b>	<b>164,744</b>	594,703
<b>Cash flows from investing activities</b>		
Payments for investments in joint ventures	<b>(9,800)</b>	(2,720)
Repayments of loans by joint ventures	<b>20,543</b>	3,750
Repayment of loans by associates	<b>2,465</b>	232,497
Purchases of financial assets at fair value through profit or loss	<b>(17,000)</b>	(252,000)
Disposal of financial assets at fair value through profit or loss	<b>14,953</b>	430,692
Disposal of an associate	<b>–</b>	67,192
Purchases of property, plant and equipment	<b>(154,722)</b>	(443,141)
Disposal of property, plant and equipment	<b>38,502</b>	43,697
Purchases of right-of-use for land	<b>(569)</b>	(641)
Increase of term deposits with initial term of over three months	<b>(50,050)</b>	(86,156)
Interest received	<b>130,756</b>	132,131
<b>Net cash (used in)/generated from investing activities</b>	<b>(24,922)</b>	125,301
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>2,004,990</b>	1,867,809
Repayments of borrowings	<b>(1,610,756)</b>	(2,244,629)
Principal elements of lease payments	<b>(2,261)</b>	(5,478)
Capital contributions by non-controlling interests	<b>–</b>	500
Buy-back of shares	<b>–</b>	(73,900)
Repayments of advances from non-controlling interests	<b>(42,706)</b>	(456,421)
Dividends paid to non-controlling interests	<b>(33,884)</b>	–
<b>Net cash generated from/(used in) from financing activities</b>	<b>315,383</b>	(912,119)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>455,205</b>	(192,115)
Cash and cash equivalents at beginning of the period	<b>7,748,703</b>	7,813,911
Exchange gains on cash and cash equivalents	<b>20,195</b>	14,089
<b>Cash and cash equivalents at end of the period</b>	<b>8,224,103</b>	7,635,885

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Interim Financial Information

### Notes to the Interim Financial Information

#### 1 GENERAL INFORMATION

Baoye Group Company Limited (the “Company”) was established as a limited liability company in the People’s Republic of China (the “PRC”) and the H shares of the Company (“H Share”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 30 June 2003.

The registered office address of the Company is Yangxunqiao Subdistrict, Keqiao District, Shaoxing City, Zhejiang Province, the PRC.

The principal activities of the Company and its subsidiaries (together, the “Group”) are the provision of construction services, sale and installation of building materials and development and sale of properties in the PRC.

Unless otherwise stated, this interim financial information for the six months ended 30 June 2023 (“Interim Financial Information”) is presented in Renminbi (“RMB”). The Interim Financial Information has not been audited.

#### 2 BASIS OF PREPARATION

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 (the “2022 Financial Statements”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) and disclosure requirements under the Hong Kong Companies Ordinance, and any public announcements made by the Company during the interim reporting period.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2022 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for the financial year beginning 1 January 2023.

##### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

##### (b) New standards, amendments and interpretations to existing standards have been issued but not yet effective and have not been early adopted by the Group

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for 30 June 2023 reporting period and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Interim Financial Information (continued)

**4 ESTIMATES**

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Financial Statements.

**5 FINANCIAL RISK MANAGEMENT****5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Financial Statements.

There have been no significant changes in the risk management policies since last year end.

**5.2 Liquidity risk**

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows.

	As at 30 June 2023				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Principal of bank and other borrowings	2,527,140	471,900	272,330	101,000	3,372,370
Interest of bank and other borrowings	94,812	40,302	12,132	6,661	153,907
Trade and other payables (excluding other taxes payables, advance and salaries payables)	16,164,547	-	-	-	16,164,547
Lease liabilities	3,358	2,406	7,585	3,792	17,141
	<b>18,789,857</b>	<b>514,608</b>	<b>292,047</b>	<b>111,453</b>	<b>19,707,965</b>
Financial guarantees	1,784,062	-	-	-	1,784,062

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.2 Liquidity risk (continued)**

	As at 31 December 2022				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Principal of bank and other borrowings	2,391,596	308,980	277,560	–	2,978,136
Interest of bank and other borrowings	80,917	23,836	10,749	–	115,502
Trade and other payables (excluding other taxes payables, advance and salaries payables)	15,397,083	–	–	–	15,397,083
Lease liabilities	3,464	3,358	7,523	5,057	19,402
	17,873,060	336,174	295,832	5,057	18,510,123
Financial guarantees	1,928,050	–	–	–	1,928,050

The Group had adequate financial resources to repay these debts when they become due and payable.

**5.3 Fair value estimation**

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2023 and 31 December 2022, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## Notes to the Interim Financial Information (continued)

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.3 Fair value estimation (continued)**

	As at 30 June 2023			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at fair value through profit or loss ("Financial assets at FVPL")				
– Bank financial products	–	–	57,000	57,000
– Listed equity securities	9,546	–	–	9,546
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")				
– Listed equity securities	609,951	–	–	609,951
	<b>619,497</b>	<b>–</b>	<b>57,000</b>	<b>676,497</b>
	As at 31 December 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Bank financial products	–	–	54,000	54,000
– Listed equity securities	7,144	–	–	7,144
Financial assets at FVOCI				
– Listed equity securities	63,323	–	–	63,323
– Unlisted equity securities	–	–	275,280	275,280
	<b>70,467</b>	<b>–</b>	<b>329,280</b>	<b>399,747</b>

There were no changes in valuation techniques during the period.



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.3 Fair value estimation (continued)**

The following table presents the changes in level 3 instruments for the period.

	<b>Six months ended 30 June</b>	
	<b>2023</b> RMB'000	2022 RMB'000
At 1 January	<b>329,280</b>	732,096
Additions	<b>17,000</b>	252,000
Disposals	<b>(17,355)</b>	(425,000)
Fair value changes	<b>95,115</b>	–
Transfer to level 1 (a)	<b>(367,040)</b>	–
At 30 June	<b>57,000</b>	559,096
Gains recognised in 'Other gains – net'	<b>953</b>	5,692

- (a) In March 2023, Shanghai Research Institute of Building Sciences Group Co., Ltd. ("SRIBSG"), an investment of the Group, completed its IPO and listed its shares on the Main Board of Shanghai Stock Exchange.

The fair value of the Group's investment in SRIBSG was determined by the management using the quoted market price of the shares of SRIBSG after its IPO completion. The fair value measurement of the investment in SRIBSG has been transferred from level 3 into level 1.

**5.4 Group's valuation processes**

The Group's finance department performs the valuations of financial assets required for financial reporting purpose, including Level 3 fair values. The financial department reports directly to the executive directors. Discussions of valuation results are held between the executive directors and the financial department at least once every six months, in line with the Group's interim and annual reporting dates.

**5.5 Fair value of financial assets and liabilities measured at amortised cost**

The fair value of financial assets and liabilities measured at amortised cost approximates their carrying amounts.

## Notes to the Interim Financial Information (continued)

**6 SEGMENT INFORMATION**

The executive directors (chief operating decision-maker) assess the performance of the operating segments based on a measurement of operating profit. Information of segment assets and liabilities are not included in the reports reviewed by the executive directors. Other information provided to the executive directors is measured in a manner consistent with that in the consolidated financial statements. There has been no change in the basis of the segmentation or in the basis of the measurement of the segment profit or loss for the six months ended 30 June 2023 compared to 2022.

Sales between segments are carried out on terms agreed upon by the respective parties. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim consolidated income statement.

The segment information provided to executive directors for the reportable segments for the six months ended 30 June 2023 and 2022 are as follows:

	Six months ended 30 June 2023				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	8,782,807	4,822,040	1,718,319	263,535	15,586,701
Revenue from other sources					
Rental income	-	-	-	65,417	65,417
Total segment revenue	8,782,807	4,822,040	1,718,319	328,952	15,652,118
Less: inter-segment revenue	(551,872)	-	(608,210)	(167,390)	(1,327,472)
<b>Revenue (from external customers)</b>	<b>8,230,935</b>	<b>4,822,040</b>	<b>1,110,109</b>	<b>161,562</b>	<b>14,324,646</b>
<b>Operating profit/segment results</b>	<b>483,044</b>	<b>751,482</b>	<b>(114,818)</b>	<b>57</b>	<b>1,119,765</b>
Depreciation	37,578	6,449	69,068	31,398	144,493
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	18,166	(2,139)	80,965	(411)	96,581

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

## 6 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2022				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	10,669,019	2,320,441	1,422,451	312,462	14,724,373
Revenue from other sources					
Rental income	–	–	–	65,860	65,860
Total segment revenue	10,669,019	2,320,441	1,422,451	378,322	14,790,233
Less: inter-segment revenue	(1,119,797)	–	(417,966)	(246,520)	(1,784,283)
<b>Revenue (from external customers)</b>	<b>9,549,222</b>	<b>2,320,441</b>	<b>1,004,485</b>	<b>131,802</b>	<b>13,005,950</b>
<b>Operating profit/segment results</b>	<b>169,697</b>	<b>140,926</b>	<b>60,344</b>	<b>(3,510)</b>	<b>367,457</b>
Depreciation	36,066	5,801	66,222	31,131	139,220
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	49,244	(349)	(33,129)	5,346	21,112

The reconciliation of the operating profit to profit before income tax is shown in the consolidated income statement.

The Company was domiciled in the PRC. The Group's business activities were mainly carried out in the PRC where the vast majority of the Group's assets were located.

The Group's non-current assets other than financial instruments and deferred tax assets located mainly in the PRC.

## Notes to the Interim Financial Information (continued)

## 6 SEGMENT INFORMATION (CONTINUED)

### Analysis of revenue by category

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Revenue from provision of construction services:		
– Recognised over time	<b>8,230,935</b>	9,549,222
Revenue from sale of properties:		
– Recognised at a point in time	<b>4,822,040</b>	2,320,441
Revenue from sale of building materials:		
– Recognised at a point in time	<b>526,100</b>	451,808
– Recognised over time	<b>584,009</b>	552,677
	<b>1,110,109</b>	1,004,485
Others:		
– Recognised at a point in time	<b>80,088</b>	52,856
– Recognised over time	<b>16,057</b>	13,086
	<b>96,145</b>	65,942
Revenue from other sources:		
– Rental income	<b>65,417</b>	65,860
	<b>14,324,646</b>	13,005,950

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Investments in joint ventures (a)	414,830	344,821
Investments in associates (b)	54,636	57,914
	<b>469,466</b>	402,735

**(a) Investments in joint ventures**

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000</b>	2022 RMB'000
<b>At 1 January</b>	344,821	285,094
Additions	9,800	2,720
Share of results	60,070	5,178
Adjustment for transactions between the Group and joint ventures	139	113
<b>At 30 June</b>	<b>414,830</b>	293,105
Represented by share of net assets	414,830	293,105

**(b) Investments in associates**

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000</b>	2022 RMB'000
<b>At 1 January</b>	57,914	96,615
Disposals	–	(67,192)
Share of results	(3,278)	27,862
<b>At 30 June</b>	<b>54,636</b>	57,285
Represented by share of net assets	54,636	57,285

## Notes to the Interim Financial Information (continued)

**8 PROPERTIES UNDER DEVELOPMENT**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
At cost	<b>8,075,824</b>	14,177,763
At net realisable value	<b>781,532</b>	–
	<b>8,857,356</b>	14,177,763

Write-downs of properties under development to net realisable value during the period ended 30 June 2023 amounted to RMB88,643,000 (30 June 2022: nil), which were recognised in profit or loss.

**9 COMPLETED PROPERTIES HELD FOR SALE**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
At cost	<b>6,693,685</b>	3,555,845
At net realisable value	<b>495,042</b>	614,733
	<b>7,188,727</b>	4,170,578

Write-downs of completed properties held for sale to net realisable value during the period ended 30 June 2023 amounted to RMB4,744,000 (30 June 2022: RMB61,295,000), which were recognised in profit or loss.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**10 TRADE AND OTHER RECEIVABLES**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Non-current assets</b>		
Loans to joint ventures (a)	<b>402,167</b>	398,210
	<b>402,167</b>	398,210
<b>Current assets</b>		
Trade receivables (c)	<b>4,566,003</b>	4,795,758
Other receivables and prepayments (d)	<b>2,700,989</b>	2,283,464
Loans to joint ventures (a)	<b>74,660</b>	96,182
Loans to associates (b)	<b>139,410</b>	142,380
	<b>7,481,062</b>	7,317,784

**(a) Loans to joint ventures**

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000</b>	2022 RMB'000
<b>At 1 January</b>	<b>504,865</b>	491,363
Repayments	<b>(20,543)</b>	(3,750)
Interest accrued	<b>1,020</b>	1,148
	<b>485,342</b>	488,761
Less: provision for loss allowance	<b>(8,515)</b>	(5,307)
<b>At 30 June</b>	<b>476,827</b>	483,454
Less: current portion	<b>(74,660)</b>	(79,228)
Non-current portion	<b>402,167</b>	404,226

Loans to joint ventures amounting to RMB53,482,000 (30 June 2022: RMB56,900,000) are interest-bearing at market lending rates ranging from 4% per annum to 5.22% per annum (30 June 2022: at ranging from 4% per annum to 5.22% per annum) with maturity within one year, and the remaining loans are interest-free, unsecured and repayable on demand.

## Notes to the Interim Financial Information (continued)

**10 TRADE AND OTHER RECEIVABLES (CONTINUED)****(b) Loans to associates**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>At 1 January</b>	<b>142,678</b>	375,175
Repayments	<b>(2,465)</b>	(232,497)
	<b>140,213</b>	142,678
Less: provision for loss allowance	<b>(803)</b>	(741)
<b>At 30 June</b>	<b>139,410</b>	141,937

Loans to associates are interest-free, unsecured and repayable on demand as at 30 June 2023 and 2022.

**(c) Trade receivables**

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>5,141,363</b>	5,332,120
Less: provision for loss allowance	<b>(575,360)</b>	(536,362)
	<b>4,566,003</b>	4,795,758

Customers are generally granted credit terms of 1 to 3 months for construction business, 1 to 12 months for building materials business and no credit terms for property development business (except for instalment arrangement).

The ageing analysis of the trade receivables based on invoice date was as follows:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>1,369,599</b>	1,755,114
3 months to 1 year	<b>1,633,885</b>	1,729,791
1 to 2 years	<b>927,810</b>	1,026,272
2 to 3 years	<b>886,425</b>	380,456
Over 3 years	<b>323,644</b>	440,487
	<b>5,141,363</b>	5,332,120



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**10 TRADE AND OTHER RECEIVABLES (CONTINUED)****(c) Trade receivables (continued)**

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the six months ended 30 June 2023, a provision of RMB38,998,000 (six months ended 30 June 2022: RMB6,444,000) was made against the gross amount of trade receivables.

There was no concentration of credit risk with respect to trade receivables, as the Group had a large number of customers.

**(d) Other receivables and prepayments**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Other receivables:</b>		
– Retention money and project deposits	<b>628,329</b>	635,394
– Advances to project managers (i)	<b>163,333</b>	139,856
– Bidding deposits for land use rights for property development	<b>8,000</b>	–
– Others	<b>315,618</b>	265,237
	<b>1,115,280</b>	1,040,487
Less: provision for loss allowance	<b>(17,185)</b>	(14,925)
	<b>1,098,095</b>	1,025,562
<b>Prepayments:</b>		
– Prepayments for land use rights for property development	<b>1,268,593</b>	840,509
– Prepaid income taxes	<b>246,048</b>	342,952
– Others	<b>88,253</b>	74,441
	<b>1,602,894</b>	1,257,902
<b>Other receivables and prepayments</b>	<b>2,700,989</b>	2,283,464

(i) Advances to project managers are unsecured and interest-bearing at market lending rates.

## Notes to the Interim Financial Information (continued)

**11 RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

	Right-of-use for land RMB'000	Right-of-use for properties RMB'000	Property, plant and equipment RMB'000	Investment properties RMB'000
<b>Six months ended 30 June 2022</b>				
At 1 January 2022	687,279	17,881	2,979,776	763,934
Additions	641	3,816	443,141	–
Interest capitalised (Note 21)	–	–	15,109	–
Disposals	–	–	(33,892)	–
Depreciation	(11,139)	(1,637)	(126,444)	–
Fair value losses	–	–	–	(768)
At 30 June 2022	676,781	20,060	3,277,690	763,166
<b>Six months ended 30 June 2023</b>				
At 1 January 2023	<b>742,020</b>	<b>16,520</b>	<b>3,146,542</b>	<b>758,548</b>
Additions	<b>569</b>	–	<b>154,722</b>	–
Interest capitalised (Note 21)	–	–	<b>14,679</b>	–
Disposals	<b>(6,382)</b>	–	<b>(32,888)</b>	–
Depreciation	<b>(11,896)</b>	<b>(1,510)</b>	<b>(131,087)</b>	–
Fair value losses	–	–	–	<b>(1,093)</b>
At 30 June 2023	<b>724,311</b>	<b>15,010</b>	<b>3,151,968</b>	<b>757,455</b>

The valuations of investment properties at 30 June 2023 and 2022 were carried out by the management, using discounted cash flow projections based on significant unobservable inputs. The fair value measurement of the investment properties is categorised within level 3 of the fair value hierarchy. The key assumptions used in the valuation are rental cash inflows, capitalisation rates and discount rates.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**12 INTANGIBLE ASSETS**

	<b>Construction stone mining right</b> RMB'000 <i>Note (a)</i>	<b>Goodwill</b> RMB'000	<b>Total</b> RMB'000
<b>Six months ended 30 June 2022</b>			
At 1 January 2022	371,613	16,534	388,147
Additions	–	–	–
Amortisation	–	–	–
At 30 June 2022	371,613	16,534	388,147
<b>Six months ended 30 June 2023</b>			
At 1 January 2023	<b>371,613</b>	<b>16,534</b>	<b>388,147</b>
Additions	–	–	–
Amortisation	–	–	–
At 30 June 2023	<b>371,613</b>	<b>16,534</b>	<b>388,147</b>

- (a) As of 30 June 2023, the Group has not commenced any mining production activities and thus there has been no amortisation charged to profit or loss.

## Notes to the Interim Financial Information (continued)

**13 CONTRACT ASSETS**

Details of contract assets are as follows:

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Relating to construction services	<b>6,107,717</b>	6,451,366
Relating to installation of building materials	<b>473,205</b>	521,059
	<b>6,580,922</b>	6,972,425
Less: provision for loss allowance	<b>(139,890)</b>	(83,114)
Total contract assets	<b>6,441,032</b>	6,889,311

**14 SHARE CAPITAL AND PREMIUM**

	Number of shares (thousands of RMB1 each)	Ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2023					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	188,904	188,904	419,686	(69,102)	539,488
	<b>539,646</b>	<b>539,646</b>	<b>419,686</b>	<b>(69,102)</b>	<b>890,230</b>
Cancellation of H shares (a)	<b>(18,890)</b>	<b>(18,890)</b>	<b>(50,212)</b>	<b>69,102</b>	–
At 30 June 2023					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	170,014	170,014	369,474	–	539,488
	<b>520,756</b>	<b>520,756</b>	<b>369,474</b>	–	<b>890,230</b>

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**14 SHARE CAPITAL AND PREMIUM (CONTINUED)**

	Number of shares (thousands of RMB1 each)	Ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2022					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	209,892	209,892	475,474	(234)	685,132
	560,634	560,634	475,474	(234)	1,035,874
Buy-back and cancellation of H shares	(20,988)	(20,988)	(53,146)	234	(73,900)
At 30 June 2022					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	188,904	188,904	422,328	–	611,232
	539,646	539,646	422,328	–	961,974

- (a) During the period, the Company cancelled 18,890,000 H Shares, representing approximately 9.9998% and 3.5004% of the total number of H Shares and total number of issued shares of the Company, respectively.

## Notes to the Interim Financial Information (continued)

**15 OTHER RESERVES**

	Financial assets fair value reserve RMB'000	Statutory surplus reserve RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2022</b>				
At 1 January 2022	94,915	245,916	(5,347)	335,484
Appropriation from retained earnings	–	1,740	–	1,740
Revaluation of financial assets at FVOCI	(32,313)	–	–	(32,313)
Revaluation – tax	8,078	–	–	8,078
Currency translation differences	–	–	(2,579)	(2,579)
At 30 June 2022	70,680	247,656	(7,926)	310,410
<b>Six months ended 30 June 2023</b>				
At 1 January 2023	<b>76,096</b>	<b>252,990</b>	<b>(8,987)</b>	<b>320,099</b>
Revaluation of financial assets at FVOCI	<b>271,348</b>	–	–	<b>271,348</b>
Revaluation – tax	<b>(67,836)</b>	–	–	<b>(67,836)</b>
Currency translation differences	–	–	<b>401</b>	<b>401</b>
At 30 June 2023	<b>279,608</b>	<b>252,990</b>	<b>(8,586)</b>	<b>524,012</b>

**16 TRADE AND OTHER PAYABLES**

	30 June 2023 RMB'000	31 December 2022 RMB'000
Trade payables (a)	<b>10,351,952</b>	9,732,569
Other payables (b)	<b>6,526,251</b>	7,091,977
	<b>16,878,203</b>	16,824,546

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**16 TRADE AND OTHER PAYABLES (CONTINUED)****(a) Trade payables**

The ageing analysis of the trade payables based on invoice date was as follows:

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Within 3 months	4,340,275	4,162,807
3 months to 1 year	3,517,214	3,476,631
1 to 2 years	1,284,936	1,102,236
2 to 3 years	890,352	702,380
Over 3 years	319,175	288,515
	<b>10,351,952</b>	<b>9,732,569</b>

**(b) Other payables**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Deposits from project managers	3,476,689	3,600,955
Amounts due to non-controlling interests (i)	500,239	542,945
Prepayments from government for housing demolition and relocation (ii)	451,128	794,922
Deposits from property purchasers	828,543	493,439
Other taxes payables	214,862	546,629
Salaries payables	47,666	85,912
Others	1,007,124	1,027,175
	<b>6,526,251</b>	<b>7,091,977</b>

(i) Amounts due to non-controlling interests were unsecured, interest-free and repayable on demand.

(ii) Amount represents the prepayments received from the government for housing demolition and relocation projects.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**17 BANK AND OTHER BORROWINGS**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Non-current liabilities</b>		
Long-term bank and other borrowings		
– Secured (a)	<b>1,162,630</b>	818,980
– Unsecured with guarantee (b)	<b>52,000</b>	10,000
– Guaranteed by the companies within the Group	<b>8,000</b>	–
Less: current portion	<b>(377,400)</b>	(242,440)
	<b>845,230</b>	586,540
<b>Current liabilities</b>		
Short-term bank and other borrowings		
– Secured (a)	<b>100,000</b>	45,000
– Unsecured with guarantee (b)	<b>1,995,250</b>	1,889,750
– Guaranteed by the companies within the Group	<b>54,490</b>	214,406
Current portion of non-current liabilities	<b>377,400</b>	242,440
	<b>2,527,140</b>	2,391,596
	<b>3,372,370</b>	2,978,136



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**17 BANK AND OTHER BORROWINGS (CONTINUED)**

Movements in bank and other borrowings are analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
At 1 January	2,978,136	4,052,346
Additions	2,004,990	1,867,809
Repayments	(1,610,756)	(2,244,629)
At 30 June	<b>3,372,370</b>	3,675,526

**(a)** Bank and other borrowings of the Group were secured by following:

	<b>30 June</b> <b>2023</b> <b>RMB'000</b>	31 December 2022 RMB'000
Properties under development	2,291,056	2,171,013
Completed properties held for sale	546,349	638,747
Right-of-use for land	272,244	272,492
Property, plant and equipment	434,056	256,188
	<b>3,543,705</b>	3,338,440

**(b)** These loans were guaranteed by:

	<b>30 June</b> <b>2023</b> <b>RMB'000</b>	31 December 2022 RMB'000
The Company	2,037,250	1,889,750
The Company and non-controlling shareholders (jointly)	10,000	10,000
	<b>2,047,250</b>	1,899,750

**(c)** The carrying amounts of bank and other borrowings are mainly denominated in RMB. The weighted average effective interest rate of borrowings at 30 June 2023 was 3.77% per annum (31 December 2022: 3.79% per annum).

## Notes to the Interim Financial Information (continued)

**18 OTHER INCOME**

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest income on		
– Financial assets held as investments	102,074	103,185
– Advances to project managers and joint ventures	29,702	30,093
	<b>131,776</b>	133,278

**19 OTHER GAINS – NET**

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Demolition compensation (a)	337,020	–
Government grants and compensation	13,274	28,095
Gains on disposal of financial assets at FVPL	953	5,692
Net foreign exchange (losses)/gains	(2,401)	12,992
Gains on disposal of property, plant and equipment	5,614	9,805
Fair value gains from financial assets at FVPL	2,402	835
Fair value losses of investment properties	(1,093)	(768)
Donations	(10)	(2,188)
Others	10,704	11,549
	<b>366,463</b>	66,012

- (a) During the period, the Group's subsidiary Hubei Construction Engineering No. 2 Company Limited recognised a compensation income for land, housing, storage and demolition of RMB337,020,000.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**20 EXPENSES BY NATURE**

Expenses included in cost of sales, selling and marketing costs and administrative expenses were analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Cost of construction contracts	<b>6,122,255</b>	7,231,650
Employee benefit expenses	<b>2,251,063</b>	2,448,200
Cost of properties sold	<b>3,854,933</b>	2,049,008
Raw materials and consumables used	<b>823,011</b>	679,856
Depreciation charges	<b>144,493</b>	139,220
Impairment on properties under development	<b>88,643</b>	–
Impairment on completed properties held for sale	<b>4,744</b>	61,295
Changes in inventories of finished goods and work in progress	<b>51,768</b>	37,149
Others	<b>265,629</b>	170,293
	<b>13,606,539</b>	12,816,671

**21 FINANCE COSTS – NET**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Finance costs:		
Interests on bank and other borrowings and lease liabilities	<b>71,969</b>	106,740
Less: interest capitalised in properties under development	<b>(43,125)</b>	(61,503)
Less: interest capitalised in constructions in progress	<b>(14,679)</b>	(15,109)
	<b>14,165</b>	30,128
Net foreign exchange gains on financing activities	<b>(13,961)</b>	(14,088)
	<b>204</b>	16,040
Finance income:		
Interest income from financial assets held for cash management purposes	<b>(6,942)</b>	(6,716)
Finance costs – net	<b>(6,738)</b>	9,324

## Notes to the Interim Financial Information (continued)

**22 INCOME TAX EXPENSES**

During the period, the Group is subject to the same types of income taxes as those disclosed in 2022 Financial Statements. Income tax expenses are determined and accounted for based on management's estimate of the annual income tax rate expected for the full financial year.

The amount of income tax expenses charged to the interim consolidated income statement represents:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC corporate income tax	<b>288,596</b>	119,928
– Land appreciation tax	<b>184,490</b>	46,635
	<b>473,086</b>	166,563
Deferred income tax		
– PRC corporate income tax	<b>(13,409)</b>	(30,184)
	<b>459,677</b>	136,379

**23 EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding those ordinary shares held as treasury shares.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
Profit attributable to the owners of the Company (RMB'000)	<b>704,675</b>	241,796
Weighted average number of ordinary shares in issue during the period (thousands shares)	<b>526,108</b>	554,750
Basic earnings per share (RMB yuan)	<b>1.34</b>	0.44

The Company had no dilutive potential shares in issue during the six months ended 30 June 2023 and 2022, thus the diluted earnings per share equalled the basic earnings per share.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**24 DIVIDENDS**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

**25 FINANCIAL GUARANTEES**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers	<b>1,784,062</b>	1,928,050

The Group provided guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of property developed by the Group. The banks will release such guarantees upon the delivery of the building ownership certificates of such properties to banks as securities.

**26 RELATED-PARTY TRANSACTIONS**

Apart from those related party transactions disclosed elsewhere in the Interim Financial Information, the Group has the following transactions and balances with related parties:

**(a) Transactions with joint ventures**

	<b>Six months ended 30 June</b>	
	<b>2023 RMB'000</b>	2022 RMB'000
Sales of goods	<b>2,135</b>	2,086
Provide construction services	<b>5,416</b>	56,696
Rental income	<b>105</b>	78
Purchase of technical consulting services	<b>1,947</b>	44
Purchase of building materials	<b>21,618</b>	41,790

**(b) Balances with joint ventures**

	<b>30 June 2023 RMB'000</b>	31 December 2022 RMB'000
Trade receivables	<b>22,332</b>	31,867
Trade payables	<b>16,974</b>	19,306

# DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions have the following meanings:

Anhui Baoye	Baoye Anhui Company Limited, a subsidiary of the Company
Baoye Construction	Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company
Baoye Industrialisation	Zhejiang Baoye Building Materials Industrialisation Company Limited, a subsidiary of the Company
Baoye Real Estate	Zhejiang Baoye Real Estate Group Company Limited, a subsidiary of the Company
Board	the board of Directors
Building materials business	the activities of research and development, production and sale of building materials conducted by the Group
Company Law	the Company Law of the People's Republic of China
Construction business	the activities of undertaking and implementation of construction projects conducted by the Group
Director(s)	the Director(s) of the Company
H share	Overseas listed foreign share of nominal value RMB1.00 each in the registered capital of the Company, which are listed on the Stock Exchange and subscribed for in Hong Kong dollars
HKEX	Hong Kong Exchanges and Clearing Limited
HKFRS	Hong Kong Financial Reporting Standards
Hubei Baoye	Baoye Hubei Construction Group Company Limited, a subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Property development business	the activities of development of real estate conducted by the Group
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Stock Exchange	The Stock Exchange of Hong Kong Limited

## Definitions

Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
The Company/Baoye	Baoye Group Company Limited, a joint stock limited company incorporated in the PRC and listed on the main board of the Stock Exchange
The Group/Baoye Group	the Company and its subsidiaries
The Period	the six months ended 30 June 2023