



BAOYE GROUP COMPANY LIMITED

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

Stock Code: 2355

2025 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



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



- Shaoxing "Baoye Four Seasons Garden"
- Shaoxing "Daban Low-carbon Garden"
- Shaoxing "Chunying Tangqianyuan"
- Shaoxing "Xialv Project"
- Wuhan "Puyuan"
- Yichang "Qinyuan"
- Mengcheng "Binhe Green Garden"
- Kaifeng "Baoye Longhu Yucheng"
- Lu'an "Baoye Junyue Green Garden"
- Zhengzhou "Zhengzhou Project"
- Sixian "Sizhou Green Garden"
- Sixian "Xuefu Green Garden"
- Bozhou "Qinglan Green Garden"
- Jieshou "Guangwu Yuxiuyuan"



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

BUSINESS NETWORK



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



- Zhejiang
- Shanghai
- Hubei
- Anhui
- Henan



- 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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("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
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Central, Hong Kong

Statutory Auditor

PricewaterhouseCoopers
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LEGAL ADVISERS

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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

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CORRESPONDENCE ADDRESS IN HONG KONG

Room 209 Tak Woo House
17-19 D'Aguiar Street
Central, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Pang Baogen
Mr. Wang Rongbiao

STOCK CODE

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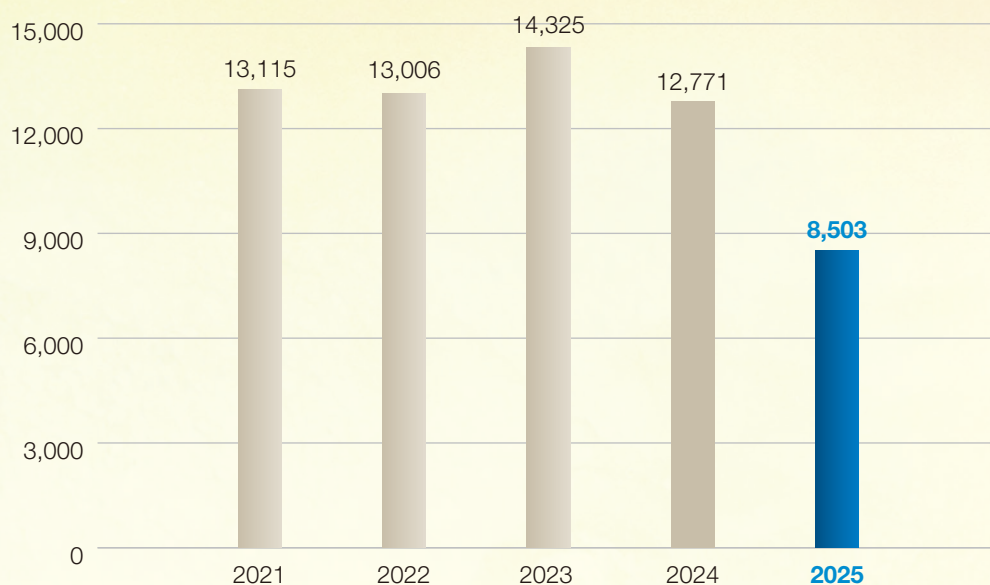
FINANCIAL HIGHLIGHTS

	For the six months ended/As at 30 June				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Results					
Revenue	8,502,567	12,770,676	14,324,646	13,005,950	13,114,524
Profit Attributable to the Owners of the Company	140,981	373,845	704,675	241,796	335,479
Earnings per Share (RMB yuan)	0.27	0.72	1.34	0.44	0.60
Assets and Liabilities					
Total Assets	44,346,227	46,649,084	47,534,995	49,141,608	45,721,111
Total Liabilities	30,787,101	33,315,550	34,786,753	37,637,855	34,883,382
Total Equity	13,559,126	13,333,534	12,748,242	11,503,753	10,837,729

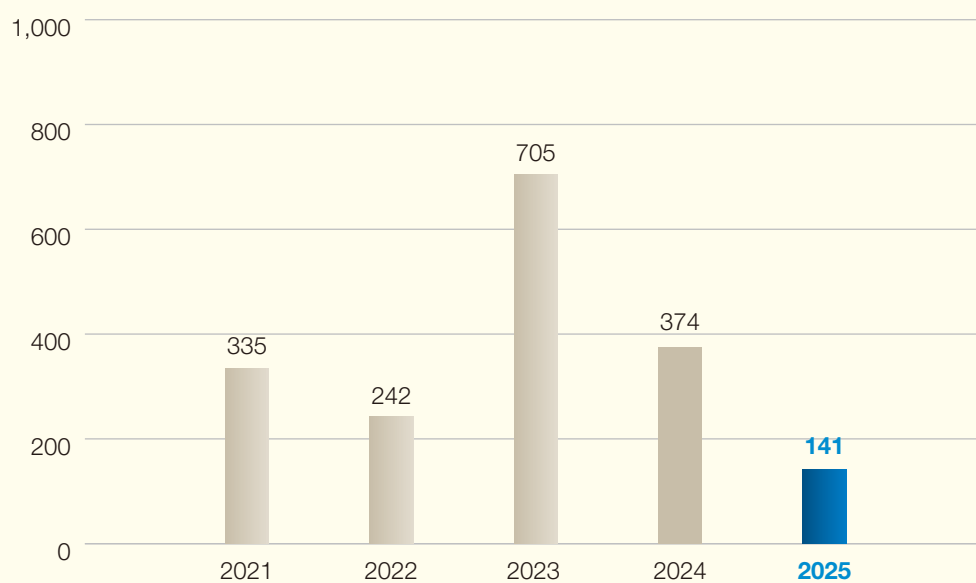
KEY FINANCIAL RATIOS

	For the six months ended/ As at 30 June	
	2025	2024
Return on Equity	1.08%	2.91%
Net Assets Value per Share (RMB yuan)	25.03	24.68
Net Cash Ratio	54%	54%
Current Ratio	1.23	1.23
Net Cash Generated from/(Used in) Operating Activities (RMB'000)	475,628	(144,049)

Financial Highlights

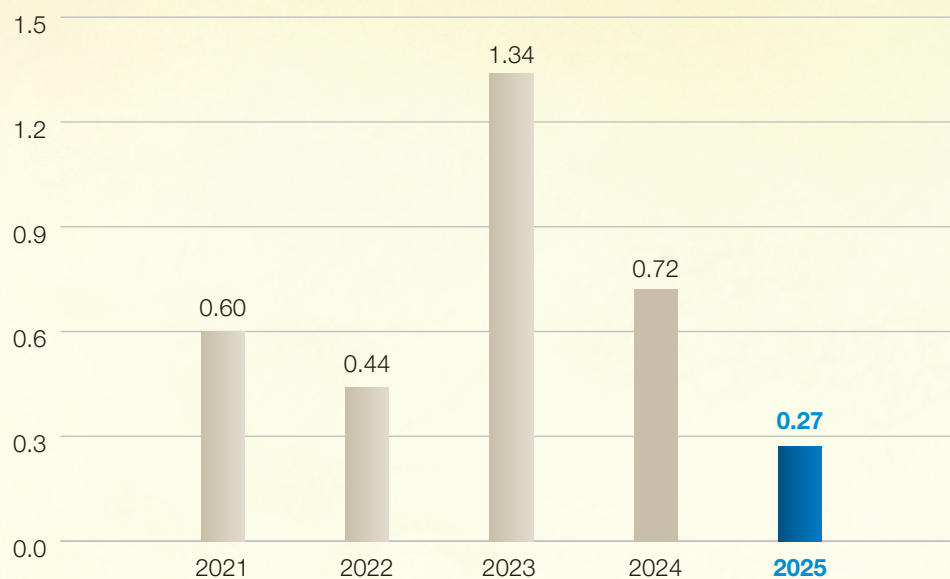
**REVENUE**

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

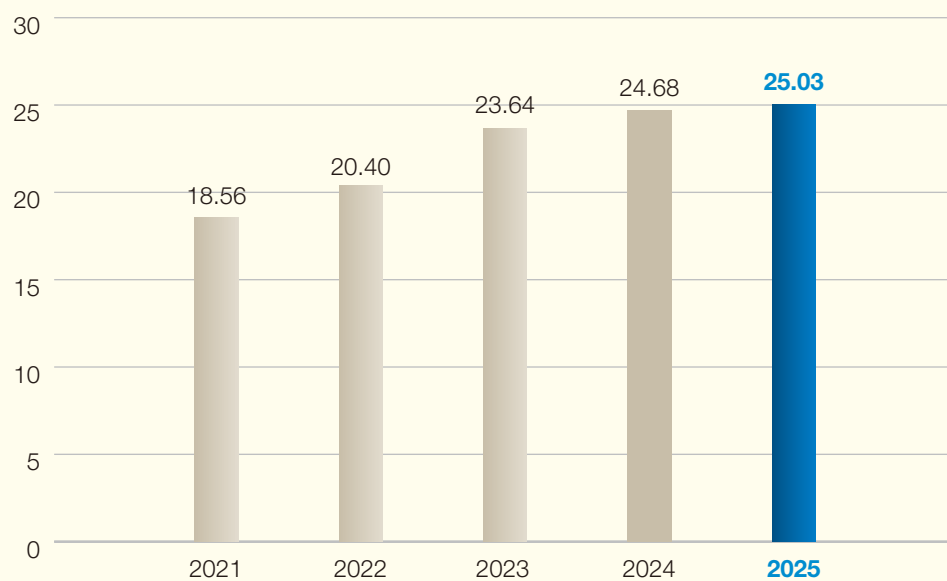
**PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY**

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

Financial Highlights

**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 2025, the Group achieved a consolidated revenue of approximately RMB8,502,567,000, which represents a decrease of approximately 33% compared with the corresponding period last year; operating profit amounted to approximately RMB253,587,000, which represents a substantial decrease of approximately 59% as compared with the corresponding period last year; profit attributable to the owners of the Company amounted to approximately RMB140,981,000, which represents a substantial decrease of approximately 62% compared to the same period last year; earnings per share was approximately RMB0.27, which represents a substantial decrease of approximately 63% compared to the same period last year. The decrease in revenue and operating profit was mainly attributable to the industry downturn, which resulted in the significant decline in revenue and profit of the two main businesses of construction and property development of the Group compared with the same period of 2024.

Revenue

	For the six months ended 30 June				Change
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	
Construction	5,657,138	67%	8,596,299	67%	-34%
Property Development	1,616,348	19%	3,002,236	24%	-46%
Building Materials	1,048,357	12%	1,001,350	8%	5%
Others	180,724	2%	170,791	1%	6%
Total	8,502,567	100%	12,770,676	100%	-33%

Operating Profit/(Loss)

	For the six months ended 30 June				Change
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	
Construction	166,581	66%	324,535	52%	-49%
Property Development	105,034	41%	320,526	51%	-67%
Building Materials	(34,731)	-14%	(22,768)	-3%	-53%
Others	16,703	7%	2,141	0%	680%
Total	253,587	100%	624,434	100%	-59%

Management Discussion and Analysis



Construction Business

For the six months ended 30 June 2025, the Group's construction business achieved a revenue of approximately RMB5,657,138,000, representing a decrease of approximately 34% compared to the same period last year; operating profit was approximately RMB166,581,000, representing an obvious decrease of approximately 49% over the same period last year. The decline in revenue and operating profit of construction business was primarily due to continuous decrease of property investment which led to the sharp shrinkage and intensified competition of the construction industry.

In the first half of 2025, under the complicated and volatile global environment, the international economic and trade order suffered a heavy blow with increased instability and uncertainty. China's economy forged ahead despite being under pressure, which was attributable to the government efforts on more proactive macroeconomic and fiscal policies. During the first half of the year, the national economy continued to make progress while maintaining stability with better-than-expected performance of major indicators, demonstrating the strong resilience and vitality of the economy. But for our industry, the real estate investment and construction sector remained under pressure in the first half of the year, and real estate demand continued its weak growth momentum. Meanwhile, infrastructure investment growth slowed down under the pressure of local government debt. Influenced by the sharp market contraction and intensified industry competition, China's centrally-administered and locally-administered state-owned enterprises and leading private enterprises competed even more fiercely against each other.

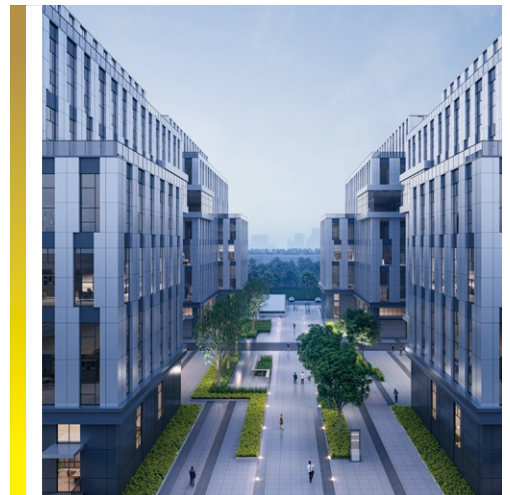
Management Discussion and Analysis

During the Period, the contract value of the new construction of the Group's construction business was approximately RMB5.24 billion (corresponding period of 2024: RMB8.14 billion), representing a decrease of approximately 36% compared with the same period last year, which was mainly due to a sharp market shrinkage while the Group took a more prudent approach to evaluate project risks accordingly. During the Period, the Group fully leveraged its competitive edges as a leading local construction company, advanced project cooperation with centrally-administered state-owned enterprises, and expanded into wider construction sector. The Group undertook Keqiao North Ring Expressway Project (an expressway-grade upgrade of Linhang Avenue and Hangzhou Bay Avenue), Keqiao North Ring Binhai Extension Project (Lvyun Road – Chunxiao Road Section), Shaoxing Optoelectronics Display Base Phase II Project, Airport-Based Digital Intelligence Industrial Park (Phase I of the Zhejiang Provincial Modern Industrial Park for Civil Air Defense), Xinming • Kunlun One Park Phase III Residential Project, Qingshan District Wu Dong Urban Renewal Phase I Plot A EPC General Contracting Project, Botswana NF Road Project, etc.

Property Development Business

Property Sales

For the six months ended 30 June 2025, the revenue of the Group's property development business amounted to approximately RMB1,616,348,000, which represents a substantial decrease of approximately 46% from the corresponding period last year. Operating profit amounted to approximately RMB105,034,000, which represents a substantial decrease of approximately 67% compared to the corresponding period last year. The property projects recognised during the Period decreased sharply with a lower profit margin compared to the projects recognised in the same period last year.



Management Discussion and Analysis

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 (sqm)	Revenue (RMB'000)
Baoye Biou Jiayuan	Lishui	8,297	52,379	434,600
Baoye Four Seasons Garden	Shaoxing	16,151	22,018	355,625
Baoye Binhe Green Garden	Bozhou	4,755	29,402	139,818
Baoye Yunxili	Shaoxing	19,322	5,132	99,166
Baoye Jiangnan Fu	Fuyang	6,569	12,148	79,798

For the six months ended 30 June 2025, the Group's property development business achieved a contract sales value of approximately RMB1.78 billion with a total contract sales area of approximately 195,859 square metres.

Projects under Development

As at 30 June 2025, projects under development of the Group are tabulated below:

Project Name	Location	Total GFA Under Development (sqm)	Equity Interest of the Group
Baoye Four Seasons Garden	Shaoxing	191,105	100%
Daban Low-carbon Garden	Shaoxing	35,656	100%
Chunying Tangqianyuan	Shaoxing	78,551	70%
Xialv Project	Shaoxing	Under planning	60%
Puyuan	Wuhan	165,144	100%
Qinyuan	Yichang	196,596	100%
Binhe Green Garden	Mengcheng	86,443	100%
Baoye Longhu Yucheng	Kaifeng	300,598	60%
Baoye Junyue Green Garden	Lu'an	216,407	100%
Zhengzhou Project	Zhengzhou	Under planning	51%
Sizhou Green Garden	Sixian	23,012	100%
Xuefu Green Garden	Sixian	Under planning	100%
Qinglan Green Garden	Bozhou	357,436	51%
Guangwu Yuxiuyuan	Jieshou	Under planning	100%

Management Discussion and Analysis

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. The residential units under Phase II were partially delivered to buyers while the remaining units are under development and for sale.

Daban Low-carbon Garden, located in the main urban area of Keqiao District, Shaoxing City, Zhejiang Province, was acquired by a wholly-owned subsidiary of the Company in July 2024 at a total consideration of RMB291,876,600 through public bidding. The project has a total site area of approximately 14,094 square metres and a total gross floor area of approximately 35,655.62 square metres. It consists of 6 high-rise residential buildings of 16-17 storeys and is close to primary, junior high, high schools and Banhu Park. The project has started presale in April 2025 with sound results, and is scheduled to be delivered in 2027.

Chunying Tangqianyuan, located in Yuecheng District, Shaoxing City, Zhejiang Province, covers a total site area of approximately 42,966 square metres and a total gross floor area of approximately 78,551 square metres. In July 2024, the Group acquired this land use right at a total consideration of RMB416,000,000 through public bidding, of which the Group holds a 70% interest. With a plot ratio of 1.2 times, the project consists of 12 residential buildings of 8-10 storeys and has well-established supporting facilities and beautiful natural scenery. The project is close to Tashan and Fushan parks and surrounded by commercial landmarks like Intime Department Store and Shaoxing Place, as well as culture, tourism and education resources like Lu Xun Native Place and Shaoxing University. It is committed to creating a residential compound of high-quality, low-density garden that combines urban prosperity with poetic flavour of nature. At present, the project is still under construction and is expected to start presale in the second half of 2025.

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, of which the Group holds a 60% interest. The Group acquired the land use rights through public judicial auction in 2017. One of the three parcels of land, Baoye Yunxili has been completed with some remaining units for sale. The other two parcels of land are pending to be developed.

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. Comprised of 9 residential buildings, the project obtained its completion approval in March 2025. The project achieved sound sales performance and is expected to commence delivery in September 2025.

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 developed in two phases. The first phase has started presale in November 2023 with its residential and commercial units sold out, receiving the honor of Yichang's Best-Selling Buildings of 2024. The second phase commenced construction at the end of 2024 and has started presale in January 2025, of which 5 buildings are currently under presale, and it was recognised as Yichang's Best-Selling Buildings in the second quarter of 2025.

Mengcheng Binhe Green Garden, located in Mengcheng City, Anhui Province, has a site area of approximately 76,503 square meters and a plot ratio of 2.0 times. 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. Phase I has been delivered and Phase II is expected to be delivered in the first half of 2026; Phase III and Phase IV are still under construction.

Baoye Longhu Yucheng is located in a prime area of Eastern New City, Xiangfu District, Kaifeng City, 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. The first, second and third phases have successively been delivered with only a few remaining units available for sale. The fourth and fifth phases are still under planning.

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 was delivered at the end of 2020. The commercial segment with a site area of approximately 7,220 square meters is under development. The surrounding transportation of the project is convenient, the supporting facilities are well-developed, and there are parks, banks, shopping malls and other commercial facilities. In February 2019, the project company obtained another land use right with a total site area of approximately 111,947 square meters on the west side of the project, which consists of 21 high-rises and will be developed in two phases. At present, only 2 residential buildings under Phase II are still under construction, and other residential units sold so far have all been delivered.

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 parcels A and B have been delivered. The land parcel C has been partially delivered, of which 2 buildings are still under construction and scheduled to be completed and delivered in the second half of 2025.

Management Discussion and Analysis

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 and a gross floor area of approximately 404,465 square meters with a plot ratio of 1.8. 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 in the project. Some residential units under Phase I of the south part of the project have been delivered, while Phases II and III are currently under presale.

Guangwu Yuxiuyuan Project, located in Jieshou City, Fuyang City, Anhui Province, has a site area of approximately 78,157 square metres and a gross floor area of approximately 132,868 square metres. The Group acquired this land use right in September 2024 at a total consideration of RMB92,867,394. Upon completion, the project will be repurchased by Jieshou government through a platform company. The project is now in its preliminary design stage and will be delivered in 2026.

New Land Reserve

During the Period under review, the Group has acquired no new land reserves. According to statistics from the Ministry of Housing and Urban-Rural Development of the PRC, the urbanisation rate of the permanent resident population in China rose from 53.1% in 2012 to 67% in 2024, with the country's urban population increasing from 720 million to 940 million. Urban housing market is already saturated, and in the future, the incremental market of China's real estate can no longer grow as fast as ever. With regard to the new land reserve, the Group will adopt a prudent but proactive attitude and adhere to the philosophy of prudent operation and innovative operating methods. In the future, the Group will extensively evaluate comprehensive factors such as the overall debt level of local governments, population inflow and outflow, and manufacturing development in the region in our land acquisition strategy, with a particular focus on the prosperous center cities in Shanghai City, Zhejiang and Hubei Provinces where the Group's business is mainly conducted.

Management Discussion and Analysis

Building Materials Business

For the six months ended 30 June 2025, the revenue of the Group's building materials business was approximately RMB1,048,357,000, representing an increase of approximately 5% compared to the same period last year; operating loss was approximately RMB34,731,000, which represents an obvious increase in loss of approximately 53% over the same period last year. The increase in operating loss was mainly owing to the intensified industry competition.

The revenue breakdown of the Group's building materials for the six months ended 30 June 2025 is analysed below:

	For the six months ended 30 June				Change
	2025		2024		
	RMB'000	% the total	RMB'000	% the total	
Curtain Wall	709,377	68%	568,683	58%	25%
Furnishings and Interior Decorations	89,070	8%	123,959	12%	-28%
Ready-mixed Concrete	21,638	2%	64,286	6%	-66%
PC Assembly Plate	127,085	12%	164,505	16%	-23%
Wooden Products and Fireproof Materials	29,333	3%	31,240	3%	-6%
Steel Structure	5,281	1%	17,859	2%	-70%
Others	66,573	6%	30,818	3%	116%
Total	1,048,357	100%	1,001,350	100%	5%

Construction stone mining rights

An indirect wholly-owned subsidiary of the Company, owns a construction stone mining right located in Yichang City, Hubei Province for a term of 23 years with a mine area of approximately 0.3323 square kilometres. As at June 2025, the production line has started production.

BUSINESS PROSPECT

Construction Business

In July 2025, the Central Urban Work Conference noted that China's urbanisation is shifting from rapid growth to stable development, and urban development is shifting from a stage of large-scale expansion to one focused on improving the quality and efficiency of existing urban areas. Against the backdrop of the reshaping of global political and economic landscape, the construction industry should also adapt to the new circumstances and tasks of growing market competition and accelerated industrial transformation and upgrading. In the current macroeconomic environment, the "troika" growth drivers of China's economy – investment, consumption and exports – are all under pressure. Since the deep adjustments of the real estate sector, construction companies have been confronted with a sharp contraction in the market, while the existing market has also been affected by the pressure and challenges brought about by the tight cash flow of property developers. Industry players will face dual pressures in terms of scale and profitability. Market contraction has led to a decline in new projects, with high-quality project resources going to leading companies, centrally-administered and locally-administered state-owned enterprises. However, complaining solves nothing. The Group firmly believes that there are no sunset industries, only sunset companies. Only by adhering to long-term value-oriented principles can we navigate through the business cycles. The Group's construction business continues to take a quality-oriented approach to operation, drive cost reduction and efficiency improvement in various ways, and enhance management efficiency. The Group will fully leverage its advantage of integration capability in technology and resources, and capture structural opportunities brought about by urban renewal and infrastructure improvement.

Management Discussion and Analysis

Property Development Business

Since the concept “good houses” was first put forward in June 2023, it was the first time that “good houses” was featured in the Government Work Report this year – “To meet people’s demand for high-quality housing, we will improve the standards and regulations on building good houses that are safe, comfortable, eco-friendly, and smart.” Thanks to a long-term vision, the Group has been devoted to “full-industrial-chain integration” and “good houses” development with “one-hundred-year housing” as the core and “long-term value” as the principle, even before the establishment of a unified standard for “good houses”. The Group has incorporated core needs for future residence into its products, such as health, low carbon and intelligence, not only building tangible shelters through painstaking efforts of construction, but also exploring and creating ideal scenarios where quality life, human touch as well as urban development blend together. Over the past three decades, Baoye has focused on building energy efficiency and carbon reduction on the demand side, transformed its technological strengths into market strengths and applied them to a series of “one-hundred-year” residential communities of good houses covering over a million square metres, including Shanghai Active Hub, Shanghai Active Paradise, Shaoxing Daban Green Garden and Xinqiao Fengqing. Looking ahead, as traditional housing development concepts and residential systems can no longer meet the requirements of residential development in the future, the real estate industry has ushered in a new era of “good houses” with high quality, which will reshape the underlying logic of industry development. Through the integrated development experience of a full-industrial-chain mode, the Group will continue to uphold the philosophy of “build houses like making cars”, cater to the demands for market segments to cultivate differentiated competitiveness, and empower a better life with construction technology, thereby transforming scientific research achievements from laboratories into “good houses” products recognised by the market.

Housing Industrialisation Business

China is a major player in construction sector and a powerhouse in infrastructure development, often dubbed the “infrastructure giant” by netizens. The country can undertake all kinds of construction projects. No matter how arduous and challenging it is, there will be a success with the involvement of Chinese builders. However, ordinary buildings that are most associated with the public, especially ordinary residences or public buildings, still suffer from some common construction defects, failing to reflect the progress of the times as people expect. The reason lies in that the construction industry is essentially a “service sector” that provides construction services to employers (owners). It differs from the manufacturing industry which directly provides standardised industrial products to buyers.

The Group started business as a traditional builder, and our keen insight into the industry led us to explore our long-term strategy and the future of construction sector early on. The realisation of construction industrialisation must be grounded in the inherent characteristics and constraints of construction sector and buildings, together with the industry’s historical development and status quo. On one hand, the construction industry is complex in production and operation, and buildings with long lifecycles are closely related to human production and daily life, thus it is impossible for construction sector to fully replicate the industrialisation path of manufacturing. On the other hand, although there are numerous national standards and industry technologies in the construction industry, China’s vast territory results in significant regional differences in economic conditions, climate and living habits. Therefore, in terms of technological route selection, the Group has not merely introduced foreign systems, but rather absorbed, digested and improved technologies in accordance with the characteristics of the Chinese market, ultimately forging our own path – integrated innovation. Since 1996, the Group has been exploring the integration of construction industrialisation and building energy efficiency. We have achieved breakthroughs in leading many national projects on building energy efficiency, and addressed two critical technological challenges of smart construction and building energy consumption evaluation. Besides, we have built a large-scale advanced manufacturing cluster through the full-industrial-chain mode of construction industrialisation, hoping to achieve construction industrialisation more effectively and broadly and to deliver greater economic and social benefits. Moving forward, the Group will continue to adopt its full-industrial-chain mode – from land acquisition, design, production, construction to final ready-to-move-in housing experience, and advance building energy efficiency and carbon reduction through Baoye’s “one-hundred-year housing”.

Management Discussion and Analysis

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 a 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 9.9% (corresponding period of 2024: 36.9%) of the total borrowings. In addition, approximately 51.9% of the total borrowings (corresponding period of 2024: 58.1%) were guaranteed by the Company; approximately 0.3% of the total borrowings (corresponding period of 2024: 0.7%) were jointly guaranteed by the Company and non-controlling interests to the lending banks. Leveraging 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.

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 2025, the untapped banking facilities of the Group amounted to approximately RMB7 billion. As at 30 June 2025, the Group's gearing ratio (being its total liabilities divided its total equity) was 2.3 (31 December 2024: 2.3).

Details of which are analysed below:

	As at 30 June	
	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	8,247,942	8,899,761
Term deposits over three months	1,218,215	416,758
Restricted bank deposits	1,561,380	994,447
Less: total borrowings	(3,979,474)	(3,418,175)
Net cash	7,048,063	6,892,791
Total equity attributable to owners of the Company	13,031,090	12,853,413
Net cash ratio	54%	54%

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

Management Discussion and Analysis

Other Key Financial Ratios

	For the six months ended/ As at 30 June	
	2025	2024
Return on equity	1.08%	2.91%
Net assets value per share (RMB yuan)	25.03	24.68
Current ratio	1.23	1.23

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 RMB140,981,000, a substantial decrease of approximately 62.3% compared with the same period last year, and the return on shareholders' equity decreased sharply by approximately 62.8% compared with the same period last year. As at 30 June 2025, the Group was still in a net cash position with a net cash ratio of 54%.

Cash Flow Analysis

	Note	For the six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Net cash generated from/(used in) operating activities	(i)	475,628	(144,049)
Net cash used in investing activities	(ii)	(467,331)	(275,767)
Net cash generated from/(used in) financing activities	(iii)	232,696	(114,092)
Net increase/(decrease) in cash and cash equivalents		240,993	(533,908)

Notes:

- (i) During the Period under review, the net cash generated from operating activities was approximately RMB475,628,000, representing an increase of cash inflow of approximately RMB619,677,000 compared to the same period last year, which was mainly due to the increase in pre-sales income from the property development business as well as the decrease in payment of land appreciation tax during the Period;
- (ii) During the Period under review, the net cash used in investing activities was approximately RMB467,331,000, representing an increase of cash outflow of approximately RMB191,564,000 compared to the same period last year, which was mainly due to the increase in term deposits over three months;
- (iii) During the Period under review, the net cash generated from financing activities was approximately RMB232,696,000, representing an increase of cash inflow of approximately RMB346,788,000 compared to the same period last year, which was mainly attributable to the increase in bank borrowings during the Period.

Management Discussion and Analysis

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB337,462,000 for the six months ended 30 June 2025, which is almost equal to that of approximately RMB340,359,000 for the same period last year, as the administrative expenses were mainly from the fixed expenses.

Finance (Costs)/Income – Net

For the six months ended 30 June 2025, the Group had registered finance income of approximately RMB8,785,000, finance costs of approximately RMB12,483,000 and net finance costs of approximately RMB3,698,000 (corresponding period of 2024: net finance income of approximately RMB1,062,000), representing an increase of approximately RMB4,760,000 compared to the same period last year, mainly due to the exchange losses of RMB2,525,000 during the Period.

Income Tax Expenses

For the six months ended 30 June 2025, income tax expenses comprised of PRC corporate income tax of approximately RMB57,871,000 (corresponding period of 2024: approximately RMB144,062,000) and PRC land appreciation tax of approximately RMB44,026,000 (corresponding period of 2024: approximately RMB73,540,000), representing a decrease of approximately RMB115,705,000 compared to the same period last year, primarily due to the industry downturn, which resulted in the significant decline in revenue and profit of the two main businesses of construction and property development of the Group compared with the same period of 2024, the income tax also recorded a corresponding decrease.

Financial Guarantees

	30 June 2025 RMB'000	31 December 2024 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	1,189,828	1,308,906
Guarantees to an associate in respect of borrowings (b)	49,980	49,980
Total	1,239,808	1,358,886

(a) 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.

(b) These mainly represented the maximum exposure of the guarantees provided for borrowings of an associate.

Details of the Charges on the Group's Assets

As at 30 June 2025, properties under development, right-of-use for land, property, plant and equipment and construction stone mining rights with an aggregate carrying value of approximately RMB1,594,583,000 (as at 31 December 2024: approximately RMB847,422,000) were pledged to banks as security in securing bank borrowings.

Management Discussion and Analysis

Capital Expenditure Plan

The Group adopts a prudent approach in capital expenditure spending to ensure security of 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 for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect the fluctuation in RMB exchange rate and other foreign exchange fluctuations to have a material impact on the business operations or financial results of the Group.

2024 Final Dividend

At the Board meeting of the Company dated 28 March, 2025, the Board proposed a final dividend of RMB0.12 (2023: nil) per ordinary share for the year ended 31 December 2024. The proposal on the profit distribution for the year 2024 had been approved at the 2024 annual general meeting of the Company dated 13 June 2025.

2025 Interim Dividend

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2025 (corresponding period of 2024: 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 C1 to the Listing Rules 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 Group has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, except for deviation of provision of the CG Code as mentioned below:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As Mr. Pang Baogen, the chairman of the Board resigned as the chief executive officer with effect from 16 June 2023, the chief executive officer position was vacant. The Company deviated from this provision. The Board believed 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 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 and 3.10A of the Listing Rules. The Company has appointed four independent non-executive Directors, accounting for 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.

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 2025 had been reviewed by the Audit Committee before being approved by the Board. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2025 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.

Corporate Governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) COMMITTEE

As at the date of this report, 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 to 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 13 June 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Board and the supervisory committee (the “Supervisory Committee”) have adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the “Model Code”) as its own code of conduct for securities transactions by the Directors and the supervisors of the Company (the “Supervisors”). Specific enquiries have been made by the Company and all the Directors and the Supervisors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2025. If any related employees possess 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 guidelines, 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. To enable Shareholders and other stakeholders to exercise their rights in an informed manner based on a full understanding of the Group’s operations, business, and financial information, the Company has approved and adopted a Shareholder communication policy aimed at ensuring that Shareholders and other stakeholders as a whole can receive important information about the Group in a timely, equal, regular, and prompt manner (the “Shareholders’ Communication Policy”). The policy includes various channels to ensure effective and efficient communication with Shareholders and other stakeholders, including but not limited to financial results announcements, responding to Shareholder inquiries, corporate communications, posting relevant materials on the Company website, Shareholder meetings, and communication with the investment market. To communicate with Shareholders on matters affecting the Company and to hear and understand their views, the Company has adopted multiple mechanisms, including encouraging Shareholders to attend Shareholder meetings or appointing representatives to attend and vote at meetings if they cannot attend, and making appropriate arrangements for annual general meetings to encourage and facilitate Shareholder participation. The Company has investor relations department, endeavoring to interact with its shareholders, investors, analysts, investment banks and financial medias, to strengthen communication and exchange between the Company and Shareholder and potential investors. In addition, the Company’s website (www.baoyegroup.com) serves as a designated platform for publishing the Company’s announcements, news releases, and other corporate communications for Shareholder reference.

During the six months ended 30 June 2025, the Board reviewed the Shareholders’ Communication Policy. Having considered the multiple channels of communication and engagements in place, the Board is satisfied that the Shareholders’ Communication Policy has been properly put in place and effectively implemented.

SUBSTANTIAL SHAREHOLDERS OF H SHARES

As at 30 June 2025, 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 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	17.25%	5.63%
Zhu Yicai (<i>note 1</i>)	29,304,000	17.25%	5.63%

Notes:

1. Mr. Zhu Yicai, the spouse of Ms. Wu Xueqin, is deemed to be interested in 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.
3. As at 30 June 2025, the Company has a total of 520,628,053 shares, of which 169,886,000 shares were H shares.

THE ARTICLES OF ASSOCIATION

According to the Company Law which was amended in 2023 and took effect on 1 July 2024, and after taking into consideration the actual situation and the practice of corporate governance of the Company, the Company has correspondingly amended certain provisions of the Articles of Association to, among other things, reflect the amendments of the Company Law, enhance the corporate governance of the Company and improve the management of operations. On 13 June 2025, the Company convened the 2024 annual general meeting to approve the amendments to the Articles of Association by way of a special resolution. For details, please refer to the Articles of Association published on 25 June 2025 on the websites of the Company and The Stock Exchange.

Save as disclosed above, there was no other changes in the Articles of Association of the Company.

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 Unlisted Shares (Long Position)	Number of H Shares (Long Position)	Approximate Percentage of the Total Registered Capital of the Relevant Entity
Directors					
Mr. Pang Baogen	The Company	Individual	193,753,054	–	37.22%
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	–	3.54%
Mr. Wang Rongbiao	The Company	Individual	2,638,026	–	0.51%
Mr. Xia Feng	The Company	Individual	18,918,851	–	3.63%
Supervisors					
Wang Jianguo	The Company	Individual	5,250,290	–	1.01%
Wang Jianguo	Zhejiang Baoye Curtain Wall Decoration Company Limited	Individual	42,700,001	–	16.94%
Senior Management					
Mr. Lou Zhonghua	The Company	Individual	4,533,172	–	0.87%

Note:

As at 30 June 2025, the Company has a total of 520,628,053 shares, of which 169,886,000 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

During the Period under review, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules regarding to changes in Directors' and Supervisors' information.

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of approximately 5,866 permanent employees (as at 30 June 2024: 6,236). There were also approximately 44,946 indirectly employed construction site workers (as at 30 June 2024: 62,659). These workers were not directly employed by the Group. For the six months ended 30 June 2025, the total employee benefit expenses amounted to approximately RMB1,595,142,000 (the corresponding period in 2024: RMB2,363,570,000). 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 2025, neither the Company nor the Group had any significant contingent liabilities.

EXPLANATION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR RECTIFICATION OF SIGNIFICANT ACCOUNTING ERRORS

During the Period, changes in accounting policies of the Company were set out in Note 3 to the financial statement, and there were no changes in accounting estimates or correction of significant accounting errors.

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.

Other Information

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2025, 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 cannot 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

29 August, 2025

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 30 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 2025 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 notes, comprising material accounting policy information and other explanatory information. 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" as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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" as issued by the HKICPA. 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" as issued by the HKICPA. 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" as issued by the HKICPA.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2025

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INTERIM FINANCIAL INFORMATION

Interim Condensed Consolidated Balance Sheet

		Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,994,067	3,041,440
Right-of-use assets	11	702,602	698,182
Investment properties	11	1,173,498	1,174,384
Intangible assets	12	381,850	380,184
Investments accounted for using the equity method	7	498,845	514,727
Trade and other receivables	10	398,747	398,116
Financial assets at fair value through other comprehensive income	5.3	622,264	721,139
Financial assets at fair value through profit or loss	5.3	13,767	13,486
Deferred income tax assets		418,706	429,805
		7,204,346	7,371,463
Current assets			
Inventories		346,002	419,306
Properties under development	8	6,441,166	6,903,082
Completed properties held for sale	9	7,300,773	6,379,748
Contract assets	13	3,256,239	4,612,561
Trade and other receivables	10	8,764,595	9,360,962
Financial assets at fair value through profit or loss	5.3	5,569	64,672
Restricted bank deposits		1,561,380	1,248,932
Term deposits over three months		1,218,215	832,376
Cash and cash equivalents		8,247,942	8,009,474
		37,141,881	37,831,113
Total assets		44,346,227	45,202,576
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium and treasury shares	14	889,722	889,722
Other reserves	15	634,685	635,849
Retained earnings		11,506,683	11,463,935
		13,031,090	12,989,506
Non-controlling interests		528,036	558,017
Total equity		13,559,126	13,547,523

Interim Financial Information

Interim Condensed Consolidated Balance Sheet (continued)

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	17	426,250	429,432
Lease liabilities		8,149	9,317
Deferred income tax liabilities		242,498	266,358
		676,897	705,107
Current liabilities			
Contract liabilities		10,115,064	10,394,542
Trade and other payables	16	16,150,018	16,773,049
Lease liabilities		2,105	1,995
Bank borrowings	17	3,553,224	3,279,516
Current income tax liabilities		289,793	500,844
		30,110,204	30,949,946
Total liabilities		30,787,101	31,655,053
Total equity and liabilities		44,346,227	45,202,576

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

Approved by the Board of Directors on 29 August 2025 and were signed on its behalf.

Mr. Pang Baogen
Director

Mr. Wang Rongbiao
Director

Interim Financial Information

Interim Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	Note	2025 RMB'000	2024 RMB'000
Revenue	6	8,502,567	12,770,676
Cost of sales	20	(7,993,868)	(11,805,399)
Gross profit		508,699	965,277
Other income	18	63,971	141,178
Other gains – net	19	29,051	10,151
Selling and marketing costs	20	(87,386)	(67,302)
Administrative expenses	20	(337,462)	(340,359)
Reversal/(provision) for impairment losses on financial assets and contract assets		76,714	(84,511)
Operating profit		253,587	624,434
Finance income	21	8,785	8,921
Finance costs	21	(12,483)	(7,859)
Finance (costs)/income – net	21	(3,698)	1,062
Share of results of investments accounted for using the equity method	7	(4,561)	15,371
Profit before income tax		245,328	640,867
Income tax expenses	22	(101,897)	(217,602)
Profit for the period		143,431	423,265
Profit attributable to:			
– Owners of the Company		140,981	373,845
– Non-controlling interests		2,450	49,420
		143,431	423,265
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (expressed in RMB yuan per share)	23	0.27	0.72

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

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Profit for the period	143,431	423,265
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	273	58
<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	(74,156)	(103,010)
Total other comprehensive loss for the period, net of tax	(73,883)	(102,952)
Total comprehensive income for the period	69,548	320,313
Total comprehensive income attributable to:		
– Owners of the Company	67,098	270,893
– Non-controlling interests	2,450	49,420
	69,548	320,313

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

Interim Financial Information

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	Attributable to the owners of the Company						Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2024	520,756	369,474	–	617,063	11,075,735	12,583,028	420,901	13,003,929
Comprehensive income								
Profit for the period	–	–	–	–	373,845	373,845	49,420	423,265
Other comprehensive loss	–	–	–	(102,952)	–	(102,952)	–	(102,952)
Total comprehensive income for the period	–	–	–	(102,952)	373,845	270,893	49,420	320,313
Transactions with owners in their capacity as owners								
Buy-back of shares	–	(380)	(128)	–	–	(508)	–	(508)
Capital contributions by non-controlling interests	–	–	–	–	–	–	9,800	9,800
Total transactions with owners	–	(380)	(128)	–	–	(508)	9,800	9,292
Balance at 30 June 2024	520,756	369,094	(128)	514,111	11,449,580	12,853,413	480,121	13,333,534

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
Balance at 1 January 2025	520,628	369,094	–	635,849	11,463,935	12,989,506	558,017	13,547,523
Comprehensive income								
Profit for the period	–	–	–	–	140,981	140,981	2,450	143,431
Other comprehensive loss	–	–	–	(73,883)	–	(73,883)	–	(73,883)
Total comprehensive income for the period	–	–	–	(73,883)	140,981	67,098	2,450	69,548
Transactions with owners in their capacity as owners								
Transfer of statutory surplus reserves	–	–	–	77,847	(77,847)	–	–	–
Transactions with non-controlling interests	–	–	–	(5,128)	–	(5,128)	(10,787)	(15,915)
Dividends to non-controlling interests	–	–	–	–	–	–	(21,644)	(21,644)
Dividends to shareholders	–	–	–	–	(20,386)	(20,386)	–	(20,386)
Total transactions with owners	–	–	–	72,719	(98,233)	(25,514)	(32,431)	(57,945)
Balance at 30 June 2025	520,628	369,094	–	634,685	11,506,683	13,031,090	528,036	13,559,126

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

Interim Financial Information

Interim Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	760,809	587,120
Interest paid	(50,219)	(63,425)
Income tax paid	(234,962)	(667,744)
Net cash generated from/(used in) operating activities	475,628	(144,049)
Cash flows from investing activities		
Payments for investments in a joint venture	–	(4,900)
Dividends received from a joint venture	9,800	14,700
Loans to joint ventures	(144,642)	(243,000)
Repayments of loans by joint ventures	–	3,250
Disposal of financial assets at fair value through profit or loss	60,111	6,074
Disposal of an associate	2,000	5,380
Purchases of property, plant and equipment	(159,683)	(102,367)
Disposal of property, plant and equipment	99,631	8,449
Purchases of right-of-use assets	(21,758)	(307)
Disposal of right-of-use for land	12,628	–
Purchases of intangible assets	(2,567)	(15,795)
Placement of term deposits over three months	(705,489)	(340,000)
Withdrawal of term deposits over three months	319,650	252,543
Interest received	62,988	140,206
Net cash used in investing activities	(467,331)	(275,767)
Cash flows from financing activities		
Proceeds from borrowings	3,027,864	2,000,600
Repayments of borrowings	(2,757,338)	(2,126,468)
Principal elements of lease payments	(1,058)	(1,294)
Capital contributions by non-controlling interests	–	9,800
Proceeds from advances from non-controlling interests	–	3,270
Transactions with non-controlling interests	(15,128)	–
Dividends paid to non-controlling interests	(21,644)	–
Net cash generated from/(used in) financing activities	232,696	(114,092)
Net increase/(decrease) in cash and cash equivalents	240,993	(533,908)
Cash and cash equivalents at beginning of the period	8,009,474	9,432,353
Exchange (losses)/gains on cash and cash equivalents	(2,525)	1,316
Cash and cash equivalents at end of the period	8,247,942	8,899,761

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

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 2025 (“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 2025 has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. The interim financial information 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 consolidated financial statements for the year ended 31 December 2024 (the “2024 Financial Statements”), which have been prepared in accordance with the HKFRS Accounting 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 MATERIAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2024 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for the financial year beginning 1 January 2025.

(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 2025 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.

Interim Financial Information

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 2024 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 2024 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 2025				
	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 borrowings	3,553,224	124,250	172,000	130,000	3,979,474
Interest of bank borrowings	50,561	10,512	17,597	5,359	84,029
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	15,549,573	–	–	–	15,549,573
Lease liabilities	2,528	2,528	6,321	–	11,377
	19,155,886	137,290	195,918	135,359	19,624,453
Financial guarantees	1,239,808	–	–	–	1,239,808

Interim Financial Information

Notes to the Interim Financial Information (continued)

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

	As at 31 December 2024				Total RMB'000
	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	
Principal of bank borrowings	3,263,696	277,252	88,000	80,000	3,708,948
Interest of bank borrowings	55,352	12,205	12,949	4,453	84,959
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	16,120,979	–	–	–	16,120,979
Lease liabilities	2,511	2,528	7,585	1,264	13,888
	19,442,538	291,985	108,534	85,717	19,928,774
Financial guarantees	1,308,906	49,980	–	–	1,358,886

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 2025 and 31 December 2024, 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:

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Interim Financial Information

Notes to the Interim Financial Information (continued)

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

	As at 30 June 2025			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")				
– Listed equity securities	13,767	–	–	13,767
– Listed fund investments	5,569	–	–	5,569
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")				
– Listed equity securities	622,264	–	–	622,264
	641,600	–	–	641,600

	As at 31 December 2024			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at FVPL				
– Bank financial products	–	–	60,000	60,000
– Listed equity securities	13,486	–	–	13,486
– Listed fund investments	4,672	–	–	4,672
Financial assets at FVOCI				
– Listed equity securities	721,139	–	–	721,139
	739,297	–	60,000	799,297

There were no transfer among Levels 1, 2 and 3 and there were no changes in valuation techniques for the six months ended 30 June, 2025 and 2024.

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.

Interim Financial Information

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 2025 compared to 2024.

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 2025 and 2024 are as follows:

	Six months ended 30 June 2025				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	6,134,836	1,621,065	1,789,433	311,232	9,856,566
Revenue from other sources					
Rental income	–	–	–	92,195	92,195
Total segment revenue	6,134,836	1,621,065	1,789,433	403,427	9,948,761
Less: inter-segment revenue	(477,698)	(4,717)	(741,076)	(222,703)	(1,446,194)
Revenue (from external customers)	5,657,138	1,616,348	1,048,357	180,724	8,502,567
Operating profit/(loss)	166,581	105,034	(34,731)	16,703	253,587
Depreciation	33,681	16,441	57,371	24,545	132,038
(Reversal)/provision for impairment losses on financial assets and contract assets	(53,376)	8,474	(31,494)	(318)	(76,714)

Interim Financial Information

Notes to the Interim Financial Information (continued)

6 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2024				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	9,300,876	3,002,236	1,918,821	310,231	14,532,164
Revenue from other sources					
Rental income	–	–	–	59,780	59,780
Total segment revenue	9,300,876	3,002,236	1,918,821	370,011	14,591,944
Less: inter-segment revenue	(704,577)	–	(917,471)	(199,220)	(1,821,268)
Revenue (from external customers)	8,596,299	3,002,236	1,001,350	170,791	12,770,676
Operating profit/(loss)	324,535	320,526	(22,768)	2,141	624,434
Depreciation	36,935	21,149	69,665	30,383	158,132
Provision/(reversal) for impairment losses on financial assets and contract assets	83,210	(644)	1,504	441	84,511

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.

Interim Financial Information

Notes to the Interim Financial Information (continued)

6 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by category

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from provision of construction services:		
– Recognised over time	5,657,138	8,596,299
Revenue from sale of properties:		
– Recognised at a point in time	1,616,348	3,002,236
Revenue from sale of building materials:		
– Recognised at a point in time	192,540	274,780
– Recognised over time	855,817	726,570
	1,048,357	1,001,350
Others:		
– Recognised at a point in time	75,308	96,815
– Recognised over time	13,221	14,196
	88,529	111,011
Revenue from other sources:		
– Rental income	92,195	59,780
	8,502,567	12,770,676

Interim Financial Information

Notes to the Interim Financial Information (continued)

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2025 RMB'000	31 December 2024 RMB'000
Investments in joint ventures (a)	474,849	481,671
Investments in associates (b)	23,996	33,056
	498,845	514,727

(a) Investments in joint ventures

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At 1 January	481,671	445,027
Additions	–	4,900
Share of results	2,499	17,755
Dividends	(9,800)	(14,700)
Adjustment for transactions between the Group and joint ventures	479	1,705
At 30 June	474,849	454,687
Represented by share of net assets	474,849	454,687

(b) Investments in associates

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At 1 January	33,056	40,667
Additions	–	1,000
Disposals	(2,000)	(4,000)
Share of results	(7,060)	(2,384)
At 30 June	23,996	35,283
Represented by share of net assets	23,996	35,283

Interim Financial Information

Notes to the Interim Financial Information (continued)

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2025 RMB'000	31 December 2024 RMB'000
At cost	6,102,193	5,711,318
At net realisable value	338,973	1,191,764
	6,441,166	6,903,082

Reversal of prior write-downs on properties under development to net realisable value for the six months ended 30 June 2025 amounted to RMB54,166,000 (six months ended 30 June 2024: write-down of RMB22,624,000), which were recognised in profit or loss.

9 COMPLETED PROPERTIES HELD FOR SALE

	30 June 2025 RMB'000	31 December 2024 RMB'000
At cost	2,838,840	4,212,828
At net realisable value	4,461,933	2,166,920
	7,300,773	6,379,748

Write-downs of completed properties held for sale to net realisable value for the six months ended 30 June 2025 amounted to RMB82,875,000 (six months ended 30 June 2024: RMB61,183,000), which were recognised in profit or loss.

Interim Financial Information

Notes to the Interim Financial Information (continued)

10 TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current assets		
Loans to joint ventures (a)	398,747	398,116
	398,747	398,116
Current assets		
Trade receivables (c)	5,836,228	6,148,448
Other receivables and prepayments (d)	2,600,156	3,027,276
Loans to joint ventures (a)	190,909	47,936
Loans to associates (b)	137,302	137,302
	8,764,595	9,360,962

(a) Loans to joint ventures

	30 June 2025 RMB'000	31 December 2024 RMB'000
At 1 January	459,623	483,785
Additions	144,642	2,322
Repayments	—	(28,450)
Interest accrued	983	1,966
	605,248	459,623
Less: provision for loss allowance	(15,592)	(13,571)
At 30 June	589,656	446,052
Less: current portion	(190,909)	(47,936)
Non-current portion	398,747	398,116

RMB51,424,000 (31 December 2024: RMB50,441,000) of loans to joint ventures are interest-bearing at interest rates ranging from 4% per annum to 5.25% per annum (31 December 2024: at interest rates range from 4% per annum to 5.25% per annum) with maturity within one year. The remaining amounts of the loans are interest-free and repayable on demand. All loans to joint ventures were unsecured.

Interim Financial Information

Notes to the Interim Financial Information (continued)

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
At 1 January	139,873	140,213
Repayments	–	(340)
	139,873	139,873
Less: provision for loss allowance	(2,571)	(2,571)
At 30 June	137,302	137,302

Loans to associates are interest-free and unsecured.

(c) Trade receivables

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade receivables	6,603,435	6,897,890
Less: provision for loss allowance	(767,207)	(749,442)
	5,836,228	6,148,448

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:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 3 months	2,224,787	2,689,176
3 months to 1 year	2,500,154	2,342,252
1 to 2 years	782,729	789,157
2 to 3 years	515,653	542,006
Over 3 years	580,112	535,299
	6,603,435	6,897,890

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. As at 30 June 2025, a provision of RMB767,207,000 (as at 30 June 2024: RMB648,131,000) 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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Other receivables:		
– Retention money and project deposits	761,930	754,007
– Advances to project managers (i)	108,635	110,421
– Government compensation	338,466	377,256
– Others	221,981	225,932
	1,431,012	1,467,616
Less: provision for loss allowance	(15,754)	(16,231)
	1,415,258	1,451,385
Prepayments:		
– Prepayments for land use rights for property development	586,366	729,305
– Prepayments to suppliers	189,996	413,173
– Prepaid income taxes	323,033	320,514
– Others	85,503	112,899
	1,184,898	1,575,891
Other receivables and prepayments	2,600,156	3,027,276

(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
Six months ended 30 June 2024				
At 1 January 2024	709,656	13,500	3,053,270	1,132,408
Additions	100	207	102,367	–
Interest capitalised (Note 21)	–	–	12,569	–
Disposals	–	–	(6,905)	–
Depreciation	(10,374)	(1,510)	(146,246)	–
Fair value losses	–	–	–	1,337
At 30 June 2024	699,382	12,197	3,015,055	1,133,745
Six months ended 30 June 2025				
At 1 January 2025	687,495	10,687	3,041,440	1,174,384
Additions	21,758	–	159,683	–
Interest capitalised (Note 21)	–	–	1,626	–
Disposals	(5,409)	–	(89,474)	–
Depreciation	(10,419)	(1,510)	(119,208)	–
Fair value losses	–	–	–	(886)
At 30 June 2025	693,425	9,177	2,994,067	1,173,498

The valuations of investment properties at 30 June 2025 and 2024 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

	Construction stone mining right RMB'000 Note (a)	Goodwill RMB'000	Total RMB'000
Six months ended 30 June 2024			
At 1 January 2024	371,613	16,534	388,147
Additions	26,050	–	26,050
Amortisation (a)	–	–	–
At 30 June 2024	397,663	16,534	414,197
Six months ended 30 June 2025			
At 1 January 2025	363,650	16,534	380,184
Additions	2,567	–	2,567
Amortisation (a)	(901)	–	(901)
At 30 June 2025	365,316	16,534	381,850

- (a) As of 30 June 2025, the Group has commenced mining production activities and an amortisation amount of RMB901,000 (as at 30 June 2024: nil) charged to profit or loss.

Interim Financial Information

Notes to the Interim Financial Information (continued)

13 CONTRACT ASSETS

Details of contract assets are as follows:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Relating to construction services	3,103,278	4,316,227
Relating to installation of building materials	248,688	488,084
	3,351,966	4,804,311
Less: provision for loss allowance	(95,727)	(191,750)
Total contract assets	3,256,239	4,612,561

14 SHARE CAPITAL AND PREMIUM AND TREASURY SHARES

	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 2025					
– Unlisted shares	350,742	350,742	–	–	350,742
– H shares	169,886	169,886	369,094	–	538,980
	520,628	520,628	369,094	–	889,722
At 30 June 2025					
– Unlisted shares	350,742	350,742	–	–	350,742
– H shares	169,886	169,886	369,094	–	538,980
	520,628	520,628	369,094	–	889,722

Interim Financial Information

Notes to the Interim Financial Information (continued)

14 SHARE CAPITAL AND PREMIUM AND TREASURY SHARES (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 2024					
– Unlisted shares	350,742	350,742	–	–	350,742
– H shares	170,014	170,014	369,474	–	539,488
	520,756	520,756	369,474	–	890,230
Buy-back of H shares	(128)	–	(380)	(128)	(508)
At 30 June 2024					
– Unlisted shares	350,742	350,742	–	–	350,742
– H shares	169,886	170,014	369,094	(128)	538,980
	520,628	520,756	369,094	(128)	889,722

Interim Financial Information

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
Six months ended 30 June 2024				
At 1 January 2024	366,520	259,069	(8,526)	617,063
Revaluation of financial assets at FVOCI	(137,348)	–	–	(137,348)
Revaluation-tax	34,338	–	–	34,338
Currency translation differences	–	–	58	58
At 30 June 2024	263,510	259,069	(8,468)	514,111
Six months ended 30 June 2025				
At 1 January 2025	362,998	280,776	(7,925)	635,849
Appropriation from retained earnings	–	77,847	–	77,847
Transactions with non-controlling interests	–	(5,128)	–	(5,128)
Revaluation of financial assets at FVOCI	(98,875)	–	–	(98,875)
Revaluation-tax	24,719	–	–	24,719
Currency translation differences	–	–	273	273
At 30 June 2025	288,842	353,495	(7,652)	634,685

16 TRADE AND OTHER PAYABLES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade payables (a)	10,617,897	11,173,249
Other payables (b)	5,532,121	5,599,800
	16,150,018	16,773,049

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:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Within 3 months	4,921,589	4,828,004
3 months to 1 year	3,587,494	3,996,898
1 to 2 years	1,107,811	1,164,515
2 to 3 years	703,676	824,169
Over 3 years	297,327	359,663
	10,617,897	11,173,249

(b) Other payables

	30 June 2025 RMB'000	31 December 2024 RMB'000
Deposits from project managers	3,089,985	3,176,946
Amounts due to non-controlling interests (i)	538,999	573,952
Prepayments from government for housing demolition and relocation (ii)	450,591	450,591
Deposits from property purchasers	354,470	240,088
Other taxes payables	127,735	143,669
Salaries payables	22,119	57,810
Dividends to shareholders (Note 24)	20,386	—
Others	927,836	956,744
	5,532,121	5,599,800

(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 BORROWINGS

	30 June 2025 RMB'000	31 December 2024 RMB'000
Non-current liabilities		
Long-term bank borrowings		
– Secured (a)	248,000	286,822
– Unsecured with guarantee (b)	242,100	246,950
– Guaranteed by companies within the Group	210,000	180,000
– Unsecured	2,810	2,810
	702,910	716,582
Less: current portion	(276,660)	(287,150)
	426,250	429,432
Current liabilities		
Short-term bank borrowings		
– Secured (a)	144,400	105,000
– Unsecured with guarantee (b)	1,832,200	1,680,000
– Guaranteed by the companies within the Group	69,000	92,000
– Unsecured	1,230,964	1,115,366
Current portion of non-current liabilities	276,660	287,150
	3,553,224	3,279,516
	3,979,474	3,708,948

Interim Financial Information

Notes to the Interim Financial Information (continued)

17 BANK BORROWINGS (CONTINUED)

Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
At 1 January	3,708,948	3,544,043
Additions	3,027,864	2,013,000
Repayments	(2,757,338)	(2,138,868)
At 30 June	3,979,474	3,418,175

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

	30 June 2025 RMB'000	31 December 2024 RMB'000
Properties under development	769,548	338,278
Right-of-use for land use rights	272,083	284,528
Property, plant and equipment	187,636	224,616
Construction stone mining right	365,316	–
	1,594,583	847,422

(b) These loans were guaranteed by:

	30 June 2025 RMB'000	31 December 2024 RMB'000
The Company	2,064,300	1,916,950
The Company and non-controlling shareholders (jointly)	10,000	10,000
	2,074,300	1,926,950

(c) The carrying amounts of bank borrowings are mainly denominated in RMB. The weighted average effective interest rate of borrowings at 30 June 2025 was 2.85% per annum (31 December 2024: 3.18% per annum).

Interim Financial Information

Notes to the Interim Financial Information (continued)

18 OTHER INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest income on		
– Financial assets held as investments	49,712	113,457
– Advances to project managers and loans to a joint venture	14,259	27,721
	63,971	141,178

19 OTHER GAINS – NET

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Gains on disposal of right-of-use for land	7,219	–
Government grants and compensation	9,987	7,226
Gains on disposal of financial assets at FVPL	111	74
Net foreign exchange gains/(losses)	757	(2,683)
Gains on disposal of property, plant and equipment	10,157	1,544
Fair value gains from financial assets at FVPL	1,178	1,204
Fair value (losses)/gains of investment properties	(886)	1,337
Donations	(265)	(10,480)
Others	793	11,929
	29,051	10,151

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:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Cost of construction contracts	4,088,870	6,180,643
Employee benefit expenses	1,595,142	2,363,570
Cost of properties sold	1,338,774	2,459,472
Raw materials and consumables used	993,261	749,607
Depreciation and amortisation charges	132,038	156,620
(Reversal)/provision for impairment on properties under development	(54,166)	22,624
Impairment on completed properties held for sale	82,875	61,183
Changes in inventories of finished goods and work in progress	22,475	53,786
Others	219,447	165,555
	8,418,716	12,213,060

21 FINANCE (COSTS)/INCOME – NET

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Finance income:		
Interest income from financial assets held for cash management purposes	8,785	8,921
Finance costs:		
Interests on bank borrowings and lease liabilities	(50,219)	(63,425)
Less: interest capitalised in properties under development	38,635	41,681
Less: interest capitalised in constructions in progress	1,626	12,569
	(9,958)	(9,175)
Net foreign exchange (losses)/gains on financing activities	(2,525)	1,316
	(12,483)	(7,859)
Finance (costs)/income – net	(3,698)	1,062

Interim Financial Information

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 2024 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:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current income tax		
– PRC corporate income tax	57,524	174,606
– Land appreciation tax	44,026	73,540
	101,550	248,146
Deferred income tax	347	(30,544)
	101,897	217,602

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.

	Six months ended 30 June	
	2025	2024
Profit attributable to the owners of the Company (RMB'000)	140,981	373,845
Weighted average number of ordinary shares in issue during the period (thousands shares)	520,663	520,756
Basic earnings per share (RMB yuan)	0.27	0.72

The Company had no dilutive potential shares in issue during the six months ended 30 June 2025 and 2024, thus the diluted earnings per share equalled the basic earnings per share.

24 DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

On 28 March 2025, the Board recommended the payment of a final dividend of HK\$0.13 per share for the year ended 31 December 2024 (2023: nil) out of the retained earnings for the Company, which was approved by the shareholders of the Company at the annual general meeting held on 13 June 2025.

Interim Financial Information

Notes to the Interim Financial Information (continued)

25 FINANCIAL GUARANTEES

	30 June 2025 RMB'000	31 December 2024 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	1,189,828	1,308,906
Guarantees to an associate in respect of borrowings (b)	49,980	49,980
	1,239,808	1,358,886

(a) 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.

(b) These mainly represented the maximum exposure of the guarantees provided for borrowings of an associate.

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales of goods	7,030	6,846
Provide construction services	476	869
Rental income	419	4,145
Purchase of technical consulting services	123	19,701
Purchase of building materials	37,620	75,438

(b) Balances with joint ventures

	30 June 2025 RMB'000	31 December 2024 RMB'000
Trade receivables	28,987	56,944
Trade payables	92,592	113,604

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 C3 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 2025
Unlisted share	Unlisted share in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in RMB