BAOYE GROUP COMPANY LIMITED

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

Stock Code: 2355

2026
INTERIM REPORT

OUR MISSION

From Construction to Manufacturing leads construction industry towards industrialisation in China

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BAOYE GROUP COMPANY LIMITED

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

CORPORATE INFORMATION

DIRECTORS

Non-executive Director

Mr. Pang Baogen
(Chairman of the Board)

Executive Directors

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

Independent Non-executive Directors

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

SUPERVISORS

Supervisors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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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Statutory Auditor

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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

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AUTHORISED REPRESENTATIVES

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Mr. Wang Rongbiao

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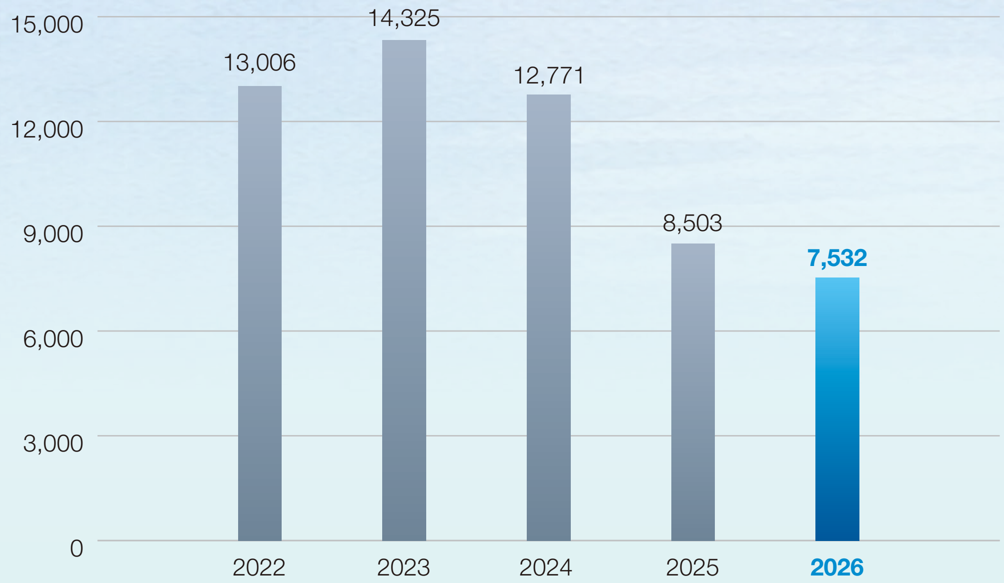
FINANCIAL HIGHLIGHTS

	For the six months ended/As at 30 June				
	2026 RMB'000	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000
Results					
Revenue	**7,532,373**	8,502,567	12,770,676	14,324,646	13,005,950
(Loss)/Profit Attributable to the Owners of the Company	**(71,277)**	140,981	373,845	704,675	241,796
(Loss)/Earnings per Share (RMB yuan)	**(0.14)**	0.27	0.72	1.34	0.44
Assets and Liabilities					
Total Assets	**41,589,335**	44,346,227	46,649,084	47,534,995	49,141,608
Total Liabilities	**28,246,860**	30,787,101	33,315,550	34,786,753	37,637,855
Total Equity	**13,342,475**	13,559,126	13,333,534	12,748,242	11,503,753

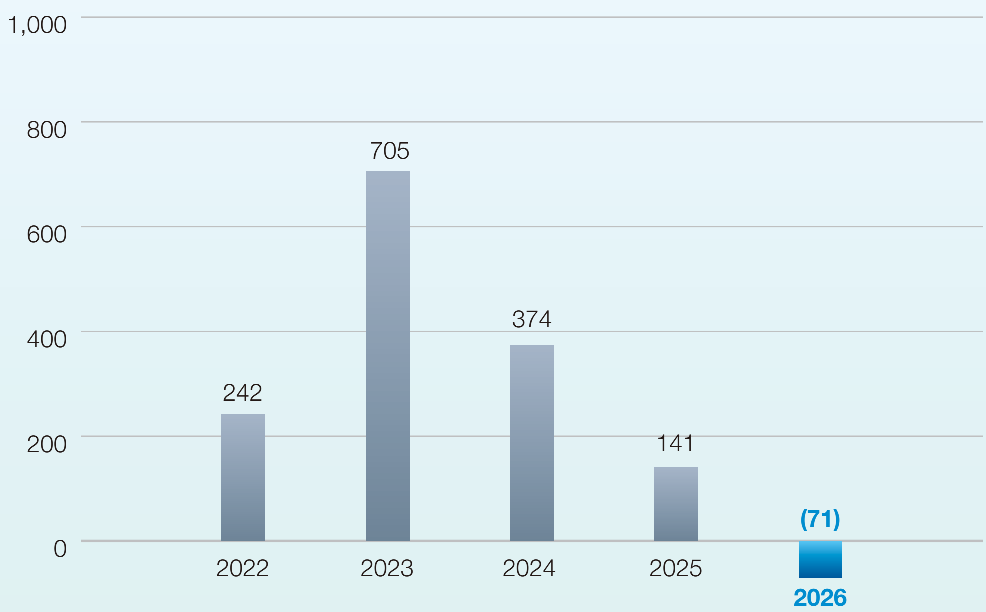
KEY FINANCIAL RATIOS

	For the six months ended/ As at 30 June	
	2026	2025
Return on Equity	**–0.55%**	1.08%
Net Assets Value per Share (RMB yuan)	**24.78**	25.03
Net Cash Ratio	**55%**	54%
Current Ratio	**1.31**	1.23
Net Cash Generated from Operating Activities (RMB'000)	**1,437,131**	475,628

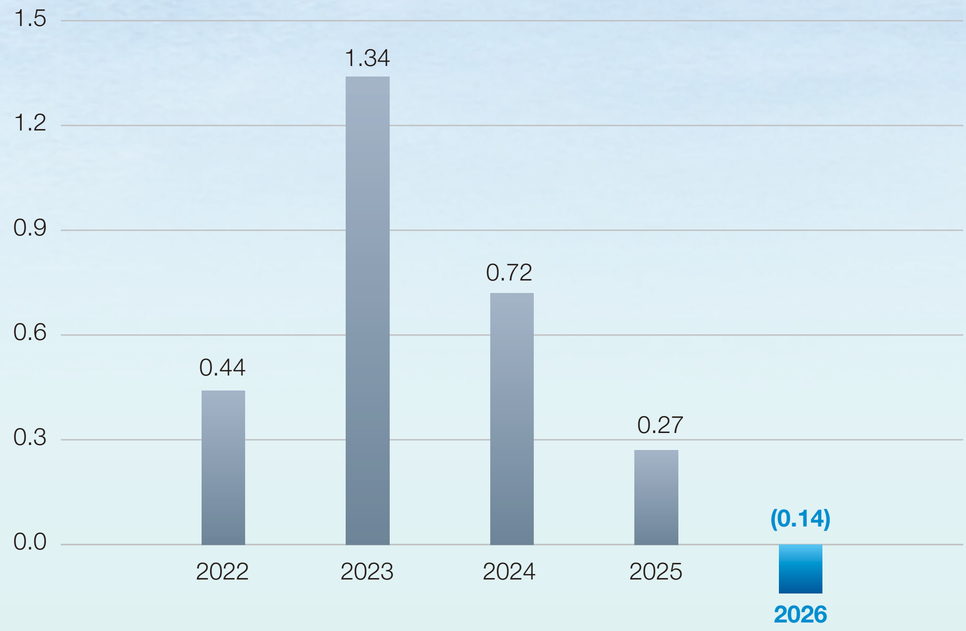
Financial Highlights



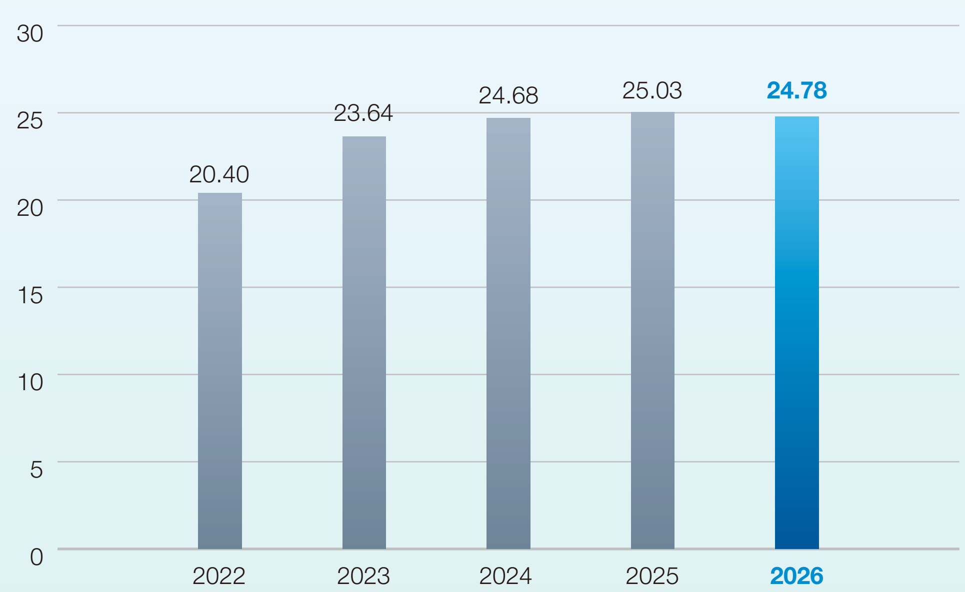
REVENUE
(in RMB million)
(For the six months ended 30 June)



PROFIT/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY
(in RMB million)
(For the six months ended 30 June)



EARNINGS/(LOSS) 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

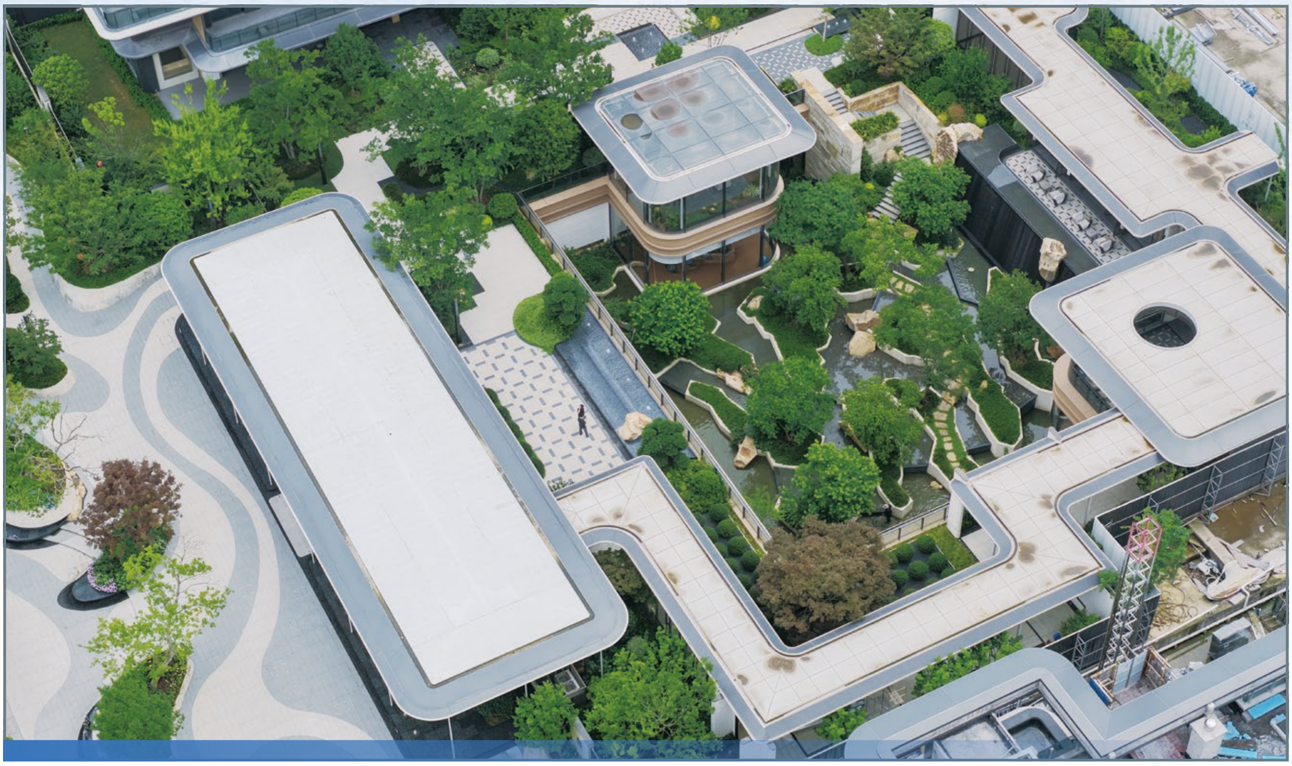
For the six months ended 30 June 2026, the Group achieved a consolidated revenue of approximately RMB7,532,373,000, which represents a decrease of approximately 11% compared with the corresponding period last year; operating profit amounted to approximately RMB55,203,000, which represents a substantial decrease of approximately 78% as compared with the corresponding period last year; loss attributable to the owners of the Company amounted to approximately RMB71,277,000, which represents a substantial decrease of approximately 151% compared with the profit of approximately RMB140,981,000 in the same period last year; loss per share was approximately RMB0.14, which represents a substantial decrease of approximately 152% compared with earnings per share of approximately RMB0.27 in the same period last year. During the period, the operating profit declined significantly. For the first time since its listing, the Company recorded a loss attributable to owners of the Company, which was mainly due to market conditions. As transaction prices of new-housing declines continuously, an inventory impairment losses was recorded for the property development business. For the building materials business, asset impairments was recognized and the revenue declined as the market shrinkage.

Revenue

	For the six months ended 30 June				
	2026		2025		**Change**
	RMB'000	**% of total**	RMB'000	% of total	
Construction	**5,129,090**	**68%**	5,657,138	67%	-9%
Property Development	**1,461,459**	**19%**	1,616,348	19%	-10%
Building Materials	**792,753**	**11%**	1,048,357	12%	-24%
Others	**149,071**	**2%**	180,724	2%	-18%
Total	**7,532,373**	**100%**	8,502,567	100%	-11%

Operating Profit/(Loss)

	For the six months ended 30 June				
	2026		2025		**Change**
	RMB'000	**% of total**	RMB'000	% of total	
Construction	**190,775**	**346%**	166,581	66%	15%
Property Development	**(76,101)**	**-138%**	105,034	41%	-172%
Building Materials	**(60,119)**	**-109%**	(34,731)	-14%	-73%
Others	**648**	**1%**	16,703	7%	-96%
Total	**55,203**	**100%**	253,587	100%	-78%



Construction Business

For the six months ended 30 June 2026, the Group's construction business achieved a revenue of approximately RMB5,129,090,000, representing a decrease of approximately 9% compared to the same period last year; operating profit was approximately RMB190,775,000, representing an increase of approximately 15% over the same period last year. The increase in operating profit of construction business was primarily due to the one-time compensation incomes for land, housing and demolition of approximately RMB51,881,000 recognized by two wholly-owned subsidiaries in Hubei. Excluding the impact of the one-time compensation incomes, the gross profit margin for the construction business was almost equal to the same period last year.

During the Period, the contract value of the new construction of the Group's construction business was approximately RMB3.00 billion (corresponding period of 2025: RMB5.24 billion), representing a decrease of approximately 43% 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. Some of the large-scale projects undertaken by the Group during the Period are as follows: Anchang Ancient Town Comprehensive Improvement Project (Phase I), Hangzhou Bay South Wing Low-Altitude Economy Innovation R&D Center, De Shifu 5,000-unit Energy Storage Equipment Industrialisation Project, EPC General Contracting for Semiconductor New Materials Production Base (Phase III) in Wuhan Chemical Industry Zone, Civil Construction General Contracting for Wuhan Minxin Semiconductor R&D and Production Base Project, EPCO Project for the Construction of Gaoxin Road Farmers' Market and Supporting Facilities in Lixin County, Additional Renovation Project of the African School of Governance Foundation Building in Rwanda, etc.

Property Development Business

Property Sales

For the six months ended 30 June 2026, the revenue of the Group's property development business amounted to approximately RMB1,461,459,000, which represents a decrease of approximately 10% from the corresponding period last year. Operating loss amounted to approximately RMB76,101,000, which represents a substantial decrease of approximately 172% compared with operating profit amounted to approximately RMB105,034,000 in the corresponding period last year. During the Period, the Group's property development business recorded a loss, as fewer property projects recognised revenue compared with the same period last year, the gross profit margin of the property development business continued to decline amid the ongoing downward adjustment of the industry, and an impairment loss of approximately RMB76,574,000 (corresponding period of 2025: approximately RMB28,709,000) was recognised for completed properties held for sale.

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 Four Seasons Garden	Shaoxing	17,862	25,223	450,536
Baoye Binhe Green Garden	Bozhou	4,979	41,216	205,233
Baoye Puyuan	Wuhan	13,539	10,764	145,739
Baoye Biou Jiayuan	Lishui	8,129	16,648	135,324
Baoye Sizhou Green Garden	Sixian	4,211	31,961	134,573

For the six months ended 30 June 2026, the Group's property development business achieved a contract sales value of approximately RMB1.72 billion with a total contract sales area of approximately 172,946 square metres.

Projects under Development

As at 30 June 2026, 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	121,632	100%
Daban Low-carbon Garden	Shaoxing	35,656	100%
Chunying Tangqianyuan	Shaoxing	78,551	70%
Xialv Project	Shaoxing	Under planning	60%
Chunying Jianglanyuan	Shaoxing	36,963	70%
Qinyuan	Yichang	99,128	100%
Baoye Longhu Yucheng	Kaifeng	300,598	60%
Baoye Junyue Green Garden	Lu'an	216,407	100%
Zhengzhou Project	Zhengzhou	Under planning	51%
Xuefu Green Garden	Sixian	Under planning	100%
Qinglan Green Garden	Bozhou	252,268	51%
Baoye • Hongqiao Guozhanli	Shanghai	54,823	100%
Baoye Riverside Garden	Wuhan	35,800	100%

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. Part of Phase II had been 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 35,656 square metres. It consists of 6 high-rise residential buildings of 16-17 storeys and is close to primary, junior high, high schools and the Banhu Park. The project has started presale in April 2025, and leveraging its outstanding educational resources, the project has achieved sound presale results despite the stagnant real estate market, with delivery scheduled in September 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. The project has started presale in September 2025 and has almost been sold out, and is expected to be delivered by the end of 2027.

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.

Chunying Jianglanyuan, located in the Pingjiang Road TOD area, Didang Subdistrict, Yuecheng District, Shaoxing City, Zhejiang Province, covers a site area of approximately 20,553 square metres and a gross floor area of approximately 54,178 square metres. In April 2026, the Group acquired this land use right at a total consideration of RMB249,000,000 through public bidding, of which the Group holds a 70% interest. The project comprises eight 16-storey residential buildings with a plot ratio of 1.8 times. The project has started construction and is expected to commence presale in April 2027.

Baoye Qinyuan, located in the center area of Wujiagang District, Yichang City, Hubei Province, 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 had been delivered to owners, the second phase is under developing with some remaining units for presale and will be delivered in 2027.

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 177,162.58 square metres, which was delivered at the end of 2020. 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, all the buildings have been delivered except for the remaining two buildings of Phase II, which are under construction with their main structure completed and are scheduled to be completed and delivered by the end of 2026.

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.

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. Phases I and II of the south part of the project have been delivered, while Phase III is currently under presale. The south part is expected to be delivered in August 2026.

Baoye • Hongqiao Guozhanli, located in the Xujing area, Qingpu District, Shanghai, has a total site area of approximately 24,920 square meters, with a planned gross floor area of approximately 54,823 square meters. A wholly-owned subsidiary of the Company acquired this land use right in November 2025 at a total consideration of RMB1,730,240,000. The project comprises nine residential buildings ranging from 15 to 18 storeys with a plot ratio of 2.2 times, and benefits from a full range of commercial, transportation and industrial resources in its vicinity. Positioned as "West Hongqiao improved housing benchmark", the project will leverage our proprietary prefabricated construction system and ultra-low energy consumption technology, and create a new model of "technological one-hundred-year housing" that is healthy, comfortable and energy-efficient. The project has commenced presale in July 2026.

Baoye Riverside Garden, located at the intersection of Linjiang Avenue and Jianshe First Road in Qingshan District, Wuhan City, Hubei Province, enjoys unparalleled panoramic riverside views. A wholly-owned subsidiary of the Company acquired this land use right at a total consideration of RMB323,400,000 through public bidding in December 2025. The project has a site area of approximately 16,229 square meters and a gross floor area of approximately 35,800 square meters with a plot ratio of 2.3 times. Drawing on our one-hundred-year housing construction strength covering the entire industrial chain, the project is intended to be developed into a rare improved project in the Wuchang riverside region. The main structure construction of the underground garage has been completed, and above-ground structural work has commenced.

New Land Reserve

Time table	Location	Cost (RMB'000)	Land area (sqm)	Equity
April, 2026	Shaoxing City, Zhejiang Province	249,000	20,553	70%

With regard to the new land reserve, the Group, on the premise of ensuring the bottom line of security, will continue to 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 prime areas of prosperous center cities in Shanghai City, Zhejiang and Hubei Provinces where the Group's business is mainly conducted.

Building Materials Business

For the six months ended 30 June 2026, the revenue of the Group's building materials business was approximately RMB792,753,000, representing a decrease of approximately 24% compared to the same period last year; operating loss was approximately RMB60,119,000, which represents an obvious increase in loss of approximately 73% over the same period last year. The increase in operating loss was mainly attributable to intensified industry competition resulting from market contraction, which led to increased losses of certain building materials business segments, coupled with the impairment losses of approximately RMB10,032,000 and RMB8,954,000 on construction stone mining right and property, plant and equipment, respectively.

The revenue breakdown of the Group's building materials for the six months ended 30 June 2026 is analysed below:

	For the six months ended 30 June				
	2026		2025		Change
	RMB'000	% the total	RMB'000	% the total	
Curtain Wall	485,928	61%	709,377	68%	-31%
Furnishings and Interior Decorations	70,195	9%	89,070	8%	-21%
Ready-mixed Concrete	16,731	2%	21,638	2%	-23%
PC Assembly Plate	140,065	17%	127,085	12%	10%
Wooden Products and Fireproof Materials	29,473	4%	29,333	3%	0%
Steel Structure	5,132	1%	5,281	1%	-3%
Others	45,229	6%	66,573	6%	-32%
Total	792,753	100%	1,048,357	100%	-24%

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 the production. An impairment loss of approximately RMB10,032,000 (as at 30 June 2025: 0) was recognized during the period of 2026 due to the downward trend of the construction industry and the shrinkage of the market demand.

BUSINESS PROSPECT

Construction Business

As the pace of urbanization in China slows and major infrastructure investment and construction are largely completed, the construction industry faces a sharp market contraction across sectors such as residential construction, infrastructure development, municipal works and industrial projects. In the future, the industry will undergo a transformation toward industrialisation, digitalization and green development, with construction companies shifting from scale-oriented competition to competition centered on technology, management and full life-cycle services. In the context of industry transformation and evolving times, the Group's construction business is redirecting its focus toward urban renewal projects, new-type infrastructure construction, and new market breakthroughs in artificial intelligence, high-end manufacturing facilities, and data centers. Building on its existing overseas presence in Africa, the Group will pilot infrastructure projects in Southeast Asia, the Middle East, and other regions. Guided by the development philosophy of "building houses like making cars" and driving the transformation and upgrading of construction industry through construction industrialization, the Group will reinforce its capabilities through quality and technology, maintain prudent operations, and shore up the foundation for development.

Property Development Business

Following an era of rapid expansion characterized by high leverage, high turnover and large-scale construction of new housing, China's property sector has now entered a new stage of development defined by a focus on housing stock market, a dual-track approach, intensifying divergence, and a priority on quality. The core objective is to create a new development model for the real estate sector, achieving a soft landing and high-quality growth. Despite making early adjustments to the development model in response to industry upheaval, our property development business has encountered challenges in some existing housing projects in recent years, given the drastic market changes and a new development stage. At present, the development of "good houses" is building momentum, both in terms of policy and market. During the Period, the "Integrated Technology for Energy Conservation and Quality Improvement of Good Houses" developed by the Group has been included in the Product Catalog for Promotion of Key Energy-Saving and Carbon-Reducing Technologies (2025-2026) by the China Energy Conservation Association as one of only twelve key energy-saving and carbon-reducing technologies selected nationwide, which embodies our positive contribution to the green transition of economic and social development in all respects and to the achievement of the "dual carbon" goals. Looking ahead, as the 15th Five-Year Plan is gradually rolled out, the "good houses" development will emerge as a key battleground for the transformation of property sector. The Group's property development business will remain steadfast in its pursuit of tech innovation as its backbone and craftsmanship excellence as its soul, and iterate the "Baoye one-hundred-year technological housing" to deliver advanced products featuring energy conservation, health and craftsmanship, staying true to the original aspiration and commitment of "Good houses built by Baoye".

Housing Industrialisation Business

The key factors now constraining the release of core value in the construction industry are not a lack of advanced technology or high-end equipment, but rather the insufficient capabilities in management and control across the entire chain, standard formulation and dissemination, and industrial ecosystem integration. The essence of construction industrialization lies in "transforming the construction industry through industrialized logic". China's construction and real estate sectors are drawing on the automotive industry by adopting industrialized approaches and integrating intelligent and digital technologies into production, with the aim of building houses into high-quality products. As the vision of "building houses like making cars" has grown into a national strategy, China's construction industry is undergoing a profound transformation from "construction" to "manufacturing". With this shift, construction industrialization has been entrusted with a new mission for the new era, embarking on the path toward automotive-style upgrading of innovation-driven and high-quality development. Being one of the first movers in China's construction industrialization, Baoye has built its foundation on refined management and control, whole-of-chain synergy, and standardized systems. Through in-depth collaboration with global Industry 4.0 benchmark enterprises, the Company has introduced internationally leading technologies and processes, and vigorously developed prefabricated concrete structural system and light-gauge steel structural system. Leveraging an EPC integrated system comprising 80,000 components and an extensive industrial chain, Baoye delivers advanced one-hundred-year technological building products to society, thereby driving high-quality development in China's construction industrialization and building energy conservation and emission reduction. In response to "carbon peaking and carbon neutrality", Baoye will focus on resource integration and industrial chain extension, accelerate technological innovation and engineering application in construction industrialization, and integrate more building energy-saving technologies as well as comfort and health features into the entire residential industry chain, thereby driving the industry toward high-quality development of value creation across the entire chain.

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 33% (corresponding period of 2025: 9.9%) of the total borrowings. In addition, approximately 42.2% of the total borrowings (corresponding period of 2025: 51.9%) were guaranteed by the Company; approximately 0.2% of the total borrowings (corresponding period of 2025: 0.3%) 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 2026, the untapped banking facilities of the Group amounted to approximately RMB8 billion. As at 30 June 2026, the Group's gearing ratio (being its total liabilities divided its total equity) was 2.1 (31 December 2025: 2.1).

Details of which are analysed below:

	As at 30 June	
	2026	2025
	RMB'000	RMB'000
Cash and cash equivalents	**9,173,988**	8,247,942
Term deposits over three months	**1,813,237**	1,218,215
Restricted bank deposits	**998,859**	1,561,380
Less: total borrowings	**(4,912,771)**	(3,979,474)
Net cash	**7,073,313**	7,048,063
Total equity attributable to owners of the Company	**12,902,314**	13,031,090
Net cash ratio	**55%**	54%

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

Other Key Financial Ratios

	For the six months ended/ As at 30 June	
	2026	2025
Return on equity	**-0.55%**	1.08%
Net assets value per share (RMB yuan)	**24.78**	25.03
Current ratio	**1.31**	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 loss attributable to owners of the Company was approximately RMB71,277,000, a substantial decrease of approximately 151% compared with the profit of approximately RMB140,981,000 in the same period last year, and the return on shareholders' equity decreased sharply by approximately 151% compared with the same period last year. As at 30 June 2026, the Group was still in a net cash position with a net cash ratio of 55%.

Cash Flow Analysis

		For the six months ended 30 June	
	Note	**2026 RMB'000**	2025 RMB'000
Net cash generated from operating activities	(i)	**1,437,131**	475,628
Net cash generated from/(used in) investing activities	(ii)	**456,336**	(467,331)
Net cash generated from financing activities	(iii)	**823,612**	232,696
Net increase in cash and cash equivalents		**2,717,079**	240,993

Notes:

(i) During the Period under review, the net cash generated from operating activities was approximately RMB1,437,131,000, representing an increase of cash inflow of approximately RMB961,503,000 compared to the same period last year, which was mainly due to the increase in pre-sales income from the property development business;

(ii) During the Period under review, the net cash generated from investing activities was approximately RMB456,336,000, representing an increase of cash inflow of approximately RMB923,667,000 compared to the same period last year, which was mainly due to the decrease in term deposits over three months;

(iii) During the Period under review, the net cash generated from financing activities was approximately RMB823,612,000, representing an increase of cash inflow of approximately RMB590,916,000 compared to the same period last year, which was mainly attributable to the increase in bank borrowings during the Period.

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB304,312,000 for the six months ended 30 June 2026, which is almost equal to that of approximately RMB315,081,000 for the same period last year, as the administrative expenses were mainly from the fixed expenses.

Finance Costs – Net

For the six months ended 30 June 2026, the Group had registered finance income of approximately RMB9,103,000, finance costs of approximately RMB29,272,000 and net finance costs of approximately RMB20,169,000 (corresponding period of 2025: net finance costs of approximately RMB3,698,000), representing an increase of approximately RMB16,471,000 compared to the same period last year, mainly due to the decrease in interest capitalised in properties under development during the Period.

Income Tax Expenses

For the six months ended 30 June 2026, income tax expenses comprised of PRC corporate income tax of approximately RMB110,384,000 (corresponding period of 2025: approximately RMB57,524,000) and PRC land appreciation tax of approximately RMB54,859,000 (corresponding period of 2025: approximately RMB44,026,000), representing an increase of approximately RMB10,833,000 compared to the same period last year, primarily due to the land appreciation tax settlement for prior-period projects during the Period, with additional land appreciation tax recognized in line with the settlement results.

Financial Guarantees

	30 June 2026 RMB'000	31 December 2025 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	**1,101,032**	1,189,828
Guarantees to an associate in respect of borrowings (b)	**50,000**	49,980
Total	**1,151,032**	1,239,808

(a) The Group provided guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of properties 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 2026, properties under development, right-of-use for land, property, plant and equipment with an aggregate carrying value of approximately RMB2,763,714,000 (as at 31 December 2025: approximately RMB1,630,941,000) were pledged to banks as security in securing bank borrowings.

Capital Expenditure Plan

The Group adopts a prudent approach in capital expenditure spending to ensure 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.

2025 Final Dividend

At the Board meeting of the Company dated 27 March, 2026, the Board proposed a final dividend of RMB0.085 (2024: RMB0.12) per ordinary share for the year ended 31 December 2025. The proposal on the profit distribution for the year 2025 had been approved at the 2025 annual general meeting of the Company dated 18 June 2026.

2026 Interim Dividend

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2026 (corresponding period of 2025: 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 three 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 2026 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 2026 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.

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 18 June 2026.

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 2026. 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 2026, 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 2026, 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 *(note 1)*	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 2026, the Company has a total of 520,628,053 shares, of which 169,886,000 shares were H shares.

THE ARTICLES OF ASSOCIATION

To align with the amendments to the Company Law of the PRC which became effective on 1 July 2024, in line with the Guidelines on the Articles of Association of Listed Companies (effective as at 28 March 2025), and to ensure compliance with Appendix A1 (Core Shareholder Protection Standards) under the Listing Rules (including holding of general meetings by means of electronic communication and shareholders may vote by electronic means), the Board proposed to amend the Existing Articles of Association of the Company and adopt New Articles of Association, taking into account the actual conditions of the Company and the needs of its corporate governance practices, with a view to further enhancing the Company's corporate governance standards. On 18 June 2026, the Company convened the 2025 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 2 July 2026 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 2026, 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.

INVESTIGATION AGAINST DIRECTOR

Reference is made to the Company's inside information announcement dated 11 June 2026 in relation to Mr. Gao Jun, an executive Director of the Company, was subject to lawful measures taken by relevant Chinese authorities for suspected disciplinary violations in China. As at the date of this report, the Company has not been able to contact Mr. Gao Jun directly, and has not received any official notices or legal documents regarding the investigation. There is no information being provided that the investigation relates to any business and/or operational matter of the Group. The Company will closely monitor the development of this matter. Should there be any latest update on the aforesaid matter, the Company will make further announcement(s) to inform its shareholders and the public.

As at the date of this report, the business and operation of the Group remain normal.

HUMAN RESOURCES

As at 30 June 2026, the Group had a total of approximately 5,555 permanent employees (as at 30 June 2025: 5,866). There were also approximately 42,792 indirectly employed construction site workers (as at 30 June 2025: 44,946). These workers were not directly employed by the Group. For the six months ended 30 June 2026, the total employee benefit expenses amounted to approximately RMB1,518,016,000 (the corresponding period in 2025: RMB1,595,142,000). 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 2026, 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.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2026, 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
28 August, 2026

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 62, 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 2026 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, 28 August 2026

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INTERIM FINANCIAL INFORMATION

Interim Condensed Consolidated Balance Sheet

	Note	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*11*	**2,987,590**	2,984,549
Right-of-use assets	*11*	**655,244**	679,165
Investment properties	*11*	**1,112,481**	1,123,499
Intangible assets	*12*	**210,412**	221,918
Investments accounted for using the equity method	*7*	**460,623**	460,676
Trade and other receivables	*10*	**296,959**	297,157
Financial assets at fair value through other comprehensive income	*5.3*	**535,930**	672,653
Financial assets at fair value through profit or loss	*5.3*	**9,692**	12,725
Deferred income tax assets		**496,300**	473,654
		6,765,231	6,925,996
Current assets			
Inventories		**307,853**	287,532
Properties under development	*8*	**5,976,545**	4,646,074
Completed properties held for sale	*9*	**6,451,679**	6,732,384
Contract assets	*13*	**1,918,550**	3,406,693
Trade and other receivables	*10*	**8,183,393**	10,188,909
Financial assets at fair value through profit or loss	*5.3*	**–**	308,000
Restricted bank deposits		**998,859**	1,290,062
Term deposits over three months		**1,813,237**	1,973,120
Cash and cash equivalents		**9,173,988**	6,468,851
		34,824,104	35,301,625
Total assets		**41,589,335**	42,227,621
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium and treasury shares	*14*	**889,722**	889,722
Other reserves	*15*	**547,134**	626,892
Retained earnings		**11,465,458**	11,603,976
		12,902,314	13,120,590
Non-controlling interests		**440,161**	517,153
Total equity		**13,342,475**	13,637,743

Interim Condensed Consolidated Balance Sheet (continued)

	Note	Unaudited 30 June 2026 RMB'000	Audited 31 December 2025 RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	*17*	1,424,500	548,800
Lease liabilities		5,949	7,061
Deferred income tax liabilities		190,543	226,894
		1,620,992	782,755
Current liabilities			
Contract liabilities		8,475,824	8,296,329
Trade and other payables	*16*	14,365,428	15,540,913
Lease liabilities		2,200	2,152
Bank borrowings	*17*	3,488,271	3,501,655
Current income tax liabilities		294,145	466,074
		26,625,868	27,807,123
Total liabilities		28,246,860	28,589,878
Total equity and liabilities		41,589,335	42,227,621

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

Approved by the Board of Directors on 28 August 2026 and were signed on its behalf.

Mr. Pang Baogen
Director

Mr. Wang Rongbiao
Director

Interim Financial Information

Interim Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June 2026 RMB'000	2025 RMB'000
Revenue	6	**7,532,373**	8,502,567
Cost of sales	20	**(7,165,543)**	(7,993,868)
Gross profit		**366,830**	508,699
Other income	18	**61,431**	63,971
Other gains – net	19	**15,171**	29,051
Selling and marketing costs	20	**(93,684)**	(87,386)
Administrative expenses	20	**(304,312)**	(315,081)
Research and development expenses	20	**(22,834)**	(22,381)
Reversal for impairment losses on financial assets and contract assets		**32,601**	76,714
Operating profit		**55,203**	253,587
Finance income	21	**9,103**	8,785
Finance costs	21	**(29,272)**	(12,483)
Finance costs – net	21	**(20,169)**	(3,698)
Share of results of investments accounted for using the equity method	7	**(3,978)**	(4,561)
Profit before income tax		**31,056**	245,328
Income tax expenses	22	**(140,427)**	(101,897)
(Loss)/profit for the period		**(109,371)**	143,431
(Loss)/profit attributable to:			
– Owners of the Company		**(71,277)**	140,981
– Non-controlling interests		**(38,094)**	2,450
		(109,371)	143,431
(Loss)/earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (expressed in RMB yuan per share)	23	**(0.14)**	0.27

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

Interim Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
(Loss)/profit for the period	**(109,371)**	143,431
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Currency translation differences	**(204)**	273
Items that will not be reclassified to profit or loss		
Changes in the fair value of financial assets at fair value through other comprehensive income	**(102,542)**	(74,156)
Total other comprehensive loss for the period, net of tax	**(102,746)**	(73,883)
Total comprehensive (loss)/income for the period	**(212,117)**	69,548
Total comprehensive (loss)/income attributable to:		
– Owners of the Company	**(174,023)**	67,098
– Non-controlling interests	**(38,094)**	2,450
	(212,117)	69,548

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

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	Attributable to the owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 (loss)/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

Interim Condensed Consolidated Statement of Changes in Equity (continued)

	Unaudited							
	Attributable to the owners of the Company							
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2026	520,628	369,094	–	626,892	11,603,976	13,120,590	517,153	13,637,743
Comprehensive income								
Loss for the period	–	–	–	–	(71,277)	(71,277)	(38,094)	(109,371)
Other comprehensive loss	–	–	–	(102,746)	–	(102,746)	–	(102,746)
Total comprehensive loss for the period	–	–	–	(102,746)	(71,277)	(174,023)	(38,094)	(212,117)
Transactions with owners in their capacity as owners								
Transfer of statutory surplus reserves	–	–	–	22,988	(22,988)	–	(1,258)	(1,258)
Capital contributions by non-controlling interests	–	–	–	–	–	–	100	100
Dividends to non-controlling interests	–	–	–	–	–	–	(37,740)	(37,740)
Dividends to shareholders	–	–	–	–	(44,253)	(44,253)	–	(44,253)
Total transactions with owners	–	–	–	22,988	(67,241)	(44,253)	(38,898)	(83,151)
Balance at 30 June 2026	520,628	369,094	–	547,134	11,465,458	12,902,314	440,161	13,342,475

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

Interim Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Cash flows from operating activities		
Cash generated from operations	1,699,402	760,809
Interest paid	(39,400)	(50,219)
Income tax paid	(222,871)	(234,962)
Net cash generated from operating activities	1,437,131	475,628
Cash flows from investing activities		
Payments for investments in a joint venture	(4,313)	–
Dividends received from a joint venture	690	9,800
Loans to joint ventures	–	(144,642)
Disposal of financial assets at fair value through profit or loss	308,613	60,111
Disposal of an associate	–	2,000
Purchases of property, plant and equipment	(132,894)	(159,683)
Disposal of property, plant and equipment	12,210	99,631
Advance from government for housing demolition and relocation	38,729	–
Purchases of right-of-use assets	(1,336)	(21,758)
Disposal of right-of-use for land	14,295	12,628
Purchases of intangible assets	–	(2,567)
Placement of term deposits over three months	(216,207)	(705,489)
Withdrawal of term deposits over three months	376,090	319,650
Interest received	60,459	62,988
Net cash generated from/(used in) investing activities	456,336	(467,331)
Cash flows from financing activities		
Proceeds from borrowings	4,020,771	3,027,864
Repayments of borrowings	(3,158,455)	(2,757,338)
Principal elements of lease payments	(1,064)	(1,058)
Capital contributions by non-controlling interests	100	–
Transactions with non-controlling interests	–	(15,128)
Dividends paid to non-controlling interests	(37,740)	(21,644)
Net cash generated from financing activities	823,612	232,696
Net increase in cash and cash equivalents	2,717,079	240,993
Cash and cash equivalents at beginning of the period	6,468,851	8,009,474
Exchange losses on cash and cash equivalents	(11,942)	(2,525)
Cash and cash equivalents at end of the period	9,173,988	8,247,942

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 2026 ("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 2026 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 2025 (the "2025 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 2025 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for the financial year beginning 1 January 2026.

(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.

Notes to the Interim Financial Information (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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

		Effective for annual periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendment to HKAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027
HKFRS 20	Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate	To be determined

Except for HKFRS 18 mentioned below, the above new standards and amended standards are not expected to have a material impact on the Interim Financial Information of the Group and performance in the current or future reporting periods and on foreseeable future transactions.

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management – defined performance measures within the financial statements.

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 applied to the 2025 Financial Statements.

Notes to the Interim Financial Information (continued)

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 2025 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 2026				
	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	3,488,271	242,800	1,028,700	153,000	4,912,771
Interest of bank borrowings	64,859	31,716	32,174	7,048	135,797
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	13,877,983	–	–	–	13,877,983
Lease liabilities	1,264	2,528	5,057	–	8,849
	17,432,377	277,044	1,065,931	160,048	18,935,400
Financial guarantees	1,151,032	–	–	–	1,151,032

Notes to the Interim Financial Information (continued)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 Liquidity risk (continued)

	As at 31 December 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	3,501,655	169,800	221,000	158,000	4,050,455
Interest of bank borrowings	43,690	13,479	16,573	9,169	82,911
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	15,017,335	–	–	–	15,017,335
Lease liabilities	2,528	2,528	5,057	–	10,113
	18,565,208	185,807	242,630	167,169	19,160,814
Financial guarantees	985,301	–	–	–	985,301

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 2026 and 31 December 2025, 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.

Notes to the Interim Financial Information (continued)

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (continued)

	As at 30 June 2026			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss ("Financial assets at FVPL")				
– Listed equity securities	**9,692**	**–**	**–**	**9,692**
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")				
– Listed equity securities	**473,156**	**–**	**–**	**473,156**
– Unlisted equity securities	**–**	**–**	**62,774**	**62,774**
	482,848	**–**	**62,774**	**545,622**

	As at 31 December 2025			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Bank financial products	–	–	308,000	308,000
– Listed equity securities	12,725	–	–	12,725
Financial assets at FVOCI				
– Listed equity securities	601,201	–	–	601,201
– Unlisted equity securities	–	–	71,452	71,452
	613,926	–	379,452	993,378

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, 2026 and 2025.

5.4 Group's valuation processes

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

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

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

Notes to the Interim Financial Information (continued)

6 SEGMENT INFORMATION

The executive directors (chief operating decision-maker) assess the performance of the operating segments based on a measurement of operating profit. Information of segment assets and liabilities are not included in the reports reviewed by the executive directors. Other information provided to the executive directors is measured in a manner consistent with that in the consolidated financial statements. There has been no change in the basis of the segmentation or in the basis of the measurement of the segment profit or loss for the six months ended 30 June 2026 compared to 2025.

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 2026 and 2025 are as follows:

	Six months ended 30 June 2026				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	5,493,262	1,468,558	1,410,294	279,725	8,651,839
Revenue from other sources					
Rental income	–	–	–	46,143	46,143
Total segment revenue	5,493,262	1,468,558	1,410,294	325,868	8,697,982
Less: inter-segment revenue	(364,172)	(7,099)	(617,541)	(176,797)	(1,165,609)
Revenue (from external customers)	5,129,090	1,461,459	792,753	149,071	7,532,373
Operating profit/(loss)	190,775	(76,101)	(60,119)	648	55,203
Depreciation	20,610	14,277	52,390	28,248	115,525
(Reversal)/provision for impairment losses on financial assets and contract assets	(41,644)	2,033	3,590	3,420	(32,601)

Notes to the Interim Financial Information (continued)

6 SEGMENT INFORMATION (CONTINUED)

	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)

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

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

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

Notes to the Interim Financial Information (continued)

6 SEGMENT INFORMATION (CONTINUED)

Analysis of revenue by category

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from provision of construction services:		
– Recognised over time	**5,129,090**	5,657,138
Revenue from sale of properties:		
– Recognised at a point in time	**1,461,459**	1,616,348
Revenue from sale of building materials:		
– Recognised at a point in time	**254,597**	192,540
– Recognised over time	**538,156**	855,817
	792,753	1,048,357
Others:		
– Recognised at a point in time	**85,274**	75,308
– Recognised over time	**17,654**	13,221
	102,928	88,529
Revenue from other sources:		
– Rental income	**46,143**	92,195
	7,532,373	8,502,567

Notes to the Interim Financial Information (continued)

7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2026 RMB'000	31 December 2025 RMB'000
Investments in joint ventures *(a)*	**441,344**	439,560
Investments in associates *(b)*	**19,279**	21,116
	460,623	460,676

(a) Investments in joint ventures

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
At 1 January	**439,560**	481,671
Additions	**4,313**	–
Share of results	**(2,141)**	2,499
Dividends	**(690)**	(9,800)
Adjustment for transactions between the Group and joint ventures	**302**	479
At 30 June	**441,344**	474,849
Represented by share of net assets	**441,344**	474,849

(b) Investments in associates

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
At 1 January	**21,116**	33,056
Disposals	**–**	(2,000)
Share of results	**(1,837)**	(7,060)
At 30 June	**19,279**	23,996
Represented by share of net assets	**19,279**	23,996

Notes to the Interim Financial Information (continued)

8 PROPERTIES UNDER DEVELOPMENT

	30 June 2026 RMB'000	31 December 2025 RMB'000
At cost	5,579,338	4,081,276
At net realisable value	397,207	564,798
	5,976,545	4,646,074

Write-downs of properties under development to net realisable value for the six months ended 30 June 2026 amounted to RMB815,000 (six months ended 30 June 2025: reversal of RMB54,166,000), which were recognised in profit or loss.

9 COMPLETED PROPERTIES HELD FOR SALE

	30 June 2026 RMB'000	31 December 2025 RMB'000
At cost	1,078,548	1,438,616
At net realisable value	5,373,131	5,293,768
	6,451,679	6,732,384

Write-downs of completed properties held for sale to net realisable value for the six months ended 30 June 2026 amounted to RMB75,759,000 (six months ended 30 June 2025: RMB82,875,000), which were recognised in profit or loss.

Notes to the Interim Financial Information (continued)

10 TRADE AND OTHER RECEIVABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current assets		
Loans to joint ventures *(a)*	162,768	162,807
Loans to associates *(b)*	134,191	134,350
	296,959	297,157
Current assets		
Trade receivables *(c)*	5,394,144	5,729,182
Other receivables and prepayments *(d)*	2,786,196	4,456,656
Loans to associates *(b)*	3,053	3,071
	8,183,393	10,188,909
Total trade and other receivables	8,480,352	10,486,066

(a) Loans to joint ventures

	30 June 2026 RMB'000	31 December 2025 RMB'000
At 1 January	168,745	459,623
Additions	–	144,642
Interest accrued	972	1,907
Repayments	–	(147,603)
Step-up acquisition	–	(289,824)
	169,717	168,745
Less: provision for loss allowance	(6,949)	(5,938)
At 30 June	162,768	162,807

RMB42,999,000 (31 December 2025: RMB42,999,000) of loans to joint ventures are interest-bearing at interest rates ranging from 4% per annum to 5.25% per annum (31 December 2025: at interest rates range from 4% per annum to 5.25% per annum). The remaining amounts of the loans are interest-free and repayable on demand. All loans to joint ventures were unsecured.

Notes to the Interim Financial Information (continued)

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Loans to associates

	30 June 2026 RMB'000	31 December 2025 RMB'000
At 1 January	**139,873**	139,873
Less: provision for loss allowance	**(2,629)**	(2,452)
At 30 June	**137,244**	137,421
Less: current portion	**(3,053)**	(3,071)
Non-current portion	**134,191**	134,350

Loans to associates are interest-free and unsecured.

(c) Trade receivables

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade receivables	**6,093,552**	6,436,204
Less: provision for loss allowance	**(699,408)**	(707,022)
	5,394,144	5,729,182

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).

Notes to the Interim Financial Information (continued)

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Trade receivables (continued)

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within 3 months	**1,378,519**	1,439,969
3 months to 1 year	**2,595,172**	2,807,075
1 to 2 years	**1,207,726**	1,296,080
2 to 3 years	**463,520**	477,504
Over 3 years	**448,615**	415,576
	6,093,552	6,436,204

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2026, a provision of RMB699,408,000 (as at 30 June 2025: RMB767,207,000) 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.

Notes to the Interim Financial Information (continued)

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Other receivables and prepayments

	30 June 2026 RMB'000	31 December 2025 RMB'000
Other receivables:		
– Retention money and project deposits	682,658	728,461
– Advances to project managers *(i)*	115,855	118,675
– Government compensation	326,588	334,514
– Others	194,352	214,387
	1,319,453	1,396,037
Less: provision for loss allowance	(16,000)	(17,492)
	1,303,453	1,378,545
Prepayments:		
– Prepayments for land use rights for property development	583,500	2,189,217
– Prepayments to suppliers	469,420	422,713
– Prepaid income taxes	245,099	359,400
– Prepaid other taxes and fees	70,130	–
– Others	114,594	106,781
	1,482,743	3,078,111
Other receivables and prepayments	2,786,196	4,456,656

(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 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
Six months ended 30 June 2026				
At 1 January 2026	**671,069**	**8,096**	**2,984,549**	**1,123,499**
Additions	**1,336**	**–**	**132,894**	**–**
Interest capitalised *(Note 21)*	**–**	**–**	**756**	**–**
Disposals	**(14,295)**	**–**	**(18,566)**	**–**
Depreciation	**(9,949)**	**(1,013)**	**(103,089)**	**–**
Fair value losses	**–**	**–**	**–**	**(11,018)**
Impairment	**–**	**–**	**(8,954)**	**–**
At 30 June 2026	**648,161**	**7,083**	**2,987,590**	**1,112,481**

The valuations of investment properties at 30 June 2026 and 2025 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.

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 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
Six months ended 30 June 2026			
At 1 January 2026	205,384	16,534	221,918
Amortisation *(a)*	(1,474)	–	(1,474)
Impairment *(b)*	(10,032)	–	(10,032)
At 30 June 2026	193,878	16,534	210,412

(a) As of 30 June 2026, the Group has commenced mining production activities and an amortisation amount of RMB1,474,000 (as at 30 June 2025: RMB901,000) charged to profit or loss.

(b) An impairment assessment of the construction stone mining right was performed by management, to determine the recoverable amount as at 30 June 2026, and impairment loss of RMB10,032,000 (as at 30 June 2025: nil) was recognised according to the assessment.

(c) Management employed the discounted cash flow method to assess whether the mining right was impaired. Key accounting estimates utilized in the assessment included average annual production volume, average annual sales volume, forecasted unit selling price, and the discount rate.

Notes to the Interim Financial Information (continued)

13 CONTRACT ASSETS

Details of contract assets are as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Relating to construction services	1,852,143	3,266,857
Relating to installation of building materials	203,923	302,036
	2,056,066	3,568,893
Less: provision for loss allowance	(137,516)	(162,200)
Total contract assets	1,918,550	3,406,693

14 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands of RMB1 each)	Ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2026				
– Domestic 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 2026				
– Domestic 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

Notes to the Interim Financial Information (continued)

14 SHARE CAPITAL AND PREMIUM (CONTINUED)

	Number of shares (thousands of RMB1 each)	Ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2025				
– Domestic 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				
– Domestic 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

Notes to the Interim Financial Information (continued)

15 OTHER RESERVES

	Financial assets fair value reserve RMB'000	Statutory surplus reserve RMB'000	Capital reserve – other RMB'000	Others RMB'000	Total RMB'000
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
Six months ended 30 June 2026					
At 1 January 2026	**272,835**	**367,904**	**(5,571)**	**(8,276)**	**626,892**
Appropriation from retained earnings	**–**	**22,988**	**–**	**–**	**22,988**
Revaluation of financial assets at FVOCI	**(136,723)**	**–**	**–**	**–**	**(136,723)**
Revaluation-tax	**34,181**	**–**	**–**	**–**	**34,181**
Currency translation differences	**–**	**–**	**–**	**(204)**	**(204)**
At 30 June 2026	**170,293**	**390,892**	**(5,571)**	**(8,480)**	**547,134**

16 TRADE AND OTHER PAYABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade payables *(a)*	**8,856,798**	9,943,487
Other payables *(b)*	**5,508,630**	5,597,426
	14,365,428	15,540,913

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 2026 RMB'000	31 December 2025 RMB'000
Within 3 months	2,860,829	3,524,636
3 months to 1 year	3,253,422	3,542,414
1 to 2 years	1,746,493	1,861,943
2 to 3 years	689,722	700,691
Over 3 years	306,332	313,803
	8,856,798	9,943,487

(b) Other payables

	30 June 2026 RMB'000	31 December 2025 RMB'000
Deposits from project managers	3,021,819	3,157,818
Amounts due to non-controlling interests *(i)*	533,716	535,900
Amounts due to joint ventures	35,836	37,686
Prepayments from government for housing demolition and relocation *(ii)*	451,678	456,512
Deposits from property purchasers	237,591	227,019
Other taxes payables	6,169	30,387
Salaries payables	29,598	36,679
Dividends to shareholders *(Note 24)*	44,253	–
Others	1,147,970	1,115,425
	5,508,630	5,597,426

(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.

Notes to the Interim Financial Information (continued)

17 BANK BORROWINGS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current liabilities		
Long-term bank borrowings		
– Secured *(a)*	1,393,500	488,000
– Unsecured with guarantee *(b)*	80,000	129,800
– Guaranteed by companies within the Group	60,000	135,000
– Unsecured	500	2,310
	1,534,000	755,110
Less: current portion	(109,500)	(206,310)
	1,424,500	548,800
Current liabilities		
Short-term bank borrowings		
– Secured *(a)*	233,000	104,000
– Unsecured with guarantee *(b)*	2,005,350	1,743,800
– Guaranteed by the companies within the Group	68,000	79,000
– Unsecured	1,072,421	1,368,545
Current portion of non-current liabilities	109,500	206,310
	3,488,271	3,501,655
	4,912,771	4,050,455

Notes to the Interim Financial Information (continued)

17 BANK BORROWINGS (CONTINUED)

Movements in bank borrowings are analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
At 1 January	**4,050,455**	3,708,948
Additions	**4,020,771**	3,027,864
Repayments	**(3,158,455)**	(2,757,338)
At 30 June	**4,912,771**	3,979,474

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

	30 June 2026 RMB'000	31 December 2025 RMB'000
Properties under development	**2,022,117**	847,269
Right-of-use for land use rights	**183,670**	433,670
Property, plant and equipment	**557,927**	350,002
	2,763,714	1,630,941

(b) These loans were guaranteed by:

	30 June 2026 RMB'000	31 December 2025 RMB'000
The Company	**2,075,350**	1,863,600
The Company and non-controlling shareholders (jointly)	**10,000**	10,000
	2,085,350	1,873,600

(c) The carrying amounts of bank borrowings are mainly denominated in RMB. The weighted average effective interest rate of borrowings at 30 June 2026 was 2.40% per annum (31 December 2025: 2.59% per annum).

Notes to the Interim Financial Information (continued)

18 OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest income on		
– Financial assets held as investments	**43,618**	49,712
– Advances to project managers and loans to a joint venture	**17,813**	14,259
	61,431	63,971

19 OTHER GAINS – NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Demolition compensation *(a)*	**51,881**	–
Gains on disposal of right-of-use for land	**–**	7,219
Government grants and compensation	**12,823**	9,987
(Losses)/gains on disposal of financial assets at FVPL	**(592)**	111
Net foreign exchange (losses)/gains	**(339)**	757
(Losses)/gains on disposal of property, plant and equipment	**(6,356)**	10,157
Fair value (losses)/gains of financial assets at FVPL	**(1,236)**	1,178
Fair value losses of investment properties	**(11,018)**	(886)
Impairment losses on construction stone mining right *(Note 8)*	**(10,032)**	–
Impairment losses on property, plant and equipment	**(8,954)**	–
Donations	**(424)**	(265)
Penalty for overdue payment of land use tax	**(11,700)**	–
Others	**1,118**	793
	15,171	29,051

(a) During the period, the Group's subsidiary Hubei Construction Engineering No.3 Company Limited and Hubei Industrial Equipment Installation Co., Ltd. recognised compensation incomes for land, housing and demolition of RMB20,995,000 and RMB30,886,000, respectively.

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	
	2026	2025
	RMB'000	RMB'000
Cost of construction contracts	**3,741,475**	4,088,870
Employee benefit expenses	**1,518,016**	1,595,142
Cost of properties sold	**1,291,539**	1,338,774
Raw materials and consumables used	**603,143**	993,261
Depreciation and amortisation charges	**115,525**	132,038
Provision/(reversal) for impairment on properties under development	**815**	(54,166)
Provision for impairment on completed properties held for sale	**75,759**	82,875
Changes in inventories of finished goods and work in progress	**(7,695)**	22,475
Research and development expense	**22,834**	22,381
Operating leases of buildings	**3,344**	5,398
Others	**221,618**	191,668
	7,586,373	8,418,716

21 FINANCE COSTS – NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Finance income:		
Interest income from financial assets held for cash management purposes	**9,103**	8,785
Finance costs:		
Interests on bank borrowings and lease liabilities	**(39,400)**	(50,219)
Less: interest capitalised in properties under development	**21,314**	38,635
Less: interest capitalised in constructions in progress	**756**	1,626
	(17,330)	(9,958)
Net foreign exchange losses on financing activities	**(11,942)**	(2,525)
	(29,272)	(12,483)
Finance costs – net	**(20,169)**	(3,698)

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 2025 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	
	2026	2025
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	**110,384**	57,524
– Land appreciation tax	**54,859**	44,026
	165,243	101,550
Deferred income tax	**(24,816)**	347
	140,427	101,897

23 (LOSS)/EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the loss 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	
	2026	2025
(Loss)/earnings attributable to the owners of the Company (RMB'000)	**(71,277)**	140,981
Weighted average number of ordinary shares in issue during the period (thousands shares)	**520,663**	520,663
Basic (loss)/earnings per share (RMB yuan)	**(0.14)**	0.27

The Company had no dilutive potential shares in issue during the six months ended 30 June 2026 and 2025, 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 2026 (six months ended 30 June 2025: nil).

On 27 March 2026, the Board recommended the payment of a final dividend of RMB0.085 per share for the year ended 31 December 2025 (2024: RMB0.12 per ordinary share) out of the retained earnings for the Company, which was approved by the shareholders of the Company at the annual general meeting held on 18 June 2026.

Notes to the Interim Financial Information (continued)

25 FINANCIAL GUARANTEES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers *(a)*	**1,101,032**	889,986
Guarantees to an associate in respect of borrowings *(b)*	**50,000**	99,980
	1,151,032	989,966

(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	
	2026 RMB'000	2025 RMB'000
Sales of goods	**18,973**	7,030
Provide construction services	**12,863**	476
Rental income	**1,450**	419
Purchase of technical consulting services	**8,978**	123
Purchase of building materials	**40,341**	37,620

(b) Balances with joint ventures

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade receivables	**66,781**	25,641
Trade payables	**86,043**	94,094

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 2026
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