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寶業集團股份有限公司
BAOYE GROUP COMPANY LIMITED*

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

(Stock Code: 2355)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Baoye Group Company Limited* (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with comparative figures for the corresponding period in 2022. The interim results had been reviewed by the audit committee of the Board and approved by the Board. The following financial information is extracted from the unaudited interim financial information as set out in the Group’s 2023 Interim Report.

* for identification purpose only

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	14,324,646	13,005,950
Cost of sales		(13,139,094)	(12,435,841)
Gross profit		1,185,552	570,109
Other income		131,776	133,278
Other gains – net	5	366,463	66,012
Selling and marketing costs		(91,741)	(44,527)
Administrative expenses		(375,704)	(336,303)
Net impairment losses on financial assets and contract assets		(96,581)	(21,112)
Operating profit		1,119,765	367,457
Finance income		6,942	6,716
Finance costs		(204)	(16,040)
Finance costs – net		6,738	(9,324)
Share of results of investments accounted for using the equity method		56,792	33,040
Profit before income tax		1,183,295	391,173
Income tax expense	6	(459,677)	(136,379)
Profit for the period		723,618	254,794
Profit attributable to:			
– Owners of the Company		704,675	241,796
– Non-controlling interests		18,943	12,998
		723,618	254,794
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (expressed in RMB yuan per share)	7	1.34	0.44

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30 June 2023 <i>RMB'000</i>	Audited 31 December 2022 <i>RMB'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		3,151,968	3,146,542
Right-of-use assets		739,321	758,540
Investment properties		757,455	758,548
Intangible assets		388,147	388,147
Investments accounted for using the equity method	8	469,466	402,735
Trade and other receivables	9	402,167	398,210
Financial assets at fair value through other comprehensive income		609,951	338,603
Financial assets at fair value through profit or loss		9,546	7,144
Deferred income tax assets		361,684	346,815
		6,889,705	6,545,284
Current assets			
Inventories		345,820	265,029
Properties under development		8,857,356	14,177,763
Completed properties held for sale		7,188,727	4,170,578
Contract assets		6,441,032	6,889,311
Trade and other receivables	9	7,481,062	7,317,784
Financial assets at fair value through profit or loss		57,000	54,000
Restricted bank deposits		1,622,198	1,274,090
Term deposits with initial term of over three months		427,992	377,942
Cash and cash equivalents		8,224,103	7,748,703
		40,645,290	42,275,200
Total assets		47,534,995	48,820,484

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Unaudited	Audited
	30 June	31 December
	2023	2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital and premium	890,230	890,230
Other reserves	524,012	320,099
Retained earnings	10,897,233	10,192,558
	12,311,475	11,402,887
Non-controlling interests	436,767	451,708
Total equity	12,748,242	11,854,595
LIABILITIES		
Non-current liabilities		
Bank and other borrowings	845,230	586,540
Lease liabilities	12,147	13,975
Deferred income tax liabilities	284,929	215,633
	1,142,306	816,148
Current liabilities		
Contract liabilities	13,826,375	16,612,513
Trade and other payables	16,878,203	16,824,546
Lease liabilities	2,680	2,745
Bank and other borrowings	2,527,140	2,391,596
Current income tax liabilities	410,049	318,341
	33,644,447	36,149,741
Total liabilities	34,786,753	36,965,889
Total equity and liabilities	47,534,995	48,820,484

NOTES

1 General information

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

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

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

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

2 Basis of preparation

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

3 Significant accounting policies

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

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

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

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

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

4 Segment information

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

	Six months ended 30 June 2023				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	8,782,807	4,822,040	1,718,319	263,535	15,586,701
Revenue from other sources					
Rental income	–	–	–	65,417	65,417
Total segment revenue	8,782,807	4,822,040	1,718,319	328,952	15,652,118
Less: inter-segment revenue	(551,872)	–	(608,210)	(167,390)	(1,327,472)
Revenue (from external customers)	8,230,935	4,822,040	1,110,109	161,562	14,324,646
Operating profit/segment results	483,044	751,482	(114,818)	57	1,119,765
Depreciation	37,578	6,449	69,068	31,398	144,493
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	18,166	(2,139)	80,965	(411)	96,581
	Six months ended 30 June 2022				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Revenue from contracts with customers	10,669,019	2,320,441	1,422,451	312,462	14,724,373
Revenue from other sources					
Rental income	–	–	–	65,860	65,860
Total segment revenue	10,669,019	2,320,441	1,422,451	378,322	14,790,233
Less: inter-segment revenue	(1,119,797)	–	(417,966)	(246,520)	(1,784,283)
Revenue (from external customers)	9,549,222	2,320,441	1,004,485	131,802	13,005,950
Operating profit/segment results	169,697	140,926	60,344	(3,510)	367,457
Depreciation	36,066	5,801	66,222	31,131	139,220
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	49,244	(349)	(33,129)	5,346	21,112

5 Other gains – net

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

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

6 Income tax expenses

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

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

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

7 Earnings per share

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

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

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

8 Investments accounted for using the equity method

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

(a) Investments in joint ventures

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

(b) Investments in associates

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

9 Trade and other receivables

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

(a) Loans to joint ventures

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

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

(b) *Loans to associates*

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

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

(c) *Trade receivables*

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

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

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

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

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

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

(d) *Other receivables and prepayments*

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

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

10 Trade and other payables

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

(a) Trade payables

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

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

(b) Other payables

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

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

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

Revenue

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

Operating Profit

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

Construction Business

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

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

Property Development Business

Property Sales

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

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

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

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

Projects under Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Building Materials Business

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

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

	For the six months ended 30 June				Change
	2023		2022		
	<i>RMB'000</i>	<i>% the total</i>	<i>RMB'000</i>	<i>% the total</i>	
Curtain Wall	591,240	53%	497,664	51%	19%
Furnishings and Interior Decorations	78,023	7%	163,786	16%	-52%
Ready-mixed Concrete	79,394	7%	95,518	10%	-17%
PC Assembly Plate	264,814	24%	125,162	12%	112%
Wooden Products and Fireproof Materials	47,270	4%	46,661	5%	1%
Steel Structure	8,499	1%	21,908	2%	-61%
Others	40,869	4%	53,786	4%	-24%
Total	<u>1,110,109</u>	<u>100%</u>	<u>1,004,485</u>	<u>100%</u>	<u>11%</u>

Construction Stone Mining Rights

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

BUSINESS PROSPECT

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

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

Property development business contributes substantial profit to the Group

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

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

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

FINANCIAL REVIEW

Financial Policies

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

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

Financial Resources and Liabilities

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

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

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

Details of which are analysed below:

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

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

Other Key Financial Ratios

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

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

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

Current ratio = current assets/current liabilities

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

Cash Flow Analysis

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

Note:

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

Other Gains – Net

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

Administrative Expenses

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

Finance Costs – Net

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

Income Tax Expenses

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

Financial Guarantees

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

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

Details of the Charges on the Group's Assets

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

Capital Expenditure Plan

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

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

The majority of the Group's business and all bank borrowings are denominated and accounted in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group.

Dividends

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

Connected Transactions

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

Contingent Liabilities

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

Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associates

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

Purchase, Sale or Redemption of Shares of the Company

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

Litigation and Arbitration

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

Entrusted Deposits and Overdue Time Deposits

As at the date of this announcement, 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.

Human Resources

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

Corporate Governance Practices

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

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

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

Model Code for Securities Transactions by Directors and Supervisors

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

Changes in Directors’ and Supervisors’ Information

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

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

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

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

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

Audit Committee

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

Review of Interim Results

The interim results of the Group for the six months ended 30 June 2023 had been reviewed by the Audit Committee before being approved by the Board. The independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

Publication of Interim Report

The full text of the Group’s 2023 Interim Report for the six months ended 30 June 2023 will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.baoyegroup.com) respectively in due course.

Appreciation

The Board would like to take this opportunity to express its gratitude to the shareholders of the Company, 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 People’s Republic of China
25 August 2023

As at the date of this announcement, the Board comprises Mr. Pang Baogen as Chairman and non-executive Director, six executive Directors, namely, Mr. Gao Lin, Mr. Gao Jun, Mr. Jin Jixiang, Mr. Xu Gang, Mr. Wang Rongbiao and Mr. Xia Feng, and four independent non-executive Directors, namely, Mr. Li Wangrong, Ms. Liang Jing, Mr. Xiao Jianmu and Mr. Fung Ching, Simon.