



# BAOYE GROUP COMPANY LIMITED

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

Stock Code: 2355

# 2024 INTERIM REPORT



# OUR MISSION

From Construction to Manufacturing  
leads construction industry towards  
industrialisation in China

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# CORPORATE PROFILE

## BUSINESS STRUCTURE



BAOYE GROUP COMPANY LIMITED

### CONSTRUCTION BUSINESS

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

### PROPERTY DEVELOPMENT BUSINESS

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

### BUILDING MATERIALS BUSINESS

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

## BUSINESS NETWORK

### CONSTRUCTION BUSINESS

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

### PROPERTY DEVELOPMENT BUSINESS

- Zhejiang
- Shanghai
- Hubei
- Anhui
- Henan

### BUILDING MATERIALS BUSINESS

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

# CORPORATE INFORMATION

## DIRECTORS

### Non-executive Director

Mr. Pang Baogen  
(Chairman of the Board)

### Executive Directors

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

### Independent Non-executive Directors

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

### SUPERVISORS Supervisors

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

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### ENVIRONMENT, 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  
22/F, Prince's Building  
Central, Hong Kong

## Statutory Auditor

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

## LEGAL ADVISERS As to Hong Kong law

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

## As to PRC law

Fenxun Partners  
Suite 1008, China World Tower 2  
China World Trade Centre  
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Beijing, the PRC  
Post Code: 100004

## H SHARE REGISTRAR

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

## PRINCIPAL BANKS

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

## REGISTERED ADDRESS

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

## HEADQUARTER ADDRESS

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

## CORRESPONDENCE ADDRESS IN HONG KONG

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

## AUTHORISED REPRESENTATIVES

Mr. Pang Baogen  
Mr. Wang Rongbiao

## STOCK CODE

HKEx (2355)

## CONTACT

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## WEBSITE

www.baoyegroup.com

# FINANCIAL HIGHLIGHTS

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

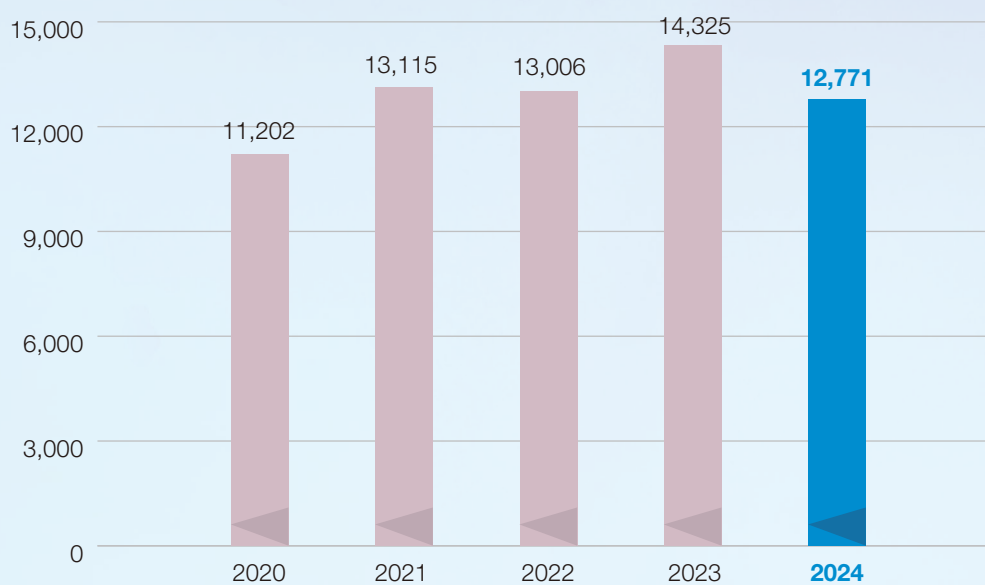
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
<b>Results</b>					
Revenue	12,770,676	14,324,646	13,005,950	13,114,524	11,201,994
Profit Attributable to the Owners of the Company	373,845	704,675	241,796	335,479	298,105
Earnings per Share (RMB yuan)	0.72	1.34	0.44	0.60	0.53
<b>Assets and Liabilities</b>					
Total Assets	46,649,084	47,534,995	49,141,608	45,721,111	37,802,012
Total Liabilities	33,315,550	34,786,753	37,637,855	34,883,382	27,903,164
Total Equity	13,333,534	12,748,242	11,503,753	10,837,729	9,898,848

## KEY FINANCIAL RATIOS

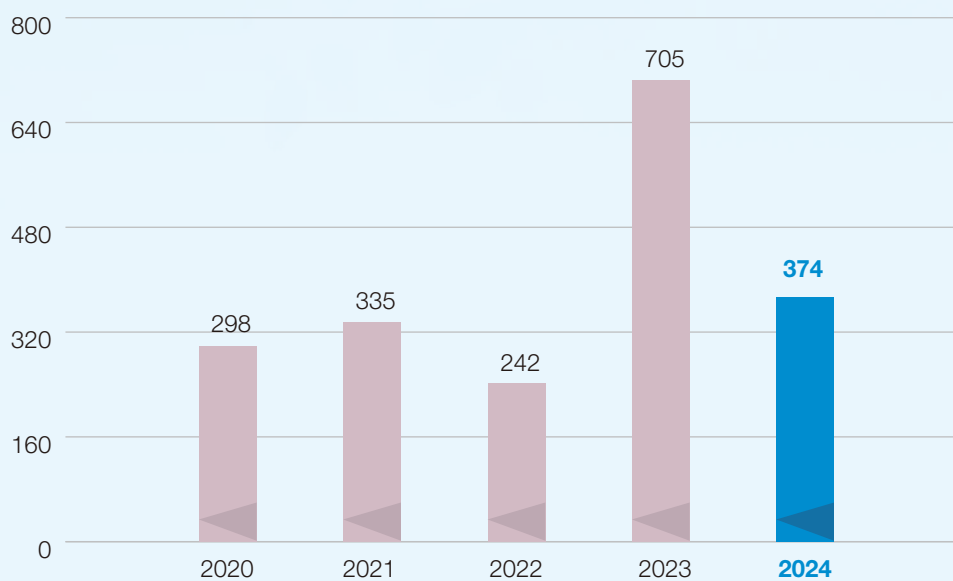
### For the six months ended/ As at 30 June

	2024	2023
Return on Equity	2.91%	5.72%
Net Assets Value per Share (RMB yuan)	24.68	23.64
Net Cash Ratio	54%	56%
Current Ratio	1.23	1.21
Net Cash (Used in)/Generated from Operating Activities (RMB'000)	(144,049)	164,744

## Financial Highlights

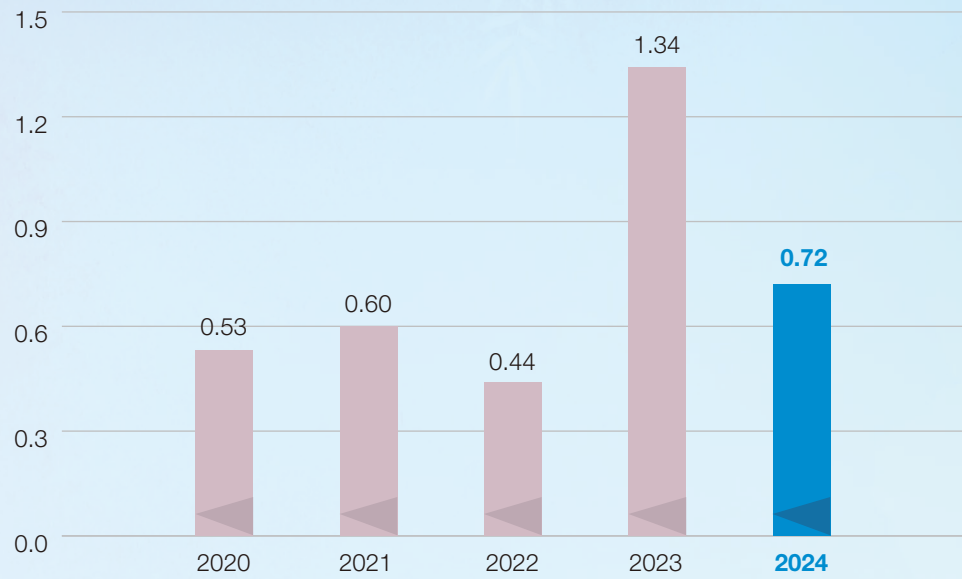
**REVENUE**

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

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

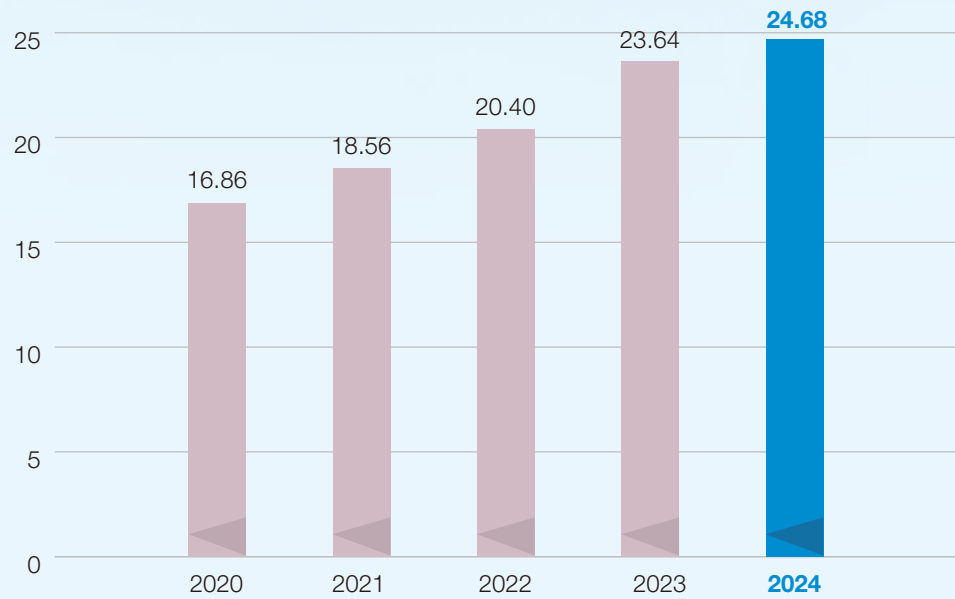
(in RMB million)  
(For the six months ended 30 June)

Financial Highlights



**EARNINGS PER SHARE**

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



**NET ASSETS VALUE PER SHARE**

(in RMB)  
(As at 30 June)





# MANAGEMENT DISCUSSION AND ANALYSIS

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS REVIEW

For the six months ended 30 June 2024, the Group achieved a consolidated revenue of approximately RMB12,770,676,000, which represents a decrease of approximately 11% compared with the corresponding period last year, mainly due to revenue decrease of recognized property units from property development business during the Period as compared to the same period last year; operating profit amounted to approximately RMB624,434,000, which represents a substantial decrease of approximately 44% as compared with the corresponding period last year; profit attributable to the owners of the Company amounted to approximately RMB373,845,000, which represents a substantial decrease of approximately 47% compared to the same period last year; earnings per share was approximately RMB0.72, which represents a substantial decrease of approximately 46% compared to the same period last year. During the same period last year, the Group received a one-time compensation income of approximately RMB337,000,000 (“one-time compensation income”) from the local government for the land, housing, storage and demolition of a wholly-owned subsidiary of the Company in Wuhan City, Hubei Province for the public rail transportation construction. Excluding this one-time compensation income contribution, the operating profit of the Company for this period decreased by approximated 20%, mainly due to the decrease of revenue recognized and the operating profit from property development business compared with the same period last year.

## SEGMENT OPERATING RESULTS

### Revenue

	For the six months ended 30 June				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Construction	8,596,299	67%	8,230,935	57%	4%
Property Development	3,002,236	24%	4,822,040	34%	-38%
Building Materials	1,001,350	8%	1,110,109	8%	-10%
Others	170,791	1%	161,562	1%	6%
Total	12,770,676	100%	14,324,646	100%	-11%

### Operating Profit

	For the six months ended 30 June				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Construction	324,535	52%	483,044	43%	-33%
Property Development	320,526	51%	751,482	67%	-57%
Building Materials	(22,768)	-3%	(114,818)	-10%	-80%
Others	2,141	0%	57	0%	3,656%
Total	624,434	100%	1,119,765	100%	-44%

## Management Discussion and Analysis

**Construction Business**

For the six months ended 30 June 2024, the Group's construction business achieved a revenue of approximately RMB8,596,299,000, representing an increase of approximately 4% compared to the same period last year; operating profit was approximately RMB324,535,000, representing an obvious decrease of approximately 33% over the same period last year. Such decrease in operating profit was mainly due to the one-time compensation income for the land, housing, storage and demolition of a wholly-owned subsidiary of the Group in Wuhan City, Hubei Province, which was recognised in the construction business segment during the same period last year.

In the first half of 2024, the complexity and severity of China's external environment were significantly on the rise, coupled with growing challenges from the macro environment. Fortunately, the Group's construction business was mainly carried out in Yangtze River Delta area and Hubei Province, where the economy was comparatively prosperous and had stronger risk resistance capacity under the macroeconomic adjustments than other regions in China. By virtue of its sound financial position and business capability, the Group has maintained basic stability in its business volume amid the fierce market competition and a shrinking market environment.

## Management Discussion and Analysis

During the Period, under the shrinking market and intensifying competition environment, the contract value of the new construction of the Group's construction business was approximately RMB8.14 billion (corresponding period of 2023: RMB8.2 billion), basically the same as that of the corresponding period last year, which was mainly buoyed by the sound financial position of the Group and its good reputation built in the construction industry. Some of the large-scale projects undertaken by the Group during the Period are as follows: Light Textile Intelligent Valley Digital Industrial Park, Shaoxing University Expansion Project, Guangxi Huayi Energy and Chemical Company Limited PC General Contracting Project, Hangzhou Bay Shangyu Economic and Technological Development Zone [2023] Land Parcel J2 Construction Project, Shaoxing Urban Construction Archives Management Service Centre Construction Project, Shangyu Water Affair Service Centre Construction Project, etc. With the transformation and upgrading of the property industry, the completion of infrastructure projects invested by government, especially in the Group's major markets of construction business including Jiangsu, Zhejiang and Shanghai, as well as the fierce competition from leading central state-owned enterprises, the operation of construction business will face a much more cruel market environment in the future.

### Property Development Business

#### *Property Sales*

For the six months ended 30 June 2024, the revenue of the Group's property development business amounted to approximately RMB3,002,236,000, which represents a substantial decrease of approximately 38% from the corresponding period last year. Operating profit amounted to approximately RMB320,526,000, which represents a substantial decrease of approximately 57% compared to the corresponding period last year. The property projects recognised during the Period decreased sharply compared with the same period last year, hence the revenue and operating profit of property development business during the Period fell significantly as compared to the same period last year.



## Management Discussion and Analysis

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

Project	Location	Average Selling Price (RMB/sqm)	Floor Areas Sold (sqm)	Revenue (RMB'000)
Baoye Daban Green Garden	Shaoxing	26,939	42,407	1,142,417
Xialv Project • Yunxili	Shaoxing	13,643	35,469	483,895
Baoye Four Seasons Garden	Shaoxing	15,513	25,767	399,712
Sizhou Green Garden	Sixian	4,529	39,166	177,369
Jiangnan Fu	Taihe	6,605	24,699	163,144

For the six months ended 30 June 2024, the Group's property development business achieved a contract sales value of approximately RMB1.26 billion with a total contract sales area of approximately 136,855 square metres.

### Projects under Development

As at 30 June 2024, projects under development of the Group are tabulated below:

Project Name	Location	Total GFA Under Development (sqm)	Equity Interest of the Group
Baoye Four Seasons Garden	Shaoxing	191,105	100%
Xialv Project	Shaoxing	149,716	60%
Fengyue Shangzhu	Hangzhou	49,497	100%
Xishan Yueyuan	Lishui	116,905	100%
Biou Jiayuan	Lishui	124,655	100%
Active Paradise	Shanghai	65,001	100%
Puyuan	Wuhan	165,144	100%
Qinyuan	Yichang	196,596	100%
Binhe Green Garden	Mengcheng	Under planning	100%
Baoye Longhu Yucheng	Kaifeng	300,598	60%
Baoye Junyue Green Garden	Lu'an	216,407	100%
Zhengzhou Project	Zhengzhou	Under planning	51%
Sizhou Green Garden	Sixian	23,012	100%
Xuefu Green Garden	Sixian	Under planning	100%
Qinglan Green Garden	Bozhou	404,465	51%

## Management Discussion and Analysis

Baoye Four Seasons Garden is located in Kuaijishan Tourist Resort Zone, a provincial resort district in Zhejiang Province. With historical culture and spectacular scenery, the area is where ancient civilisation flourished. As the origin of many myths and folklores, this area has not only deep richness in culture 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”, merging nature with urban prosperity. 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, town houses and garden houses, all fully equipped with supporting facilities, such as a golf club, a five-star resort hotel, two leisure parks, a sports park, a shopping arcade, a kindergarten and a central lakeside garden. There are a few units of houses remaining for sale under Phase I. Some houses under Phase II were delivered while the remaining is under development and pre-sale.

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 metres, 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, is developed in two phases and has been basically sold out. During the Period, the residential units under Phase I of Yunxili were delivered to the owners, and Phase II will be delivered in the second half of 2024.

Fengyue Shangzhu is located in Xiaoshan District, Hangzhou City. The project covers a site area of approximately 16,235 square metres, with a plot ratio of 2.0 and a total gross floor area of approximately 49,497 square metres. 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 refined decoration system. The construction of the project has been completed and the project will be delivered in the second half of 2024. The remaining units are currently on pre-sale.

Xishan Yueyuan, located in Liandu District, Lishui City, Zhejiang Province, has a total site area of approximately 45,173 square metres and a total gross floor area of approximately 116,905 square metres. The project consists of high-rise mixed with low-rise buildings, well decorated mixed with non-decorated units, with some of the buildings being built by the Company’s one-hundred-year housing 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 developed in two phases, both of which are currently under construction and have started pre-sale.

Biou Jiayuan, located in Liandu District, Lishui City, Zhejiang Province, has a site area of approximately 45,949 square metres and a total gross floor area of approximately 124,655 square metres. A subsidiary of the Company secured this land use right in June 2022 at a total consideration of RMB270,000,000. A portion of the project will be sold to the local community, whose homes were being demolished as part of the construction process, at specified concessional prices. The project is developed in two phases, both of which are currently under construction and have started pre-sale.

Baoye Active Paradise, located in Baihe Town, Qingpu District, Shanghai, has a site area of 22,309 square metres and a plot ratio of 2.0. The Group acquired this 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 embodies technical housing which leverages new industrialised prefabricated assembly technology and takes the essence of Industry 4.0 technology with exquisite craftsmanship and a fully imported production line of the global leading brand, Vollert from Germany, in order to create premium residences. At present, the construction of the project will be completed soon and the pre-sale is undergoing. The project is scheduled to be delivered in the second half of 2024.

## Management Discussion and Analysis

Baoye Puyuan, located at the centre area of Guanggu Centre, Donghu High-Tech Development District, Wuhan City, Hubei Province, has a total site area of approximately 45,582 square metres and a total gross floor area of approximately 165,144 square metres. 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 in proximity to schools and parks. The project is close to prosperity but far away from noise. At present, the project is under construction and pre-sale with sound results.

Baoye Qinyuan, located in centre 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 metres and a total gross floor area of approximately 196,596 square metres. The project will be constructed with a rare plot ratio of 2.0 in the centre 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 with Phase I under construction and pre-sale.

Mengcheng Binhe Green Garden, located in Mengcheng County, Anhui Province, has a site area of approximately 76,503 square metres. A wholly-owned subsidiary of the Company acquired this land use right in May 2022 at a total consideration of RMB240,990,000. The project is currently under construction and pre-sale.

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 is developed in five phases. The first and second phases have commenced delivery to owners, and only few units remain for sale. The minority of third phase is currently under construction and pre-sale.

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 metres, and a gross floor area of approximately 129,665 square metres, which was delivered at the end of 2020. The commercial segment with a site area of approximately 7,220 square metres 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 Company obtained the land use right of another segment with a total site area of approximately 111,947 square metres on the west side of the project. The segment consists of 21 high-rises and is developed in two phases. The 11 buildings under Phase I were delivered in July 2022. Phase II is composed of 10 buildings, of which 4 buildings were delivered in July 2023 and the remaining 6 buildings are still under construction and pre-sale.

Zhengzhou Project, located in Jianshan Tourist Resort Zone, Xinmi City, Zhengzhou City, Henan Province, with convenient transportation, spectacular scenery and historical culture, has a site area of approximately 336,776 square metres. The Group acquired this land use right in November 2018 at a total consideration of RMB184,662,013. The project is currently 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 parcels A and B with a total site area of approximately 46,888 square metres and a gross floor area of approximately 124,907 square metres 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 metres 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 B was delivered in 2021 and the land parcel A was delivered in 2023. The land parcel C was partially delivered in the first half of 2024, while the remaining is still under construction and pre-sale.

## Management Discussion and Analysis

Sixian Xuefu Green Garden, located in Sixian Economic Development District, Suzhou City, Anhui Province, has a site area of approximately 111,955 square metres. 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 metres and a gross floor area of approximately 404,465 square metres 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 of the project. The project is developed in two residential communities in the north and south. In view of the current market environment, the project is proceeding as planned. The south community will be developed in three phases, with Phase I expected to be delivered in the second half of 2024. The remaining of the project is still under planning.

### New Land Reserve

Time table	Location	Cost (RMB'000)	Land area (sqm)	Equity
July, 2024	Shao Xing City, Zhejiang Province	416,000	42,966	70%
July, 2024	Shao Xing City, Zhejiang Province	291,877	14,094	100%

The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. The Group has land reserve mainly in Zhejiang, Anhui and Henan. The Group will pay close attention to the land auction market and acquire further land reserves at reasonable cost in Zhejiang, Shanghai, Hubei and Anhui.

### Building Materials Business

For the six months ended 30 June 2024, the revenue of the Group's building materials business was approximately RMB1,001,350,000, representing a decrease of approximately 10% compared to the same period last year; operating loss was approximately RMB22,768,000, which represents a sharp decrease in loss of approximately 80% over the same period last year. The decrease in operating loss was mainly owing to the special impairment accounted for the trade receivables and contract assets of some real estate development companies with increased credit risk during the corresponding period last year.

The revenue breakdown of the Group's building materials for the six months ended 30 June 2024 is analysed below:

	For the six months ended 30 June				Change
	2024		2023		
	RMB'000	% the total	RMB'000	% the total	
Curtain Wall	568,683	58%	591,240	53%	-4%
Furnishings and Interior Decorations	123,959	12%	78,023	7%	59%
Ready-mixed Concrete	64,286	6%	79,394	7%	-19%
PC Assembly Plate	164,505	16%	264,814	24%	-38%
Wooden Products and Fireproof Materials	31,240	3%	47,270	4%	-34%
Steel Structure	17,859	2%	8,499	1%	110%
Others	30,818	3%	40,869	4%	-25%
<b>Total</b>	<b>1,001,350</b>	<b>100%</b>	<b>1,110,109</b>	<b>100%</b>	<b>-10%</b>



## Management Discussion and Analysis

### *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 30 June 2024, the mine was still under infrastructure construction and had not yet commenced mineral mining work, which is expected to commence in the second half of 2024.

## **BUSINESS PROSPECT**

### **Construction Business**

In terms of development environment home and abroad, external environment remains challenging while domestic economic growth comes under pressure. With fixed asset investment growth declining and real estate development contraction deepening, the construction industry is still facing a severe test. In the coming years, how to survive under the volatile market conditions will be a major issue for construction enterprises. "Success could be attained only by hard work rather than hesitation." Baoye is not the company which grows fastest, but it insists on a healthy and steady development. Looking forward to the future, the Group will continue to stick to exquisite craftsmanship quality, coordinate and promote projects in a high-quality and efficient manner, and strive for superior engineering projects. Additionally, the Group will proactively expand business areas, refine its portfolio of ongoing projects, participate in urban construction in more dimensions, and take the lead in developing new quality productive forces in the industry and boosting high-quality development of the Company.

### **Property Development Business**

During the first half of 2024, the Chinese government launched many supportive policies on both sides of supply and demand for the property market. On 30 April, the CPC Central Committee Political Bureau meeting underscored the need to "reduce housing inventory and improve the quality of new housing in a coordinated manner", shifting the policy focus to "reducing housing inventory". On 17 May, the People's Bank of China adopted a full range of policies to optimise real estate credit, which helped bolster homebuying demand. On 7 June, the State Council executive meeting called for steps to "reduce the housing inventory and stabilize property market". Despite such efforts, weak housing demand and high debt of property developers continued to dampen activity in the industry, and the whole property sector was still confronted with significant downward pressure when undergoing a deep adjustment. However, the Group firmly believe that as long as we maintain sound development momentum, the Group will be poised to seize structural opportunities of the market and grow against headwinds in the current shrinking market.

A mercenary attitude is doomed to failure; a people-oriented approach will spark innovation. The property industry has undergone a times of "whether you have it" to "what you have". The golden age of a massive expansion has gone, yet high-quality property has ushered in a new era. People's pursuit of a better life will be never ending, so will the property. Following a long period of pain and industry reshuffle, only "good houses" with high quality can generate demand and win market share. "Good houses" should not only be in line with contemporary aesthetics and lifestyle, but also can go through cycles and withstand the test of time. Looking ahead, with steadfast commitment to the idea of "Good houses built by Baoye", the Group will keep its "one-hundred-year housing" construction technology abreast with the times, and insist that speed and quality go hand in hand, with a view to providing good houses of "high quality, new technology and good service" for the society.

## Management Discussion and Analysis

### Building Materials Business

The development of science and technology can liberate people from back-breaking manual labour, and modern manufacturing industry can ensure the quality and standards of products by implementing product standardisation and regularisation. In the past, construction industry was primarily driven by scale and speed, while today's market prioritizes quality, safety and environmental protection. In terms of the advanced experience of developed countries and the accumulated efforts of construction industrialisation following decades of rapid development in China's construction industry, construction industrialisation is undoubtedly the inevitable trend of the industry development. As an enterprise group integrating the three main businesses of building construction, property development and building industrialisation, the Group has been deeply involved in the three main businesses for more than 20 years. From the perspective of the Group's urgent need of pursuing "Good houses built by Baoye" in property development business and the Group's deep insight on the pain points and difficulties in traditional construction business, construction industrialisation aims at creating high-quality buildings based on the achievements made by traditional construction industry, which will not only effectively improve the efficiency of construction and quality of buildings, but also further reduce quality hazards and safety risks, contamination and wastage. In the future, the Group will persistently explore construction industrialisation technologies and products suitable for China's realities, integrate 80,000 parts and upstream and downstream industrial chains, and elevate traditional construction industry to construction industrialisation cluster manufacturing characterised by "Clicks and mortar, from building to manufacturing", striving to realise the transformation and upgrading of the industry from construction sites to factories, and from workers to machines.

## 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 36.9% (corresponding period of 2023: 37.4%) of the total borrowings. In addition, approximately 58.1% of the total borrowings (corresponding period of 2023: 60.4%) were guaranteed by the Company; approximately 0.7% of the total borrowings (corresponding period of 2023: 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 2024, the untapped banking facilities of the Group amounted to approximately RMB7 billion. As at 30 June 2024, the Group's gearing ratio (being its total debts divided its equity attributable to the owners of the Company) was 2.5 (31 December 2023: 2.7).

## Management Discussion and Analysis

Details of which are analysed below:

	As at 30 June	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	8,899,761	8,224,103
Term deposits with initial term of over three months	416,758	427,992
Restricted bank deposits	994,447	1,622,198
Less: total borrowings	(3,418,175)	(3,372,370)
Net cash	6,892,791	6,901,923
Total equity attributable to owners of the Company	12,853,413	12,311,475
Net cash ratio	54%	56%

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

## Other Key Financial Ratios

	As at 30 June	
	2024	2023
Return on equity	2.91%	5.72%
Net assets value per share (RMB yuan)	24.68	23.64
Current ratio	1.23	1.21

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 RMB373,845,000, a substantial decrease of approximately 46.9% compared with the same period last year, and the return on shareholders' equity decreased by approximately 49.2% compared with the same period last year. As at 30 June 2024, the Group was still in a net cash position with a net cash ratio of 54%.

## Management Discussion and Analysis

**Cash Flow Analysis**

	Note	For the six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Net cash (used in)/generated from operating activities	(i)	<b>(144,049)</b>	164,744
Net cash used in investing activities	(ii)	<b>(275,767)</b>	(24,922)
Net cash (used in)/generated from financing activities	(iii)	<b>(114,092)</b>	315,383
Net (decrease)/increase in cash and cash equivalents		<b>(533,908)</b>	455,205

*Notes:*

- (i) During the Period under review, the net cash used in operating activities was approximately RMB144,049,000, representing an increase of cash outflow of approximately RMB308,793,000 compared to the same period last year, which was mainly due to the increase in land appreciation tax payments resulted from the increase in land appreciation tax settlement projects during the period;
- (ii) During the Period under review, the net cash used in investing activities was approximately RMB275,767,000, representing an increase of cash outflow of approximately RMB250,845,000 compared to the same period last year, which was mainly owing to the increase in loans to joint ventures;
- (iii) During the Period under review, the net cash used in financing activities was approximately RMB114,092,000, representing an increase of cash outflow of approximately RMB429,475,000 compared to the same period last year, which was mainly attributed to the increase in repayment of bank borrowings during the Period.

**Administrative Expense**

The Group's administrative expenses amounted to approximately RMB340,359,000 for the six months ended 30 June 2024, representing a decrease of 9% as compared to that of approximately RMB375,704,000 for the same period last year. The decrease in administrative expenses was consistent with the decrease of revenue recognized compared with the same period last year.

**Finance Income-Net**

For the six months ended 30 June 2024, the Group had registered financial income of approximately RMB8,921,000, finance costs of approximately RMB(7,859,000) and net finance income of approximately RMB1,062,000 (corresponding period of 2023: RMB6,738,000), representing a decrease of approximately RMB5,676,000 compared to the same period last year, mainly due to the net foreign exchange gains decreased compared with the same period last year.

**Income Tax Expense**

For the six months ended 30 June 2024, income tax expenses comprised of PRC corporate income tax of approximately RMB144,062,000 (corresponding period of 2023: approximately RMB275,187,000) and PRC land appreciation tax of approximately RMB73,540,000 (corresponding period of 2023: approximately RMB184,490,000), representing a decrease of approximately RMB242,075,000 compared to the same period last year, primarily due to less income and lower profit margin of properties recognised during the Period under review.

## Management Discussion and Analysis

**Financial Guarantee**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	<b>1,292,991</b>	1,411,759
Guarantees to an associate in respect of borrowings (b)	<b>15,600</b>	–

(a) 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.

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

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

As at 30 June 2024, properties under development, right-of-use for land, property, plant and equipment with an aggregate carrying value of approximately RMB2,405,800,000 (as at 31 December 2023: approximately RMB2,887,990,000) 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 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 to have a 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 2024 (corresponding period of 2023: 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 more than one third of the Board. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders.

## Corporate Governance

### BOARD COMMITTEES

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

### AUDIT COMMITTEE

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

### REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2024 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 2024 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.

## ENVIRONMENT, 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 14 June 2024.

## 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 2024. 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](http://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 2024, 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.



## Corporate Governance

**SUBSTANTIAL SHAREHOLDERS OF H SHARES**

As at 30 June 2024, 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	17.24%	5.63%
Zhu Yicai ( <i>note 1</i> )	29,304,000	17.24%	5.63%

Notes:

1. Mr. Zhu Yicai, the spouse of Ms. Wu Xueqin, is deemed to be interested 29,304,000 H shares.
2. Information disclosed here is based on the information available on the website of Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).
3. As at 30 June 2024, the Company has a total of 520,756,053 shares, of which 170,014,000 shares were H shares.

**THE ARTICLES OF ASSOCIATION**

On 14 June 2024, the Company convened the 2023 annual general meeting, H shares class meeting and domestic shares class meeting to approve the amendments to the Articles of Association by way of a special resolution. The major amendments were made in view of the following reasons:

On 14 February 2023, the State Council (the "State Council") of the PRC published the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents\*" (《國務院關於廢止部分行政法規和文件的決定》). Accordingly, the "Special Provisions of the State Council Concerning the Overseas Securities Offering and Listing by Limited Stock Companies\*" (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (the "Special Provisions") was abolished. On 17 February 2023, with the approval of the State Council, the China Securities Regulatory Commission (the "CSRC") published the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies\*" (《境內企業境外發行證券和上市管理試行辦法》). Accordingly, the Mandatory Provisions was abolished with effect from 31 March 2023. The Stock Exchange amended the Listing Rules based on the above new regulations with effect from 1 August 2023. In addition, pursuant to the consultation conclusions of the "Consultation Paper on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments" published by the Stock Exchange in June 2023, the relevant amendments to the Listing Rules came into effect on 31 December 2023, so that, among other things, to the extent permitted under all applicable laws and regulations, a listed issuer must (i) send or otherwise make available the corporate communications (as defined under the Listing Rules) to the relevant holders of its securities using electronic means; or (ii) make the corporate communications available on its website and the Stock Exchange's website. Details of the amendments please refer to the circular dated 26 April 2024 on the websites of the Company and The Stock Exchange.

On 11 April 2024, the Company repurchased 128,000 H shares, and on 5 July 2024, the Company has cancelled the above repurchased H shares. The Company has correspondingly amended certain provisions of the articles of association to reflect such changes. Such amended changes had been approved by the relevant government authorities. For details, please refer to the articles of association published on 9 September 2024 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 Domestic Shares (Long Position)	Number of H Shares (Long Position)	Approximate Percentage of the Total Registered Capital of the Relevant Entity
<b>Directors</b>					
Mr. Pang Baogen	The Company	Individual	193,753,054	–	37.21%
Mr. Gao Lin	The Company	Individual	9,544,775	–	1.83%
Mr. Gao Jun	The Company	Individual	5,794,259	–	1.11%
Mr. Jin Jixiang	The Company	Individual	2,440,527	–	0.47%
Mr. Xu Gang	The Company	Individual	18,407,116	–	3.53%
Mr. Wang Rongbiao	The Company	Individual	2,638,026	–	0.51%
Mr. Xia Feng	The Company	Individual	18,918,851	–	3.63%
<b>Supervisors</b>					
Wang Jianguo	The Company	Individual	5,250,290	–	1.01%
Wang Jianguo	Zhejiang Baoye Curtain Wall Decoration	Individual	42,700,001	–	16.94%
<b>Senior Management</b>					
Mr. Lou Zhonghua	The Company	Individual	4,533,172	–	0.87%

Note:

As at 30 June 2024, the Company has a total of 520,756,053 shares, of which 170,014,000 shares were H shares.

## Other Information

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

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

### **CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION**

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

Name	Change
<b>Director</b> Mr. Xia Feng	Re-elected as an executive Director of the Company since 14 June 2024

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

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

### **HUMAN RESOURCES**

As at 30 June 2024, the Group had a total of approximately 6,236 permanent employees (as at 30 June 2023: 6,445). There were also approximately 62,659 indirectly employed construction site workers (as at 30 June 2023: 62,587). These workers were not directly employed by the Group. For the six months ended 30 June 2024, the total employee benefit expenses amounted to approximately RMB2,363,570,000 (the corresponding period in 2023: RMB2,251,063,000). 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 2024, 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 Period under review, the Company repurchased a total of 128,000 of its H Shares, representing approximately 0.075% and 0.025% of the total number of H Shares and total number of issued shares of the Company respectively, for a total consideration of HK\$560,760 (excluding trading fees). Details of the repurchase of H Shares were as shown in the next day disclosure returns dated 11 April 2024 published on the website of The Stock Exchange of Hong Kong Limited.

Particulars of the shares buy-back are as follows:

Month	Number of shares buy-back	Purchase price		Aggregate Consideration (before expenses) HKD	Status
		Highest (HKD/Share)	Lowest (HKD/Share)		
April 2024	128,000	4.40	4.30	560,760	Cancelled (a)

(a) The repurchased 128,000 H Shares has been cancelled on 5 July, 2024.

## LITIGATION AND ARBITRATION

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

## ENTRUSTED DEPOSITS AND OVERDUE TIME DEPOSITS

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

## APPRECIATION

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

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

Zhejiang, the PRC  
 29 August, 2024

# 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 61, 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 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

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

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 29 August 2024

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# INTERIM FINANCIAL INFORMATION

## Interim Condensed Consolidated Balance Sheet

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	3,015,055	3,053,270
Right-of-use assets	11	711,579	723,156
Investment properties	11	1,133,745	1,132,408
Intangible assets	12	414,197	388,147
Investments accounted for using the equity method	7	489,970	485,694
Trade and other receivables	10	535,767	536,520
Financial assets at fair value through other comprehensive income	5.3	588,487	725,835
Financial assets at fair value through profit or loss	5.3	12,519	11,315
Deferred income tax assets		485,924	444,811
		<b>7,387,243</b>	7,501,156
<b>Current assets</b>			
Inventories		376,946	329,204
Properties under development	8	7,868,834	8,578,138
Completed properties held for sale	9	6,522,578	7,421,631
Contract assets	13	6,553,843	6,613,284
Trade and other receivables	10	7,628,674	7,128,853
Financial assets at fair value through profit or loss	5.3	–	6,000
Restricted bank deposits		994,447	1,174,237
Term deposits with initial term of over three months		416,758	329,301
Cash and cash equivalents		8,899,761	9,432,353
		<b>39,261,841</b>	41,013,001
<b>Total assets</b>		<b>46,649,084</b>	48,514,157
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital and premium and treasury shares	14	889,722	890,230
Other reserves	15	514,111	617,063
Retained earnings		11,449,580	11,075,735
		<b>12,853,413</b>	12,583,028
<b>Non-controlling interests</b>		<b>480,121</b>	420,901
<b>Total equity</b>		<b>13,333,534</b>	13,003,929

## Interim Financial Information

## Interim Condensed Consolidated Balance Sheet (continued)

	<i>Note</i>	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	17	964,065	1,001,322
Lease liabilities		10,254	11,211
Deferred income tax liabilities		291,584	315,353
		<b>1,265,903</b>	1,327,886
<b>Current liabilities</b>			
Contract liabilities		11,714,301	13,141,914
Trade and other payables	16	17,631,768	17,762,483
Lease liabilities		2,634	2,764
Bank and other borrowings	17	2,454,110	2,542,721
Current income tax liabilities		246,834	732,460
		<b>32,049,647</b>	34,182,342
<b>Total liabilities</b>		<b>33,315,550</b>	35,510,228
<b>Total equity and liabilities</b>		<b>46,649,084</b>	48,514,157

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

Approved by the Board of Directors on 29 August 2024 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	
		2024 RMB'000	2023 RMB'000
Revenue	6	12,770,676	14,324,646
Cost of sales	20	(11,805,399)	(13,139,094)
<b>Gross profit</b>		<b>965,277</b>	1,185,552
Other income	18	141,178	131,776
Other gains – net	19	10,151	366,463
Selling and marketing costs	20	(67,302)	(91,741)
Administrative expenses	20	(340,359)	(375,704)
Net impairment losses on financial assets and contract assets		(84,511)	(96,581)
<b>Operating profit</b>		<b>624,434</b>	1,119,765
Finance income	21	8,921	6,942
Finance costs	21	(7,859)	(204)
Finance income – net	21	1,062	6,738
Share of results of investments accounted for using the equity method	7	15,371	56,792
<b>Profit before income tax</b>		<b>640,867</b>	1,183,295
Income tax expenses	22	(217,602)	(459,677)
<b>Profit for the period</b>		<b>423,265</b>	723,618
<b>Profit attributable to:</b>			
– Owners of the Company		373,845	704,675
– Non-controlling interests		49,420	18,943
		<b>423,265</b>	723,618
<b>Earnings per share for profit attributable to the owners of the Company</b>			
– Basic and diluted (expressed in RMB yuan per share)	23	0.72	1.34

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



## Interim Financial Information

## Interim Condensed Consolidated Statement of Comprehensive Income

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Profit for the period</b>	<b>423,265</b>	723,618
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<b>58</b>	401
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of financial assets at fair value through other comprehensive income	<b>(103,010)</b>	203,512
<b>Total other comprehensive income for the period, net of tax</b>	<b>(102,952)</b>	203,913
<b>Total comprehensive income for the period</b>	<b>320,313</b>	927,531
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	<b>270,893</b>	908,588
– Non-controlling interests	<b>49,420</b>	18,943
	<b>320,313</b>	927,531

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

## Interim Financial Information

## Interim Condensed Consolidated Statement of Changes in Equity

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

## Interim Financial Information

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

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

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

## Interim Financial Information

## Interim Condensed Consolidated Statement of Cash Flows

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	587,120	520,786
Interest paid	(63,425)	(71,969)
Income tax paid	(667,744)	(284,073)
<b>Net cash (used in)/generated from operating activities</b>	<b>(144,049)</b>	164,744
<b>Cash flows from investing activities</b>		
Payments for investments in a joint venture	(4,900)	(9,800)
Dividends received from a joint venture	14,700	–
Loans to a joint venture	(243,000)	–
Repayments of loans by joint ventures	3,250	20,543
Repayment of loans by an associate	–	2,465
Purchases of financial assets at fair value through profit or loss	–	(17,000)
Disposal of financial assets at fair value through profit or loss	6,074	14,953
Disposal of an associate	5,380	–
Purchases of property, plant and equipment	(102,367)	(154,722)
Disposal of property, plant and equipment	8,449	38,502
Purchases of right-of-use assets	(307)	(569)
Purchases of intangible assets	(15,795)	
Placement of term deposits with initial term of over three months	(340,000)	(333,588)
Withdrawal of term deposits with initial term of over three months	252,543	283,538
Interest received	140,206	130,756
<b>Net cash used in investing activities</b>	<b>(275,767)</b>	(24,922)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2,000,600	2,004,990
Repayments of borrowings	(2,126,468)	(1,610,756)
Principal elements of lease payments	(1,294)	(2,261)
Capital contributions by non-controlling interests	9,800	–
Proceeds from/(repayments of) advances from non-controlling interests	3,270	(42,706)
Dividends paid to non-controlling interests	–	(33,884)
<b>Net cash (used in)/generated from financing activities</b>	<b>(114,092)</b>	315,383
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(533,908)</b>	455,205
Cash and cash equivalents at beginning of the period	9,432,353	7,748,703
Exchange gains on cash and cash equivalents	1,316	20,195
<b>Cash and cash equivalents at end of the period</b>	<b>8,899,761</b>	8,224,103

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

## Interim Financial Information

## Notes to the Interim Financial Information

**1 GENERAL INFORMATION**

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

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

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

Unless otherwise stated, this interim financial information for the six months ended 30 June 2024 (“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 2024 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 2023 (the “2023 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 MATERIAL ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the 2023 Financial Statements, except for the adoption of new and amendments to HKFRSs effective for the financial year beginning 1 January 2024.

**(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 2024 reporting period and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Interim Financial Information (continued)

**4 ESTIMATES**

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

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

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 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 2024				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Principal of bank and other borrowings	2,454,110	215,200	698,865	50,000	3,418,175
Interest of bank and other borrowings	89,842	47,742	7,605	3,550	148,739
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	16,902,788	–	–	–	16,902,788
Lease liabilities	2,511	2,528	7,585	1,264	13,888
	19,449,251	265,470	714,055	54,814	20,483,590
Financial guarantees	1,292,991	15,600	–	–	1,308,591

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

	As at 31 December 2023				
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Principal of bank and other borrowings	2,542,721	258,520	676,802	66,000	3,544,043
Interest of bank and other borrowings	93,750	40,566	41,631	11,181	187,128
Trade and other payables (excluding other taxes payables, prepayments and salaries payables)	16,751,691	–	–	–	16,751,691
Lease liabilities	3,358	2,467	7,585	2,528	15,938
	19,391,520	301,553	726,018	79,709	20,498,800
Financial guarantees	1,411,759	–	–	–	1,411,759

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 2024 and 31 December 2023, 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 2024			Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets at fair value through profit or loss ("Financial assets at FVPL")				
– Listed equity securities	12,519	–	–	12,519
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI")				
– Listed equity securities	588,487	–	–	588,487
	<b>601,006</b>	<b>–</b>	<b>–</b>	<b>601,006</b>
	As at 31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL				
– Bank financial products	–	–	6,000	6,000
– Listed equity securities	11,315	–	–	11,315
Financial assets at FVOCI				
– Listed equity securities	725,835	–	–	725,835
	<b>737,150</b>	<b>–</b>	<b>6,000</b>	<b>743,150</b>

There were no changes in valuation techniques during the period.



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> RMB'000	2023 RMB'000
At 1 January	<b>6,000</b>	329,280
Additions	–	17,000
Disposals	<b>(6,000)</b>	(17,355)
Fair value changes	–	95,115
Transfer to level 1 (a)	–	(367,040)
At 30 June	–	57,000
Gains recognised in 'Other gains – net'	<b>74</b>	953

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

The fair value of the Group's investment in SRIBSG was determined by the management using the quoted market price of the shares of SRIBSG after its IPO completion.

**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 2024 compared to 2023.

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 2024 and 2023 are as follows:

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

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**6 SEGMENT INFORMATION (CONTINUED)**

	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
<b>Total segment revenue</b>	<b>8,782,807</b>	<b>4,822,040</b>	<b>1,718,319</b>	<b>328,952</b>	<b>15,652,118</b>
Less: inter-segment revenue	(551,872)	–	(608,210)	(167,390)	(1,327,472)
<b>Revenue (from external customers)</b>	<b>8,230,935</b>	<b>4,822,040</b>	<b>1,110,109</b>	<b>161,562</b>	<b>14,324,646</b>
<b>Operating profit/segment results</b>	<b>483,044</b>	<b>751,482</b>	<b>(114,818)</b>	<b>57</b>	<b>1,119,765</b>
Depreciation	37,578	6,449	69,068	31,398	144,493
Net impairment losses/(reversal of impairment losses) on financial assets and contract assets	18,166	(2,139)	80,965	(411)	96,581

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	
	2024 RMB'000	2023 RMB'000
Revenue from provision of construction services:		
– Recognised over time	<b>8,596,299</b>	8,230,935
Revenue from sale of properties:		
– Recognised at a point in time	<b>3,002,236</b>	4,822,040
Revenue from sale of building materials:		
– Recognised at a point in time	<b>274,780</b>	526,100
– Recognised over time	<b>726,570</b>	584,009
	<b>1,001,350</b>	1,110,109
Others:		
– Recognised at a point in time	<b>96,815</b>	80,088
– Recognised over time	<b>14,196</b>	16,057
	<b>111,011</b>	96,145
Revenue from other sources:		
– Rental income	<b>59,780</b>	65,417
	<b>12,770,676</b>	14,324,646

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Investments in joint ventures (a)	454,687	445,027
Investments in associates (b)	35,283	40,667
	<b>489,970</b>	485,694

**(a) Investments in joint ventures**

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	2023 RMB'000
<b>At 1 January</b>	445,027	344,821
Additions	4,900	9,800
Share of results	17,755	60,070
Dividends	(14,700)	–
Adjustment for transactions between the Group and joint ventures	1,705	139
<b>At 30 June</b>	<b>454,687</b>	414,830
Represented by share of net assets	<b>454,687</b>	414,830

**(b) Investments in associates**

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	2023 RMB'000
<b>At 1 January</b>	40,667	57,914
Additions	1,000	–
Disposals	(4,000)	–
Share of results	(2,384)	(3,278)
<b>At 30 June</b>	<b>35,283</b>	54,636
Represented by share of net assets	<b>35,283</b>	54,636

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**8 PROPERTIES UNDER DEVELOPMENT**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
At cost	<b>5,700,706</b>	7,858,272
At net realisable value	<b>2,168,128</b>	719,866
	<b>7,868,834</b>	8,578,138

**9 COMPLETED PROPERTIES HELD FOR SALE**

	<b>30 June</b>	
	<b>2024 RMB'000</b>	2023 RMB'000
At cost	<b>2,686,431</b>	6,564,597
At net realisable value	<b>3,836,147</b>	857,034
	<b>6,522,578</b>	7,421,631

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**10 TRADE AND OTHER RECEIVABLES**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Non-current assets</b>		
Loans to joint ventures (a)	<b>399,181</b>	398,927
Loans to associates (b)	<b>136,586</b>	137,593
	<b>535,767</b>	536,520
<b>Current assets</b>		
Trade receivables (c)	<b>5,151,030</b>	4,930,759
Other receivables and prepayments (d)	<b>2,172,857</b>	2,122,751
Loans to joint ventures (a)	<b>304,787</b>	75,343
	<b>7,628,674</b>	7,128,853

**(a) Loans to joint ventures**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>At 1 January</b>	<b>483,785</b>	504,865
Additions	<b>243,000</b>	16,602
Repayments	<b>(3,250)</b>	(39,555)
Interest accrued	<b>972</b>	1,873
	<b>724,507</b>	483,785
Less: provision for loss allowance	<b>(20,539)</b>	(9,515)
<b>At 30 June</b>	<b>703,968</b>	474,270
Less: current portion	<b>(304,787)</b>	(75,343)
Non-current portion	<b>399,181</b>	398,927

RMB49,447,000 (31 December 2023: RMB50,125,000) of loans to joint ventures are interest-bearing at interest rates ranging from 4% per annum to 5.22% per annum (31 December 2023: at ranging from 4% per annum to 5.22% per annum) with maturity within one year. The remaining amounts of the loans are interest-free and repayable on demand. All loans to joint ventures were unsecured.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>At 1 January</b>	<b>140,213</b>	142,678
Repayments	<b>(1,000)</b>	(2,465)
	<b>139,213</b>	140,213
Less: provision for loss allowance	<b>(2,627)</b>	(2,620)
<b>At 30 June</b>	<b>136,586</b>	137,593

Loans to associates are interest-free and unsecured.

**(c) Trade receivables**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade receivables	<b>5,799,161</b>	5,560,800
Less: provision for loss allowance	<b>(648,131)</b>	(630,041)
	<b>5,151,030</b>	4,930,759

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

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 3 months	<b>1,703,072</b>	1,714,935
3 months to 1 year	<b>1,716,359</b>	1,817,330
1 to 2 years	<b>1,193,798</b>	916,598
2 to 3 years	<b>645,530</b>	724,951
Over 3 years	<b>540,402</b>	386,986
	<b>5,799,161</b>	5,560,800



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2024, a provision of RMB648,131,000 (as at 30 June 2023: RMB630,041,000) was made against the gross amount of trade receivables.

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

**(d) Other receivables and prepayments**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Other receivables:</b>		
– Retention money and project deposits	668,365	580,330
– Advances to project managers (i)	123,474	127,828
– Government compensation	378,256	378,256
– Others	285,179	276,523
	<b>1,455,274</b>	1,362,937
Less: provision for loss allowance	<b>(19,792)</b>	(18,421)
	<b>1,435,482</b>	1,344,516
<b>Prepayments:</b>		
– Prepayments for land use rights for property development	378,050	378,050
– Prepaid income taxes	233,116	299,144
– Others	126,209	101,041
	<b>737,375</b>	778,235
<b>Other receivables and prepayments</b>	<b>2,172,857</b>	2,122,751

(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**

	<b>Right-of-use for land</b> RMB'000	<b>Right-of-use for properties</b> RMB'000	<b>Property, plant and equipment</b> RMB'000	<b>Investment properties</b> RMB'000
<b>Six months ended 30 June 2023</b>				
At 1 January 2023	742,020	16,520	3,146,542	758,548
Additions	569	–	154,722	–
Interest capitalised (Note 21)	–	–	14,679	–
Disposals	(6,382)	–	(32,888)	–
Depreciation	(11,896)	(1,510)	(131,087)	–
Fair value losses	–	–	–	(1,093)
At 30 June 2023	724,311	15,010	3,151,968	757,455
<b>Six months ended 30 June 2024</b>				
At 1 January 2024	<b>709,656</b>	<b>13,500</b>	<b>3,053,270</b>	<b>1,132,408</b>
Additions	<b>100</b>	<b>207</b>	<b>102,367</b>	–
Interest capitalised (Note 21)	–	–	<b>12,569</b>	–
Disposals	–	–	<b>(6,905)</b>	–
Depreciation	<b>(10,374)</b>	<b>(1,510)</b>	<b>(146,246)</b>	–
Fair value losses	–	–	–	<b>1,337</b>
At 30 June 2024	<b>699,382</b>	<b>12,197</b>	<b>3,015,055</b>	<b>1,133,745</b>

The valuations of investment properties at 30 June 2024 and 2023 were carried out by the management, using discounted cash flow projections based on significant unobservable inputs. The fair value measurement of the investment properties is categorised within level 3 of the fair value hierarchy. The key assumptions used in the valuation are rental cash inflows, capitalisation rates and discount rates.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**12 INTANGIBLE ASSETS**

	<b>Construction stone mining right</b> RMB'000 <i>Note (a)</i>	<b>Goodwill</b> RMB'000	<b>Total</b> RMB'000
<b>Six months ended 30 June 2023</b>			
At 1 January 2023	371,613	16,534	388,147
Additions	–	–	–
Amortisation (a)	–	–	–
At 30 June 2023	371,613	16,534	388,147
<b>Six months ended 30 June 2024</b>			
At 1 January 2024	<b>371,613</b>	<b>16,534</b>	<b>388,147</b>
Additions	<b>26,050</b>	–	<b>26,050</b>
Amortisation (a)	–	–	–
At 30 June 2024	<b>397,663</b>	<b>16,534</b>	<b>414,197</b>

- (a) As of 30 June 2024, the Group has not commenced any mining production activities and thus there has been no amortisation charged to profit or loss.

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**13 CONTRACT ASSETS**

Details of contract assets are as follows:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Relating to construction services	<b>6,359,856</b>	6,356,749
Relating to installation of building materials	<b>463,357</b>	471,886
	<b>6,823,213</b>	6,828,635
Less: provision for loss allowance	<b>(269,370)</b>	(215,351)
Total contract assets	<b>6,553,843</b>	6,613,284

**14 SHARE CAPITAL AND PREMIUM AND TREASURY SHARES**

	Number of shares (thousands of RMB1 each)	Ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
At 1 January 2024					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	170,014	170,014	369,474	–	539,488
	520,756	520,756	369,474	–	890,230
Buy-back of H shares (a)	(128)	–	(380)	(128)	(508)
At 30 June 2024					
– Domestic shares	350,742	350,742	–	–	350,742
– H shares	169,886	170,014	369,094	(128)	538,980
	520,628	520,756	369,094	(128)	889,722

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

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

- (a) During the period, the Company repurchased 128,000 H Shares, representing approximately 0.0753% and 0.0246% of the total number of H Shares and total number of issued shares of the Company, respectively.

## Notes to the Interim Financial Information (continued)

**15 OTHER RESERVES**

	Financial assets fair value reserve RMB'000	Statutory surplus reserve RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2023</b>				
At 1 January 2023	76,096	252,990	(8,987)	320,099
Revaluation of financial assets at FVOCI	271,348	–	–	271,348
Revaluation-tax	(67,836)	–	–	(67,836)
Currency translation differences	–	–	401	401
At 30 June 2023	279,608	252,990	(8,586)	524,012
<b>Six months ended 30 June 2024</b>				
At 1 January 2024	366,520	259,069	(8,526)	617,063
Revaluation of financial assets at FVOCI	(137,348)	–	–	(137,348)
Revaluation-tax	34,338	–	–	34,338
Currency translation differences	–	–	58	58
At 30 June 2024	263,510	259,069	(8,468)	514,111

**16 TRADE AND OTHER PAYABLES**

	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade payables (a)	11,169,779	10,761,627
Other payables (b)	6,461,989	7,000,856
	17,631,768	17,762,483

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Within 3 months	<b>4,514,956</b>	4,418,814
3 months to 1 year	<b>4,064,398</b>	3,733,685
1 to 2 years	<b>1,346,553</b>	1,360,660
2 to 3 years	<b>847,132</b>	851,171
Over 3 years	<b>396,740</b>	397,297
	<b>11,169,779</b>	10,761,627

**(b) Other payables**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Deposits from project managers	<b>3,732,914</b>	3,944,352
Amounts due to non-controlling interests (i)	<b>489,867</b>	486,597
Prepayments from government for housing demolition and relocation (ii)	<b>450,591</b>	451,092
Deposits from property purchasers	<b>279,412</b>	246,880
Other taxes payables	<b>222,763</b>	454,638
Salaries payables	<b>55,626</b>	105,062
Others	<b>1,230,816</b>	1,312,235
	<b>6,461,989</b>	7,000,856

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

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

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**17 BANK AND OTHER BORROWINGS**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Non-current liabilities</b>		
Long-term bank borrowings		
– Secured (a)	<b>1,089,825</b>	1,296,852
– Unsecured with guarantee (b)	<b>152,000</b>	50,000
Less: current portion	<b>(277,760)</b>	(345,530)
	<b>964,065</b>	1,001,322
<b>Current liabilities</b>		
Short-term bank borrowings		
– Secured (a)	<b>170,000</b>	90,000
– Unsecured with guarantee (b)	<b>1,860,350</b>	1,967,662
– Guaranteed by the companies within the Group	<b>146,000</b>	139,529
Current portion of non-current liabilities	<b>277,760</b>	345,530
	<b>2,454,110</b>	2,542,721
	<b>3,418,175</b>	3,544,043



## Interim Financial Information

## Notes to the Interim Financial Information (continued)

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

Movements in bank and other borrowings are analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b> RMB'000	2023 RMB'000
At 1 January	3,544,043	2,978,136
Additions	2,013,000	2,004,990
Repayments	(2,138,868)	(1,610,756)
At 30 June	<b>3,418,175</b>	3,372,370

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

	<b>30 June</b> 2024 RMB'000	31 December 2023 RMB'000
Properties under development	1,680,748	1,950,460
Right-of-use for land	250,000	271,996
Property, plant and equipment	475,052	665,534
	<b>2,405,800</b>	2,887,990

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

	<b>30 June</b> 2024 RMB'000	31 December 2023 RMB'000
The Company	1,987,350	1,992,662
The Company and non-controlling shareholders (jointly)	25,000	25,000
	<b>2,012,350</b>	2,017,662

**(c)** The carrying amounts of bank and other borrowings are mainly denominated in RMB. The weighted average effective interest rate of borrowings at 30 June 2024 was 3.49% per annum (31 December 2023: 3.65% per annum).

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**18 OTHER INCOME**

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income on		
– Financial assets held as investments	113,457	102,074
– Advances to project managers and loans to a joint venture	27,721	29,702
	<b>141,178</b>	131,776

**19 OTHER GAINS – NET**

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Demolition compensation	–	337,020
Government grants and compensation	7,226	13,274
Gains on disposal of financial assets at FVPL	74	953
Net foreign exchange losses	(2,683)	(2,401)
Gains on disposal of property, plant and equipment	1,544	5,614
Fair value gains from financial assets at FVPL	1,204	2,402
Fair value gains/(losses) of investment properties	1,337	(1,093)
Donations	(10,480)	(10)
Others	11,929	10,704
	<b>10,151</b>	366,463

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**20 EXPENSES BY NATURE**

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> RMB'000	2023 RMB'000
Cost of construction contracts	<b>6,180,643</b>	6,122,255
Employee benefit expenses	<b>2,363,570</b>	2,251,063
Cost of properties sold	<b>2,459,472</b>	3,854,933
Raw materials and consumables used	<b>749,607</b>	823,011
Depreciation charges	<b>156,620</b>	144,493
Impairment on properties under development	<b>22,624</b>	88,643
Impairment on completed properties held for sale	<b>61,183</b>	4,744
Changes in inventories of finished goods and work in progress	<b>53,786</b>	51,768
Others	<b>165,555</b>	265,629
	<b>12,213,060</b>	13,606,539

**21 FINANCE INCOME – NET**

	<b>Six months ended 30 June</b>	
	<b>2024</b> RMB'000	2023 RMB'000
Finance income:		
Interest income from financial assets held for cash management purposes	<b>8,921</b>	6,942
Finance costs:		
Interests on bank and other borrowings and lease liabilities	<b>(63,425)</b>	(71,969)
Less: interest capitalised in properties under development	<b>41,681</b>	43,125
Less: interest capitalised in constructions in progress	<b>12,569</b>	14,679
	<b>(9,175)</b>	(14,165)
Net foreign exchange gains on financing activities	<b>1,316</b>	13,961
	<b>(7,859)</b>	(204)
Finance income – net	<b>1,062</b>	6,738

## 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 2023 Financial Statements. Income tax expenses are determined and accounted for based on management's estimate of the annual income tax rate expected for the full financial year.

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC corporate income tax	<b>174,606</b>	288,596
– Land appreciation tax	<b>73,540</b>	184,490
	<b>248,146</b>	473,086
Deferred income tax		
– PRC corporate income tax	<b>(30,544)</b>	(13,409)
	<b>217,602</b>	459,677

**23 EARNINGS PER SHARE**

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

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
Profit attributable to the owners of the Company (RMB'000)	<b>373,845</b>	704,675
Weighted average number of ordinary shares in issue during the period (thousands shares)	<b>520,756</b>	526,108
Basic earnings per share (RMB yuan)	<b>0.72</b>	1.34

The Company had no dilutive potential shares in issue during the six months ended 30 June 2024 and 2023, 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 2024 (six months ended 30 June 2023: nil).

## Interim Financial Information

## Notes to the Interim Financial Information (continued)

**25 FINANCIAL GUARANTEES**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	<b>1,292,991</b>	1,411,759
Guarantees to an associate in respect of borrowings (b)	<b>15,600</b>	–
	<b>1,308,591</b>	1,411,759

(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**

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	2023 RMB'000
Sales of goods	<b>6,846</b>	2,135
Provide construction services	<b>869</b>	5,416
Rental income	<b>4,145</b>	105
Purchase of technical consulting services	<b>19,701</b>	1,947
Purchase of building materials	<b>75,438</b>	21,618

**(b) Balances with joint ventures**

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Trade receivables	<b>21,323</b>	51,731
Trade payables	<b>12,581</b>	22,878

# DEFINITIONS

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

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

## Definitions

Supervisor(s)	the supervisor(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
The Company/Baoye	Baoye Group Company Limited, a joint stock limited company incorporated in the PRC and listed on the main board of the Stock Exchange
The Group/Baoye Group	the Company and its subsidiaries
The Period	the six months ended 30 June 2024