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

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

(Stock Code: 2355)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Baoye Group Company Limited* (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 prepared in accordance with Hong Kong Financial Reporting Standards, together with comparative figures for the year ended 31 December 2024. The following financial information is extracted from the audited consolidated financial statements as set out in the Group’s 2025 Annual Report.

* For identification purposes only

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	4	19,946,668	22,338,716
Cost of sales		(18,466,613)	(20,597,034)
Gross profit		1,480,055	1,741,682
Other income	5	150,649	247,592
Other losses – net	6	(152,656)	(15,226)
Selling and marketing costs		(176,578)	(160,108)
Administrative expenses		(706,743)	(755,619)
Reversal/(provision) for impairment losses on financial and contract assets		78,461	(97,617)
Operating profit		673,188	960,704
Finance income		16,663	17,949
Finance costs		(40,522)	(32,777)
Finance costs – net		(23,859)	(14,828)
Share of results of investments accounted for using the equity method		(3,139)	32,839
Impairment of investments accounted for using the equity method		(64,700)	–
Profit before income tax		581,490	978,715
Income tax expenses	7	(289,829)	(477,472)
Profit for the year		291,661	501,243
Profit attributable to:			
– Owners of the Company		289,644	409,907
– Non-controlling interests		2,017	91,336
		291,661	501,243
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (expressed in RMB yuan per share)	8	0.56	0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	291,661	501,243
Other comprehensive loss:		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(351)	601
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	(90,163)	(3,522)
Total other comprehensive loss for the year, net of tax	(90,514)	(2,921)
Total comprehensive income for the year	201,147	498,322
Total comprehensive income attributable to:		
– Owners of the Company	199,130	406,986
– Non-controlling interests	2,017	91,336
Total comprehensive income for the year	201,147	498,322

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		2,984,549	3,041,440
Right-of-use assets		679,165	698,182
Investment properties		1,123,499	1,174,384
Intangible assets		221,918	380,184
Investments accounted for using the equity method	<i>10</i>	460,676	514,727
Trade and other receivables	<i>11</i>	297,157	398,116
Financial assets at fair value through other comprehensive income		672,653	721,139
Financial assets at fair value through profit or loss		12,725	13,486
Deferred income tax assets		473,654	429,805
		6,925,996	7,371,463
Current assets			
Inventories		287,532	419,306
Properties under development		4,646,074	6,903,082
Completed properties held for sale		6,732,384	6,379,748
Contract assets	<i>4(b)</i>	3,406,693	4,612,561
Trade and other receivables	<i>11</i>	10,188,909	9,360,962
Financial assets at fair value through profit or loss		308,000	64,672
Restricted bank deposits		1,290,062	1,248,932
Term deposits with initial term of over three months		1,973,120	832,376
Cash and cash equivalents		6,468,851	8,009,474
		35,301,625	37,831,113
Total assets		42,227,621	45,202,576

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	Note	2025	2024
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium		889,722	889,722
Other reserves		626,892	635,849
Retained earnings		11,603,976	11,463,935
		<u>13,120,590</u>	<u>12,989,506</u>
Non-controlling interests		<u>517,153</u>	<u>558,017</u>
Total equity		<u>13,637,743</u>	<u>13,547,523</u>
LIABILITIES			
Non-current liabilities			
Bank and other borrowings		548,800	429,432
Lease liabilities		7,061	9,317
Deferred income tax liabilities		226,894	266,358
		<u>782,755</u>	<u>705,107</u>
Current liabilities			
Contract liabilities	4(b)	8,296,329	10,394,542
Trade and other payables	12	15,540,913	16,773,049
Lease liabilities		2,152	1,995
Bank and other borrowings		3,501,655	3,279,516
Current income tax liabilities		466,074	500,844
		<u>27,807,123</u>	<u>30,949,946</u>
Total liabilities		<u>28,589,878</u>	<u>31,655,053</u>
Total equity and liabilities		<u>42,227,621</u>	<u>45,202,576</u>

Notes:

1. GENERAL INFORMATION

Baoye Group Company Limited (the “**Company**”) was established as a limited liability company in the People’s Republic of China (the “**PRC**”) and the H shares of the Company 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 (collectively the “**Group**”) are the provision of construction services, sale and installation of building materials and development and sale of properties in the PRC.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated, and was approved by the Board of Directors for issue on 27 March 2026.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“**financial assets at FVPL**”), financial assets at fair value through other comprehensive income (“**financial assets at FVOCI**”) and investment properties, which are carried at fair value.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The group has applied the following new and amended standards for its annual reporting period commencing 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for December 31, 2025 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and measurements of financial instruments	January 1, 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity	January 1, 2026
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11	January 1, 2026
HKFRS 18	Presentation and disclosure in financial statements	January 1, 2027
HKFRS 19 and amendment	Subsidiaries without public accountability: disclosures	January 1, 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate	To be determined

The Group has commenced an assessment of the impact of these new and amended standards, certain of which are relevant to the Group. According to the preliminary assessment made by the management of the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective, except for HKFRS 18.

4. SEGMENT INFORMATION

The segment information was as follows:

	Year ended 31 December 2025				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Segment revenue	13,021,314	5,428,000	3,561,011	759,041	22,769,366
Less: inter-segment revenue	(1,169,219)	(16,439)	(1,237,613)	(399,427)	(2,822,698)
Revenue (from external customers)	11,852,095	5,411,561	2,323,398	359,614	19,946,668
Operating profit/(loss)	358,297	402,848	(90,891)	2,934	673,188
Depreciation	54,218	29,003	110,367	50,100	243,688
Reversal for impairment losses on financial assets and contract assets	(51,465)	(5,398)	(20,703)	(895)	(78,461)
Impairment loss on construction stone mining right	–	–	157,588	–	157,588
	Year ended 31 December 2024				
	Construction RMB'000	Property development RMB'000	Building materials RMB'000	Others RMB'000	Group RMB'000
Segment revenue	15,536,750	5,269,450	4,005,388	781,862	25,593,450
Less: inter-segment revenue	(1,401,744)	–	(1,462,926)	(390,064)	(3,254,734)
Revenue (from external customers)	14,135,006	5,269,450	2,542,462	391,798	22,338,716
Operating profit/(loss)	524,089	435,792	(27,321)	28,144	960,704
Depreciation	63,931	9,432	139,786	46,510	259,659
Provision/(reversal) for impairment losses on financial assets and contract assets	89,914	9,761	(7,056)	4,998	97,617
Impairment loss on construction stone mining right	–	–	38,432	–	38,432

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.

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

(a) **Analysis of revenue by category**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers:		
Revenue from provision of construction services:		
– Recognised over time	11,852,095	14,135,006
Revenue from sale of properties:		
– Recognised at a point in time	5,411,561	5,269,450
Revenue from sale of building materials:		
– Recognised at a point in time	857,130	965,871
– Recognised over time	1,466,268	1,576,591
	<u>2,323,398</u>	<u>2,542,462</u>
Revenue from others:		
– Recognised at a point in time	233,171	226,325
– Recognised over time	26,071	26,069
	<u>259,242</u>	<u>252,394</u>
Revenue from other sources:		
Rental income	100,372	139,404
	<u>19,946,668</u>	<u>22,338,716</u>

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(b) **Assets and liabilities related to contracts with customers**

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Details of contract assets are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Relating to construction services	3,266,857	4,316,227
Relating to installation of building materials	302,036	488,084
	<u>3,568,893</u>	<u>4,804,311</u>
Less: provision for loss allowance	<u>(162,200)</u>	<u>(191,750)</u>
Total contract assets	<u>3,406,693</u>	<u>4,612,561</u>

Contract assets consist of unbilled amounts resulting from rendering of construction services and installation of building materials when the revenue recognised exceeds the amount billed to the customer.

Details of contract liabilities are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Related to construction services	2,499,483	3,304,131
Related to sale of properties	4,892,901	6,325,630
Related to sale of building materials	903,945	764,781
	<hr/>	<hr/>
Total contract liabilities	<u>8,296,329</u>	<u>10,394,542</u>

Contract liabilities of the Group mainly arose from the advance payments made by customers while the underlying properties, goods or services are yet to be delivered or provided.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year		
– Provision of construction services	2,175,940	1,329,243
– Sale of properties	3,446,499	4,133,178
– Sale of building materials	532,974	430,854
	<hr/>	<hr/>
	<u>6,155,413</u>	<u>5,893,275</u>

Unsatisfied contracts are:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Expected to be recognised within one year	14,893,177	17,779,171
Expected to be recognised after one year	46,179,726	50,244,816
	<hr/>	<hr/>
Total transaction price allocated to the unsatisfied contracts as of 31 December	<u>61,072,903</u>	<u>68,023,987</u>

5. OTHER INCOME

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on		
– Financial assets held as investments	105,226	200,658
– Advances to project managers and joint ventures	45,423	46,934
	150,649	247,592

6. OTHER LOSSES – NET

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Demolition compensation	2,921	9,919
Government grants and compensation	26,030	57,548
Gains on disposal of financial assets at FVPL	446	74
Fair value losses from investment properties	(50,885)	(43,083)
Impairment loss on construction stone mining right	(157,588)	(38,432)
Fair value (losses)/gains of financial assets at FVPL	(761)	1,893
Gains/(losses) on disposal of property, plant and equipment	13,671	(5,313)
Gains on disposal of right-of-use for land	6,909	–
Donations	(1,071)	(11,594)
Net foreign exchange losses	(12,430)	(4,323)
Others	20,102	18,085
	(152,656)	(15,226)

7. INCOME TAX EXPENSES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax		
– PRC CIT	195,183	303,366
– Land appreciation tax	151,152	230,783
	<u>346,335</u>	<u>534,149</u>
Deferred income tax		
– PRC CIT	(56,506)	(56,677)
	<u>289,829</u>	<u>477,472</u>

(a) Hong Kong profits tax

No provision for Hong Kong profits tax was made as the Group had no assessable profit for the year (2024: nil).

(b) PRC corporate income tax

PRC Corporate Income Tax (“CIT”) is provided on the assessable income of the Group’s entities incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC.

Certain subsidiaries of the Group in the PRC have been approved as High and New Technology Enterprise and were entitled to a preferential CIT rate of 15% during their respective approved periods according to the applicable CIT law.

Save as aforesaid, the Company and other major subsidiaries were subject to CIT at a rate of 25% (2024: 25%).

(c) PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding treasury shares:

	2025	2024
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>289,644</u>	<u>409,907</u>
Weighted average number of ordinary shares in issue during the year (<i>thousands shares</i>)	<u>520,663</u>	<u>520,663</u>
Basic earnings per share (<i>RMB yuan</i>)	<u>0.56</u>	<u>0.79</u>

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equalled the basic earnings per share.

9. DIVIDENDS

The board of directors recommended the payment of a final dividend of RMB0.085 per ordinary share for the year ended 31 December 2025 (2024: RMB0.12 per ordinary share). Such dividend is subject to the approval by the shareholders of the Company at the Annual General Meeting scheduled to be held on 18 June 2026. These financial statements do not reflect this dividend payable.

On 28 March 2025, the Board recommended the payment of a final dividend of RMB0.12 per share for the year ended 31 December 2024, which was approved by the shareholders of the Company at the annual general meeting held on 13 June 2025. The said dividend has been fully distributed during 2025.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Investments in joint ventures (a)	439,560	481,671
Investments in associates (b)	<u>21,116</u>	<u>33,056</u>
	<u>460,676</u>	<u>514,727</u>

(a) Investments in joint ventures

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	481,671	445,027
Additions	24,782	29,900
Adjustment for transactions between the Group and joint ventures	1,306	512
Dividends	(9,800)	(29,330)
Impairment of investments accounted for using the equity method (i)	(64,700)	–
Share of results	<u>6,301</u>	<u>35,562</u>
At 31 December	<u>439,560</u>	<u>481,671</u>
Represented by share of net assets	<u>439,560</u>	<u>481,671</u>

- (i) During the year ended 31 December 2025, management conducted an impairment assessment of a joint venture, Wuhan Baoye Dexin Real Estate Co., Ltd. (武漢寶業德信置業有限公司, "Wuhan Dexin"), a property development company in Wuhan, and recognized an impairment loss of RMB64,700,000.

(b) **Investments in associates**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	33,056	40,667
Additions	–	840
Disposal	(2,000)	(5,728)
Transfer to subsidiaries	(500)	–
Share of results	(9,440)	(2,723)
	<hr/>	<hr/>
At 31 December	21,116	33,056
	<hr/>	<hr/>
Represented by share of net assets	21,116	33,056
	<hr/>	<hr/>

As at 31 December 2025, there were no contingent liabilities relating to the Group's interests in the joint ventures and associates.

The directors of the Company considered that none of the joint ventures and associates is significant to the Group and thus the individual financial information of the joint ventures and associates is not disclosed.

11. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets		
Loans to joint ventures	162,807	398,116
Loans to associates	134,350	–
	<hr/>	<hr/>
	297,157	398,116
	<hr/>	<hr/>
Current assets		
Trade receivables (a)	5,729,182	6,148,448
Other receivables and prepayments (b)	4,456,656	3,027,276
Loans to joint ventures	–	47,936
Loans to associates	3,071	137,302
	<hr/>	<hr/>
	10,188,109	9,360,962
	<hr/>	<hr/>
Total trade and other receivables	10,486,066	9,759,078
	<hr/>	<hr/>

(a) **Trade receivables**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	6,436,204	6,897,890
Less: provision for loss allowance	(707,022)	(749,442)
	<u>5,729,182</u>	<u>6,148,448</u>

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	1,439,969	2,689,176
3 months to 1 year	2,807,075	2,342,252
1 to 2 years	1,296,080	789,157
2 to 3 years	477,504	542,006
Over 3 years	415,576	535,299
	<u>6,436,204</u>	<u>6,897,890</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2025, a provision of RMB707,022,000 (2024: RMB749,442,000) 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.

The gross amounts of the Group's trade receivables were denominated in the following currencies:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Denominated in:		
– RMB	6,297,500	6,759,267
– Other currencies	138,704	138,623
	<u>6,436,204</u>	<u>6,897,890</u>

As at 31 December 2025, the carrying value of trade receivables approximated their fair value.

(b) **Other receivables and prepayments**

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Other receivables:		
– Retention money and project deposits	728,461	754,007
– Advances to project managers	118,675	110,421
– Government compensation	334,514	377,256
– Others	214,387	225,932
	1,396,037	1,467,616
Less: provision for loss allowance	(17,492)	(16,231)
	1,378,545	1,451,385
Prepayments:		
– Prepayments for land use rights for property development	2,189,217	729,305
– Prepayments to suppliers	422,713	413,173
– Prepaid income taxes	359,400	320,514
– Others	106,781	112,899
	3,078,111	1,575,891
Other receivables and prepayments	4,456,656	3,027,276

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

As at 31 December 2025, the carrying value of other receivables approximated their fair value.

As at 31 December 2025, the carrying amounts of other receivables and prepayments were mainly denominated in RMB.

12. TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables (a)	9,943,487	11,173,249
Other payables (b)	5,597,426	5,599,800
	<u>15,540,913</u>	<u>16,773,049</u>

(a) Trade payables

As at 31 December 2025, the ageing analysis of the trade payables based on invoice date was as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	3,524,636	4,828,004
3 months to 1 year	3,542,414	3,996,898
1 to 2 years	1,861,943	1,164,515
2 to 3 years	700,691	824,169
Over 3 years	313,803	359,663
	<u>9,943,487</u>	<u>11,173,249</u>

The carrying amounts are considered to be the same as their fair values, due to their short-term nature.

(b) Other payables

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Deposits from project managers	3,157,818	3,176,946
Amounts due to non-controlling interests (i)	535,900	573,952
Amounts due to joint ventures	37,686	–
Prepayments from government for housing demolition and relocation (ii)	456,512	450,591
Deposits from property purchasers	227,019	240,088
Other taxes payables	30,387	143,669
Salaries payables	36,679	57,810
Others	1,115,425	956,744
	<u>5,597,426</u>	<u>5,599,800</u>

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

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

The carrying amounts are considered to be the same as their fair values, due to their short-term nature.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 18 June 2026 (the “**AGM**”). The notice of the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 May 2026 to 18 June 2026 both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Shares registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares), or to the Company’s office address at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Unlisted Shares) no later than 4:30 p.m. on 15 May 2026. The register of members of the Company will be closed from 29 June 2026 to 3 July 2026, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholder’s approval at the AGM), all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Shares registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong (for holders of H Shares) or to the Company’s office address of No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Unlisted Shares) no later than 4:30 p.m. on 26 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the year ended 31 December 2025, the Group achieved a consolidated revenue of approximately RMB19,946,668,000 (2024: RMB22,338,716,000), representing a decrease of approximately 10.7% compared to the previous year; operating profit reached approximately RMB673,188,000 (2024: RMB960,704,000), representing a decrease of approximately 29.9% compared to the previous year; profit attributable to owners of the Company amounted to approximately RMB289,644,000 (2024: RMB409,907,000), representing a decrease of approximately 29.3% compared to the previous year; earnings per share was RMB0.56 (2024: RMB0.79), representing a decrease of approximately 29.1% compared to the previous year.

New Equity Investment

In September 2025, the Company acquired 9% equity interest in Zhejiang Architectural Science Design and Research Institute Company Limited from 17 individual investors at a cash consideration of RMB71,731,000. Founded in 1955, Zhejiang Architectural Science Design and Research Institute Company Limited is one of the 35 provincially-administered scientific research institutes in Zhejiang Province. Distinguished by a full range of specialties, technical authority, an extensive industrial chain and growing influence, it is a scientific research institute and technical service provider within the province’s construction sector. By leveraging our strategic synergy, the Company expects to further enhance its market influence in the industry.

Revenue

	For the year ended 31 December				Change
	2025		2024		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Construction	11,852,095	59%	14,135,006	63%	-16%
Property Development	5,411,561	27%	5,269,450	24%	3%
Building Materials	2,323,398	12%	2,542,462	11%	-9%
Others	359,614	2%	391,798	2%	-8%
Total	<u>19,946,668</u>	<u>100%</u>	<u>22,338,716</u>	<u>100%</u>	<u>-11%</u>

Operating Profit

	For the year ended 31 December				Change
	2025		2024		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Construction	358,297	53%	524,089	55%	-32%
Property Development	402,848	60%	435,792	45%	-8%
Building Materials	(90,891)	-14%	(27,321)	-3%	-233%
Others	2,934	1%	28,144	3%	-90%
Total	<u>673,188</u>	<u>100%</u>	<u>960,704</u>	<u>100%</u>	<u>-30%</u>

Operating Profit Margin

	For the year ended 31 December		Change
	2025	2024	
Construction	3.0%	3.7%	-18%
Property Development	7.4%	8.3%	-10%
Building Materials	-3.9%	-1.1%	-264%
Others	0.8%	7.2%	-89%

Construction Business

For the year ended 31 December 2025, the Group's construction business achieved revenue of approximately RMB11,852,095,000, representing a decrease of approximately 16% from last year; operating profit amounted to approximately RMB358,297,000, a decrease of approximately 32% compared to last year. In 2025, the decrease in revenue and operating profit of the construction business was mainly due to a sharp market contraction, the industry's transition into an era of inventory competition with serious overcapacity, and the continuing decline in gross profit margins of construction enterprises, which were directly caused by multiple factors, including a slowdown in macroeconomic growth, a deceleration in direct infrastructure investment growth driven by mounting fiscal pressures on local governments, and the shrinking demand for housing construction amid the deep adjustment of real estate sector.

The Group acquired new construction business orders of approximately RMB9.69 billion in 2025 (2024: RMB10.92 billion), a decrease of approximately 11.3%. The Group evaluates the risks carefully before bidding for projects to ensure the capital safety. In 2025, the high-end projects acquired by the Group are as follows: Keqiao North Ring Expressway Project (an expressway-grade upgrade of Linhang Avenue and Hangzhou Bay Avenue), Keqiao North Ring Binhai Extension Project (Lvyun Road – Chunxiao Road Section), Zhejiang Xingke Advanced Optoelectronic Display Industry Project (Phase II), Airport-Based Digital Intelligence Industrial Park (Phase I of the Zhejiang Provincial Modern Industrial Park for Civil Air Defense), Suzhou Plot No. 2023-WG-97 Project of Suzhou Hongcheng Real Estate Company Limited, Qingpu District Plot No. 57-01 (Pangu Phase II) Project, Putian Communication (Tianjin) Company Limited New Economy Talent Life Centre Project, Botswana NF Road Project, etc.

The Group focuses on brand building and continues to rank among the best in Zhejiang's construction industry in terms of awards. In 2025, the Group received a total of 44 awards. The key award-winning projects are set out as follows:

Project Name	Award
Xingfa Group Yichang Headquarter	Chutian Cup
Baoyi • Future Yangtze City	Chutian Cup
Nanshan Yuefu	Chutian Cup
Jindi Laoguancun Plot No. K2	Chutian Cup
Baoye Optics Valley Central City Plot No. 108	High-quality Project for Building Structure of Hubei Province
Yichang Baoye Plot No. 52#	High-quality Project for Building Structure of Hubei Province
Taihe Jiangnanfu	Huangshan Cup

Project Name	Award
Pujiang County People's Hospital	Shuanglong Cup
Plot A of the rebuilding of dilapidated houses in Laohegang Area	Hupo Cup
Baoye Sizhou Green Garden	Jinji Cup

Property Development Business

Property Sales

For the year ended 31 December 2025, revenue of the Group's property development business amounted to approximately RMB5,411,561,000, representing an increase of approximately 3% from last year. Operating profit amounted to approximately RMB402,848,000, a decrease of approximately 8% compared to last year. As the real estate market was still undergoing adjustment, the Company has made provisions for a certain amount of impairment loss on some property development projects which has further affected the operating profit. In 2025, the Group's property development business made every effort to improve quality and reduce inventory, and the projects in Shaoxing, Wuhan and other cities still achieved remarkable sales results against challenging market conditions.

For the year ended 31 December 2025, revenue from 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 Puyuan	Wuhan	16,488	101,769	1,677,944
Baoye Four Seasons Garden	Shaoxing	16,994	73,547	1,249,830
Baoye Qinyuan	Yichang	8,254	67,604	558,009
Baoye Biou Jiayuan	Lishui	8,233	51,070	420,456
Baoye Binhe Green Garden	Mengcheng	4,775	42,412	202,521

For the year ended 31 December 2025, the sales contracts of the Group's property development business amounted to approximately RMB3.34 billion (2024: RMB2.87 billion) with a contract sale area of approximately 343,174 square metres, excluding the property sales registered under joint ventures, as they will be progressively completed, delivered and recognised as revenue in the next two to three years.

Projects under development

As at 31 December 2025, the Group's main projects under development are set out below:

Project Name	Location	Total GFA Under Development (<i>sqm</i>)	Equity Interest of the Group
Baoye Four Seasons Garden	Shaoxing	144,582	100%
Daban Low-carbon Garden	Shaoxing	35,656	100%
Chunying Tangqianyuan	Shaoxing	78,551	70%
Xialv Project	Shaoxing	Under Planning	60%
Qinyuan	Yichang	99,128	100%
Binhe Green Garden	Mengcheng	86,443	100%
Baoye Longhu Yucheng	Kaifeng	300,598	60%
Baoye Junyue Green Garden	Lu'an	216,407	100%
Zhengzhou Project	Zhengzhou	Under Planning	51%
Sizhou Green Garden	Sixian	23,012	100%
Xuefu Green Garden	Sixian	Under Planning	100%
Qinglan Green Garden	Bozhou	252,268	51%
Baoye • Hongqiao Guozhanli	Shanghai	Under Planning	100%
Baoye Riverside Garden	Wuhan	Under Planning	100%

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

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

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

Xialv Project consists of three separate parcels of land with a total cost of RMB511,036,354 and a total site area of 262,862 square meters, of which the Group holds a 60% interest. The Group acquired the land use rights through public judicial auction in 2017. One of the three parcels of land, Baoye Yunxili has been completed with some remaining units for sale. The other two parcels of land are pending to be developed.

Baoye Qinyuan, located in center area of Wujiagang District, Yichang City, acquired by a subsidiary of the Company in December 2022 at a total consideration of RMB455,100,000 through public bidding, has a total land area of approximately 73,405 square meters and a total gross floor area of approximately 196,596 square meters. The project will be constructed with a rare plot ratio of 2.0 times in the center of Yichang City. The project is surrounded by schools and is close to Binjiang Park, 1st May Square and White Horse Park. The project is developed in two phases. The first phase has started presale in November 2023 with its residential and commercial units sold out, receiving the honor of Yichang's Best-Selling Buildings of 2024. The second phase commenced construction at the end of 2024 and has started presale in January 2025, of which 8 buildings are currently under presale with over 62% units sold, and it was recognised as Yichang's Best-Selling Buildings in the second quarter of 2025 and Yichang's Top 5 Best-Selling Buildings by online contract registrations of 2025.

Mengcheng Binhe Green Garden, located in Mengcheng City, Anhui Province, has a site area of approximately 76,503 square meters and a plot ratio of 2.0 times. A wholly-owned subsidiary of the Company acquired this parcel of land use rights in May 2022 at a total consideration of RMB240,990,000. Phase I has been delivered, and the six 8-storey town houses in Phase II are expected to be delivered in January 2026; Phase III is expected to comprise two 8-storey town houses, five mid-rise buildings of 15–18 storeys, one 26-storey high-rise building, as well as street-front retail units and ancillary facilities, of which the main structures have all been completed with interior finishing works currently underway, the on-site landscaping has been mainly completed, and is scheduled to be delivered in May 2026.

Baoye Longhu Yucheng is located in a prime area of Eastern New City, Xiangfu District, Kaifeng City, Henan Province. It has a total site area of approximately 648,000 square metres and an estimated gross floor area of approximately 972,000 square metres. After completion, it will become the city's new business centre and leisure centre. The project will be developed in five phases. The first, second and third phases have successively been delivered with only a few remaining units available for sale. The fourth and fifth phases are still under planning.

Baoye Junyue Green Garden is located in Lu'an City, Anhui Province. The project was acquired by the Group through a judicial auction in September 2017. This part has a total site area of approximately 54,220 square meters and a gross floor area of approximately 177,162.58 square metres, which was delivered at the end of 2020 and is currently in the process of being settled for land appreciation tax. The commercial segment with a site area of approximately 7,220 square meters is under development. The surrounding transportation of the project is convenient, the supporting facilities are well-developed, and there are parks, banks, shopping malls and other commercial facilities. In February 2019, the project company obtained another land use right with a total site area of approximately 111,947 square meters on the west side of the project, which consists of 21 high-rises and will be developed in two phases. At present, all the buildings have been delivered except for the remaining two buildings of Phase II, which are under construction with their main structure completed and are scheduled to be completed and delivered by the end of 2026.

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

Sizhou Green Garden is located in the Economic Development Zone of Sixian County, Suzhou City, Anhui Province. In May 2019, the Group acquired the land parcel A and B with a total site area of approximately 46,888 square meters and a gross floor area of approximately 124,907 square meters at a total consideration of RMB113,500,000 through public auction. In April 2020, the Group acquired the land parcel C with a total site area of approximately 42,007 square meters at a total consideration of RMB107,120,000 through public auction. This project enjoys well-developed facilities, convenient transportation and education resources. The land parcels A and B have been delivered. The land parcel C has been partially delivered, of which 2 buildings have been delivered in January 2026.

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

Qinglan Green Garden, located in Lixin County, Bozhou City, Anhui Province, has a site area of approximately 171,109 square meters and a gross floor area of approximately 404,465 square meters with a plot ratio of 1.8. A subsidiary of the Company obtained this land use right in September 2021 at a total consideration of RMB565,000,000. The Company holds 51% interest in the project. Phases I and II of the south part of the project have been delivered, while Phase III is currently under presale. The south part is expected to be delivered in August 2026.

Baoye-Hongqiao Guozhanli, located in the Xujing area, Qingpu District, Shanghai, has a total site area of approximately 24,919.52 square meters, with a planned gross floor area of approximately 54,822.94 square meters. A wholly-owned subsidiary of the Company acquired this land use right in November 2025 at a total consideration of RMB1,730,240,000. The project comprises nine residential buildings ranging in height from 15 to 18 storeys with a plot ratio of 2.2 times, and benefits from a full range of commercial, transportation and industrial resources in its vicinity. Positioned as “West Hongqiao improved housing benchmark”, the project will leverage our proprietary prefabricated construction system and ultra-low energy consumption technology, and create a new model of “technological one-hundred-year housing” that is healthy, comfortable and energy-efficient. The construction and presale of the project are expected to commence in 2026.

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

New Land Reserve

During the year of 2025, the newly acquired land reserve is tabulated below:

Time	Location	Cost <i>(RMB'000)</i>	Land area <i>(sqm)</i>	Equity
November, 2025	Qingpu District, Shanghai	1,730,240	24,919.52	100%
December, 2025	Wuhan City, Hubei Province	323,400	16,229	100%

With regard to the new land reserve, the Group, on the premise of ensuring the bottom line of security, will continue to adopt a prudent but proactive attitude and adhere to the philosophy of prudent operation and innovative operating methods. In the future, the Group will extensively evaluate comprehensive factors such as the overall debt level of local governments, population inflow and outflow, and manufacturing development in the region in our land acquisition strategy, with a particular focus on the prime areas of prosperous center cities in Shanghai City, Zhejiang and Hubei Provinces where the Group’s business is mainly conducted.

Building Materials Business

For the year ended 31 December 2025, revenue of the Group's building materials business amounted to approximately RMB2,323,398,000, representing a decrease of approximately 9% compared to last year; operating loss was approximately RMB90,891,000, a notable increase in operating loss compared to the operating loss of approximately RMB27,321,000 last year was mainly due to an impairment loss of approximately RMB157,588,000 on construction stone mining right was recognised since the shrinking market led to a decline in upstream stone prices, while such impairment loss of approximately RMB38,432,000 was recorded in 2024.

For the year ended 31 December 2025, revenue from the Group's building materials is analysed below:

	For the year ended 31 December				Change
	2025		2024		
	RMB'000	% of total	RMB'000	% of total	
Curtain Wall	1,444,335	62%	1,722,913	68%	-16%
Ready-mixed Concrete	197,993	9%	130,214	5%	52%
Furnishings and Interior Decorations	72,745	3%	165,510	7%	-56%
Wooden Products and Fireproof Materials	69,814	3%	63,366	2%	10%
PC assembly plate	329,380	14%	327,156	13%	1%
Steel Structure	39,466	2%	27,223	1%	45%
Others	169,665	7%	106,080	4%	60%
Total	2,323,398	100%	2,542,460	100%	-9%

Construction stone mining rights

Yichang Baoye Mining Company Limited, a wholly-owned subsidiary of the Company, owns a construction stone mining right located in Yichang City, Hubei Province. In 2022, it acquired the mining right located in Yichang City, Hubei Province at a total consideration of RMB371,613,000 for a term of 23 years with a mine area of approximately 0.3323 square kilometres. According to the Geological Survey Report of Caijiawan Limestone for Construction of Yichang Baoye Mining Company Limited and the review filing reply letter and the review opinion, the mining right area of Caijiawan Limestone for Construction Stone of Yichang Baoye Mining Company Limited identified a retained ore resource of 52.848 million tons of limestone for construction. Due to the contraction of the downstream construction market, demand for construction stone has declined, resulting in a significant decrease in the selling prices of the Company's construction stone. Based on a prudent assessment of the future market for construction stone, an impairment loss on this intangible asset of approximately RMB157,588,000 (2024: approximately RMB38,432,000) has been recognised for the year ended 2025.

BUSINESS PROSPECT

Construction Business

In 2026, China's construction industry will remain in a critical period of profound adjustments, and there is a common consensus within the industry that the sharp market contraction has intensified industry competition and posed an existential challenge to enterprises. In view of multiple factors such as slowing population growth, an accelerating population ageing process, a continuing slump in real estate market, and declining investment growth, the construction industry has lost momentum of high growth rate in terms of its gross output value, and the industry faces a major trend transforming from rapid expansion to high-quality development. As the most dynamic entities of the industry ecosystem, private construction companies are confronted with unprecedented survival tests, yet also embrace the opportunities for breakthroughs and development. The Master said, "When the year becomes cold, then we know how the pine and the cypress are the last to lose their leaves." The harsh environment has never broken the most resilient ones; instead, it has allowed us to become more clear-eyed about the complex market, better capture the market trends, and grow the business through hard work. Faced with the irreversible trend of market contraction, private construction enterprises should neither yield to pessimism nor resort to passive responses. Only by steering changes and synergistically "deepening roots domestically" while "going global", can we remove the bottlenecks impeding development and strive for survival and upgrading. In the future, the construction business of the Group will continue to optimise its market layout in a targeted manner, with a focus on growing business in the economically developed regions of Jiangsu, Zhejiang and Shanghai, and seek cooperation for undertaking high-value-added projects with centrally-administered and locally-administered state-owned enterprises. Meanwhile, we will pilot initiatives to expand emerging overseas markets such as Southeast Asia and the Middle East, and focus on "small and beautiful" projects including industrial park supporting facilities and public wellbeing infrastructure, and also pursue opportunities in urban renewal, old town renovation and underground pipeline network upgrades, to explore new growth drivers by leveraging the flexible and efficient cost advantages of private enterprises.

Property Development Business

The profound adjustments of China's real estate industry impact every aspect of the nation's economy and social development. Governments, enterprises and individuals should face the reality: the sector's underlying logic has changed radically. If we remain entrenched in outdated mindsets, all stakeholders involved in the real estate sector will fall behind the times. At present, policies have already eased significantly, mainly manifested in the lifting of home purchase curbs in many cities and the lowest-ever down payment ratio and mortgage interest rate, which further stabilises market expectations and unleashes demand. Amid policy tailwinds, the market performance remains divergent. Specifically, homebuying activities were picked up in core areas of certain key cities, characterised by high-quality projects and improvement-oriented demand, while inventory pressures persist nationwide. In the future, the property sector will not vanish; instead, it will transform from "scale dividend" to "quality dividend". Property developers' core competitiveness will no longer lie in scale and speed, but rather in their comprehensive strength in terms of product quality, service levels and sci-tech innovation capacity. The Group's property development business will intensify efforts to create "one-hundred-year" housing projects. Looking ahead, with the imminent launch of two major projects in Shanghai and Wuhan, the Company will stand out amidst the sluggish market, as its projects like Chunying Tangqianyuan, Puyuan and Qinyuan constantly lead in their respective regional markets. The Group will continue to prudently increase land reserves in economically developed regions, and leverage one-hundred-year housing system to build good houses that are safe, comfortable, eco-friendly and smart.

Housing Industrialization Business

The future is determined by our courage to look ahead, envision the industry landscape for the next decade, and support forward-looking and long-term initiatives. Pursuing a new model of construction industrialization – characterised by high technological content, more economic returns, low resource consumption, less environmental pollution, and optimal human resource deployment – is an inevitable choice to address the long-standing challenges plaguing China's construction industry, including large scale but weak competitiveness, poor industrial foundation, insufficient coordination across the industrial chain, fragmented industrial organisation, and extensive and outdated construction methods. Construction industrialisation, as the core driving force behind the high-quality development of the construction industry, shifts the production of building components from traditional construction sites to factory environments. Its automatic and intelligent production methods significantly enhance the precision and quality of building components, reduce material waste, and improve production efficiency. In addition, its on-site mechanised and prefabricated construction techniques not only lower environmental pollution and resource consumption and increase construction efficiency, but also ensure the overall quality and safety of buildings. Moving forward, the Company will continue to envision the future with foresight and focus on our goals with resolve. We will actively keep abreast of the development trends of construction industrialisation and adjust business and regional layouts based on our resource endowments. We will work to build an intelligent construction system integrating the entire industrial chain of scientific research, design, production and processing, construction and assembly, and operation, while advancing along the path of green buildings and digital transformation.

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

Financial Resources and Liabilities

With the support of steady increase in cash flow, sound credit record and excellent reputation in the industry, the Group preserved the AAA credit rating by a credit rating institution recognised by the People's Bank of China. Such excellent credit rating will benefit the Group's financing activities and allow the Group to continue to enjoy the prime rate offered by the banks. During the year, the Group maintained part of its borrowings on an unsecured basis. The amount of secured debt accounted for approximately 14.6% of the total borrowings (2024: 10.6%). In addition, approximately 46% of the total borrowings (2024: 51.7%) were guaranteed by the Company; approximately 0.2% of the total borrowings (2024: 0.3%) were jointly guaranteed by the Company and non-controlling interests. Leveraging on its excellent credit rating, the Group intends to continue to obtain its borrowings on an unsecured basis, which will be supplemented by project financing when necessary.

The Group's objectives in the management of capital and financial resources are to safeguard the Group's ability to operate as a going concern, 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 resources to expand its business. As at 31 December 2025, the Group has unutilised banking facilities amounting to approximately RMB7.9 billion. As at 31 December 2025, the Group's gearing ratio (being its total liabilities divided its total equity) was 2.1 (31 December 2024: 2.3).

Details of which are analysed below:

	As at 31 December	
	2025	2024
	RMB'000	<i>RMB'000</i>
Cash and cash equivalents	6,468,851	8,009,474
Term deposits with initial term of over three months	1,973,120	832,376
Restricted bank deposits	1,290,062	1,248,932
Less: total borrowings	4,050,455	3,708,948
Net cash	5,681,578	6,381,834
Total equity attributable to owners of the Company	13,120,590	12,989,506
Net cash ratio	43.3%	49.1%

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

Other Key Financial Ratios

	As at 31 December	
	2025	2024
Return on equity	2.2%	3.2%
Net assets value per share (<i>RMB yuan</i>)	25.20	24.95
Current ratio	1.27	1.22

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 year

Current ratio = current assets/current liabilities

During this year, the profit attributed to owners of the Company was approximately RMB289,644,000, representing a decrease of approximately 29.3% over last year. The return on shareholders' equity decreased by approximately 30% over the previous year. And the net assets value per share increased by approximately 1.0% as compared to last year. As at 31 December 2025, the Group was still in a net cash position with a net cash ratio of 43.3%.

Cash Flow Analysis

		For the year ended	
		31 December	
	Note	2025	2024
		RMB'000	RMB'000
Net cash used in operating activities	(i)	(332,041)	(24,485)
Net cash used in investing activities	(ii)	(1,453,605)	(533,165)
Net cash generated from/(used in) financing activities	(iii)	255,489	(870,425)
Net decrease in cash and cash equivalents		(1,530,157)	(1,428,075)
Exchange (losses)/gains on cash and cash equivalents		(10,466)	5,196

Note:

- i During the year, the net cash used in operating activities was approximately RMB332,041,000, an increase of cash outflow of approximately RMB307,556,000 compared to the net cash outflow of approximately RMB24,485,000 of last year, which was primarily due to the decrease in receipt from construction business during the year compared to last year, as well as acquisition of two parcels of land use rights.
- ii During the year, the net cash used in investing activities was approximately RMB1,453,605,000, an increase of cash outflow of approximately RMB920,440,000 compared to the net cash outflow of approximately RMB533,165,000 of last year, which was mainly due to the increase in placement of term deposits with initial term of over three months.
- iii During the year, the net cash generated from financing activities is approximately RMB255,489,000, an increase of cash inflow of approximately RMB1,125,914,000 compared to the net cash outflow of approximately RMB870,425,000 of last year, which was mainly due to the increase in bank borrowings during the year.

Other Losses – Net

During the year of 2025, the Group recorded other losses – net of approximately RMB152,656,000, representing an increase of approximately RMB137,430,000 compared to the other losses – net of approximately RMB15,226,000 last year, mainly due to the impairment loss on construction stone mining right of RMB157,588,000 recorded during the year.

Selling and Marketing Costs

The Group's selling and marketing costs amounted to approximately RMB176,578,000 for the year ended 31 December 2025 (2024: approximately RMB160,108,000), representing an increase of approximately RMB16,470,000, mainly due to the increase in the number of projects available for sale and the increase in the selling and marketing costs.

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB706,743,000 for the year ended 31 December 2025, representing a decrease of approximately RMB48,876,000 compared to approximately RMB755,619,000 of last year, primarily due to the decrease in depreciation charge during the year.

Finance Costs – Net

During the year ended 31 December 2025, the Group recorded net finance costs of approximately RMB23,859,000 (2024: RMB14,828,000).

Income Tax Expenses

During the year ended 31 December 2025, income tax expenses were comprised of PRC corporate income tax of RMB138,677,000 (2024: RMB246,689,000) and PRC land appreciation tax of RMB151,152,000 (2024: RMB230,783,000), representing a decrease of approximately RMB187,643,000 from the previous year. Revenue from the construction business during the year decreased compared to last year and a lower profit margin led to the decrease of corporate income tax. The lower profit margin of the recognised property projects compared to last year led to the decrease of PRC land appreciation tax.

Land Appreciation Tax

The Group has consistently complied with the tax rules and regulations in the PRC and conformed to the Hong Kong Financial Reporting and Accounting Standards in accounting for such tax provision, and has also prepaid the land appreciation taxes based on the sale values by applying assessable rates determined by the respective local tax authorities where the properties are located. For the year ended 31 December 2025, the Group's land appreciation tax amounted to approximately RMB151,152,000.

Financial Guarantee

	31 December 2025 RMB'000	31 December 2024 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers (a)	889,986	1,308,906
Guarantees to an associate and a joint venture in respect of borrowings (b)	99,980	49,980
Total	989,966	1,358,886

- (a) The Group provided guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of properties developed by the Group. The banks will release such guarantees upon the delivery of the building ownership certificates of such properties to banks as securities.
- (b) These mainly represented the maximum exposure of the guarantees provided for borrowings of an associate and a joint venture.

Details of the Charges on the Group's Assets

As at 31 December 2025, properties under development, property, plant and equipment, right-of-use for land at a total value of approximately RMB1,630,941,000 (as at 31 December 2024: RMB847,422,000) were pledged to banks as security in secured bank borrowings.

Capital Expenditure Plan

The Group adopts a prudent approach in capital expenditure spending to ensure security of cash resources. In consideration of the complicated and highly uncertain economic environment, currently the Group has no material capital expenditure plans.

Fluctuation of RMB Exchange Rate and Foreign Exchange Risks

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

CONNECTED TRANSACTIONS

During the year of 2025, the Group had no connected transaction that would require disclosure under the Listing Rules.

CONTINGENT LIABILITIES

As at 31 December 2025, neither the Company nor the Group had any significant contingent liabilities (31 December 2023: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any other material acquisitions or disposals of subsidiaries, joint ventures and associates during the year.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

For the year ended 31 December 2025, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

HUMAN RESOURCES

As at 31 December 2025, the Group had a total of 5,823 permanent employees (as at 31 December 2024: 6,172). Also, there were approximately 51,075 indirectly employed construction site workers (as at 31 December 2024: 61,695). These workers were not directly employed by the Group. For the year ended 31 December 2025, the total employee benefit expenses amounted to approximately RMB3,802,738,000. 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 the 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, unemployment insurance and housing provident fund. The Group highly values human resources management, and is devoted to establishing a high-quality team to support its long-term business development. The Board 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.

As at 31 December 2025, the gender ratio for the Group's employees was approximately 69.44% male and approximately 30.56% female. The Company has implemented a fair employment policy, and the recruitment has been merit-based without any discrimination. The Group will continue to strive for increasing the proportion of female workers, with reference to the Shareholders' expectations and the recommended best management practice, to achieve an appropriate balance in gender diversity. Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report 2025.

LITIGATION AND ARBITRATION

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

ENTRUSTED DEPOSITS AND OVERDUE TIME DEPOSITS

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

CORPORATE GOVERNANCE CODE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has complied with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules as at the date of this announcement except for the vacancy of the chief executive officer. For further details, please refer to the Corporate Governance Report as set out in the Group's 2025 Annual Report.

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 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.

According to the Listing Rules, an issuer must disclose Environmental, Social and Governance (the “**ESG**”) information on an annual basis. The board is responsible for evaluating and determining the issuer's ESG-related risks and has overall responsibility for the report. In April 2025, the “Environmental, Social and Governance Report 2025” will be published at the websites of the Stock Exchange of Hong Kong Limited and the Company respectively.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Board and 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 (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 year of 2025. If any related employees possess information which may be considered as sensitive to the Company's share price and such information is not public, such employee has to comply with the written guidelines, which is as strict as the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive directors, namely Mr. Xiao Jianmu (chairman), Mr. Li Wangrong and Mr. Fung Ching, Simon. The Audit Committee held two meetings on 27 March 2025 and 28 August 2025. Mr. Xiao Jianmu, Mr. Li Wangrong and Mr. Fung Ching, Simon attended the meetings. The Audit Committee has discussed the accounting policies, the critical accounting estimates and assumptions, the audit objectives and the scope of the Group's internal audit department with management. They also discussed with the auditors on their audit plans and key audit areas. The audited consolidated financial statements and the annual results announcement of the Group for the year ended 31 December 2025 had been reviewed by the Audit Committee before submission to the Board for adoption and approval.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The Group's consolidated financial statements for the year ended 31 December 2025 have been audited by PricewaterhouseCoopers who has issued a standard unqualified audit opinion on these financial statements.

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2025 as set out in the announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the announcement.

PUBLICATION OF ANNUAL REPORT

The full text of the Group's 2025 Annual Report will be sent to the shareholders of the Company and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.baoyegroup.com) respectively in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to the Company's 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 People's Republic of China
27 March 2026

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

* *For identification purposes only*