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宝 业
BAOYE

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 2013

The board of directors (the "Board") 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 2013 prepared in accordance with Hong Kong Financial Reporting Standards, together with comparative figures for the year ended 31 December 2012. The following financial information is extracted from the audited consolidated financial statements as set out in the Group's 2013 Annual Report.

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**17,553,323**	17,275,899
Cost of sales		**(16,348,513)**	(15,815,723)
Gross profit		**1,204,810**	1,460,176
Other income	*3*	**70,441**	127,389
Other gains – net	*4*	**127,559**	55,355
Selling and marketing costs		**(51,671)**	(41,056)
Administrative expenses		**(403,512)**	(399,095)
Operating profit		**947,627**	1,202,769
Finance costs		**–**	–
Share of loss of joint ventures		**(17,473)**	(14,662)
Share of loss of associates		**(2,509)**	(5,486)
Profit before income tax		**927,645**	1,182,621
Income tax expense	*5*	**(258,048)**	(426,042)
Profit for the year		**669,597**	756,579
Profit attributable to:			
– Owners of the Company		**663,312**	752,256
– Non-controlling interests		**6,285**	4,323
		669,597	756,579
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (expressed in RMB per share)	*6*	**1.00**	1.14
Dividends	*7*	**66,296**	139,222

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**669,597**	756,579
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Transfer of reserves to income statement upon sale of revaluated properties, net of tax	**(1,381)**	(1,206)
Transfer of reserves to income statement upon sale of available-for-sale financial assets, net of tax	**(2,270)**	–
Change in fair value of available-for-sale financial assets, net of tax	**900**	712
Other comprehensive income for the year, net of tax	**(2,751)**	(494)
Total comprehensive income for the year	**666,846**	756,085
Total comprehensive income attributable to:		
– Owners of the Company	**660,561**	751,762
– Non-controlling interests	**6,285**	4,323
Total comprehensive income for the year	**666,846**	756,085

CONSOLIDATED BALANCE SHEETS

		As at 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Land use rights		**556,586**	576,183
Property, plant and equipment		**1,185,751**	1,110,218
Investment properties	*8*	**560,013**	–
Goodwill		**16,534**	16,534
Investment in joint ventures		**49,693**	–
Loan to a joint venture		**205,688**	222,854
Investment in associates		**23,083**	27,888
Loan to associates		**–**	35,668
Available-for-sale financial assets		**10,603**	12,109
Deferred income tax assets		**63,575**	53,603
		2,671,526	2,055,057
Current assets			
Inventories		**170,085**	125,781
Properties under development	*9*	**3,780,913**	3,450,589
Completed properties held for sale	*10*	**1,179,160**	1,229,182
Due from customers on construction contracts		**2,338,278**	1,976,693
Trade receivables	*11*	**1,289,959**	1,291,836
Other receivables		**2,062,209**	1,721,863
Loan to associates		**37,048**	–
Available-for-sale financial assets		**–**	56,320
Restricted bank deposits		**270,015**	213,196
Cash and cash equivalents		**2,159,157**	1,612,551
		13,286,824	11,678,011
Total assets		**15,958,350**	13,733,068

		As at 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**662,964**	662,964
Share premium		**847,295**	847,295
Reserves		**139,534**	135,742
Retained earnings			
– Proposed final dividend		**66,296**	139,222
– Others		**3,791,055**	3,200,979
		5,507,144	4,986,202
Non-controlling interests		**103,010**	103,615
Total equity		**5,610,154**	5,089,817
LIABILITIES			
Non-current liabilities			
Borrowings		**242,509**	190,000
Deferred income tax liabilities		**58,929**	37,795
		301,438	227,795
Current liabilities			
Trade payables	*12*	**2,158,446**	1,858,504
Other payables		**1,966,302**	1,661,677
Receipts in advance		**2,612,992**	1,823,646
Current income tax liabilities		**651,885**	707,765
Due to customers on construction contracts		**1,899,254**	1,708,864
Borrowings		**757,879**	655,000
		10,046,758	8,415,456
Total liabilities		**10,348,196**	8,643,251
Total equity and liabilities		**15,958,350**	13,733,068
Net current assets		**3,240,066**	3,262,555
Total assets less current liabilities		**5,911,592**	5,317,612

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. SEGMENT OF INFORMATION

The segment information is as follows:

	Year ended 31 December 2013				
	Construction	**Property development**	**Building materials**	**Others**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total revenue	**14,653,253**	**1,405,818**	**2,344,436**	**124,924**	**18,528,431**
Inter-segment revenue	**(691,281)**	**–**	**(277,751)**	**(6,076)**	**(975,108)**
Revenue (from external customers)	**13,961,972**	**1,405,818**	**2,066,685**	**118,848**	**17,553,323**
Operating profit	**431,777**	**376,002**	**72,566**	**67,282**	**947,627**
Depreciation	**34,655**	**3,947**	**41,106**	**24,323**	**104,031**
Amortisation	**6,919**	**–**	**3,499**	**2,605**	**13,023**
Impairment of receivables	**1,705**	**–**	**6,342**	**–**	**8,047**
Share of loss of joint venture	**–**	**17,166**	**307**	**–**	**17,473**
Share of loss of associates	**–**	**–**	**2,509**	**–**	**2,509**
Income tax expense	**89,876**	**128,924**	**20,637**	**18,611**	**258,048**

	Year ended 31 December 2012				
	Construction	Property development	Building materials	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total revenue	14,221,216	1,670,837	2,061,195	122,147	18,075,395
Inter-segment revenue	(587,042)	–	(197,129)	(15,325)	(799,496)
Revenue (from external customers)	13,634,174	1,670,837	1,864,066	106,822	17,275,899
Operating profit	464,729	638,133	107,761	(7,854)	1,202,769
Depreciation	36,573	3,596	48,780	24,354	113,303
Amortisation	7,079	–	3,499	2,605	13,183
Impairment of receivables	6,286	–	5,522	–	11,808
Share of loss of joint venture	–	14,662	–	–	14,662
Share of loss of associates	–	48	5,438	–	5,486
Income tax expense	108,829	287,635	27,238	2,340	426,042

3. OTHER INCOME

Other income represents interest income from bank deposits and loans to project managers.

4. OTHER GAINS – NET

	2013	2012
	RMB'000	*RMB'000*
Government grants/compensation	**6,847**	29,526
Fair value gains on investment properties	**68,039**	–
Gains on disposals of an associate	**45,227**	–
Gains on disposals of land use rights	**5,889**	26,059
Gains on disposals of available-for-sale financial assets	**3,026**	–
Gains/(losses) on disposals of property, plant and equipment	**3,120**	(2,203)
Gains on settlement of the long aging payables	**759**	335
Donations	**(11,486)**	(2,596)
Others	**6,138**	4,234
	127,559	55,355

5. INCOME TAX EXPENSE

(a) Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the year (2012: 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.

The Company and its subsidiaries are subject to CIT at a rate of 25% (2012: 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.

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

	2013	2012
	RMB'000	*RMB'000*
Current income tax		
– PRC Corporate Income Tax	**249,174**	237,597
– Land appreciation tax:		
– Provision for the year	**22,412**	51,290
– Overprovision in previous years	**(24,400)**	–
Deferred income tax, net	**10,862**	137,155
	258,048	426,042

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the ordinary shares in issue during the year.

	2013	2012
Profit attributable to the owners of the Company (RMB'000)	**663,312**	752,256
Ordinary shares in issue during the year (thousands shares)	**662,964**	662,964
Basic earnings per share (RMB)	**1.00**	1.14

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

7. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.10 (2012: RMB0.21) per ordinary share	**66,296**	139,222

The board of directors recommend the payment of a final dividend of RMB0.10 (2012: RMB0.21) per ordinary share, totalling RMB66,296,400 (2012: RMB139,222,000). Such dividend is subject to the approval by the shareholders of the Company at the Annual General Meeting scheduled to be held on 14 June 2014. These financial statements do not reflect this dividend payable. The final dividend of RMB139,222,000 (RMB0.21 per ordinary share) for 2012 was paid in 2013.

In the event the payment of the aforesaid final dividend is approved by the shareholders of the Company at the Annual General Meeting, according to the "Enterprise Income Tax Law of the People's Republic of China" and the "Detailed Rules for Implementation of the Enterprise Income Tax Law of the People's Republic of China", any H shares registered in the name of non-resident enterprise shareholders (including corporate nominees or trustees) are subject to a 10% withholding tax for the dividend declared and paid by the Company. Accordingly, in respect of all shareholders whose names appear on the register of members for H Shares of the Company as at 27 June 2014 who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organizations that are all considered as non-resident enterprise shareholders), the Company will distribute the final dividends after deductions of 10% as income tax. In accordance with the relevant tax regulations of the People's Republic of China, the dividends received by overseas resident individual shareholders from the stocks issued by domestic non-foreign investment enterprises in Hong Kong is subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of the stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China, or the tax arrangements between the mainland China and Hong Kong (Macau). Accordingly, the Company will withhold 10% of the dividends to be distributed to the individual H-Share holders as individual income tax unless otherwise specified by the relevant tax regulations and tax agreements.

The Company will withhold payment of enterprise income tax as well as the individual income tax for shareholders strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company's register of members for H Shares on the record date (i.e. 27 June 2014). The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of withholding of enterprise income tax and individual income tax.

8. INVESTMENT PROPERTIES

	2013	2012
	RMB'000	*RMB'000*
At fair value		
Opening balance at 1 January	**–**	–
Transfer from property under development	**491,974**	–
Fair value change	**68,039**	–
Closing balance at 31 December	**560,013**	–

Amounts recognised in profit and loss for investment properties

	2013	2012
	RMB'000	*RMB'000*
Rental income	**5,304**	–
Direct operating expenses from properties that generated rental income	**(1,099)**	–
Direct operating expenses from properties that did not generate rental income	**(2,369)**	–
	1,836	–

9. PROPERTIES UNDER DEVELOPMENT

	2013	2012
	RMB'000	*RMB'000*
Land use rights	**2,430,965**	2,502,120
Development costs	**1,252,370**	875,322
Finance costs capitalised	**97,578**	73,147
	3,780,913	3,450,589

10. COMPLETED PROPERTIES HELD FOR SALE

	2013	2012
	RMB'000	*RMB'000*
Land use rights	**412,890**	477,857
Development costs	**743,843**	733,372
Finance costs capitalised	**22,427**	17,953
	1,179,160	1,229,182

The amount of completed properties held for sale is expected to be recovered within one year.

11. TRADE RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**1,346,223**	1,340,053
Less: provision for doubtful debts	**(56,264)**	(48,217)
	1,289,959	1,291,836

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 for certain villas projects). The net book value of trade receivables approximates their fair value. As at 31 December 2013, the ageing analysis of the trade receivables is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**562,549**	723,638
3 months to 1 year	**420,870**	368,504
1 to 2 years	**217,899**	128,887
2 to 3 years	**79,752**	65,956
Over 3 years	**65,153**	53,068
	1,346,223	1,340,053

The accounting of provision for doubtful debts has been included in administrative expenses in the income statement.

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

12. TRADE PAYABLES

As at 31 December 2013, the ageing analysis of the trade payables is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**859,803**	867,510
3 months to 1 year	**784,555**	490,092
1 to 2 years	**241,898**	297,755
2 to 3 years	**134,227**	85,545
Over 3 years	**137,963**	117,602
	2,158,446	1,858,504

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 14 June 2014 (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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 May 2014 to 14 June 2014, 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 Tengis Limited, at Level 22, Hopewell Centre,183 Queen's Road East, Hong Kong (for holders of H Shares), or to the Company's office address at No.501 Shanyin West Road, Keqiao, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) no later than 4:30 pm on 13 May 2014.

The register of members of the Company will be closed from 20 June 2014 to 27 June 2014, 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 Tengis Limited, at Level 22, Hopewell Centre,183 Queen's Road East, Hong Kong (for holders of H Shares) or to the Company's office address of No. 501 Shanyin West Road, Keqiao, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) no later than 4:30 pm on 19 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the year ended 31 December 2013, the Group achieved a consolidated revenue of approximately RMB17,553,323,000 (2012: RMB17,275,899,000), representing an increase of approximately 2% compared to the previous year; operating profit reached RMB947,627,000 (2012: RMB1,202,769,000), representing a decrease of approximately 21% compared to last year; profit attributable to the owners of the Company amounted to approximately RMB663,312,000 (2012: RMB752,256,000), representing a decrease of approximately 12% from last year; earnings per share was RMB1.00 (2012: RMB1.14), representing a decrease of approximately 12% compared to last year.

The decrease in operating profit was mainly due to the lower profit margin registered for the property sales units, comprising of high-rise apartments in 2013 compared to that of last year in which profit was contributed mainly by the Liu Garden of Four Seasons Garden, comprising of detached houses and town houses which carried much higher profit margin. In addition, the increasing intense competition in the construction industry and building materials industry, absorption of new market development expenditure, together with continued uprising costs had led the Group operating profit to slash.

During the year, included in the profit attributable to the owners of the Company was a fair value gain on investment properties of approximately RMB68,039,000 resulting from the conversion of certain commercial properties of Baoye Dongcheng Square, which is owned by Hefei Xingdong Property Development Co., Ltd, a wholly owned subsidiary company of the Group, initially set up for sale, but is now held for investment properties, which is classified under other gains-net. Baoye Dongcheng Square is located in Changjiang East Road of Hefei where one of the subway stations is positioned, with convenient transportation and full community services, which would have a great potential appreciation in value held for long term. In this vein, the Group has determined to lease it out for long term and retain it as investment properties, in anticipation for better returns in the long run. The properties have already been leased out to Carrefour, Starbucks, etc.

Revenue

	For the year ended 31 December				
	2013		2012		**Change**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Construction	**13,961,972**	**79%**	13,634,174	79%	2%
Property Development	**1,405,818**	**8%**	1,670,837	9%	-16%
Building Materials	**2,066,685**	**12%**	1,864,066	11%	11%
Others	**118,848**	**1%**	106,822	1%	11%
Total	**17,553,323**	**100%**	17,275,899	100%	2%

Operating profit

	For the year ended 31 December				
	2013		2012		**Change**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Construction	**431,777**	**45%**	464,729	39%	-7%
Property Development	**376,002**	**40%**	638,133	53%	-41%
Building Materials	**72,566**	**8%**	107,761	9%	-33%
Others	**67,282**	**7%**	(7,854)	-1%	957%
Total	**947,627**	**100%**	1,202,769	100%	-21%

Construction Business

For the year ended 31 December 2013, the Group's construction business achieved revenue of approximately RMB13,961,972,000, representing a growth of approximately 2% over last year; operating profit amounted to approximately RMB431,777,000, representing a decrease of approximately 7% over last year. The increasing intense competition and absorption of new market development expenditure had led to increased operating costs, thus leading to the decrease in operating profit.

For the year ended 31 December 2013, the Group's total contract value under construction-in-progress amounted to approximately RMB49,255,458,000, representing an increase of approximately 6% over last year. The total contract value for the Group's construction-in-progress is analysed below:

By project nature

	As at 31 December				
	2013		2012		**Change**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Government and Public Buildings	**16,053,174**	**33%**	14,669,673	32%	9%
Urban Infrastructure	**15,717,301**	**32%**	14,139,920	30%	11%
Residential Projects	**9,161,718**	**18%**	9,446,165	20%	–3%
Industrial Projects	**8,323,265**	**17%**	8,295,420	18%	0%
Total	**49,255,458**	**100%**	46,551,178	100%	6%

By region

	As at 31 December				
	2013		2012		**Change**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Zhejiang Province	**14,038,117**	**29%**	13,972,336	30%	0%
Shanghai	**11,378,263**	**23%**	11,281,678	24%	1%
Other Eastern China Region	**5,664,503**	**11%**	5,094,095	11%	11%
Central China Region	**9,654,284**	**20%**	8,730,208	19%	11%
Northern China Region	**5,467,477**	**11%**	4,680,255	10%	17%
Other Regions	**1,674,723**	**3%**	1,433,777	3%	17%
Overseas*	**1,378,091**	**3%**	1,358,829	3%	1%
Total	**49,255,458**	**100%**	46,551,178	100%	6%

* *Overseas construction business was principally carried out in three African countries, namely Djibouti, Botswana and Seychelles.*

During the year, the Group steers the development path set forth by nation's twelfth "five-year-plan", its vision and mission, to withstand austerity macro-economic measures and intensified market competition; simultaneously, the Group deepens the execution of contract management, and actively explores regional operational mode to fit the scaling of market sizes so as to realize the transformation of the construction model by striving to adopt "sizeable market, high value customers and large projects" business strategy. In 2013, the Group had secured new construction contracts amounted to approximately RMB19.8 billion (2012: RMB18.8 billion) in value, representing an increase of approximately 5% compared to last year, including a large number of middle and high-end projects, such as Shanghai Zhongfu Culture Plaza, the northern land area of Changfeng Project in Shanghai, Yue Entrepreneurs Building in Shanghai, Springland · Run Garden in Anhui Province, Daiwa House Project in Wuxi City, Kowloon Suzhou Baitang Project, Binjiang Yintai International Hotel in Hangzhou, Nanjing Station of Shanghai – Ningbo Intercity Railway, Zhijiang School of Zhejiang University of Technology.

The Group emphases on brand building, it was the leader of all competitions during the year, which helped to enhance the Group's reputation. Up to now, the Group has been awarded 15 Luban Awards, which places the Group in a leading position in the construction industry. In 2013, the Group received a total of 84 awards, include 1 Luban Award, 9 national awards including the National Excellent Silver Award and Zhan Tianyou Award, and 45 provincial awards. The key awards are as follows:

Projects Name	**Awards**
Yuyao Chamber of Commerce Building	Luban Award/Qianjiang Cup
Jinji Lake School in Suzhou Industrial Zone	National Excellent Project Award
BRC • Xiangjiang Guoji	Zhan Tianyou Award
Shanghai Pudong Gubei Yuting	Baiyulan Cup
C-2 Area of Shanghai Logistic Warehouse Centre	Baiyulan Cup
Phase I Project of the New District of Hefei Second Hospital	Huangshan Cup
Jinlun Times Plaza in Zhuzhou Hunan Province	Furong Award
Section I of Phase I of Zhengzhou "Haima Garden"	Zhongzhou Cup
Section I of A Land Area of Green Town • Lijiang Apartment	Qianjiang Cup
Shaoxing Jiya Logistic Centre	Qianjiang Cup

Property Development Business

Property Sales

For the year ended 31 December 2013, revenue of the Group's property development business amounted to approximately RMB1,405,818,000 (the revenue before deductions of sales tax and related levies was approximately RMB1,487,398,000), representing a decrease of approximately 16% from last year. Operating profit amounted to approximately RMB376,002,000, representing a decrease of approximately 41% compared to last year. The decrease in revenue and operating profit for the property development business were mainly attributable to the changes in sales mix and lower margin for properties sales units when compared to last year. In 2012, the revenue and operating profit were mainly contributed from the sale of Liu Garden of Baoye Four Seasons Garden, comprising detached houses and town houses, registering much higher selling prices and profit margins; whilst in 2013, the revenue and operating profit were mainly contributed from the sale of high-rise apartments with lower selling prices and profit margins.

For the year ended 31 December 2013, revenue of property sales was mainly derived from the following projects, details of which are set out below:

Project	**Location**	**Average Selling Price** *(RMB/Sqm)*	**Floor Areas Sold** *(Sqms)*	**Revenue** *(RMB'000)*
Baoye Daban Fengqing	Shaoxing	8,592	100,707	865,321
City Green Garden Phase IV	Hefei	7,503	54,193	406,604
Jiangwan Green Garden	Shaoxing	5,358	14,575	78,099
Jiangwan Luyuan	Hangzhou	4,848	7,451	36,120

For the year ended 31 December 2013, the sales contracts of the Group's property development business amounted to approximately RMB2,400,000,000 (2012: RMB1,900,000,000) and a contract sale area of approximately 290,000 square metres, excluding property sales under joint ventures, all such sale contracts will be progressively delivered and recognised as revenue in the next two years.

Projects under development

As at 31 December 2013, the Group's projects under development are set out below:

Project Name	**Location**	**Total Estimated Gross Floor Area under Development** *(Sqms)*	**Equity Interest of the Group**
Baoye Four Seasons Garden	Shaoxing	450,000	100%
Baoye Dongcheng Square	Hefei	150,000	100%
Baoye Guanggu Lidu	Wuhan	300,000	100%
Baoye Wanhuacheng	Shanghai	245,000	100%
Shanghai Baoye Centre	Shanghai	27,000	100%
Baoye Mengdie Luyuan	Bozhou	430,000	50%
Baoye Longhu Yucheng Phase I	Kaifeng	170,000	60%

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 civilisation flourished. Other than its profound cultural tradition and being the origin of many myths and folklores, the area also has 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 with 0.5 time plot ratio and a planned gross floor area of approximately 525,000 square metres for the development of deluxe villas, semi-detached villas, and town houses. It also consists of a golf club and a five-star resort hotel, a country park and a central lakeside garden fully equipped with facilities. This project is developed in 12 phases, of which, Lotus Garden and Liu Garden had been delivered to owners, He Garden and Ming Garden have almost been sold out; Run Garden Phase I and Phase II, Xi Garden are being pre-sale, there are five phases expected to be developed and sold.

Baoye Dongcheng Square is located in Changjiang East Road, Hefei City, with convenient transportation and full community services. The project has a site area of approximately 63,500 square metres with an estimated gross floor area of approximately 228,500 square metres. It is a city complex project comprising residential units, commercial units and offices. It is aimed to be the landmark and commercial centre at Dongmen, east of Hefei. The commercial units have launched for operation in October 2013 and the residential units and office units will be delivered to owners in 2014.

Baoye Guanggu Lidu is located in the East Lake New Technology Development Zone in Wuhan City with a total site area of approximately 120,000 square metres and an estimated gross floor area of approximately 300,000 square metres. The project comprises 18 high-rise residential buildings and commercial units, aiming to build reasonably scaled residential units with well-developed facilities, convenient transportation with a rich cultural connotation. The project is developed in three phases, of which, phase I was launched for pre-sale in August 2013, and was almost sold out.

Baoye Wanhuacheng, located in Huinan, Pudong New District, Shanghai, is positioned in the hub of the prime area of Pudong's golden triangle, and supported by convenient transportation and well-developed community facilities. It has a total site area of approximately 106,950 square metres and an estimated gross floor area of approximately 245,000 square metres comprising high-rise residential units, town houses and commercial units. The project is to be developed in three phases, of which, phase I was launched for pre-sale in December 2013.

Shanghai Baoye Centre is located in Hongqiao commercial business district, Shanghai, a prime location with convenient transportation. It has a total site area of approximately 8,130 square metres and an estimated gross floor area of approximately 27,000 square metres, of which, approximately 13,000 square metres above – ground and approximately 14,000 square metres underground, which will be developed as office buildings.

Baoye Mengdie Luyuan is located in Mengcheng County, Bozhou City, Anhui Province. It has a total estimated gross floor area of approximately 430,000 square metres, divided into East and West wings, comprising multi-storey units, high-rise residential and shopping units. This project is an ideal place for residential and commercial development with a unique style and convenient transportation. It will be the landmark of Mengcheng County when completed. The project is developed in six phases, of which, phase I has been sold out and is expected to be delivered to owners in the first half of 2014, and phase II was launched for pre-sale in June 2013.

Baoye Longhu Yucheng, located in a prime area of Eastern New City, Kaifeng County, Henan Province. It has a total site area of approximately 900,000 square metres and an estimated gross floor area of approximately 1,200,000 square metres. After completion, it will become the city's new business centre and leisure centre. The project will be developed in 5 phases, of which, phase I with 170,000 square metres was being developed.

New Land Reserves

As at 31 December 2013, the Group acquired land use rights of three parcels of land in Bengbu, Bozhou, Anhui Province and Kaifeng, Henan Province at a total consideration of approximately RMB356,620,000 through public tenders and auctions. The three parcels of land being acquired have an aggregate land area of approximately 262,508 square metres. Details of which are set out below:

Date	**Location**	**Total Land Cost** *(RMB'000)*	**Land Area** *(Sqms)*	**Equity Interest of the Group**	**Note**
In August 2013	Bengbu, Anhui Province	164,500	62,560	63%	Residential
In August 2013	Kaifeng, Henan Province	58,320	107,073	60%	Residential
In October 2013	Mengcheng, Anhui Province	133,800	92,875	50%	Residential

The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. Most of the land reserves of the Group is located in Shaoxing, Wuhan, Shanghai, Hefei, Bozhou, Kaifeng etc, all of which will benefit from the lower land costs and scalable regional penetration, enabling the Group to foster the profitability and risk resistance levels.

Building Materials Business

For the year ended 31 December 2013, revenue of the Group's building materials business amounted to approximately RMB2,066,685,000, representing an increase of approximately 11% over last year; operating profit was approximately RMB72,566,000, representing a decrease of approximately 33% from last year. The building materials business consitutes a small portion of the Group's revenue and operating profit. During the year, curtain wall sector recorded a healthy growth of 19% and a commendable result, compensated by the unfavorable results in ready-mixed concrete and steel structure sectors as well as increased labor costs, the Group's building materials business suffered a decline in operating profit.

For the year ended 31 December 2013, revenue from the Group's building materials is analysed below:

	For the year ended 31 December				
	2013		2012		**Change**
	RMB'000	***% of total***	*RMB'000*	*% of total*	
Curtain Wall	**1,086,414**	**52%**	915,192	49%	19%
Ready-mixed Concrete	**371,366**	**18%**	393,784	21%	-6%
Steel Structure	**245,147**	**12%**	259,525	14%	-6%
Furnishings and Interior Decorations	**262,652**	**13%**	214,556	12%	22%
Wooden Products and Fireproof Materials	**100,182**	**5%**	80,049	4%	25%
Others	**924**	**0%**	960	0%	-4%
Total	**2,066,685**	**100%**	1,864,066	100%	11%

In 2013, the Group's building materials business achieved a steady growth by sustaining market shares in existing markets and increased market shares in new markets, securing a lot of premium projects, such as the curtain wall projects of CCB's subsidiary in Ningbo, Shaoxing Sports Centre, Ningbo Southern Railway Station, the decoration projects of a seven star hotel, Sanya Top Beauty Hotel, Longquan People's Hospital, the interior decoration of Shaoxing Sports Centre. Baoye Woodwork Company also built friendly cooperation with real estate developers, becoming their nominated supplier for wooden doors and fitting-out accessories. At the same time, the Group's brand recognition had further been improved. During the year under review, Zhejiang Baoye Curtain Wall Decoration Company Limited was awarded "Top Ten Companies in the Curtain Wall and Windows Industry in Zhejiang Province" and "Zhejiang Technological Companies"; and Zhejiang Guangyi Construction and Decoration Company Limited was awarded "Top 100 Companies in Chinese Construction Decoration Industry" and "National 100 Excellent Technological and Innovative Enterprises".

During the year under review, the Group also has had substantial development in the industrialization of housing construction. Hefei Tianmen Lake Public Housing Project undertaken by Anhui Baoye Housing Industrialisation Company has become a "provincial new technologies sample project". In the assembly public housing project of Hefei Binhu Gui Garden, the Group made a breakthrough on the height limit of 33 floors for the assembly construction project and increased the prefabricated rate from 20% to 40%. Moreover, the Group's joint venture companies, Baoye Daiwa Industrialised Manufacturing Company and Baoye Sivert Precast Concrete Company's products of light steel structure and precast concrete assembly industrialised housing structure have been applied in use for housing projects, such as Baoye Four Seasons Garden, one hundred low-carbon housing project in Shaoxing, and Shanghai Baoye Centre, Baoye Wanghuacheng, Guanggu Lidu in Wuhan, as well as the projects of Zhijiang School of Zhejiang University of Technology and the light steel system villas in Austria and Libya.

BUSINESS PROSPECT

Macro operating environment

In 2013, the Central government began to carry out the policies and plans reached at the 18th national congress of CPC, and also continued to implement the twelfth "five-year-plan". Considering the complex domestic and international situation, the new Central government executes a series of regulatory measures, including a deeper reform, open policy and transformation of new economic development model, all of which pave a solid ground for rapid and sustainable economic development, and a stable growth. Faced with these new platform and policies, the Group will seize the business opportunities of this fast development trend and expand market shares by innovative business models, transformation and enhancement of value chain, in realizing healthy and new development for the Group.

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

The Group has been able to preserve its construction business growth in a prudent manner, by adopting the management philosophy that "healthy growth is better than short-term performance", and embarking on risks management policy. Moreover, the Group keeps on improving the quality of its products and services, as well as the brand recognition and competitiveness to intake premium projects on the basis of customer and market driven initiatives.

The Group will develop its construction business following the four directions set out below:

With respect to market initiative, the Group will strengthen its leader position in existing major markets and actively explore new potential markets in western China; will reap the opportunity of new urbanization construction and development in Western China, and will increase the Group's market share in the industry and establish a new regional operation mode leveraging on its brand effect and easing out core competition.

With respect to project, the Group will enter into markets of infrastructure construction projects in water supplies, railway and transport projects and actively secure more public, landmark, and high-end projects.

With respect to business operation model, the Group will upgrade the traditional business model, promote and adopt the new contractors as project general contractor, agent-construction contractor, and BT(Build – Transfer), then build a foundation for totally implementing the new construction contractor in future by learning experience in construction process.

With respect to construction technology, the Group will implement an energy-saving, emission reduction and green projects policy as advocated by the Central government in preserving green construction. By applying scientific management and technology advancements, the Group aims to achieve energy-saving, materials-saving, water-saving and being environmental-friendly through improvement in standardization and efficiency of construction processes. The Group will continue to build more sample low-energy and green projects by continuously fostering innovative green construction technology and accumulating green construction experience. The Group will take the green construction and technological innovation as an incentive to speed up its pace in advancement of technology and enrich development capability in the areas of quality and technology.

Property development business contributes substantial profit to the Group

The Group will continue to uphold prudent property development business. Facing the complicated macro-economic and political environment, the Group will continue to optimize its business management, integrate resources and take advantage of the capability of developing industrialized housing, aiming to improve the Group’s overall performance and profit.

With respect to regional penetration, the Group will continue to position its market in second and third tier cities in Hubei, Anhui and Henan, and to focus on developing quality residential properties featured with reasonable size, livability, good location and full community service. With high quality products and service, the Group has paved a good foundation for speedy development of its property business in the second and third tier cities in the region.

Under the background of new urbanization construction, the Group will pay more attention to new property development model, such as small cities created by the urbanization reform policy, new rural countries, senior homes, community properties and commerce complex in town, and will make full use of its technology and experience on housing industrialization to create a new market-driven property development model and realize the Group’s transformation in the upgrading of its property development sector.

The Group preserves its land bank with good location, appropriate size, reasonable cost and appreciation potential under its prudent policy, ensuring the sustainable development of the Group’s property development. In addition, the Group will speed up its developing process of land reserves, shorten project development circle and increase saleable floor area to ensure a stable growth of the Group’s overall profitability.

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

The environmental destruction and poor efficiency use of resources seriously hinders further economic development, so the Central government is eager to promote a new harmonious society to be environmental-friendly and resources-saving. In these circumstances, energy-saving, low-carbon and green industrialized construction will be the future development trend in the industry as opposed to the traditional construction at the cost of energy-consumption and materials-consumption. Chinese housing industrialization has entered into a golden development phase.

As one of the leaders of national housing industrialization construction, the Group is always committed to researching and developing the industrialized housing. During the period, the Group's two joint-venture companies, Baoye Daiwa Industrialized Housing Manufacturing Company Limited and Baoye Sivert Precast Concrete Company Limited, which are located in Shaoxing Building Materials Park, have begun their operations. As of now, the Group has a complete industrialised production line and possesses the capability of standardised design, industrialised production, prefabricated construction and standardized process management. In addition, the Group has signed a strategic cooperation agreement with Shanghai Xiandai Architectural Design Company, aiming to work together on formulating the standard specifications of industrialised housing, building sample projects and industrial parks, and testing the energy-saving indexes and jointly trying to create a new combined cooperate model of "research and development-design-manufacturing-construction" in industrialised housing line.

With the development of housing industrialization industry being an unprecedented development, the governments at all levels have pronounced a series of policies to promote housing industrialised development. The government even required a certain proportion of industrialised products in property development projects and encouraged the application of technology products in housing industrialization for affordable housing. The Group will seize this historical opportunity utilizing all of its advantages to actively seek such property development projects to improve its market share in industrialised housing field and achieve a great growth on profit, also achieve the transformation of traditional construction and property development models.

FINANCIAL REVIEW

Financial Policies

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

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

Financial Resources and Liabilities

With the support of steady increase in cash flow, sound credit record and excellent reputation in the industry, the Group preserved the AAA credit rating by a credit rating institution recognised by the People's Bank of China. Such excellent credit rating will benefit the Group's financing activities and allow the Group to continue to enjoy the prime rate offered by the banks. During the year, the Group maintained part of its borrowings on an unsecured basis. The amount of secured debt accounted for approximately 47% (2012: 25%) of the total borrowings. In addition, approximately 16% of the total borrowings (2012: 27%) were jointly guaranteed by the chairman of the Board, Mr. Pang Baogen and the Company to the lending banks. Leveraging on its excellent credit rating, the Group intends to continue to obtain its borrowings on an unsecured basis, which will be supplemented by project financing when necessary.

The Group's objectives 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 2013, the Group has unutilized banking facilities amounting to approximately RMB3.5 billion. Details of which are analysed below:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Cash and cash equivalents	**2,159,157**	1,612,551
Restricted bank deposits	**270,015**	213,196
Less: total borrowings	**(1,000,388)**	(845,000)
Net cash	**1,428,784**	980,747
Total equity attributable to the owners of the Company	**5,507,144**	4,986,202
Net cash ratio	**26%**	20%

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

Other Key Financial Ratios

	As at 31 December	
	2013	2012
Return on equity	**12%**	15.1%
Net assets value per share (RMB)	**8.31**	7.52
Current ratio	**1.32**	1.39

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 the period under review, the return on equity represented a decrease of approximately 20.5% compared to last year due to a lower profit ratio for the recognized property units, but the net assets value per share still has an increase of approximately 10.5% compared to last year. As at 31 December 2013, the Group continued to maintain a net cash position with a net cash ratio of 26%, representing an increase of 30% compared to a net cash ratio of 20% of last year, which was primarily attributable to the satisfactory pre-sale of property units and collecting capital.

Cash Flow Analysis

		For the year ended 31 December	
		2013	2012
	Note	***RMB'000***	*RMB'000*
Cash inflow from operating activities	*(i)*	**567,771**	476,865
Cash outflow from investing activities	*(ii)*	**(85,294)**	(221,608)
Cash inflow/(outflow) from financing activities	*(iii)*	**64,129**	(521,128)
Net increase/(decrease) in cash and cash equivalents		**546,606**	(265,871)

Note:

i. During the year, the net cash inflow from operating activities was approximately RMB567,771,000, an increase of approximately RMB90,906,000 compared to the net cash inflow of approximately RMB476,865,000 of last year of which was primarily attributable to the satisfactory sale performance of property units and improvement in working capital management.

ii. During the year, the net cash outflow from investing activities was approximately RMB85,294,000, which was primarily due to the increased investment in property, plant, equipment and joint ventures.

iii. During the year, the net cash inflow from financing activities is approximately RMB64,129,000, mainly due to the payment of the three land use rights, some of which was paid from the bank deposit, and the remaining was paid by bank borrowings, thus leading the increase of bank borrowings of the Group.

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 multiplied by certain assessed rates determined by the respective local tax authorities where the properties are located. For the year ended 31 December 2013, the Group's land appreciation tax amounted to approximately RMB22,412,000.

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB403,512,000 for the year ended 31 December 2013, which is about the same as that of last year of approximately RMB399,095,000, this was mainly attributed to a good management and expenditure-saving policy adopted by the Company.

Finance Costs

During the year ended 31 December 2013, the Group had registered no capital financing costs, mainly due to the bank borrowings, which were applied for use in properties development and were entirely capitalised.

Financial Guarantee

	31 December 2013 ***RMB'000***	31 December 2012 *RMB'000*
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers	**134,037**	255,736

The Group had issued performance guarantees in respect of mortgage facilities granted by various banks relating to the mortgage loans arranged for certain 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 the banks as securities.

Details of the Charges on the Group's Assets

As at 31 December 2013, land use rights, property, plant and equipment and properties under development, investment properties at a total value of approximately RMB1,780,782,000 (as at 31 December 2012: RMB566,720,000) were pledged to banks as security in securing bank borrowings.

Capital Expenditure Plan

The Group adopts a prudent approach in capital expenditure spending to secure cash resources on safety basis. The Group will pay more attention to market changes and will increase its investments in acquisition of land and relevant businesses at appropriate times with reasonable costs.

Adjustment 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 adjustment of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group.

CONNECTED TRANSACTIONS

For the year ended 31 December 2013, the Group had no connected transaction that would require disclosure under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

A general mandate to repurchase H Shares was approved at the 2012 Annual General Meeting, H shareholders' class meeting and Domestic shareholders' class meeting held on 16 June 2013. On 29 October 2013, the Company announced to repurchase not to exceed 10% H Shares in issue. Pursuant to the PRC's Companies Law and the articles of association of the Company, the Company is required to notify its creditors before repurchase of shares is allowed. In this connection, the Company has made three announcements on 29 October, 8 November and 19 November 2013, respectively, notifying its creditors regarding the obtaining of a general mandate to repurchase H Shares. Pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, a director must not deal in any securities of the listed issuer during the period of 60 days immediately preceding the publication date of the annual results. The Company has complied with this Model Code accordingly. As at the day of this announcement, the Company has not repurchased any H Shares in issue of the Company.

HUMAN RESOURCES

As at 31 December 2013, the Group had a total of 3,671 permanent employees (as at 31 December 2012: 3,532). Also, there were approximately 74,318 indirectly employed construction site workers (as at 31 December 2012: 74,930). These workers were not directly employed by the Group. For the year ended 31 December 2013, the total employee benefit expenses amounted to approximately RMB3,952,729,000. 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 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 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.

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

The Company has adopted the Corporate Governance Code during the period (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange as its own code of corporate governance. For the year ended 31 December 2013, the Company has complied with all the code provisions as set out in the CG Code, except for deviation of provision A.2.1 of the CG Code as mentioned below:

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Pang Baogen has been performing both the roles of Chairman and Chief Executive Officer. For the Group has appointed three general managers to oversee and manage the three main business activities (construction, property development and building materials) of the Group respectively, each of whom has shared the duty of the chief executive officer to which they manage. The Board believes that the current arrangement has installed a proper segregation of duties mechanism and adequately streamlined the responsibility well and a simple management structure can enhance the communication amongst staff at different levels as well as enabling execution of the Group's policies efficiently. Therefore, the Board endorsed the position of chief executive officer to be assumed by the chairman of the Board. Nevertheless, the Board will regularly review the management structure to ensure that it meets the business development requirements of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Board and the Supervisory Committee have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors and Supervisors. Specific enquiries have been made by the Company and all the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the year of 2013. 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 written guidelines, which is as strict as the Model Code.

AUDIT COMMITTEE

The audit committee of the Company consists of two independent non-executive directors, namely Mr. Chan Yin Ming, Dennis (chairman), Mr. Wang Youqing and one non-executive director, Mr. Fung Ching, Simon. The audit committee held five meetings during the year ended 31 December 2013. All three members 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 2013 had been reviewed by the audit committee before submission to the Board for adoption and approval.

ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2013 have been agreed by the auditors, 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 2013 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
28 March 2014

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely, Mr. Fung Ching, Simon and three independent non-executive Directors, namely, Mr. Chan Yin Ming, Dennis, Mr. Wang Youqing and Mr. Zhao Rulong.