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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 2014**

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 2014 prepared in accordance with Hong Kong Financial Reporting Standards, together with comparative figures for the year ended 31 December 2013. The following financial information is extracted from the audited consolidated financial statements as set out in the Group’s 2014 Annual Report.

\* For identification purposes only

## CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2014	2013
	Note	RMB'000	RMB'000
<b>Revenue</b>	2	<b>18,897,996</b>	17,553,323
Cost of sales		<u>(17,717,224)</u>	<u>(16,348,513)</u>
<b>Gross profit</b>		<b>1,180,772</b>	1,204,810
Other income	3	<b>119,588</b>	70,441
Other gains – net	4	<b>9,740</b>	127,559
Selling and marketing costs		<b>(62,523)</b>	(51,671)
Administrative expenses		<u>(406,867)</u>	<u>(403,512)</u>
<b>Operating profit</b>		<b>840,710</b>	947,627
Finance costs		–	–
Share of loss of joint ventures		<b>(27,997)</b>	(17,473)
Share of profit/(loss) of associates		<b>340</b>	(2,509)
<b>Profit before income tax</b>		<b>813,053</b>	927,645
Income tax expense	5	<u>(152,266)</u>	<u>(258,048)</u>
<b>Profit for the year</b>		<b><u>660,787</u></b>	<u>669,597</u>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>648,702</b>	663,312
– Non-controlling interests		<b>12,085</b>	6,285
		<u><b>660,787</b></u>	<u>669,597</u>
<b>Earnings per share for profit attributable to the owners of the Company</b>			
– Basic and diluted (expressed in RMB per share)	6	<u><b>1.01</b></u>	<u>1.00</u>
<b>Dividends</b>	7	<u><b>63,174</b></u>	<u>66,296</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Year ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Profit for the year</b>	<b>660,787</b>	669,597
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to profit or loss</i>		
Transfer of reserves to income statement upon sale of revaluated properties, net of tax	<b>(1,528)</b>	(1,381)
Transfer of reserves to income statement upon sale of available-for-sale financial assets, net of tax	<b>(2,071)</b>	(2,270)
Change in fair value of available-for-sale financial assets, net of tax	<b>5,112</b>	900
	<hr/>	<hr/>
<b>Other comprehensive income for the year, net of tax</b>	<b>1,513</b>	(2,751)
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>662,300</b>	666,846
	<hr/>	<hr/>
<b>Total comprehensive income attributable to:</b>		
– Owners of the Company	<b>650,215</b>	660,561
– Non-controlling interests	<b>12,085</b>	6,285
	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>662,300</b>	666,846
	<hr/>	<hr/>

## CONSOLIDATED BALANCE SHEETS

		As at 31 December	
		2014	2013
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		536,240	556,586
Property, plant and equipment		1,234,450	1,185,751
Investment properties	8	596,583	560,013
Goodwill		16,534	16,534
Investment in joint ventures		48,699	49,693
Loan to a joint venture		139,245	205,688
Investment in associates		24,423	23,083
Available-for-sale financial assets		11,988	10,603
Deferred income tax assets		63,251	63,575
		<u>2,671,413</u>	<u>2,671,526</u>
<b>Current assets</b>			
Inventories		141,816	170,085
Properties under development	9	4,152,152	3,780,913
Completed properties held for sale	10	1,106,578	1,179,160
Due from customers on construction contracts	11	2,569,726	2,338,278
Trade receivables	12	1,395,895	1,289,959
Other receivables and prepayments		2,592,414	2,062,209
Loan to associates		40,229	37,048
Available-for-sale financial assets		165,900	–
Restricted bank deposits		212,607	270,015
Term deposits with initial term of over three months		21,034	–
Cash and cash equivalents		2,298,272	2,159,157
		<u>14,696,623</u>	<u>13,286,824</u>
<b>Total assets</b>		<u><b>17,368,036</b></u>	<u><b>15,958,350</b></u>

		<b>As at 31 December</b>	
		<b>2014</b>	2013
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>631,744</b>	662,964
Share premium		<b>756,533</b>	847,295
Reserves		<b>145,024</b>	139,534
Retained earnings			
– Proposed final dividend		<b>63,174</b>	66,296
– Others		<b>4,379,705</b>	3,791,055
		<hr/> <b>5,976,180</b>	<hr/> 5,507,144
<b>Non-controlling interests</b>		<b>114,157</b>	103,010
		<hr/> <b>6,090,337</b>	<hr/> 5,610,154
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		<b>289,000</b>	242,509
Deferred income tax liabilities		<b>63,505</b>	58,929
		<hr/> <b>352,505</b>	<hr/> 301,438
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>2,417,144</b>	2,158,446
Other payables		<b>2,332,662</b>	1,966,302
Receipts in advance		<b>3,228,749</b>	2,612,992
Current income tax liabilities		<b>428,161</b>	651,885
Due to customers on construction contracts	<i>11</i>	<b>1,799,478</b>	1,899,254
Borrowings		<b>719,000</b>	757,879
		<hr/> <b>10,925,194</b>	<hr/> 10,046,758
<b>Total liabilities</b>		<hr/> <b>11,277,699</b>	<hr/> 10,348,196
<b>Total equity and liabilities</b>		<hr/> <b>17,368,036</b>	<hr/> 15,958,350
<b>Net current assets</b>		<hr/> <b>3,771,429</b>	<hr/> 3,240,066
<b>Total assets less current liabilities</b>		<hr/> <b>6,442,842</b>	<hr/> 5,911,592

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 2014				
	Construction RMB’000	Property development RMB’000	Building materials RMB’000	Others RMB’000	Group RMB’000
Total revenue	15,469,583	2,090,226	2,434,580	128,820	20,123,209
Inter-segment revenue	(901,381)	–	(320,410)	(3,422)	(1,225,213)
<b>Revenue (from external customers)</b>	<b>14,568,202</b>	<b>2,090,226</b>	<b>2,114,170</b>	<b>125,398</b>	<b>18,897,996</b>
<b>Operating profit</b>	<b>452,869</b>	<b>281,504</b>	<b>90,729</b>	<b>15,608</b>	<b>840,710</b>
Depreciation	31,360	5,326	46,449	27,525	110,660
Amortisation	6,646	–	3,517	2,605	12,768
Impairment of receivables	3,038	–	11,298	–	14,336
Share of loss of joint ventures	–	23,316	4,681	–	27,997
Share of profit of associates	–	–	(340)	–	(340)
Income tax expense	108,740	8,967	25,659	8,900	152,266
	Year ended 31 December 2013				
	Construction RMB’000	Property development RMB’000	Building materials RMB’000	Others RMB’000	Group 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)
<b>Revenue (from external customers)</b>	<b>13,961,972</b>	<b>1,405,818</b>	<b>2,066,685</b>	<b>118,848</b>	<b>17,553,323</b>
<b>Operating profit</b>	<b>431,777</b>	<b>376,002</b>	<b>72,566</b>	<b>67,282</b>	<b>947,627</b>
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 ventures	–	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

### 3. OTHER INCOME

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

### 4. OTHER GAINS – NET

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Government grants and compensation	5,787	6,847
Gains on disposals of available-for-sale financial assets	2,762	3,026
Fair value gains on investment properties	2,224	68,039
Gains on disposals of land use rights	2,124	5,889
Gains on disposals of a subsidiary	100	–
Donations	(2,745)	(11,486)
(Losses)/gains on disposals of property, plant and equipment	(311)	3,120
Gains on settlement of the long aging payables	–	759
Gains on disposals of an associate	–	45,227
Others	(201)	6,138
	<u>9,740</u>	<u>127,559</u>

### 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 (2013: 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, all of which were entitled to a reduced preferential CIT rate of 15% during their respective approved periods according to the applicable CIT law.

Save as aforesaid, the Company and other subsidiaries are subject to CIT at a rate of 25% (2013: 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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Current income tax		
– PRC CIT	219,122	248,418
– Land appreciation tax:		
– Provision for the year	7,906	22,412
– Overprovision in previous years	(78,648)	(24,400)
Deferred income tax, net	3,886	11,618
	<u>152,266</u>	<u>258,048</u>

## 6. EARNINGS PER SHARE

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

	2014	2013
Profit attributable to the owners of the Company (RMB'000)	<u>648,702</u>	<u>663,312</u>
Weighted average number of ordinary shares in issue during the year (thousands shares)	<u>642,962</u>	<u>662,964</u>
Basic earnings per share (RMB)	<u>1.01</u>	<u>1.00</u>

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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Proposed final dividend of RMB0.10 (2013: RMB0.10) per ordinary share	<u>63,174</u>	<u>66,296</u>

The board of directors recommend the payment of a final dividend of RMB0.10 (2013: RMB0.10) per ordinary share, totalling RMB63,174,000 (2013: RMB66,296,000). Such dividend is subject to the approval by the shareholders of the Company at the Annual General Meeting scheduled to be held on 19 June 2015. These financial statements do not reflect this dividend payable. The proposed final dividend for 2013 was paid in 2014 after the repurchase of H shares, therefore, the actual payment in 2014 for 2013 final dividend was RMB63,174,000.

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 23 June 2015 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 respective arrangements between the mainland China and Hong Kong; the mainland China and 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 pursuant to what has been registered on the Company’s register of members for H Shares on the record date (i.e. 23 June 2015). 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

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
<b>At 1 January</b>	<b>560,013</b>	–
Transfer from property under development	–	491,974
Transfer from completed properties held for sale	<b>34,346</b>	–
Fair value change	<b>2,224</b>	68,039
	<hr/>	<hr/>
<b>At 31 December, at fair value</b>	<b>596,583</b>	560,013
	<hr/>	<hr/>

## 9. PROPERTIES UNDER DEVELOPMENT

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Land use rights	<b>1,978,605</b>	2,430,965
Development costs	<b>2,055,925</b>	1,252,370
Finance costs capitalised	<b>117,622</b>	97,578
	<hr/>	<hr/>
	<b>4,152,152</b>	3,780,913
	<hr/>	<hr/>

## 10. COMPLETED PROPERTIES HELD FOR SALE

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Land use rights	<b>321,762</b>	412,890
Development costs	<b>766,008</b>	743,843
Finance costs capitalised	<b>18,808</b>	22,427
	<hr/>	<hr/>
	<b>1,106,578</b>	1,179,160
	<hr/>	<hr/>

## 11. DUE FROM/(TO) CUSTOMERS ON CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognised profits (less recognised losses) and progress billings for all contracts in progress at the balance sheet date are as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Contract costs incurred plus recognised profits (less recognised losses) to date	<b>56,539,559</b>	49,255,458
Less: progress billings to date	<b>(55,769,311)</b>	(48,816,434)
	<hr/>	<hr/>
	<b>770,248</b>	439,024
	<hr/>	<hr/>
Represented by:		
Due from customers on construction contracts	<b>2,569,726</b>	2,338,278
Due to customers on construction contracts	<b>(1,799,478)</b>	(1,899,254)
	<hr/>	<hr/>
	<b>770,248</b>	439,024
	<hr/>	<hr/>

## 12. TRADE RECEIVABLES

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables	1,457,083	1,346,223
Less: provision for doubtful debts	<u>(61,188)</u>	<u>(56,264)</u>
	<u><b>1,395,895</b></u>	<u><b>1,289,959</b></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 for certain villas and town houses projects). The net book value of trade receivables approximates their fair value. As at 31 December 2014, the ageing analysis of the trade receivables is as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 3 months	532,215	562,549
3 months to 1 year	493,637	420,870
1 to 2 years	250,280	217,899
2 to 3 years	92,145	79,752
Over 3 years	<u>88,806</u>	<u>65,153</u>
	<u><b>1,457,083</b></u>	<u><b>1,346,223</b></u>

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.

## 13. TRADE PAYABLES

As at 31 December 2014, the ageing analysis of the trade payables is as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Within 3 months	820,598	859,803
3 months to 1 year	957,403	784,555
1 to 2 years	356,650	241,898
2 to 3 years	136,976	134,227
Over 3 years	<u>145,517</u>	<u>137,963</u>
	<u><b>2,417,144</b></u>	<u><b>2,158,446</b></u>

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held on 19 June 2015 (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 19 May 2015 to 19 June 2015, 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 District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) no later than 4:30 pm on 18 May 2015.

The register of members of the Company will be closed from 26 June 2015 to 3 July 2015, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholders’ 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 District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) no later than 4:30 pm on 25 June 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results Review**

For the year ended 31 December 2014, the Group achieved a consolidated revenue of approximately RMB18,897,996,000 (2013: RMB17,553,323,000), representing an increase of approximately 8% compared to the previous year; operating profit reached RMB840,710,000 (2013: RMB947,627,000), representing a decrease of approximately 11% compared to last year; profit attributable to the owners of the Company amounted to approximately RMB648,702,000 (2013: RMB663,312,000), representing a decrease of approximately 2% from last year; earnings per share was RMB1.01 (2013: RMB1.00), comparatively the same over the same period last year.

## Revenue

	For the year ended 31 December				Change
	2014		2013		
	RMB'000	% of total	RMB'000	% of total	
Construction	14,568,202	77%	13,961,972	79%	4%
Property Development	2,090,226	11%	1,405,818	8%	49%
Building Materials	2,114,170	11%	2,066,685	12%	2%
Others	125,398	1%	118,848	1%	6%
Total	<u>18,897,996</u>	<u>100%</u>	<u>17,553,323</u>	<u>100%</u>	<u>8%</u>

## Operating profit

	For the year ended 31 December				Change
	2014		2013		
	RMB'000	% of total	RMB'000	% of total	
Construction	452,869	54%	431,777	45%	5%
Property Development	281,504	33%	376,002	40%	-25%
Building Materials	90,729	11%	72,566	8%	25%
Others	15,608	2%	67,282	7%	-77%
Total	<u>840,710</u>	<u>100%</u>	<u>947,627</u>	<u>100%</u>	<u>-11%</u>

## Construction Business

For the year ended 31 December 2014, the Group's construction business achieved revenue of approximately RMB14,568,202,000, representing a growth of approximately 4% over last year; operating profit amounted to approximately RMB452,869,000, representing an increase of approximately 5% over last year.

For the year ended 31 December 2014, the Group's accumulated recognised revenue for the construction contracts under construction in-progress amounted to approximately RMB56,539,559,000, representing an increase of approximately 15% over last year. The accumulated recognised revenue for the construction contracts under construction-in progress is analysed below:

*By project nature*

	As at 31 December				Change
	2014		2013		
	RMB'000	% of total	RMB'000	% of total	
Government and Public					
Buildings	<b>18,997,292</b>	<b>34%</b>	16,053,174	33%	18%
Urban Infrastructure	<b>18,149,199</b>	<b>32%</b>	15,717,301	32%	15%
Residential Projects	<b>9,837,883</b>	<b>17%</b>	9,161,718	18%	7%
Industrial Projects	<b>9,555,185</b>	<b>17%</b>	8,323,265	17%	15%
Total	<b><u>56,539,559</u></b>	<b><u>100%</u></b>	<b><u>49,255,458</u></b>	<b><u>100%</u></b>	<b><u>15%</u></b>

*By region*

	As at 31 December				Change
	2014		2013		
	RMB'000	% of total	RMB'000	% of total	
Zhejiang Province	<b>16,735,710</b>	<b>30%</b>	14,038,117	29%	19%
Shanghai	<b>13,004,099</b>	<b>23%</b>	11,378,263	23%	14%
Other Eastern China Region	<b>5,710,495</b>	<b>10%</b>	5,664,503	11%	1%
Central China Region	<b>11,760,228</b>	<b>21%</b>	9,654,284	20%	22%
Northern China Region	<b>5,880,114</b>	<b>10%</b>	5,467,477	11%	8%
Other Regions	<b>1,922,345</b>	<b>3%</b>	1,674,723	3%	15%
Overseas*	<b>1,526,568</b>	<b>3%</b>	1,378,091	3%	11%
Total	<b><u>56,539,559</u></b>	<b><u>100%</u></b>	<b><u>49,255,458</u></b>	<b><u>100%</u></b>	<b><u>15%</u></b>

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

During the year, the Group continuously deepens the execution of contract management and promotes the operation principle of “To focus attention to big markets, high value clients and high end projects”, strengthens the existing markets and explores new potential markets actively and focuses its strength on intake of high grade projects. Relying on its high quality products and services, as well as a good reputation, the Group’s construction business new contract maintained a steady growth. In 2014, the Group has secured new construction contracts amounted to approximately RMB24.9 billion (2013: RMB19.8 billion) in value, representing an increase of approximately 26% compared to last year, including a large number of high end projects, like Zhijiang School revitalisation project of Zhejiang University of Technology, the revitalisation project of Ren Ji College of Wenzhou Medical University, the railway station hall of Zhengzhou-Xuzhou line and Tianjin Hubin Plaza. As one of the first pilot enterprises of EPC (Engineering Procurement Construction) in Zhejiang Province, the Group will seize the opportunity to renew business model and pursue the change from a construction contractor to a general contractor. After undertaken of the BT project of Ocean Science and Technology Innovation Park in Wenzhou Economic Technology Development Zone, the Group has been able to intake another BT project of Qutun Replacement Residence in Jinghu New District of Shaoxing City, benchmarking an important milestone of the emerging business model for its construction business.

The Group emphasizes on brand building. It was the leader of all competitions during the year, which helped to enhance the Group’s reputation. In 2014, the Group received a total of 83 awards. The key awards are as follows:

<b>Projects Name</b>	<b>Awards</b>
Curtain Wall Project of Shaoxing Union International Building	National Construction Decoration Project Award
Curtain Wall Project of China Merchants Building in Shekou, Shenzhen City	National Construction Decoration Project Award
Baoye Guanggu Lidu	Chutian Cup
The First People’s Hospital in Dengzhou City	Zhongzhou Cup
Curtain Wall Project of Zhenhai Cultural Centre	Excellent Construction Decoration Project Award in Zhejiang Province
Green Town·Jade Lake ·Rose Garden	Amber Cup
The Reconstruction Project of Liaoning People’s Hospital	Golden Cup honored by three cities of Haerbin, Changchun and Shenyang
Fuyang Rural Cooperative Bank in Zhejiang Province	West Lake Cup
Shaoxing Sports Centre	Textile City Award
Heating Installation Project of Juyin International Commercial Centre	Excellent Installation Award in Zhejiang Province

## Property Development Business

### Property Sales

For the year ended 31 December 2014, revenue of the Group's property development business amounted to approximately RMB2,090,226,000 (the revenue before deductions of sales tax and related levies was approximately RMB2,233,521,000), representing an increase of approximately 49% from last year. Operating profit amounted to approximately RMB281,504,000 representing a decrease of approximately 25% compared to last year. The increase of revenue and decrease of the operating profit of the property development business were mainly due to the lower profit margin properties' products for Dongcheng Square and City Green Garden in Hefei city which were recognized during the year. Properties' sale recognized last year was mainly attributable to Daban Fengqing which carried a comparatively higher profit margin.

For the year ended 31 December 2014, revenue of property sales was mainly derived from the following projects, details of which are set out below:

<b>Project</b>	<b>Location</b>	<b>Average Selling Price (RMB/Sqm)</b>	<b>Floor Areas Sold (Sqms)</b>	<b>Revenue (RMB'000)</b>
Baoye Dongcheng Square	Hefei	7,358	142,881	1,051,316
Baoye City Green Garden	Hefei	5,498	54,496	299,614
Baoye Daban Fengqing	Shaoxing	8,604	21,390	184,046
Baoye Jiangwan Luyuan	Shaoxing	4,773	31,127	148,561
Four Seasons Garden· He Garden	Shaoxing	44,536	3,216	143,229
Baoye Mengdie Luyuan Phase I	Bozhou	4,351	39,193	170,523

For the year ended 31 December 2014, the sales contracts of the Group's property development business amounted to approximately RMB2.8 billion (2013: RMB2.4 billion) and a contract sale area of approximately 260,000 square metres, excluding the property sales registered under joint ventures, all such sale units will be progressively completed, delivered and recognized as revenue in the next two years.

### *Projects under development*

As at 31 December 2014, the Group's projects under development are set out below:

<b>Project Name</b>	<b>Location</b>	<b>Total Estimated Gross Floor Area under Development (Sqms)</b>	<b>Equity Interest of the Group</b>
Baoye Four Seasons Garden	Shaoxing	446,000	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	384,000	50%
Baoye Xiaoyao Luyuan	Bozhou	131,000	50%
Baoye Xuefu Luyuan	Bengbu	199,700	63%
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, a five-star resort hotel, two leisure parks, a sport park, a shopping arcade, a kindergarten and a central lakeside garden fully equipped with supporting facilities. This project is developed in 12 phases, of which, Lotus Garden, Liu Garden and certain portion of He Garden had been delivered to owners, Ming Garden and Run Garden Phase I and Phase II have almost been sold out; Xi Garden, Jing Garden and Fu Garden are under pre-sale.

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 almost sold out and will be delivered to owners in 2015.

Baoye WanHuacheng, located in Huinan town, 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 was launched for pre-sale in December 2013 with satisfactory results and will be delivered to owners in 2015.



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 delivered to owners in the first half of 2014, phase II and phase III were launched for pre-sale with satisfactory results.

Baoye Xiaoyao Luyuan is located in new district of south of Mengcheng County, Bozhou City, Anhui Province, has a total site area of approximately 93,000 square metres, comprising of semi-detached villas, garden house, high-rise residential and commercial buildings, which will be a new centre in the new district with its features of distinctiveness, fashion, high-grade and inclusiveness. This project is under development stage.

Baoye Xuefu Luyuan, is located in Bengbu City, Anhui Province. It has a total site area of approximately 62,600 square metres and an estimated gross floor area of approximately 199,700 square metres of which approximately 20,000 square metres are affordable housing. The project comprises 15 buildings and has commenced construction in July 2014. It is expected to be delivered to owners in 2016.

Baoye Longhu Yucheng, is located in a prime area of Eastern New City, Kaifeng County, Henan Province. It has a total site area of approximately 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 was under pre-sale in 2014.

#### *New Land Reserve*

In 2014, the Group acquired two parcels of land use right through public tender and auction at a total consideration of approximately RMB800 million, one of which is located in Qingpu District, Shanghai, at a total consideration of approximately RMB570 million. The first parcel of land has a total site area of approximately 28,000 square meters with 2.0 times plot ratio. It will adopt industrialized construction technology to build. The other parcel of land is located in Qingshan District, Wuhan City, Hubei Province. This parcel of land has a total site area of approximately 15,600 square metres at a total consideration of approximately RMB228 million.

The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. The Group has land reserve in cities of Shaoxing, Wuhan, Shanghai, Hefei, Bozhou, Kaifeng and Bengbu, and 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 2014, revenue of the Group's building materials business amounted to approximately RMB2,114,170,000, representing an increase of approximately 2% over last year; operating profit was approximately RMB90,729,000, representing an increase of approximately 25% from last year.

For the year ended 31 December 2014, revenue from the Group's building materials is analysed below:

	For the year ended 31 December				Change
	2014		2013		
	RMB'000	% of total	RMB'000	% of total	
Curtain Wall	1,126,801	53%	1,086,414	52%	4%
Ready-mixed Concrete	386,484	18%	371,366	18%	4%
Steel Structure	251,002	12%	245,147	12%	2%
Furnishings and Interior Decorations	229,410	11%	262,652	13%	-13%
Wooden Products and Fireproof Materials	80,107	4%	100,182	5%	-20%
Others	40,366	2%	924	0%	4269%
<b>Total</b>	<b>2,114,170</b>	<b>100%</b>	<b>2,066,685</b>	<b>100%</b>	<b>2%</b>

During the year of 2014, the traditional building materials businesses of curtain wall, ready-mixed concrete and steel structure still maintained steady growth and the new pilot businesses of PC assemble boards and light steel industrialized housing components are actively being promoted and applied in new village construction, affordable housing and shantytowns reconstruction besides the application of projects in hand. The up surge of others' segment growth was mainly contributed by the rapid growth of PC assembly boards.

During the year of 2014, the Group sustained market shares in existing markets and enhanced market shares in new markets. Zhejiang Baoye Curtain Wall Decoration Company Limited successfully explored new markets in Xinjiang, Yunnan, Guizhou and Inner Mongolia, ensured the business resource by building friendly cooperation with real estate developers, and secured a number of high-end projects, such as Xinjiang Hexie International Plaza, Yunan Kunming Xishan Wanda Plaza, the Industrial Park of Guizhou Maotai and the Stadium of Hohhot. The steel structure project of the Swimming Stadium of Shaoxing County Sports Center built by Zhejiang Baoye Steel Structure Company Limited was awarded the Golden Prize of China Steel Structure Projects.

## **BUSINESS PROSPECT**

The year of 2015 is an important year to deepen the national reform and build legal perspective to govern the country. By entering into the new regular trend of the China economy, the Group will proactively adjust its development norm by adopting the operating principal of “a healthy and sustainable development is more important than short-term gains”, the Group will ensure a steady development of its three businesses in construction, property development and housing industrialization and seize new opportunities for future development by responding to the changes in policies and environment from time to time.

### **Construction business is the platform for the Group’s business development**

According to the document “Some Suggestions on Construction Industry Development and Reform” published by the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (the “MOHURD”), the government will try to help building a national construction market system, which will be filled with open, reasonable competitiveness, integrity and powerful supervision, aiming to transform the traditional construction industry, promoting the modernization of this industry, and ensuring a healthy and sustainable development for the construction industry. Facing such new market challenges, which are considered to be more competitive, the Group, equipped with its premium grade certification as a general constructor, will persist on the steady development idea and refine risk management control procedures to improve the quality of our products and services, to strengthen its competitiveness to intake of high end projects.

The Group has benefited from the prudent regional operation model. In the future, the Group will continuously execute the contract management and optimize the regional operation, to focus strengthen on the existing mature markets and developing new potential markets, especially to take high quality projects. In view of the fact that the government encourages private capital to participate in infrastructural construction, the Group will speed up the transformation of business model, making a solid foundation for future BT projects by solidifying its practical experience and its able competency level to correct deficiencies. Furthermore, as one of the first pilot enterprises of EPC (Engineering, Procurement, Construction) in Zhejiang Province, the Group will promote the projects with EPC model actively and try to participate in the PPP (Public-Private-Partnership) model, in order to help transforming the construction industry and strengthening our construction business.

### **Property development business contributes substantial profit to the Group**

The Group will maintain its prudent and steady operation policy for property development business. Facing the “stabilize the real estate market” policy from the central government, the Group will continue to acquire land prudently. By relying on the advantages of housing industrialization in brand and technology, the Group tries to improve the product’s quality and technology contents, and adopt new marketing strategies and efficiencies to enhance revenue.

As a vertically integrated enterprise with emphasis on construction, property development and housing industrialization, the Group will seize this opportunity giving rise by housing industrialization and positioning its advantages to explore a new property development model and pave a new path by constructing two sample projects of Baoye WanHuacheng 23rd building and Shanghai Qingpu Project, which will be built by applying the housing industrialization methodologies, setting out a new breakthrough in the market place. Meanwhile, the Group will adopt BIM's technology in the property development. On the basis of BIM's applications, the quality and efficiency of properties will be improved by information technology enhancement, thus the traditional real estate industry will be transformed and enhanced.

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

The year of 2014 is regarded as the starting year of Chinese housing industrialization. It has drawn unprecedented attention this year due to increasing labor cost, severe pollution and the industrial and economic transformation. On one hand, the local governments successively enacted policies to promote the housing industrialization. On the other hand, the housing industrialization companies increased investment in research and development of housing industrialization, hoping to gain more market shares in this new field. As one of the leaders in housing industrialization industry, the Group has a team of research, design, construction, manufacture and operation of the complete production line of housing industrialization. In the future, the Group will accumulate more practical experience by constructing projects in mass production scale, aiming to increase business volume and improve project quality of the housing industrialization business drawn on its competitive advantages in its three core businesses.

## **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 most of its borrowings on an unsecured basis. The amount of secured debt accounted for approximately 30% (2013: 47%) of the total borrowings. In addition, approximately 20% of the total borrowings (2013: 16%) 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 2014, the Group has unutilized banking facilities amounting to approximately RMB3.5 billion. Details of net cash position are analysed below:

	<b>As at 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Cash and cash equivalents	<b>2,298,272</b>	2,159,157
Term deposits with initial term of over three months	<b>21,034</b>	–
Restricted bank deposits	<b>212,607</b>	270,015
Less: total borrowings	<b>(1,008,000)</b>	(1,000,388)
Net cash	<b>1,523,913</b>	1,428,784
Total equity attributable to the owners of the Company	<b>5,976,180</b>	5,507,144
Net cash ratio	<b>25.5%</b>	25.9%

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

## Other Key Financial Ratios

	As at 31 December	
	2014	2013
Return on equity	<b>10.9%</b>	12.0%
Net assets value per share (RMB)	<b>9.46</b>	8.31
Current ratio	<b>1.35</b>	1.32

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 year, the return on equity represented a decrease of approximately 9.2% compared to the 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 13.8% compared to the last year. As at 31 December 2014, the Group continued to maintain a net cash position with a net cash ratio of 25.5%, representing a slight decrease compared to a net cash ratio of 25.9% of last year, which was primarily attributable to the increase of total equity attributable to the owners of the Company.

## Cash Flow Analysis

	Note	For the year ended 31 December	
		2014 RMB'000	2013 RMB'000
Cash inflow from operating activities	(i)	<b>406,751</b>	567,771
Cash outflow from investing activities	(ii)	<b>(176,393)</b>	(85,294)
Cash (outflow)/inflow from financing activities	(iii)	<b>(91,243)</b>	64,129
Net increase in cash and cash equivalents		<b>139,115</b>	546,606

### Note:

- i During the year, the net cash inflow from operating activities was approximately RMB406,751,000, a decrease of approximately RMB161,020,000 compared to the net cash inflow of approximately RMB567,771,000 of last year, which was mainly due to expenditure paid for the business of properties under development.
- ii During the year, the net cash outflow from investing activities was approximately RMB176,393,000, which was primarily due to the purchase of wealth management products from banks with the Company's unutilized capital.
- iii During the year, the net cash outflow from financing activities is approximately RMB91,243,000, mainly due to the repurchase of H Shares.

## 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 2014, the Group's land appreciation tax amounted to approximately RMB7,906,000, and the reversal of prior years' provision for land appreciation taxes amounted to approximately RMB78,648,000.

## Administrative Expenses

The Group's administrative expenses amounted to approximately RMB406,867,000 for the year ended 31 December 2014, representing an increase of 1% compared to approximately RMB403,512,000 for the same period last year. Followed by the business expansion and increase of employees' salaries and benefits, administrative expenses had increased correspondingly during the year.

## Finance Costs

During the year of 2014, all interest costs were applied for use in properties development and had been fully capitalised. The Group had no interest costs chargeable to income.

## Financial Guarantee

	<b>31 December 2014 RMB'000</b>	31 December 2013 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers	<b>85,438</b>	134,037

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 2014, land use rights, property, plant and equipment and properties under development, investment properties at a total value of approximately RMB921,968,000 (as at 31 December 2013: RMB1,780,782,000) 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.

## **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 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 2014, the Group had no connected transaction that would require disclosure under the Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY**

During the year, the Company has repurchased H Shares for 14 times in aggregate of 31,220,000 H Shares, representing 10% and 4.71% of the total number of H Shares and total number of issued Shares of the Company respectively. The total amount paid was HK\$151,070,000 (excluding transaction charges). Details of which was set out in the announcement in relation to the completion of repurchase of H shares on 22 May 2014 as published on the website of the Stock Exchange.

## **HUMAN RESOURCES**

As at 31 December 2014, the Group had a total of 3,949 permanent employees (as at 31 December 2013: 3,671). Also, there were approximately 74,735 indirectly employed construction site workers (as at 31 December 2013: 74,318). These workers were not directly employed by the Group. For the year ended 31 December 2014, the total employee benefit expenses amounted to approximately RMB4,230,264,000. 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 2014, the Company has complied with all the code provisions as set out in the CG Code, except for deviation of provisions 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. 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.

Pursuant to Rules 3.10(1) and 3.10A of the Listing Rules, the board of directors of a listed issuer must include at least three independent non-executive directors and the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. On 2 July 2014, Ms. Jin Juxian resigned as an independent non-executive Director. Since then, the Board only has two independent non executive Directors, and the number of independent non-executive Directors deviated from the requirement under the Listing Rules since on 2 July 2014. On 25 August 2014, the Board appointed two new independent non-executive Directors and since then, the Board consists of five executive Directors, one non-executive Director and three independent non-executive Directors and the Board's composition has satisfied the requirement under the Listing Rules since 25 August 2014. Please refer to the announcement of the Company dated 25 August 2014 for further details.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS (THE “MODEL CODE”)**

The Board and the Supervisory Committee have adopted the Model Code as its own code of conduct for securities transactions by the Directors and Supervisors. Specific enquiries have been made by the Company and all the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the year of 2014. 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. Li Wangrong and one non-executive director, Mr. Fung Ching, Simon. The audit committee held three meetings on 25 March 2014, 21 July 2014 and 25 August 2014 respectively. Mr. Chan Yin Ming, Dennis, Mr. Wang Youqing (Mr. Wang resigned as a member of the audit committee on 25 August 2014) and Mr. Fung Ching, Simon attended the meetings, while Mr. Li Wangrong was appointed as a member of audit committee on 25 August 2014, so he did not attend 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 2014 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 2014 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 2014 Annual Report will be sent to the shareholders of the Company and posted on the websites of The Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.baoyegroup.com](http://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 2015

*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. Li Wangrong and Ms. Liang Jing.*