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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 2015

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 2015 prepared in accordance with Hong Kong Financial Reporting Standards, together with comparative figures for the year ended 31 December 2014. The following financial information is extracted from the audited consolidated financial statements as set out in the Group’s 2015 Annual Report.

* For identification purpose only

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Year ended 31 December	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2	18,216,083	18,897,996
Cost of sales		(16,973,082)	(17,717,224)
Gross profit		1,243,001	1,180,772
Other income	3	116,351	119,588
Other gains – net	4	79,746	9,740
Selling and marketing costs		(72,943)	(62,523)
Administrative expenses		(407,522)	(406,867)
Operating profit		958,633	840,710
Finance costs		–	–
Share of loss of joint ventures		(68,642)	(27,997)
Share of (loss)/profit of associates		(9,072)	340
Profit before income tax		880,919	813,053
Income tax expense	5	(281,922)	(152,266)
Profit for the year		598,997	660,787
Profit attributable to:			
– Owners of the Company		563,655	648,702
– Non-controlling interests		35,342	12,085
		598,997	660,787
Earnings per share for profit attributable to the owners of the Company			
– Basic and diluted (expressed in RMB per share)	6	0.91	1.01
Dividends	7	61,237	63,174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	598,997	660,787
Other comprehensive income:		
<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	–	(1,528)
Transfer of reserves to income statement upon sale of available-for-sale financial assets, net of tax	(3,097)	(2,071)
Change in fair value of available-for-sale financial assets, net of tax	3,389	5,112
	<hr/>	<hr/>
Other comprehensive income for the year, net of tax	292	1,513
	<hr/>	<hr/>
Total comprehensive income for the year	599,289	662,300
	<hr/>	<hr/>
Total comprehensive income attributable to:		
– Owners of the Company	563,947	650,215
– Non-controlling interests	35,342	12,085
	<hr/>	<hr/>
Total comprehensive income for the year	599,289	662,300
	<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2015	2014
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		480,752	536,240
Property, plant and equipment		1,240,692	1,234,450
Investment properties	8	597,079	596,583
Goodwill		16,534	16,534
Investment in joint ventures		50,573	48,699
Loan to a joint venture		9,868	139,245
Investment in associates		28,218	24,423
Available-for-sale financial assets		9,707	11,988
Deferred income tax assets		74,538	63,251
		<u>2,507,961</u>	<u>2,671,413</u>
Current assets			
Inventories		131,737	141,816
Properties under development	9	4,625,616	4,152,152
Completed properties held for sale	10	2,390,148	1,106,578
Due from customers on construction contracts	11	3,127,617	2,569,726
Trade receivables	12	1,423,938	1,395,895
Other receivables and prepayments		1,710,932	2,592,414
Loan to associates		51,146	40,229
Available-for-sale financial assets		624,310	165,900
Restricted bank deposits		188,009	212,607
Term deposits with initial term of over three months		45,419	21,034
Cash and cash equivalents		3,170,058	2,298,272
		<u>17,488,930</u>	<u>14,696,623</u>
Total assets		<u>19,996,891</u>	<u>17,368,036</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2015	2014
	Note	RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		612,372	631,744
Share premium		671,665	756,533
Reserves		183,436	145,024
Retained earnings		4,907,177	4,442,879
		<u>6,374,650</u>	<u>5,976,180</u>
Non-controlling interests		150,922	114,157
		<u>6,525,572</u>	<u>6,090,337</u>
LIABILITIES			
Non-current liabilities			
Borrowings		–	289,000
Deferred income tax liabilities		64,821	63,505
		<u>64,821</u>	<u>352,505</u>
Current liabilities			
Trade payables	13	2,867,045	2,417,144
Other payables		2,378,957	2,332,662
Receipts in advance		5,024,194	3,228,749
Current income tax liabilities		518,517	428,161
Due to customers on construction contracts	11	2,080,785	1,799,478
Borrowings		537,000	719,000
		<u>13,406,498</u>	<u>10,925,194</u>
Total liabilities		13,471,319	11,277,699
		<u>19,996,891</u>	<u>17,368,036</u>
Total equity and liabilities			

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable 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 2015				
	Construction RMB’000	Property development RMB’000	Building materials RMB’000	Others RMB’000	Group RMB’000
Total revenue	15,566,116	1,694,672	2,246,849	161,654	19,669,291
Inter-segment revenue	(1,195,868)	–	(240,663)	(16,677)	(1,453,208)
Revenue (from external customers)	14,370,248	1,694,672	2,006,186	144,977	18,216,083
Operating profit	487,925	352,893	81,709	36,106	958,633
Depreciation	31,120	6,154	46,827	24,352	108,453
Amortisation	6,646	–	3,518	2,605	12,769
Impairment of receivables	3,006	–	11,180	–	14,186
Share of loss of joint ventures	–	66,650	1,992	–	68,642
Share of loss of associates	–	–	9,072	–	9,072
Income tax expense	120,878	134,340	20,690	6,014	281,922
	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)
Revenue (from external customers)	14,568,202	2,090,226	2,114,170	125,398	18,897,996
Operating profit	452,869	281,504	90,729	15,608	840,710
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

3. OTHER INCOME

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

4. OTHER GAINS – NET

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Gains on disposals of land use rights	60,611	2,124
Government grants and compensation	9,076	5,787
Gains on disposals of an associate	4,178	–
Gains on disposals of available-for-sale financial assets	4,130	2,762
Gains/(losses) on disposals of property, plant and equipment	910	(311)
Fair value gains on investment properties	496	2,224
Gains on disposals of a subsidiary	–	100
Donations	(573)	(2,745)
Others	918	(201)
	<u>79,746</u>	<u>9,740</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 (2014: 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% (2014: 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 from 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current income tax		
– PRC CIT	236,321	219,122
– Land appreciation tax:		
– Provision for the year	55,669	7,906
– Overprovision in previous years	–	(78,648)
Deferred income tax, net	(10,068)	3,886
	281,922	152,266

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.

	2015	2014
Profit attributable to the owners of the Company (RMB'000)	563,655	648,702
Weighted average number of ordinary shares in issue during the year (thousands shares)	619,283	642,962
Basic earnings per share (RMB)	0.91	1.01

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Proposed final dividend of RMB0.10 (2014: RMB0.10) per ordinary share	61,237	63,174

The board of directors recommend the payment of a final dividend of RMB0.10 (2014: RMB0.10) per ordinary share, totalling RMB61,237,000 (2014: RMB63,174,000). Such dividend is subject to the approval by the shareholders of the Company at the Annual General Meeting scheduled to be held on 15 June 2016. These financial statements do not reflect this dividend payable. The proposed final dividend for 2014 was paid in 2015 after the repurchase of H shares, hence, the actual payment in 2015 for 2014 final dividend was RMB61,237,000.

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”, which came into effect on 1 January 2008, 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 30 June 2016 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 outside 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 based on what has been registered on the Company’s register of members for H Shares on the record date (i.e. 30 June 2016). The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from delay in, or inaccurate determination of, in submission 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

	2015 <i>RMB’000</i>	2014 <i>RMB’000</i>
At 1 January	596,583	560,013
Transfer from completed properties held for sale	–	34,346
Fair value change	496	2,224
	597,079	596,583
At 31 December, at fair value	597,079	596,583

9. PROPERTIES UNDER DEVELOPMENT

	2015 <i>RMB’000</i>	2014 <i>RMB’000</i>
Land use rights	2,320,457	1,978,605
Development costs	2,167,648	2,055,925
Finance costs capitalised	137,511	117,622
	4,625,616	4,152,152

10. COMPLETED PROPERTIES HELD FOR SALE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Land use rights	827,732	321,762
Development costs	1,529,963	766,008
Finance costs capitalised	32,453	18,808
	<u>2,390,148</u>	<u>1,106,578</u>

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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contract costs incurred plus recognised profits (less recognised losses) to date	57,284,186	56,539,559
Less: progress billings to date	<u>(56,237,354)</u>	<u>(55,769,311)</u>
	<u>1,046,832</u>	<u>770,248</u>
Represented by:		
Due from customers on construction contracts	3,127,617	2,569,726
Due to customers on construction contracts	<u>(2,080,785)</u>	<u>(1,799,478)</u>
	<u>1,046,832</u>	<u>770,248</u>

12. TRADE RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	1,499,190	1,457,083
Less: provision for doubtful debts	<u>(75,252)</u>	<u>(61,188)</u>
	<u>1,423,938</u>	<u>1,395,895</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 installment arrangement for certain villas and town houses projects). The net book value of trade receivables approximates their fair value. As at 31 December 2015, the ageing analysis of the trade receivables is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	666,444	532,215
3 months to 1 year	467,182	493,637
1 to 2 years	190,295	250,280
2 to 3 years	83,165	92,145
Over 3 years	92,104	88,806
	<u>1,499,190</u>	<u>1,457,083</u>

13. TRADE PAYABLES

As at 31 December 2015, the ageing analysis of the trade payables is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	1,104,548	820,598
3 months to 1 year	1,027,525	957,403
1 to 2 years	421,367	356,650
2 to 3 years	156,832	136,976
Over 3 years	156,773	145,517
	<u>2,867,045</u>	<u>2,417,144</u>

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 15 June 2016 (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 16 May 2016 to 15 June 2016, 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 13 May 2016.

The register of members of the Company will be closed from 23 June 2016 to 30 June 2016, 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 22 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Review

For the year ended 31 December 2015, the Group achieved a consolidated revenue of approximately RMB18,216,083,000 (2014: RMB18,897,996,000), representing a decrease of approximately 4% compared to the previous year; operating profit reached RMB958,633,000 (2014: RMB840,710,000), representing an increase of approximately 14% compared to last year; profit attributable to the owners of the Company amounted to approximately RMB563,655,000 (2014: RMB648,702,000), representing a decrease of approximately 13% from last year, which were mainly due to the substantial loss incurred by a joint venture and increase in income tax expense; earnings per share was RMB0.91 (2014: RMB1.01), representing a decrease of approximately 10% compared to last year.

Revenue

	For the year ended 31 December				Change
	2015		2014		
	RMB'000	% of total	RMB'000	% of total	
Construction	14,370,248	79%	14,568,202	77%	-1%
Property Development	1,694,672	9%	2,090,226	11%	-19%
Building Materials	2,006,186	11%	2,114,170	11%	-5%
Others	144,977	1%	125,398	1%	16%
Total	<u>18,216,083</u>	<u>100%</u>	<u>18,897,996</u>	<u>100%</u>	<u>-4%</u>

Operating profit

	For the year ended 31 December				Change
	2015		2014		
	RMB'000	% of total	RMB'000	% of total	
Construction	487,925	51%	452,869	54%	8%
Property Development	352,893	37%	281,504	33%	25%
Building Materials	81,709	8%	90,729	11%	-10%
Others	36,106	4%	15,608	2%	131%
Total	<u>958,633</u>	<u>100%</u>	<u>840,710</u>	<u>100%</u>	<u>14%</u>

Construction Business

For the year ended 31 December 2015, the Group's construction business achieved revenue of approximately RMB14,370,248,000, representing a slip of approximately 1% over last year; operating profit amounted to approximately RMB487,925,000, representing an increase of approximately 8% over last year. The increase of operating profit was mainly due to the gains on disposals of land use rights of approximately RMB60,611,000 in 2015 arising from housing demolition and relocation by Wuhan government.

For the year ended 31 December 2015, the Group's total contract value under construction in-progress amounted to approximately RMB57,284,186,000, representing an increase of approximately 1% over last year. The total contract value for the Group's construction-in-progress is analysed below:

By project nature

	As at 31 December				Change
	2015		2014		
	RMB'000	% of total	RMB'000	% of total	
Government and Public					
Buildings	19,304,771	34%	18,997,292	34%	2%
Urban Infrastructure	18,846,497	33%	18,149,199	32%	4%
Residential Projects	9,394,607	16%	9,837,883	17%	-5%
Industrial Projects	9,738,311	17%	9,555,185	17%	2%
Total	57,284,186	100%	56,539,559	100%	1%

By region

	As at 31 December				Change
	2015		2014		
	RMB'000	% of total	RMB'000	% of total	
Zhejiang Province	17,070,687	30%	16,735,710	30%	2%
Shanghai	13,519,068	24%	13,004,099	23%	4%
Other Eastern China Region	5,384,713	9%	5,710,495	10%	-6%
Central China Region	12,029,679	21%	11,760,228	21%	2%
Northern China Region	5,842,987	10%	5,880,114	10%	-1%
Other Regions	1,890,378	3%	1,922,345	3%	-2%
Overseas*	1,546,674	3%	1,526,568	3%	1%
Total	57,284,186	100%	56,539,559	100%	1%

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

In 2015, the construction industry experienced an unprecedented downturn in business. Facing a downward trend, fixed assets investment had been reduced significantly which has led infrastructural investment to diminish and raw materials pricing to reach its bottom from tier to tier, and thus registering record low production value in history. Simultaneously, the advantage of population growth has turned upside down and is coming to an end; this, coupled with the changes in government tax policy, has forced the reshuffling of the construction industry to take place. During the year, affected by the slump in macro economic development and by exercising stringent credit risks control in intake of new construction contracts, the construction business new contract value amounted to approximately RMB14.7 billion (2014: RMB24.9 billion), representing a decrease of approximately 41% compared to the previous

year. The Group’s construction business has always adopted a prudence operating principle to control risks and to sustain steady development in order to secure market orders from “large market, high-value clients and high-end projects”, and became one of the pilot companies in Zhejiang Province acting as general contractor for EPC (engineering-procurement-construction) projects, aiming to provide high quality products and services. During the year under review, the Group’ construction business has maintained relatively stable operating result despite the severe market condition by securing a number of high-end construction projects, which includes Guangdong Yinkui Hospital, Sheshan Intelligent Oasis Culture Zone in Shanghai, the reconstruction project of Xiaoshan Pu Tuo shan Airport, the mathematics centre of Fudan University, the production base of Alibaba Hangzhou Software zone, the super high curtain wall project of Ningbo Greenland centre and the sports centre’s curtain wall project in Hohhot City.

The Group emphases on brand building. It was the leader of all competitions in industry award during the year, which helped to enhance the Group’s reputation. In 2015, the Group received a total of 115 awards, of which, the sports centre of China Textile City enabled the Group won its 16th Luban Award, the other key awards are as follows:

Projects Name	Awards
Sports Centre of China Textile City	Luban Award/Qianjiang Cup/ Lanhua Cup
Languang • Gongshan No. 1	Zhan Tianyou Award
Guomai Building in Wenzhou City	Qianjiang Cup
Telecom Machine Building of China Textile City	Qianjiang Cup
Zhongyin International Hotel in Huangshi, Hubei	National Excellent Project Award/Chutian Cup
The Line 2 Metro Project in Wuhan	Golden Cup as an example project of National Urban Facilities
A Computer R&D Building (201-A)of No. 709 Institute of CSSC	Chutian Cup
The Second Complex Experimental Building of Huazhong Agricultural University	Chutian Cup
A Gymnasium of Shanghai University of Political Science and Law	BaiYulan Cup
A Residential Project of Xinta Shuishang	BaiYulan Cup/National Excellent Award
The Third Building of Tianmen Lake Public Housing	Chinese Excellent Construction Project

Property Development Business

Property Sales

For the year ended 31 December 2015, revenue of the Group's property development business amounted to approximately RMB1,694,672,000 (the revenue before deductions of sales tax and related levies was approximately RMB1,803,878,000), representing a decrease of approximately 19% from last year. Operating profit amounted to approximately RMB352,893,000, representing an increase of approximately 25% compared to last year, the reason why revenue decreased but operating profit increased was that the property units registered during the year have higher profit margin than last year.

For the year ended 31 December 2015, 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 Guanggu Lidu	Wuhan	7,903	80,051	632,616
Baoye Mengdie Luyuan	Mengcheng	4,494	105,574	474,409
Baoye Four Seasons Garden • He Garden	Shaoxing	45,190	5,466	247,009
Baoye Daban Fengqing	Shaoxing	7,326	25,063	183,617
City Green Garden	Heifei	9,916	10,755	106,646

For the year ended 31 December 2015, the sales contracts of the Group's property development business amounted to approximately RMB3.4 billion (2014: RMB2.8 billion) and a contract sale area of approximately 334,600 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 2015, 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	447,000	100%
Baoye Guanggu Lidu	Wuhan	199,478	100%
Hubei Baoye Centre	Wuhan	88,000	100%
Baoye Wanhuacheng	Shanghai	132,064	100%
Shanghai Baoye Centre	Shanghai	27,000	100%
Baoye Ido	Shanghai	88,000	100%
Baoye Mengdie Luyuan	Bozhou	189,794	50%
Baoye Xiaoyao Luyuan	Bozhou	131,000	50%
Baoye Xuefu Luyuan	Bengbu	199,700	63%
Baoye Taihe City Green Garden	Taihe	420,000	55%
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, 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 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 has commenced delivery in 2015.

Hubei Baoye Centre is located at the junction of Jianshe 1st Road and Jiangang south Road, Qingshan District, Wuhan City. It has an estimated gross floor area of approximately 88,000 square metres, pursuant to which, approximately 65,600 square metres were above-ground levels and approximately 22,400 square metres at underground levels, will be developed as office buildings. The construction of this project commenced in the second half of 2015 and is expected to be completed by 2017.

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 was launched for pre-sale in December 2013 with satisfactory results and the delivery has been started at the end of 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 Ido is located in the east end of new city, Qingpu District, with convenient transportation. It is designed as a prefabricated construction project with a 30% prefabricated rate and 2.0 times plot ratio. It has a total gross floor area of 88,000 square metres, pursuant to which, approximately 56,000 square metres were above-ground levels, will be developed as 8 high-rise prefabricated residential 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 seven phases, of which, phases I and II had been delivered to owners in 2014, phases III, IV and V has begun to deliver to owners in 2015; and Phase VI and VII are launched for pre-sale with satisfactory results and are expected to be delivered to owners in 2016.

Baoye Xiaoyao Luyuan is located in new district of south of Mengcheng County, Bozhou City, Anhui Province, has a total gross floor area of approximately 131,000 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. The construction has been started in November 2015 and will be finished in 2017.

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 started construction in July 2014. It is expected to be delivered to owners in 2016.

Baoye Taihe City Green Garden is located in Taihe County, Anhui Province with a total gross floor area of 420,000 square metres, comprising of unique and niche residential units, elegance shopping arcade, an international bilingual kindergarten and high-end swimming pool facilities. Personalized and scientific design in dividing motor vehicle flow and pedestrian flow enable residents to enjoy quality and comfortable living. The project is closed to an eco-friendly park and rich community facilities, which sets the new standard built for eco-friendly district for the new generation in the City. The phase I has began pre-sale during the year.

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 has started pre-sale in 2014, and has commenced delivery of sale unit to owners in the second half year of 2015.

New Land Reserve

In 2015, the Group acquired two parcels of land use right through public tender and auction at a total consideration of approximately RMB677,341,000; one of which is located in Taihe County, Anhui province, with a total site area of approximately 148,000 square metres at a total consideration of approximately RMB317 million; another one is located in Yuecheng District, Shaoxing City, Zhejiang Province with a total site area of approximately 41,000 square metres at a total consideration of approximately RMB359 million. The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. The Group has land reserve in cities in the eastern and central China, such as Zhejiang, Hubei, Shanghai, Anhui and Henan, which can ensure its profits and capability of risk resistance benefitting from low land cost and reasonable regional distribution.

Building Materials Business

For the year ended 31 December 2015, revenue of the Group's building materials business amounted to approximately RMB2,006,186,000, representing a decrease of approximately 5% over last year; operating profit was approximately RMB81,709,000, representing a decrease of approximately 10% from last year.

For the year ended 31 December 2015, revenue from the Group's building materials is analysed below:

	For the year ended 31 December				Change
	2015		2014		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Curtain Wall	1,057,609	53%	1,126,801	53%	-6%
Ready-mixed Concrete	339,386	17%	386,484	18%	-12%
Steel Structure	272,896	14%	251,002	12%	9%
Furnishings and Interior Decorations	206,008	10%	229,410	11%	-10%
Wooden Products and Fireproof Materials	61,643	3%	80,107	4%	-23%
Others	68,644	3%	40,366	2%	70%
Total	<u>2,006,186</u>	<u>100%</u>	<u>2,114,170</u>	<u>100%</u>	<u>-5%</u>

During the year under review, main sectors of building materials business recorded a decrease due to the downward influence of the macro economy. However, the Company's brand name has been enhanced. Zhejiang Baoye Curtain Wall Decoration Company Limited was ranked Top 100 companies in Chinese curtain wall industry, and Zhejiang Guangyi Construction and Decoration Co., Ltd. was ranked Top 100 Companies in Chinese construction decoration industry.

In 2015, both of real estate industry and construction industry had experienced deep adjustments, the market focus then shifted to industrialisation of construction. The Group's industrialisation construction business in PC assemble structure and light steel structure attained significant growth during the year. In Shaoxing, Baoye Daiwa Industrialised House Manufacturing Company Limited completed 23 light steel houses and Shaoxing Baoye Sievert Concrete Precast Elements Co., Ltd took over PC boards business of five PC assemble projects including the textile city CBD in Keqiao. In Anhui, the Company secured PC boards business of three PC assemble public housing projects of Binhu Run Garden, Nangang, in high-tech zone and Zhuangzhou, in Mengcheng. The homemade PC production line in Shanghai's housing industrialisation park has commenced commercial operation in October 2015, and the imported production line had been installed. Meanwhile, Shanghai Prefa Housing Industrialization Company Limited, jointly invested by the Group, Shanghai Building Materials Group and Shanghai Xian Dai Architectural Design Group, was founded to manufacture healthy, energy-saving and environmental-friendly industrialised products, and other peripheral products by adopting new industrialised construction methodologies.

BUSINESS PROSPECT

2016 is the beginning year of national thirteenth five-year plan, which economic reform focuses on strengthening structural reform and maintains a reasonable economic growth. The analysis of future economic well being would not affect our confidence with aspiration. The Group believes that with continuous technology improvement which, would drive changes in many aspects of our economy; this together with deeper reform, would provide more rooms for development. We look forward to a more efficient, more competitive and more sustainable economic environment to fit into the New Regular Trend with anticipated slower growth than in the past.

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

During the year, construction enterprises faced difficulties in public bidding for construction projects and shortage of working capital affected by reduction in investment in fixed assets. However, as a company with sound financial position, the Group is able to fend off new challenges in an austerity environment, in fostering upgrade and enhancement to fit into the New Regular Trend.

In the future, the Group, equipped with its premium grade certification as a general constructor and one of pilot enterprises as general contractor for EPC projects, will integrate its resources to speed up its pace in transforming from construction contractor to project contractor and attempt to breakthrough in bidding for BOT, EPC and PPP projects. It will explore more mature markets to promote the regional business strategy while strengthening its home markets in Zhejiang, Shanghai, Tianjin, Jiangsu and Henan. By developing high quality clients and securing high-end projects in public construction sector and real estate industry, the Group will further improve its reputation and enhance branding effect, in order to secure steady and reliable orders. One of the future tasks is to pursue management of self-own projects. The Company will devise plans to develop self-own projects by implementing effective management control system.

With reduced construction projects in market, it is necessary to implement efficient and effective management control system and techniques in operation to secure sustainable profits in future. The Group will implement a detailed management system to oversee all sectors of business through selected projects and clients, increased investment, and the application of BIM technology and internet applications, and to discontinue certain operations with low efficiency and cost effectiveness and high risks to ensure that the construction business remains healthy for future development.

Property development business contributes substantial profit to the group

In the near term, slashing inventories and reducing investment will be the two main tasks for the real estate industry, the country's key areas for reform. In 2016, the real estate industry will still play a key role in macro economic development in China to boost housing demand. The Group always insists on prudent operation policy, by paying close attention on macroeconomic policy direction and every regional market changes, it selects to develop projects in Shanghai, Wuhan, Hefei and Shaoxing at appropriate time where cities have been well developed, with sizable population, shorter turnaround time and lower housing price bubble. As for the projects under development, the Group will shorten the period of inventory holding period to sale by implementing better management plan and control, controlling risks and cost, innovative sale models and exploring sale channels to ensure quicker return on investment projects.

The Group will develop projects based on past experience from successful completed projects, depending on effective management control system, innovative design product and good valued product and impeccable service to enhance the brand image of "Good house built by Baoye". Furthermore, the Group will make full use of its advantages of brand and technology of housing industrialisation to develop advance technology property featured with comfortable, low energy consumption, safe and healthy, green and intelligent housing. By exploring new markets in commercial properties, properties for retirees and new village construction, the Group is planning to develop a new property development business mode which corresponds to market changes.

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

As the important strategy for future development, housing industrialisation business is not only the way to realise transformation of the Group's business, but also the future development trend in the industry. The Group has spent more than two decades in researching and developing industrialisation of construction, by cooperating with Daiwa House of Japan and Sievert in Germany, as well as domestic companies and universities, the Group has been equipped with an integrated industrial chain from R&D, design, manufacturing, construction and operation, owning two series of products of light steel assemble parts and PC parts. Benefiting from the government's policy in promoting housing industrialisation throughout the country, the Group has been one of the leaders in developing housing industrialisation, trying to act as the model enterprise in the field of industrialisation of construction design, R&D and construction and replicating its unique and efficient operation system and business model in nationwide markets.

Housing industrialisation, with a trillion market potential in “blue ocean market”, has been flourished recently, which is not only the major requirement in implementing national innovative expansion strategy in new town development, but also the necessary way to realise transformation and improve operational efficiency in the construction industry. After meeting rigid housing demand, people started to favor diversity of choices in housing selection, however, industrialisation of housing provide possibility in meeting different people’s choices and preferences, which stems from standardisation of design; mass production, construction fitting out, integrated decoration and management information system. In future, the Group will make full use of its competitive advantages, strengthen cooperation with alliance partners, and pursuing breakthrough in housing industrialisation business.

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 6.5% (2014: 30%) of the total borrowings. In addition, approximately 26% of the total borrowings (2014: 20%) 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 2015, the Group has unutilized banking facilities amounting to approximately RMB5 billion. Details of which are analysed below:

	As at 31 December	
	2015	2014
	RMB'000	<i>RMB'000</i>
Cash and cash equivalents	3,170,058	2,298,272
Term deposits with initial term of over three months	45,419	21,034
Restricted bank deposits	188,009	212,607
Less: total borrowings	(537,000)	(1,008,000)
Net cash	2,866,486	1,523,913
Total equity attributable to the owners of the Company	6,374,650	5,976,180
Net cash ratio	45.0%	25.5%

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

Other Key Financial Ratios

	As at 31 December	
	2015	2014
Return on equity	8.8%	10.9%
Net assets value per share (RMB)	10.41	9.46
Current ratio	1.30	1.35

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 profit attributable to the owners of the Company represented a decrease of 13.1% compared to last year, leading to a decrease of approximately 19.3% of the return on equity, but the net assets value per share still has registered an increase of approximately 10.0% compared to that of last year. As at 31 December 2015, the Group continued to maintain a net cash position with a net cash ratio of 45.0%, representing a substantial increase of approximately 76.5% compared to a net cash ratio of 25.5% of last year, which was primarily attributable to the satisfactory result of property units' pre-sale and repayment of loans.

Cash Flow Analysis

		For the year ended 31 December	
		2015	2014
	Note	RMB'000	RMB'000
Cash inflow from operating activities	(i)	1,882,920	406,751
Cash outflow from investing activities	(ii)	(358,010)	(176,393)
Cash outflow from financing activities	(iii)	(653,124)	(91,243)
Net increase in cash and cash equivalents		871,786	139,115

Note:

- i During the year, the net cash inflow from operating activities was approximately RMB1,882,920,000, an increase of approximately RMB1,476,169,000 compared to the net cash inflow of approximately RMB406,751,000 of last year, which was mainly attributable to the satisfactory pre-sale result of the property development projects of Baoye Wanhuacheng and Baoye Four Seasons Garden.
- ii During the year, the net cash outflow from investing activities was approximately RMB358,010,000, which was primarily due to the purchase of available-for-sale financial assets.
- iii During the year, the net cash outflow from financing activities is approximately RMB653,124,000, mainly due to repayment of loans and 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 by applying assessable rates determined by the respective local tax authorities where the properties are located. For the year ended 31 December 2015, the Group's accrual of land appreciation tax amounted to approximately RMB55,669,000

Administrative Expenses

The Group's administrative expenses amounted to approximately RMB407,522,000 for the year ended 31 December 2015, comparatively at the same level of last year at RMB406,867,000, primarily attributable to sound management control system adopted during the year.

Finance Costs

During the year ended 31 December 2015, the Group's capital financing costs has not been recorded in the consolidated income statement, mainly due to the bank borrowings, which were applied for use in properties development and were entirely capitalised.

Financial Guarantee

	31 December 2015 RMB'000	31 December 2014 RMB'000
Guarantees given to banks in respect of mortgage facilities granted for certain purchasers	79,313	85,438

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 2015, land use rights, property, plant and equipment and properties under development, investment properties at a total value of approximately RMB10,491,000 (as at 31 December 2014: RMB921,968,000) 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 2015, 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 11 times in aggregate of 19,372,000 H Shares, representing 6.89% and 3.07% of the total number of H Shares and total number of issued Shares of the Company respectively. The total amount paid was HK\$129,927,000 (excluding transaction charges). Details of the H shares were as shown in the next day disclosure returns for the period from 17 April 2015 to 26 May 2015 published on the website of the Stock Exchange.

HUMAN RESOURCES

As at 31 December 2015, the Group had a total of 4,335 permanent employees (as at 31 December 2014:3,949). Also, there were approximately 71,258 indirectly employed construction site workers (as at 31 December 2014: 74,735). These workers were not directly employed by the Group. For the year ended 31 December 2015, the total employee benefit expenses amounted to approximately RMB4,226,681,000. 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 30 June 2015, the Group has entered into an entrusted loan agreement with Shaoxing China Textile CBD Investment and Development Company Limited through a bank. The bank was authorized to grant the entrusted loan with a principal amount of RMB50 million for a term of five months at an interest of 6.12%. The interest was being paid quarterly.

As at the date of this announcement, the above-mentioned entrusted loan had been repaid by the borrower in full, and 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 2015, 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.

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 “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 2015. 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 two meetings on 27 March 2015 and 25 August 2015. Mr. Chan Yin Ming, Dennis, Mr. Li Wangrong and Mr. Fung Ching, Simon attended the meetings. The audit committee has discussed the accounting policies, the critical accounting estimates and assumptions, the audit objectives and the scope of the Group’s internal audit department with management. They also discussed with the auditors on their audit plans and key audit areas. The audited consolidated financial statements and the annual results announcement of the Group for the year ended 31 December 2015 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 2015 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 2015 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
21 March 2016

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.