



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



# *Results Review and Prospects*

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

# *Corporate Profile*

# *Results Review*

# *Business Prospects*





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

# *Corporate Profile*





## Corporate Profile - Business Network



- ◆ Shaoxing, Zhejiang Province, where our headquarter located, is in the Yangtze River Delta, with rampancy economic growth in the PRC.
- ◆ In addition to our home base, we have expanded our business footprint into neighboring areas including Yangtze River Delta, Central China and Northern China.





## Corporate Profile - Business Network

*Baoye Group Company Limited*

### *Construction Business*

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

### *Property Development Business*

- Shaoxing
- Wuhan
- Shanghai
- Bozhou
- Kaifeng
- Bengbu
- Taihe

### *Building Materials Business*

- Shaoxing Building Materials Industrial Park
- Hefei Building Materials Industrial Park
- Wuhan Building Materials Industrial Park
- Shanghai Building Materials Industrial Parks



## Corporate Profile - Business Structure

### Baoye Group Company Limited

#### Construction Business

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

#### Property Development Business

- |  |                                   |
|--|-----------------------------------|
| -Shaoxing<br>"Baoye Four Seasons Garden" | -Mengcheng<br>"Mengdie Luyuan"    |
| - Wuhan<br>"Baoye Guanggu Lidu"          | -Mengcheng<br>"Xiaoyao Luyuan"    |
| -Wuhan<br>"Hubei Baoye Centre"           | -Bengbu<br>"Xuefu Luyuan"         |
| -Shanghai<br>"Baoye Wanhuacheng"         | -Kaifeng<br>"Baoye Longhuyucheng" |
| -Shanghai<br>"Baoye Centre"              | -Taihe<br>"City Green Garden"     |
| --Shanghai<br>"Baoye Ido"                |                                   |

#### Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- Steel Structure
- Furnishings and Interior Decorations
- Wooden Products and Fireproof Materials
- PC Assemble boards
- Light Steel Structure Assembly Housing
- Others



## Corporate Profile - Business Structure

### *Baoye Group Company Limited*

#### *Construction Business*

- ◆ No limit on tendering bids because of premier license and as one of the pilot enterprises of EPC in Zhejiang Province
- ◆ Strong revenue growth supported by steady order volume growth

#### *Property Development Business*

- ◆ Enjoys a higher quality of products and services in the industry due to synergistic effect resulting from excellent construction and building materials, as well as the technology and brand advantages of housing industrialization
- ◆ Quality land bank accumulated at low cost over the past years, ensure property development business' profit and capability of risk resistance

#### *Building Materials Business*

- ◆ Pioneer of housing industrialization in the PRC with the capability of research, design, construction, manufacture and operation of industrialized construction, aiming to become the industry standard setter
- ◆ Four Building Materials Industrial Parks in Shaoxing, Hefei, Wuhan and Shanghai, and businesses extended to Yangtze River Delta and Central China



## Corporate Profile

- ◆ With 40 years of industry experience, the Group has successfully developed into a vertically integrated enterprise comprising of construction, property development and prefabricated building materials, and growing up from a regional company to a nationwide one.
- ◆ An H Share company listed on the main board of HKEx since June 2003. The first vertically integrated construction enterprise of mainland listed in Hong Kong.
- ◆ Highly focused and specialized in our core businesses segments.
- ◆ Privately-owned enterprise managed by professionals with an aim to enhance shareholders' value through sound corporate governance.







## Shareholders

### Corporate Profile

<i>As at 31 December 2015</i>	<i>No. of shares</i>	<i>% of total</i>
<b>Domestic Shares</b>		
Mr. Pang Baogen (Chairman)	193,753,054	31.64%
Senior Management (32 persons)	156,988,999	25.64%
	<b>350,742,053</b>	<b>57.28%</b>
<b>H Shares</b>		
Wu Xueqin (Note 1)	29,304,000	4.79%
Zhu Yicai	29,304,000	4.79%
First Manhattan LLC (Note2)	19,964,000	3.26%
First Beijing Investment (Cayman) Limited	19,964,000	3.26%
Norges Bank	18,286,000	2.99%
Citigroup. Inc	15,472,875	2.53%
Others	178,603,125	29.16%
	261,630,000	42.72%
<b>Total</b>	<b>612,372,053*</b>	<b>100%</b>

In 2015, the Company has repurchased 19,371,952 H Shares.

1.Ms. Wu Xueqin, the spouse of Mr. Zhu Yicai, is deemed to be interested 29,304,000 H shares through its controlled corporations, namely Top Easy Holding Limited and Star Ruby Overseas Ltd.

2.First Manhattan LLC is deemed to be interested in 19,964,000 H shares through its controlled corporation, namely First Beijing Investment (Cayman) Limited.



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

# *Results Review*

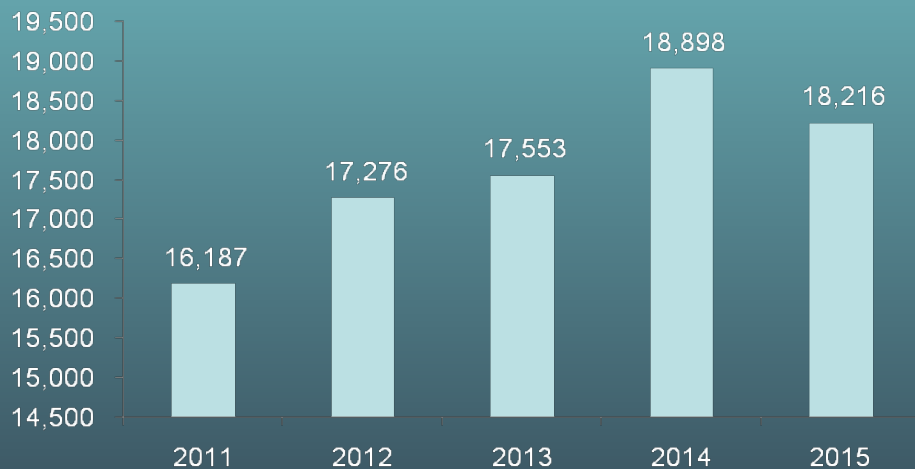




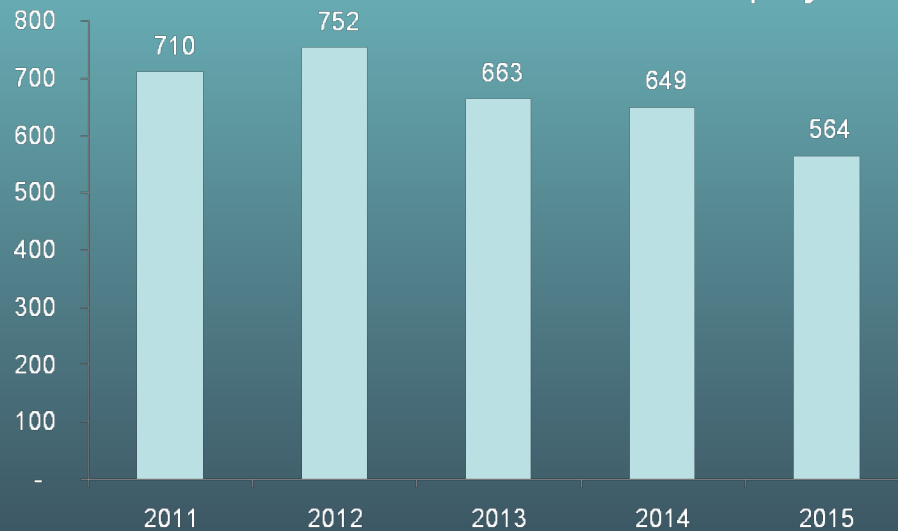
## Results Review

For the year ended 31 December  
RMB million

Revenue



Profit Attributable to the Owners of the Company

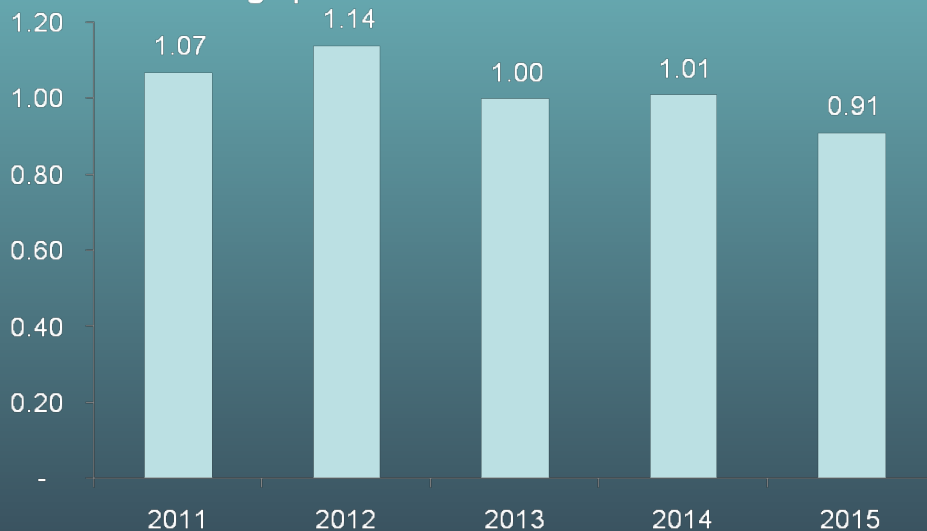




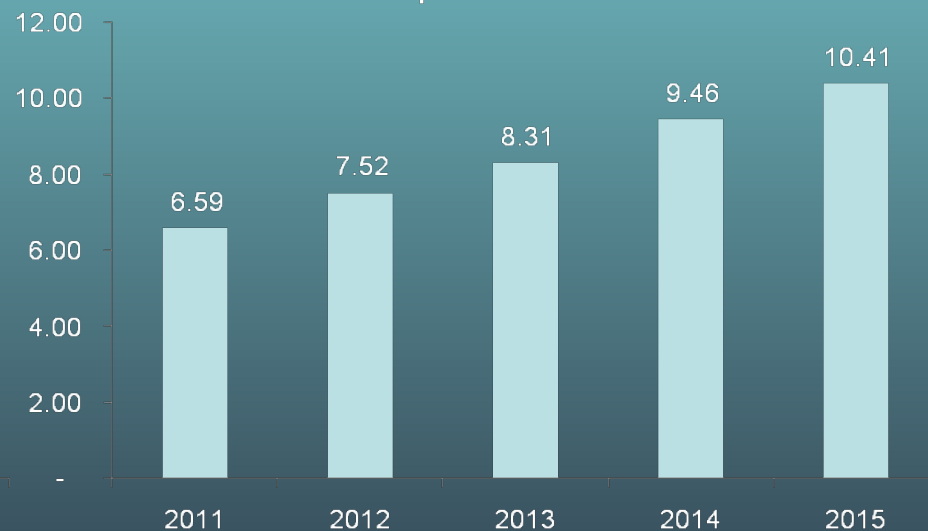
## Results Review

For the year ended 31 December  
RMB

Earnings per Share



Net Assets Value per Share

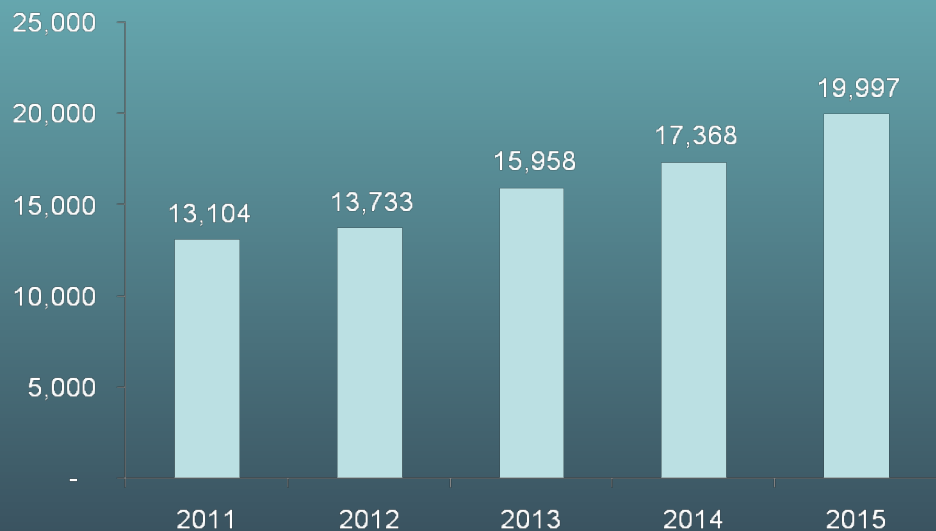




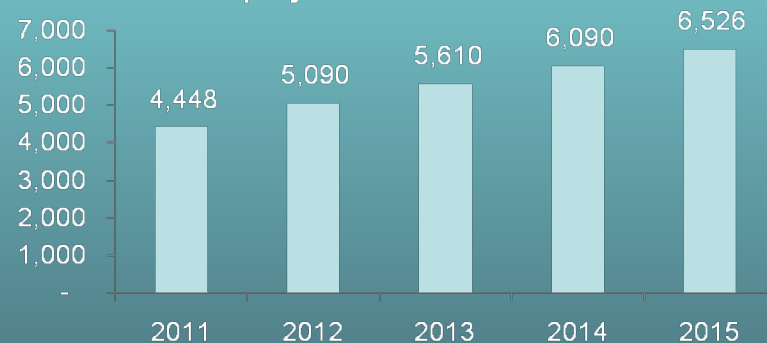
## Results Review

For the year ended 31 December  
RMB million

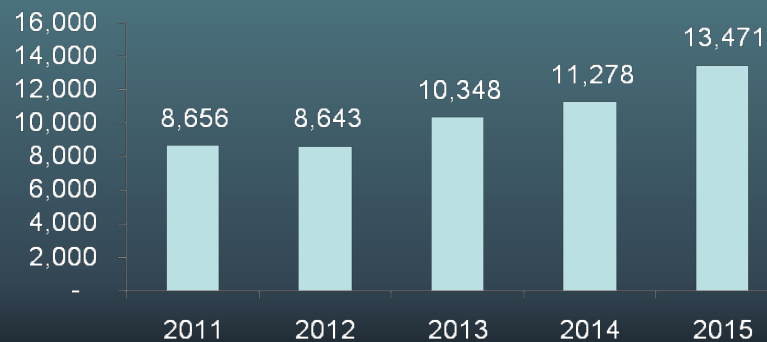
### Total Assets



### Total Equity



### Total Liabilities



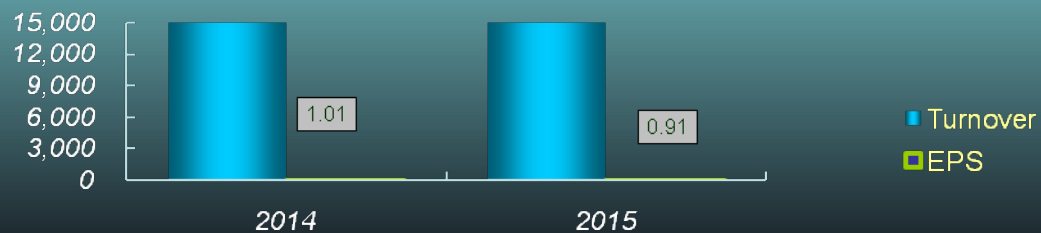
## Summary

For the year ended 31 December  
RMB million

	2015	2014	Change
Revenue	<b>18,216</b>	18,898	4%
Profit attributable to the owners of the Company	<b>564</b>	649	-13%
Earnings per share (RMB)	<b>0.91</b>	1.01	10%



## Results Review






## Turnover



## Results Review

For the year ended 31 December  
RMB million

	2015	2014	Change
Construction	14,370	14,568	-1%
Property Development	1,695	2,090	-19%
Building Materials	2,006	2,114	-5%
Others	145	125	16%
<b>Total</b>	<b>18,216</b>	<b>18,898</b>	<b>-4%</b>






## Operating Profit



### Results Review

For the year ended 31 December  
RMB million

	2015	2014	Change
Construction	488	453	8%
Property Development	353	282	25%
Building Materials	82	91	-10%
Others	36	16	131%
<b>Total</b>	<b>959</b>	<b>841</b>	<b>14%</b>







## Operating Profit Margin



### Results Review

For the year ended 31 December

	2015	2014	Change
Construction	3.4%	3.1%	10%
Property Development	20.8%	13.5%	54%
Building Materials	4.1%	4.3%	-5%





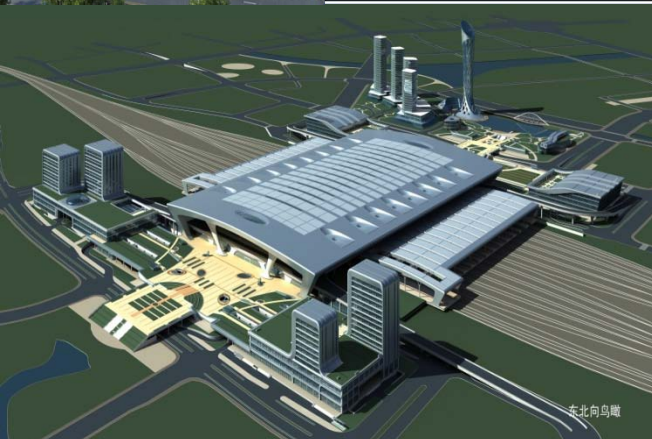
## Key Financial Ratio



## Results Review

As at 31 December

	2015	2014
Return on equity	<b>8.8%</b>	10.9%
Net assets value per share (RMB)	<b>10.41</b>	9.46
Net cash ratio	<b>45.0%</b>	25.5%
Current ratio	<b>1.30</b>	1.35





## Business Structure



## Results Review

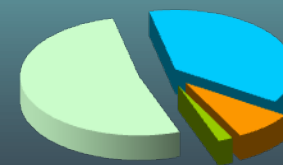
### Revenue and profit breakdown by business segments

	Revenue	Profit
Construction	79%	51%
Property Development	9%	37%
Building Materials	11%	8%
Others	1%	4%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

## Construction-in-progress (by project nature)



### Results Review

For the year ended 31 December  
RMB million

	2015		2014		Change
		% of total		% of total	
Government & Public Buildings	<b>19,305</b>	<b>34%</b>	18,997	34%	2%
Urban Infrastructure	<b>18,846</b>	<b>33%</b>	18,149	32%	4%
Residential Projects	<b>9,395</b>	<b>16%</b>	9,838	17%	-5%
Industrial Projects	<b>9,738</b>	<b>17%</b>	9,555	17%	2%
<b>Total</b>	<b>57,284</b>	<b>100%</b>	56,540	100%	<b>1%</b>



## Construction-in-progress (by region)

For the year ended 31 December  
RMB million

	2015 RMB million	2015 % of total	2014 RMB million	2014 % of total	Change
Zhejiang Province	17,071	30%	16,736	30%	2%
Shanghai	13,519	24%	13,004	23%	4%
Other Eastern China Region	5,385	9%	5,710	10%	-6%
Central China Region	12,030	21%	11,760	21%	2%
Northern China Region	5,843	10%	5,880	10%	-1%
Other Regions	1,890	3%	1,922	3%	-2%
Overseas*	1,547	3%	1,527	3%	1%
<b>Total</b>	<b>57,284</b>	<b>100%</b>	<b>56,540</b>	<b>100%</b>	<b>1%</b>

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



*Results  
Review*

## Property Development – properties under development



### Results Review

<i>Property Name</i>	<i>Location</i>	<i>Equity Interest of the Group</i>	<i>Construction Area (Sqm)</i>	<i>Estimated Total Cost (Rmb/Sqm)</i>
Baoye Four Seasons Garden	Shaoxing	100%	447,000	14,000
Baoye Guanggu Lidu	Wuhan	100%	199,478	6,000
Hubei Baoye Centre	Wuhan	100%	88,000	10,000
Baoye Wanhuacheng	Shanghai	100%	132,064	8,500
Shanghai Baoye Centre	Shanghai	100%	27,000	16,000
Baoye Ido	Shanghai	100%	88,000	20,000
Baoye Mengdie Luyuan	Bozhou	50%	189,794	3,000
Baoye Xiaoyao Lvyuan	Bozhou	50%	131,000	3,200
Baoye Xuefu Luyuan	Bengbu	63%	199,700	3,000
Taihe Baoye City Green Garden	Taihe	55%	420,000	2,100
Baoye Longhu Yucheng Phase I	Kaifeng	60%	170,000	3,000

## Property Development - Projects in Shaoxing



### *Results Review*


- ◆ 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.



## Property Development - Project in Wuhan



### Results Review

- ◆ 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.
- 





## Property Development - Project in Shanghai



### *Results Review*

- ◆ Baoye WanHuacheng, located in Huinan, Pudong New District, Shanghai, is positioned in the hub of the prime area of Pudong's golden triangle, and supported by convenient transportation and well-developed community facilities. It has a total site area of approximately 106,950 square metres and an estimated gross floor area of approximately 245,000 square metres comprising high-rise residential units, town houses and commercial units. The project is to be developed in three phases, it was launched for pre-sale in December 2013 with satisfactory results and the delivery has started at the end of 2015.





## Property Development - Projects in Shanghai



### *Results Review*

- ◆ 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.





## Property Development - Project in Bozhou



### *Results Review*

- ◆ 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, phase I and phase II has been delivered to owners in 2014, phase III, IV and V have began to delivery to owners in 2015, phase VI, VIII were launched for pre-sale with satisfactory results and 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 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 . The construction has been commenced in November 2015 and will be finished in 2017.
- 

## Property Development - Projects in Kaifeng



### *Results Review*

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



## Property Development - Projects in Bengbu



### *Results Review*

- ◆ 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.





## Property Development - Projects in Taihe



### *Results Review*

- ◆ 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.



## Newly-acquired Land Reserves



### Results Review

- ◆ 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

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

### Results Review

	2015 RMB'000	% of the total	2014 RMB'000	% of the total	Change
Curtain Wall	<b>1,057,609</b>	<b>53%</b>	1,126,801	53%	<b>-6%</b>
Ready-mixed Concrete	<b>339,386</b>	<b>18%</b>	386,484	18%	<b>-12%</b>
Steel Structure	<b>272,896</b>	<b>12%</b>	251,002	12%	<b>9%</b>
Furnishings and Interior Decorations	<b>206,008</b>	<b>11%</b>	229,410	11%	<b>-10%</b>
Wooden Products and Fireproof	<b>61,643</b>	<b>4%</b>	80,107	4%	<b>-23%</b>
Others	<b>68,644</b>	<b>2%</b>	40,366	2%	<b>70%</b>
<b>Total</b>	<b>2,006,196</b>	<b>100%</b>	2,066,685	100%	<b>-5%</b>





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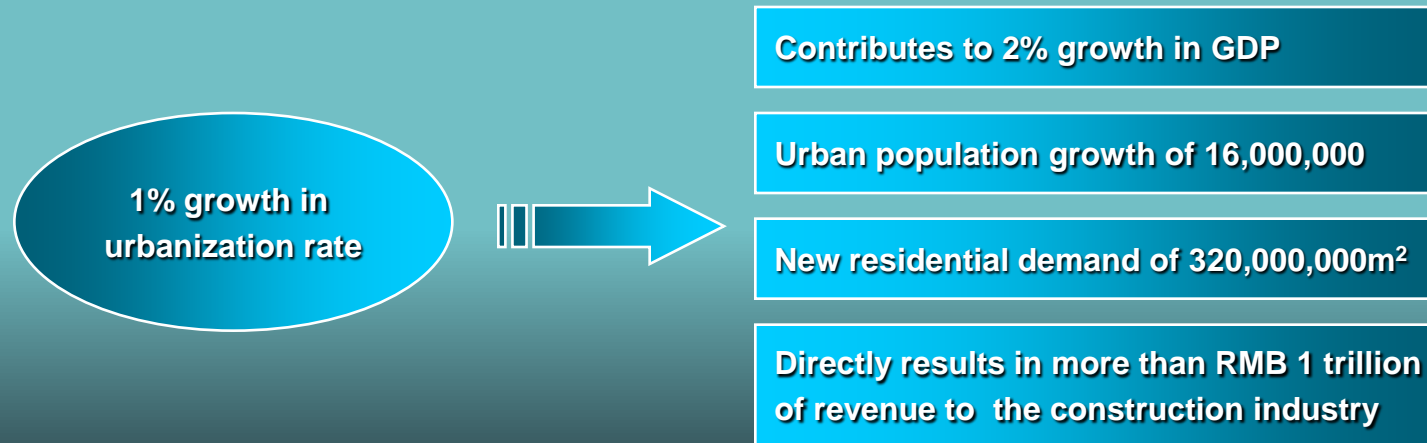
# *Business Prospects*





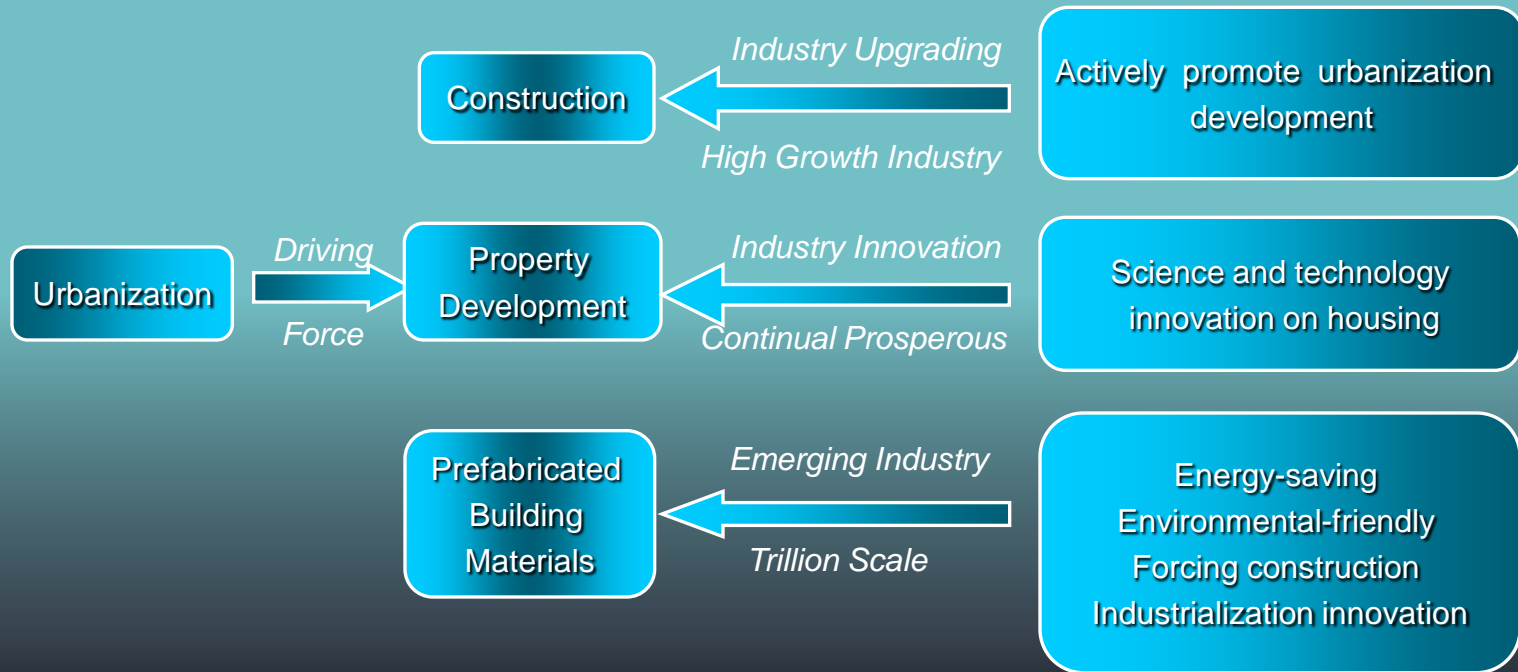
## Urbanization in China

- ◆ The acceleration of the process of urbanization brought enormous development opportunities for each of the three major businesses of Baoye.



## Urbanization in China


Driving force for construction growth in China - urbanization



## Construction Business



### *Business Prospects*



Premium class certification for general building construction and one of the pilot enterprises of EPC in Zhejiang Province

Business network:  
strengthen the existing market  
and explore new market

Project nature:  
Most of markets of infrastructure  
governments invested

Business operation model:  
adopt new contracting model,  
of BT and promote the EPC, PPP and  
self-own projects management  
system

Construction technology:  
energy-saving and  
green construction



## Property Development Business



### *Business Prospects*

- ◆ The Group will continue to position its market in second and third tier cities in Hubei, Anhui and Henan;
- ◆ Under the background of new urbanization construction, the Group will pay more attention to new property development model, such as small cities created by the urbanization reform policy, new rural countries, senior homes, community properties and commerce complex in town;
- ◆ The Group preserves its land bank with good location, appropriate size, reasonable cost and appreciation potential under its prudent policy.

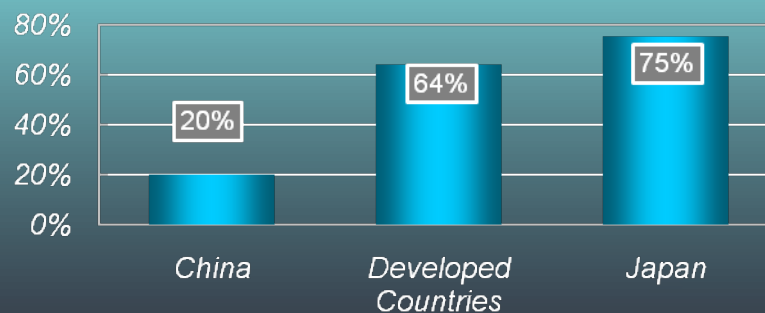


## Prefabricated Building Materials Business



### Business Prospects

- ◆ Currently, the construction industrialization rate in China is just around 20%, which is far below the average of 70% in developed countries.
- ◆ With the implementation of the construction industrialization reform, the market capacity for new building materials in China will reach trillions of RMB in the coming years.





## Disclaimer

- ◆ This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Baoye expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.
- ◆ Baoye's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, changes in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.
- ◆ In addition, Baoye makes these forward-looking statements as of today and undertakes no obligation to update these statements.
- ◆ The information in the presentation is for informational purposes only. This is not an offer to subscribe shares in Baoye.



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BAOYE GROUP COMPANY LIMITED

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