



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



# *Results Review and Prospects*

STOCK CODE: 2355.HK



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*

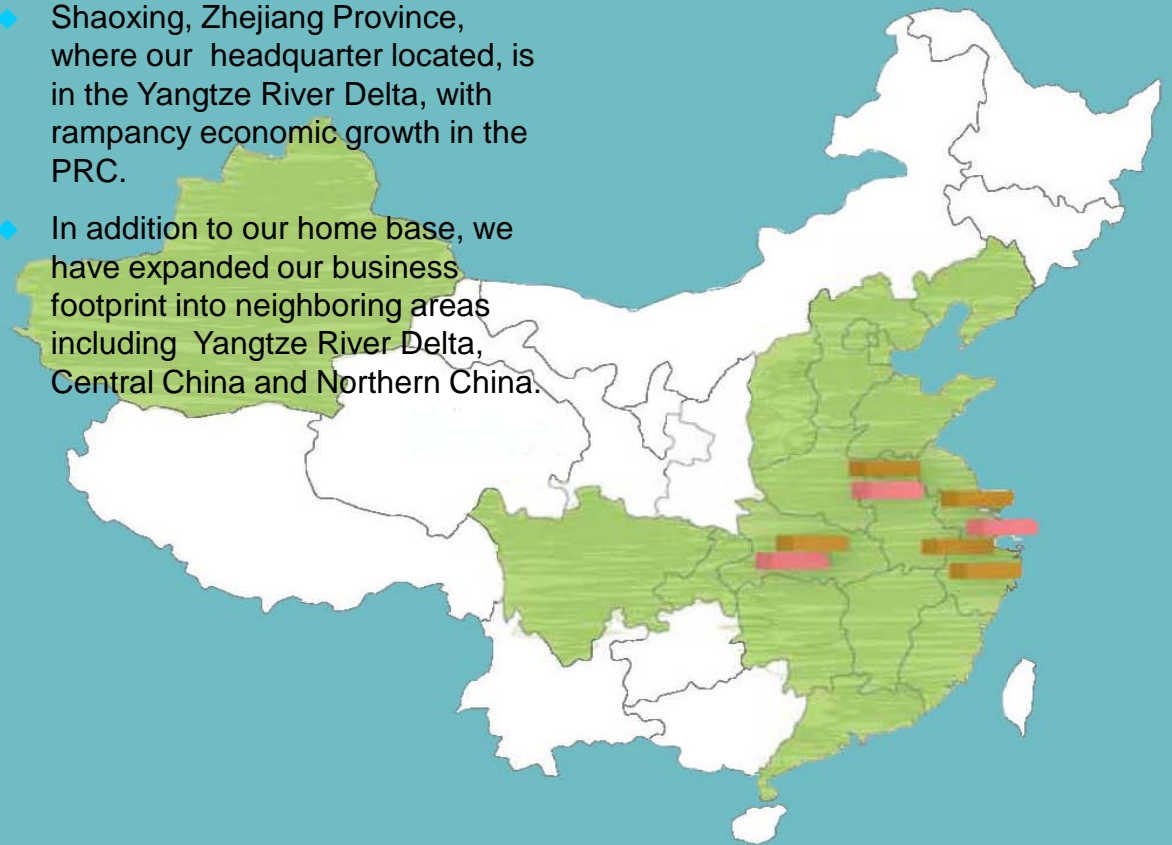




## Corporate Profile - Business Network



- ◆ 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, Zhejiang
- Wuhan, Hubei
- Shanghai
- Bozhou, Anhui
- Bengbu, Anhui
- Taihe, Anhui
- Kaifeng, Henan

#### *Building Materials Business*

- Zhejiang Building Materials Industrial Park
- Anhui Building Materials Industrial Park
- Hubei 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" | -Shaoxing<br>"Xin Qiaojiang Project" |
| - 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 "Baoye 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
- 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 enterprise 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
- ◆ Six Building Materials Industrial Parks in Shaoxing and Quzhou in Zhejiang Province, Hefei and Mengcheng County in Anhui Province, Wuhan in Hubei Province and Shanghai, and businesses extended to Yangtze River Delta and Central China.



## Corporate Profile

- ◆ With over 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 22 August 2016</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 (33 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%             |
| Citigroup. Inc                            | 18,026,294           | 2.94%             |
| Others                                    | 194,335,706          | 31.73%            |
| <b>Total</b>                              | <b>612,372,053</b>   | <b>100%</b>       |

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*

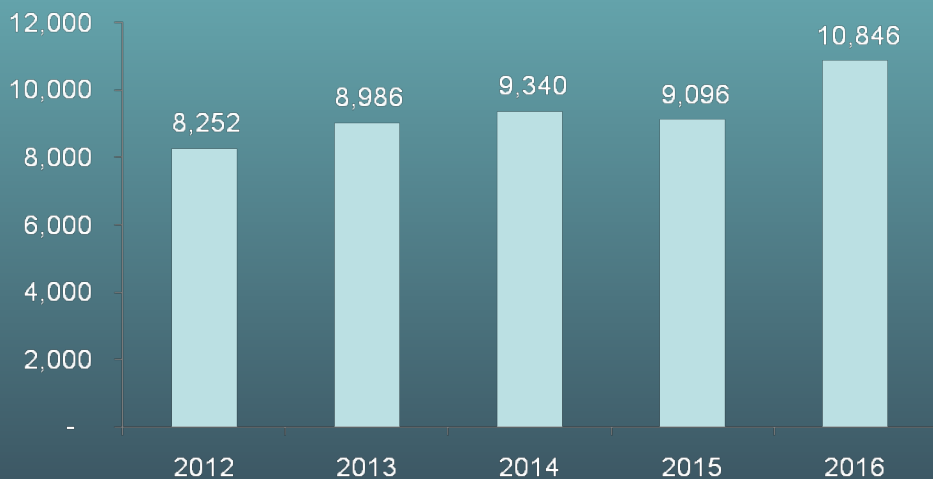




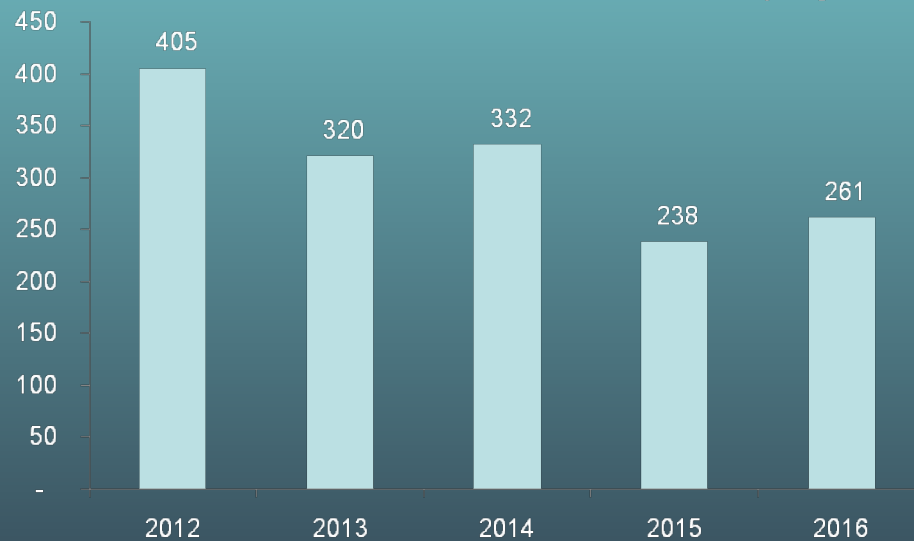
## Results Review

For the six months ended 30 June  
RMB million

Revenue



Profit Attributable to the Owners of the Company

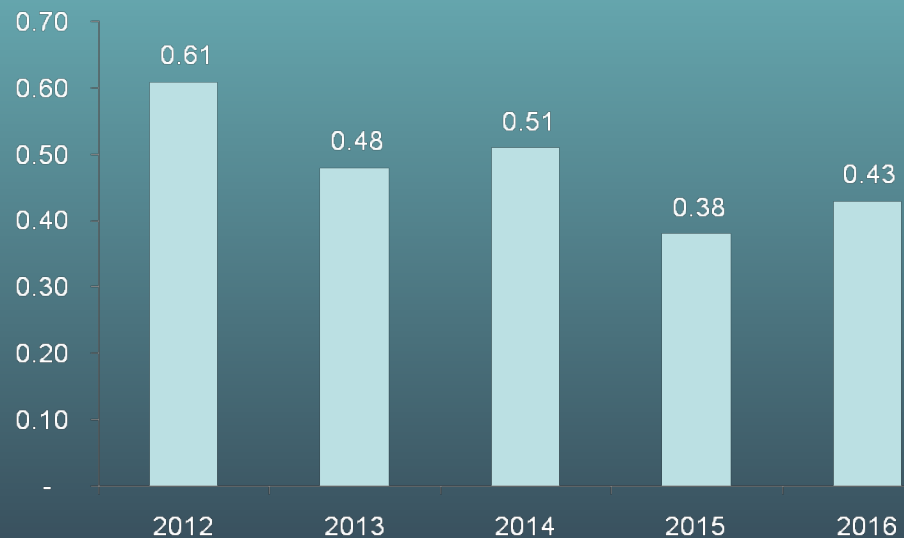




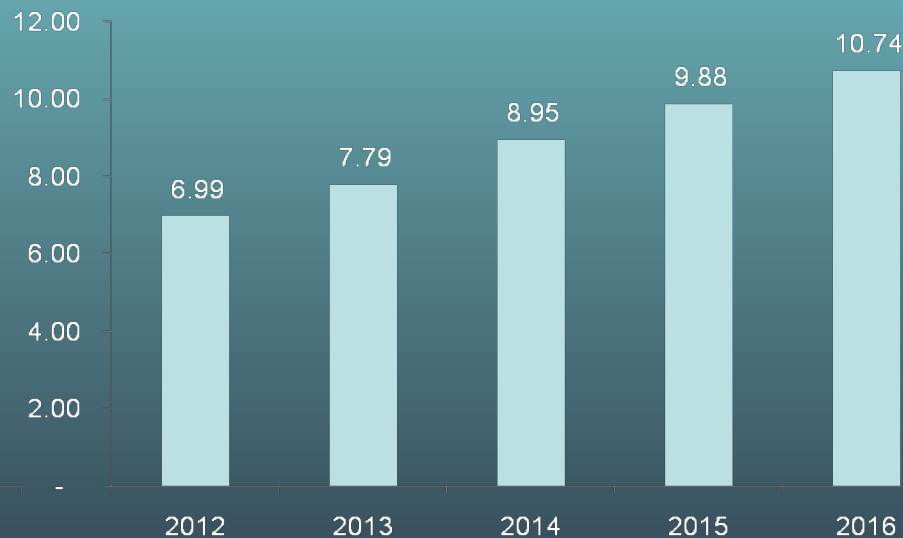
## Results Review

For the six months ended 30 June  
RMB

Earnings per Share



Net Assets Value per Share

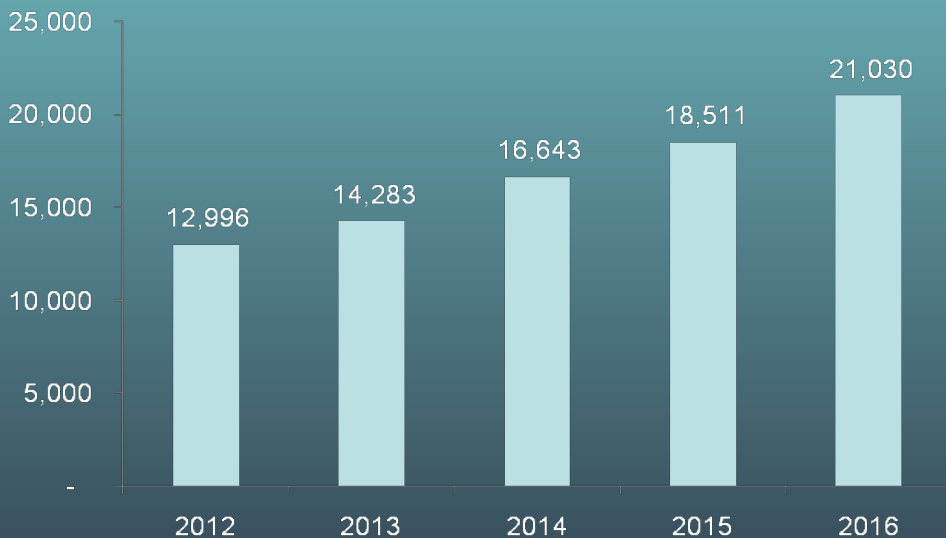




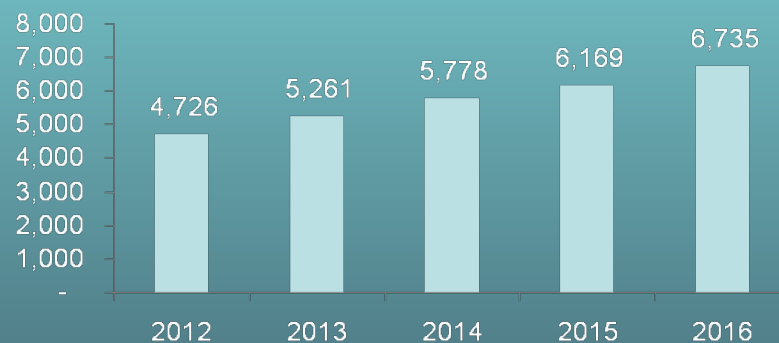
## Results Review

For the six months ended 30 June  
RMB million

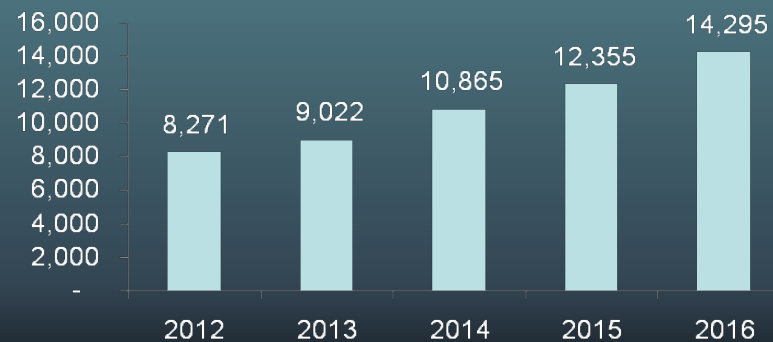
### Total Assets



### Total Equity



### Total Liabilities





## Summary



### Results Review

As at 30 June  
RMB million

|  | 2016          | 2015  | Change |
|--|---------------|-------|--------|
| Revenue  | <b>10,846</b> | 9,069 | 20%    |
| Profit attributable to the owners of the Company | <b>261</b>    | 238   | 10%    |
| Earnings per share (RMB)                         | <b>0.43</b>   | 0.38  | 13%    |






## Turnover



## Results Review

For the six months ended 30 June  
RMB million

|                      | 2016          | 2015         | Change     |
|----------------------|---------------|--------------|------------|
| Construction         | 7,629         | 7,674        | -1%        |
| Property Development | 2,096         | 397          | 428%       |
| Building Materials   | 1,054         | 938          | 12%        |
| Others               | 67            | 60           | 11%        |
| <b>Total</b>         | <b>10,846</b> | <b>9,069</b> | <b>20%</b> |






## Operating Profit



### Results Review

For the six months ended 30 June  
RMB million

|                      | 2016         | 2015         | Change    |
|----------------------|--------------|--------------|-----------|
| Construction         | 161          | 274          | -41%      |
| Property Development | 187          | 60           | 212%      |
| Building Materials   | 49           | 45           | 9%        |
| Others               | 8.5          | 0.4          | 1907%     |
| <b>Total</b>         | <b>405.9</b> | <b>379.1</b> | <b>7%</b> |








## Operating Profit Margin



### Results Review

For the six months ended 30 June

|                      | 2016 | 2015  | Change |
|----------------------|------|-------|--------|
| Construction         | 2.1% | 3.6%  | -41%   |
| Property Development | 8.9% | 15.1% | -41%   |
| Building Materials   | 4.7% | 4.8%  | -3%    |





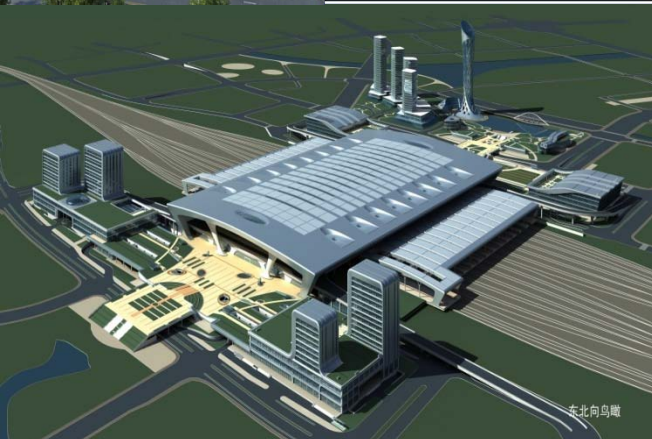
## Key Financial Ratio



## Results Review

As at 30 June

|                                  | 2016  | 2015  |
|----------------------------------|-------|-------|
| Return on equity                 | 4.0%  | 3.9%  |
| Net assets value per share (RMB) | 10.74 | 9.88  |
| Net cash ratio                   | 45%   | 29.8% |
| Current ratio                    | 1.30  | 1.31  |



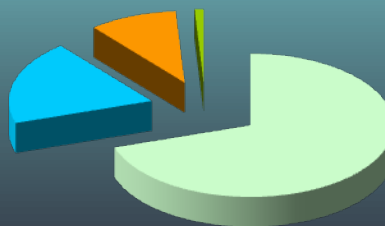
## Business Structure

### Results Review

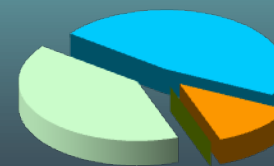
#### Revenue and profit breakdown by business segments

|                      | <i>Revenue</i> | <i>Profit</i> |
|----------------------|----------------|---------------|
| Construction         | 70%            | 40%           |
| Property Development | 19%            | 46%           |
| Building Materials   | 10%            | 12%           |
| Others               | 1 %            | 2%            |

*Revenue*



*Profit*



■ Construction ■ Property Development ■ Building Materials ■ Others

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



### Results Review

For the six months ended 30 June  
RMB million

|                               | 2016<br>% of total |             | 2015<br>% of total |             | Change    |
|-------------------------------|--------------------|-------------|--------------------|-------------|-----------|
| Government & Public Buildings | 18,284             | 29%         | 17,211             | 30%         | 6%        |
| Urban Infrastructure          | 19,706             | 32%         | 18,192             | 31%         | 8%        |
| Residential Projects          | 7,910              | 13%         | 7,686              | 13%         | 3%        |
| Industrial Projects           | 12,262             | 20%         | 11,406             | 20%         | 7%        |
| Public Housing Projects       | 3,924              | 6%          | 3,553              | 6%          | 10%       |
| <b>Total</b>                  | <b>62,085</b>      | <b>100%</b> | <b>58,048</b>      | <b>100%</b> | <b>7%</b> |



## Construction-in-progress (by region)

For the six months ended 30 June  
RMB million

|                            | 2016<br>RMB million | 2016<br>% of total | 2015<br>RMB million | 2015<br>% of total | Change    |
|----------------------------|---------------------|--------------------|---------------------|--------------------|-----------|
| Zhejiang Province          | 18,290              | 29%                | 16,637              | 29%                | 10%       |
| Shanghai                   | 14,093              | 23%                | 12,974              | 22%                | 9%        |
| Other Eastern China Region | 7,630               | 12%                | 7,668               | 13%                | 0%        |
| Central China Region       | 12,802              | 21%                | 11,621              | 20%                | 10%       |
| Northern China Region      | 5,544               | 9%                 | 5,492               | 9%                 | 1%        |
| Other Regions              | 2,161               | 3%                 | 2,136               | 4%                 | 1%        |
| Overseas*                  | 1,565               | 3%                 | 1,520               | 3%                 | 3%        |
| <b>Total</b>               | <b>62,085</b>       | <b>100%</b>        | <b>58,048</b>       | <b>100%</b>        | <b>7%</b> |

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



*Results  
Review*



## Property Development



### Results Review



#### Properties under Development

| <i>Property Name</i>           | <i>Location</i>   | <i>Equity Interest of the Group</i> | <i>Total Floor Area Under Development (Sqm)</i> |
|--------------------------------|-------------------|-------------------------------------|---|
| Baoye Four Seasons Garden      | Shaoxing Zhejiang | 100%                                | 447,000   |
| Shaoxing Xin Qiaojiang Project | Shaoxing Zhejiang | 100%                                | 136,000   |
| Baoye Guanggu Lidu             | Wuhan Hubei       | 100%                                | 32,191  |
| Hubei Baoye Centre             | Wuhan Hubei       | 100%                                | 88,000  |
| Baoye Wanhuacheng              | Shanghai          | 100%                                | 89,550  |
| Shanghai Baoye Centre          | Shanghai          | 100%                                | 27,000  |
| Baoye Ido                      | Shanghai          | 100%                                | 88,000  |
| Baoye Xiaoyao Lvyuan           | Bozhou Anhui      | 50%                                 | 131,000   |
| Baoye Xuefu Luyuan             | Bengbu Anhui      | 63%                                 | 199,700   |
| Baoye Taihe City Green Garden  | Taihe Anhui       | 55%                                 | 420,000   |
| Baoye Longhu Yucheng Phase I   | Kaifeng           | 60%                                 | 170,000   |

## Property Development - Projects in Zhejiang



### Results Review



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. 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, semidetached 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, Run Garden Phase I and Phase II have almost been sold out. Xi Garden, Jing Garden and Fu Garden are under pre-sale.



Baoye Xin Qiaojiang Project is located in Beihai community, Yuecheng District, the west of Shaoxing City, supported by convenient transportation, well developed community facility and school resources. The project has a site area of approximately 41,158 square metres and an estimated gross floor area of approximately 136,000 square metres, aiming to be developed as a 14 high-rise buildings project with river view, of which 4 buildings will be constructed by adoption of PC-manufacture methodology according to plan. The project is expected to begin pre-sale in the first half year of 2017 and to begin delivery at the end of 2018.




## Property Development - Project in Hubei



### *Results Review*

Baoye Guanggu Lidu is located in the East Lake New Technology Development Zone in Wuhan City, it has 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 had started the delivery in the second half year of 2015, phase II will be delivered in the second half of 2016, phase III is expected to be delivered in 2017.



Hubei Baoye Centre is located at the junction of Jian she 1st Road and Jian gang South Road, Qing shan 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 has begun in the second half of 2015 and is expected to be completed at the end of 2017.






## Property Development - Project in Shanghai



### *Results Review*

Baoye Wanhucheng, 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 and an estimated saleable area of approximately 186,000 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. A total of approximately 95,812 square metres has been delivered to owners in the first half year of 2016.



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, pursuant to which, approximately 13,000 square metres were above-ground levels and approximately 14,000 square metres at underground levels, will be developed as office buildings. The main infrastructure has been completed in December 2014 and was under interior decoration and external wall furnishing. It is expected that this project will be completed at the end of 2016.



## Property Development - Projects in Shanghai



### *Results Review*

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 Anhui



### *Results Review*

Baoye Xiaoyao Luyuan, located in new district of south of Mengcheng County, Bozhou City, Anhui Province, has a total site area of approximately 131,000 square metres comprising of semi-detached villas, garden house, high-rise residential and commercial buildings, which will be developed as a new district centre featuring its refined distinctive, classy, fashionable and diversify characters. The construction has been started in November 2015 and will be completed 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 commenced construction in July 2014. It began its pre-sale in the first half year of 2015, of which phase I approximately 96,560 square metres is expected to be delivered to owners in 2017.



## Property Development - Projects in Anhui



### *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 generation in the city. The phase I has begun pre-sale in 2015.





## Property Development - Projects in Henan



### *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 is being developed in 5 phases, of which, phase I has been under pre-sale in 2014 and 9 multi-story buildings have been delivered to owners in 2015.





## Newly-acquired Land Reserves



### *Results Review*

- ◆ During the period, the Group has acquired no additional land reserves. 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 profit and capability of risk resistance benefiting from low land cost and reasonable region distribution.



## Building Materials

For the six months ended 30 June 2016, revenue from the Group's building materials is analysed below

### Results Review

|                               | 2016<br>RMB'000  | % of the total | 2015<br>RMB'000 | % of the total | Change     |
|-------------------------------|------------------|----------------|-----------------|----------------|------------|
| Curtain Wall                  | 651,495          | 62%            | 482,901         | 52%            | 35%        |
| Furnishings and Interior      | 150,418          | 14%            | 172,386         | 18%            | 4%         |
| Ready-mixed Concrete          | 119,650          | 11%            | 144,167         | 15%            | -31%       |
| Steel Structure Decorations   | 51,878           | 5%             | 104,319         | 11%            | -50%       |
| Wooden Products and Fireproof | 46,608           | 4%             | 14,366          | 2%             | 224%       |
| Others                        | 33,965           | 4%             | 19,861          | 2%             | 71%        |
| <b>Total</b>                  | <b>1,054,014</b> | <b>100%</b>    | <b>938,000</b>  | <b>100%</b>    | <b>12%</b> |



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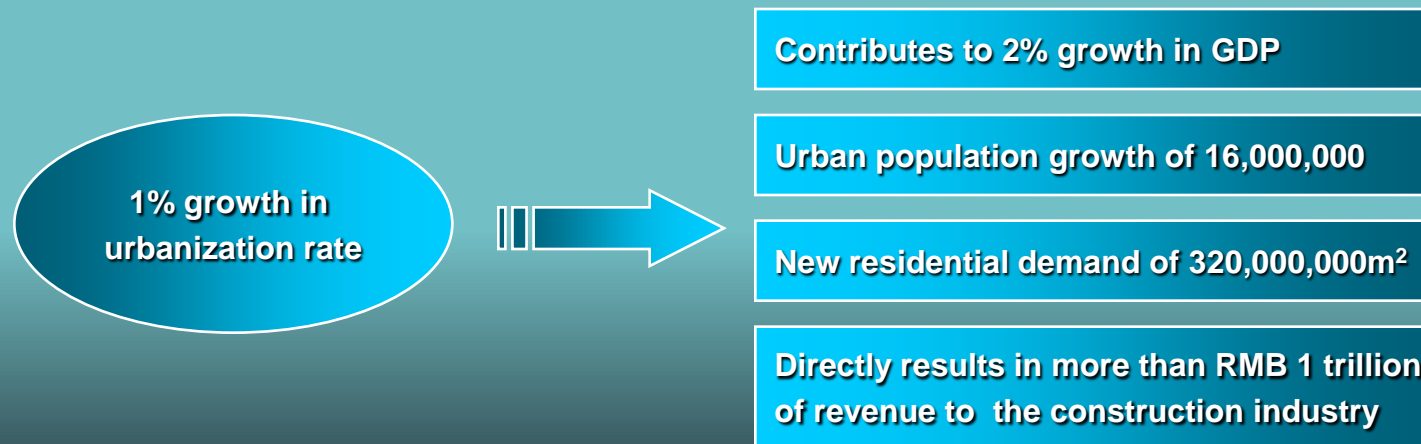
# *Business Prospects*





## 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 enterprise 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

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.

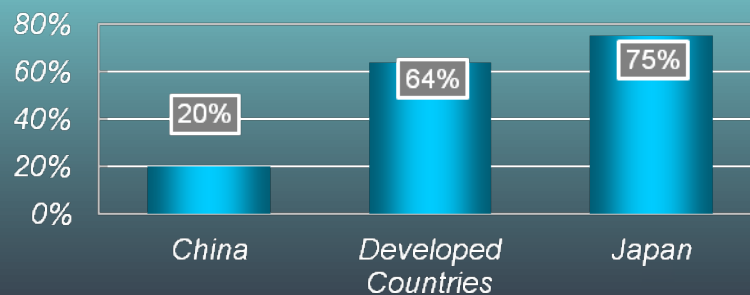


## Prefabricated Building Materials Business



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

Stock Code: 2355HK

### Investor Relations Department

Tel: +86 575 8413 5837

Fax: +86 575 8411 8792

E-mail: [irbaoye@baoyegroup.com](mailto:irbaoye@baoyegroup.com)

Website: [www.baoyegroup.com](http://www.baoyegroup.com)