



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

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
"Baoye Four Seasons Garden" | -Bozhou
"Baoye Xiaoyao Luyuan" |
| - Shaoxing
"Xinqiao Fengqing" | -Bengbu
"Baoye Xuefu Luyuan" |
| -Wuhan
"Baoye Guanggu Lidu" | -Taihe
"City Green Garden" |
| -Wuhan
"Hubei Baoye Centre" | -Kaifeng
"Baoye Longhuyucheng" |
| -Shanghai
"Baoye Centre" | -Lishui
" Baoye Yihe Yayuan" |
| --Shanghai
"Baoye Ido" | |

Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- 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 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 Zhejiang, Anhui, Hubei 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 31 December 2016</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	193,753,054	32.43%
Senior Management (32 persons)	156,988,999	26.28%
	350,742,053	58.71%
H Shares		
Wu Xueqin (Note 1)	29,304,000	4.91%
Zhu Yicai	29,304,000	4.91%
Others	217,362,000	36.38%
	246,666,000	41.29%
Total	597,408,053*	100%

On 14 March 2017, the Group has cancelled a total of 14,964,000 H shares repurchased.
 1.Ms. Wu Xueqin, the spouse of Mr. Zhu Yicai, is deemed to be interested in 29,304,000 H shares through its controlled corporations, namely Top Easy Holding Limited and Star Ruby Overseas Ltd.



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Results Review

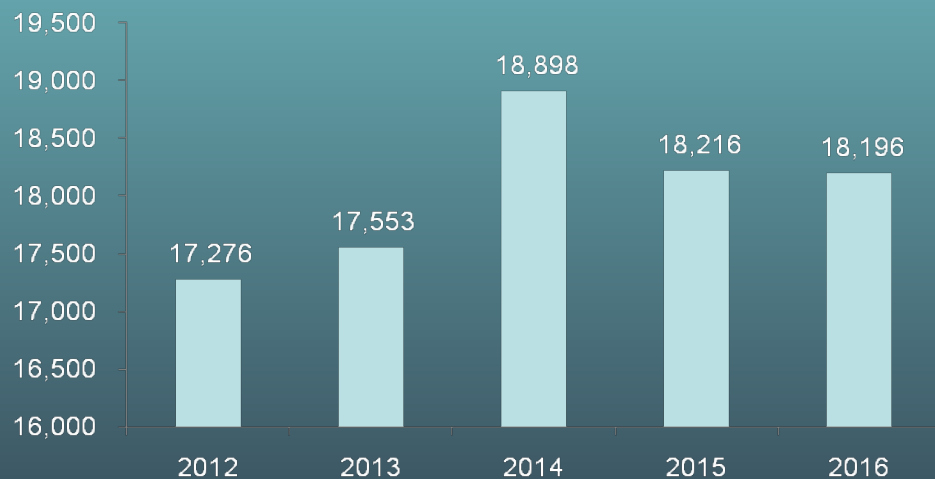




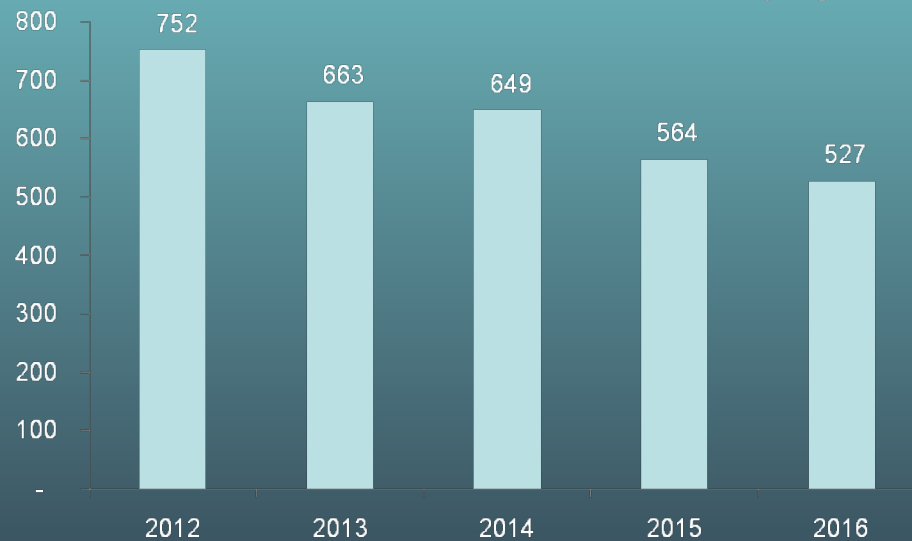
Results Review

For the year ended 31 December
RMB million

Revenue



Profit Attributable to the Owners of the Company

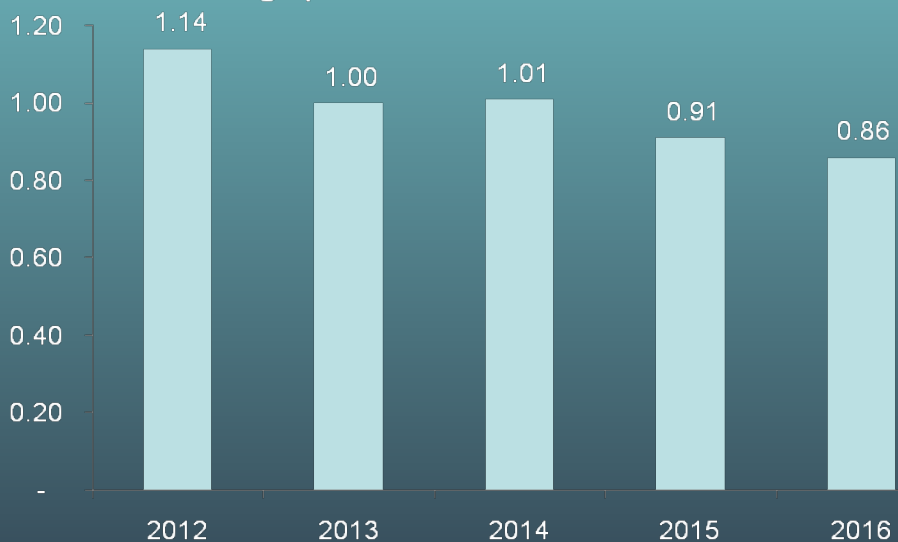




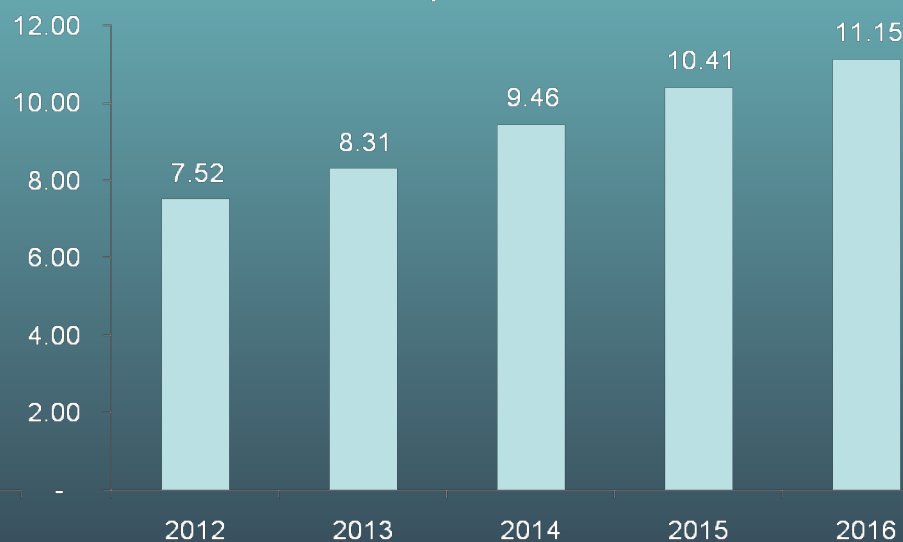
Results Review

For the year ended 31 December
RMB

Earnings per Share



Net Assets Value per Share

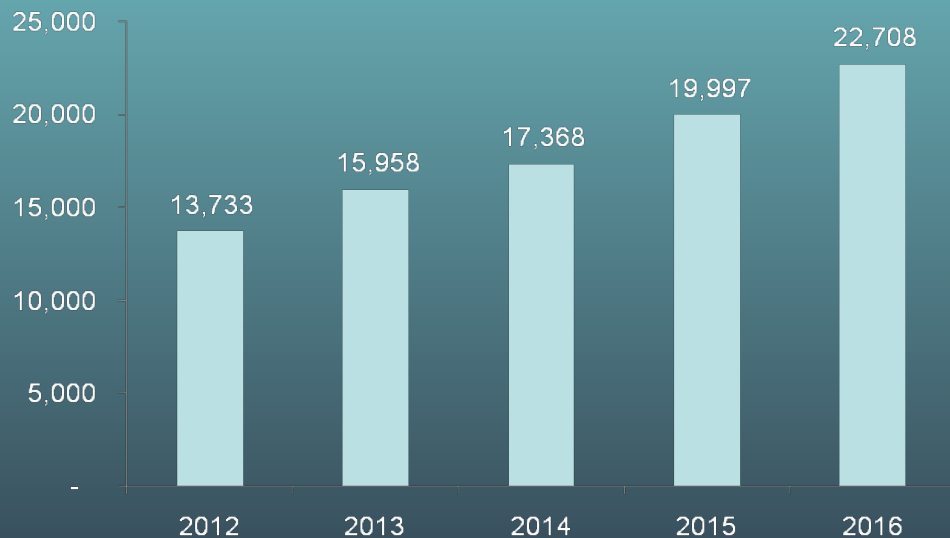




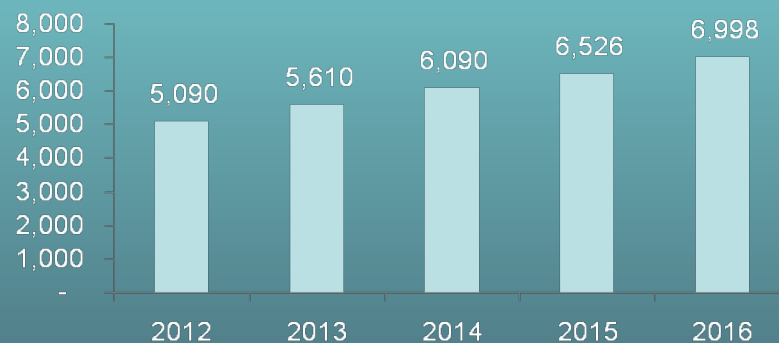
Results Review

For the year ended 31 December
RMB million

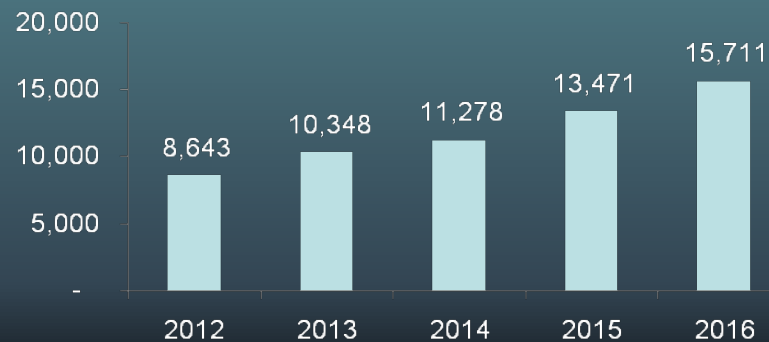
Total Assets



Total Equity



Total Liabilities





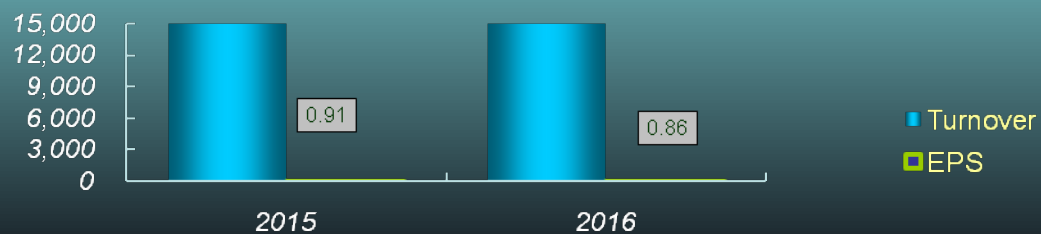
Summary



Results Review

For the year ended 31 December
RMB million

	2016	2015	Change
Revenue	18,196	18,216	-0.1%
Profit attributable to the owners of the Company	527	564	-6.5%
Earnings per share (RMB)	0.86	0.91	-5.5%






Turnover



Results Review

For the year ended 31 December
RMB million

	2016	2015	Change
Construction	12,800	14,370	-11%
Property Development	3,153	1,695	86%
Building Materials	2,089	2,006	4%
Others	154	145	6%
Total	18,196	18,216	0%



Operating Profit



Results Review

For the year ended 31 December
RMB million

	2016	2015	Change
Construction	411	488	-16%
Property Development	286	353	-19%
Building Materials	44	82	-46%
Others	25	36	-31%
Total	766	959	-20%



Operating Profit Margin



Results Review

For the year ended 31 December

	2016	2015	Change
Construction	3.2%	3.4%	-6%
Property Development	9.1%	20.8%	-56%
Building Materials	2.1%	4.1%	-49%





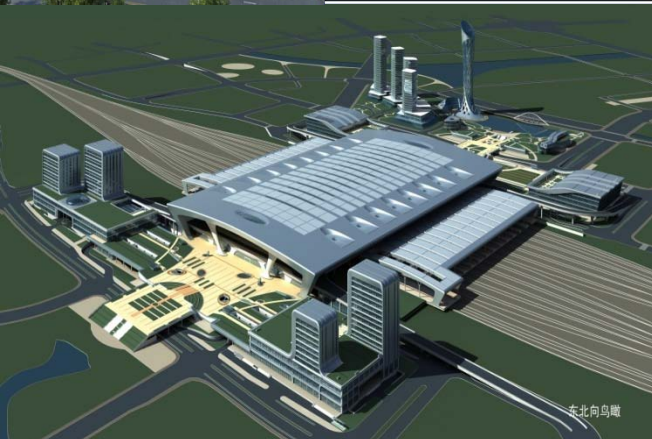
Key Financial Ratio



Results Review

As at 31 December

	2016	2015
Return on equity	7.7%	8.8%
Net assets value per share (RMB)	11.15	10.41
Net cash ratio	48.0%	45.0%
Current ratio	1.27	1.30



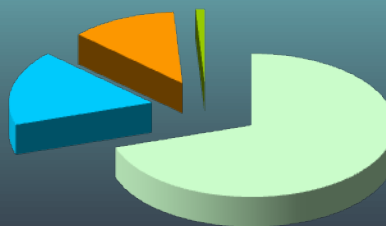
Business Structure

Results Review

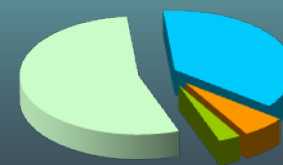
Revenue and profit breakdown by business segments

	Revenue	Profit
Construction	70%	54%
Property Development	17%	37%
Building Materials	12%	6%
Others	1 %	3%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

Construction-in-progress (by project nature)



Results Review

For the year ended 31 December
RMB million

	2016		2015		Change
		% of total		% of total	
Government & Public Buildings	17,631	30%	19,305	34%	-9%
Urban Infrastructure	19,084	33%	18,846	33%	1%
Residential Projects	10,578	18%	9,395	16%	13%
Industrial Projects	11,476	19%	9,738	17%	18%
Total	58,769	100%	57,284	100%	3%



Construction-in-progress (by region)

For the year ended 31 December
RMB million



Results Review

	2016 % of total		2015 % of total		Change
Zhejiang Province	18,218	31%	17,071	30%	7%
Shanghai	13,517	23%	13,519	24%	0%
Other Eastern China Region	5,877	10%	5,385	9%	9%
Central China Region	12,341	21%	12,030	21%	3%
Northern China Region	4,702	8%	5,843	10%	-20%
Other Regions	2,351	4%	1,890	3%	24%
Overseas*	1,763	3%	1,547	3%	14%
Total	58,769	100%	57,284	100%	3%

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

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) under development</i>
Baoye Four Seasons Garden	Shaoxing	100%	447,000
Baoye Xinqiao Fengqing	Shaoxing	100%	136,000
Baoye Guanggu Lidu	Wuhan	100%	46,216
Hubei Baoye Centre	Wuhan	100%	88,000
Shanghai Baoye Centre	Shanghai	100%	27,000
Baoye Ido	Shanghai	100%	88,000
Baoye Xiaoyao Lvyuan	Bozhou	50%	131,000
Baoye Xuefu Luyuan	Bengbu	63%	199,700
Taihe Baoye City Green Garden	Taihe	55%	365,645
Baoye Longhu Yucheng	Kaifeng	60%	153,000
Baoye Yihe Yayuan	Lishui	100%	67,657

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.
- ◆ Baoye Xinqiao Fengqing 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 adoption of PC-manufacture methodology as planned. The project is excepted to begin pre-sale in the first half year of 2017 and to begin delivery at the end of 2018.

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 and phase II have been delivered ,phase III is expected to be launched for pre-sale in 2017
 - ◆ 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 2018.
- 



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, of which ,phase I pre-sale has begun in 2016.





Property Development - Project in Bozhou



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 class ,fashionable and diversified character. The construction has been started in November 2015 and is expected to be completed in 2017.



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 commenced construction in July 2014. It began its pre-sale in the first half year of 2015, of which phase I comprising approximately 96,560 square metres is expected to be delivered to owners in 2017.



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 living style in the City. Of which, phase I has begun delivery in 2016 and phase II, phase III are under pre-sale.



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 648,000 square metres and an estimated gross floor area of approximately 972,000 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 with 69,543 square metres has been delivered to owners in 2015,and phase II with 134,000 square metres has commenced construction in the first half year of 2017.



Property Development - Projects in Lishui



Results Review

- ◆ BaoyeYihe Yayuan, located in Liandu District, Lishui City, Zhejiang Province, has a site area of 26,918 square metres and a total gross floor area of 67,657 square metres with 1.8 time plot ratio. The project will be developed to 11 building by adoption of PC-manufacture methodology with a 20% prefabricated rate, of which,3 building are properties for sale and the rest 8 buildings are cater for relocation households by the government. It has commenced construction in October 2016.





Newly-acquired Land Reserves



Results Review

- ◆ In 2016, the Group has acquired two parcels of land use right through public tender and auction at a total consideration of approximately RMB228,000,000; with a total site area of 125,526 square metres in Liuan City, Anhui Province and acquired another land use right at total consideration of approximately RMB41,000,000 with a site area of 26,918 square metres on Lishui City Zhejiang Province .
- ◆ 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 coverage.



Building Materials



Results Review

Revenue breakdown

	2016 RMB'000	% of the total	2015 RMB'000	% of the total	Change
Curtain Wall	1,292,093	62%	1,057,609	53%	22%
Ready-mixed Concrete	279,884	13%	339,386	17%	-18%
Steel Structure	273,688	13%	272,896	14%	0%
Furnishings and Interior Decorations	72,536	4%	61,643	3%	18%
Wooden Products and Fireproof	70,893	3%	206,008	10%	-66%
Others	100,121	5%	68,644	3%	46%
Total	2,089,161	100%	2,006,186	100%	4%



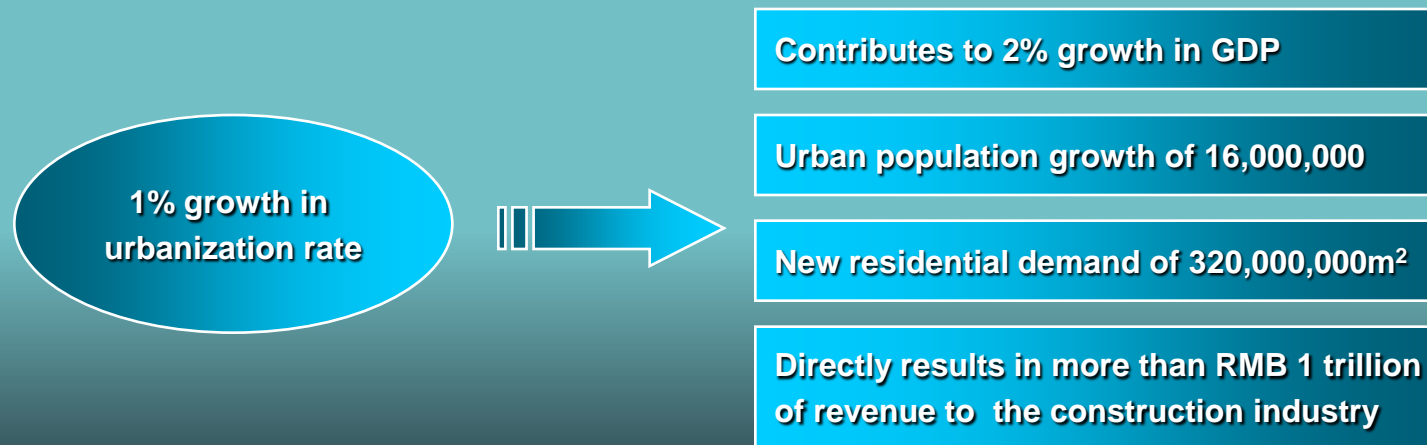
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

Business Prospects



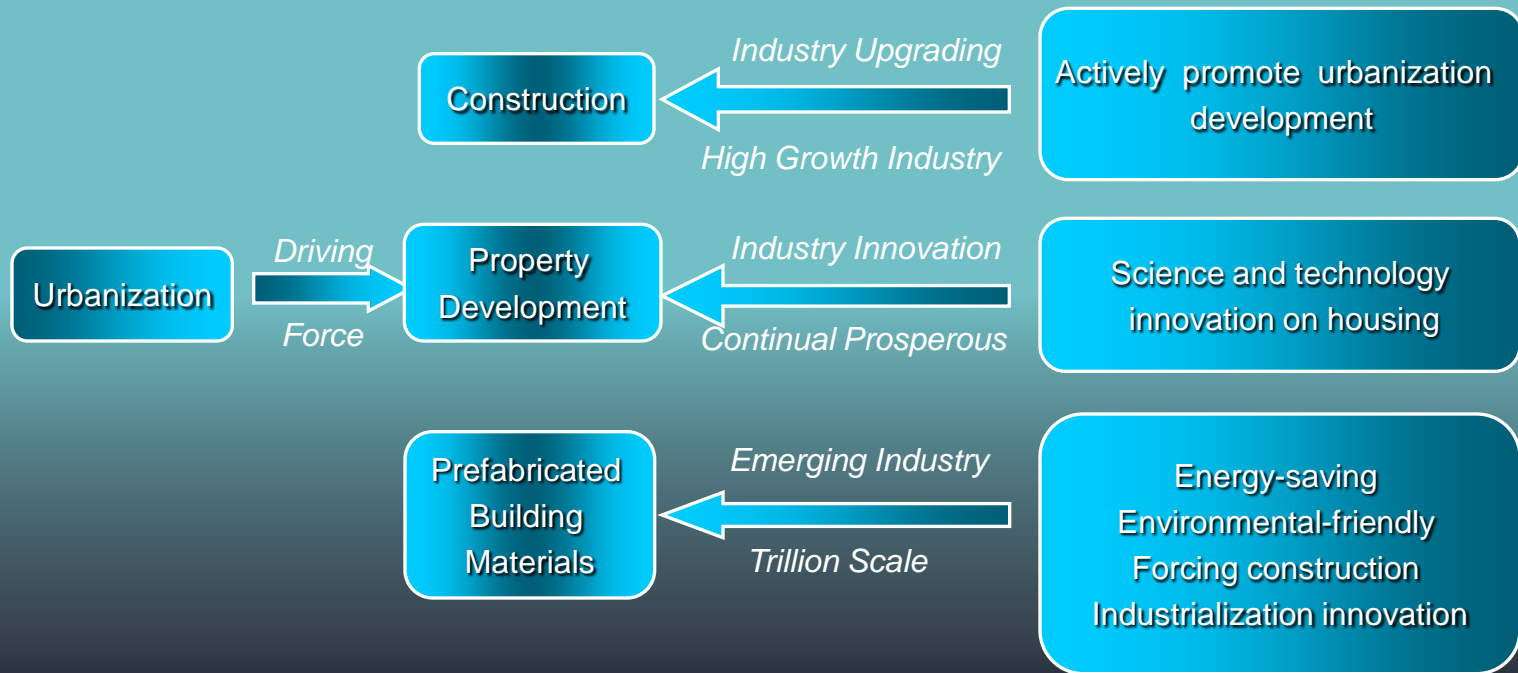
Urbanization in China

- ◆ 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.

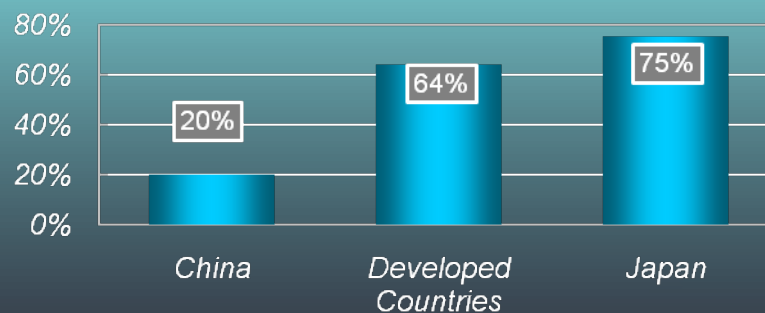


Prefabricated Building Materials Business



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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