



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

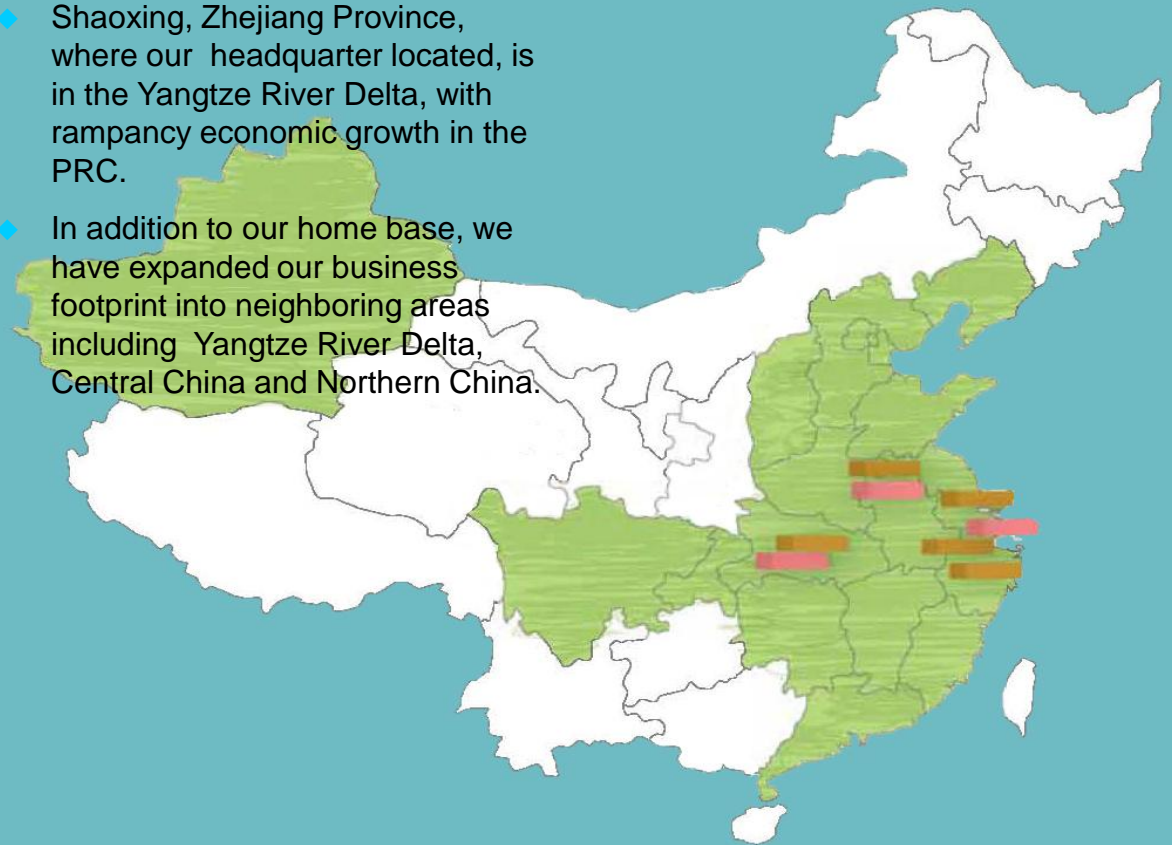




Corporate Profile - Business Network



- ◆ 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
- Lu'an, Anhui
- Bengbu, Anhui
- Taihe, Anhui
- Kaifeng, Henan
- Lishui, Zhejiang

Building Materials Business

- Zhejiang Building Materials
- Anhui Building Materials
- Hubei Building Materials
- Shanghai Building Materials



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

Property Development Business

- | | |
|---|--|
| - Shaoxing "Baoye Four Seasons Garden" | - Shaoxing "Xinqiao Fengqing" |
| - Wuhan "Hubei Baoye Centre" | - Taihe "Baoye City Green Garden" |
| - Wuhan "Baoye Guanggu Lidu" | - Bengbu "Baoye Xuefu Luyuan" |
| - Lishui "Baoye Yihe Yayuan " | - Kaifeng "Baoye Longhuyucheng" |
| - Lishui "Jingang Apartment" | - Lu'an "Baoye Junyue Green Graden" |
| - Wuhan "Xinzhou Project" | - Lu'an "Nanhai Jiayuan" |
| - Shaoxing "Xialv Project" | |

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 enterprise of EPC in Zhejiang Province, three subsidiaries hold the premier license.
- ◆ 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
- ◆ Building Materials Industrial Parks in Zhejiang Province, Anhui Province, Hubei Province and Shanghai, 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 construction industrialisation 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 30 June 2018</i> | <i>No. of shares</i> | <i>% of total</i> |
|-----------------------------------|----------------------|-------------------|
| Domestic Shares | | |
| Mr. Pang Baogen (Chairman) | 193,753,054 | 34.43% |
| Senior Management (33 persons) | 156,988,999 | 27.90% |
| | 350,742,053 | 62.34% |
| H Shares | | |
| Wu Xueqin | 29,304,000 | 5.21% |
| Zhu Yicai (Note 1) | 29,304,000 | 5.21% |
| Top Easy Holding Limited (Note 1) | 17,106,000 | 3.04% |
| Star Ruby overseas Ltd (Note 1) | 12,198,000 | 2.17% |
| Others | 182,618,000 | 32.46% |
| | 211,922,000 | 37.66% |
| Total | 562,664,053 | 100% |

Mr. Zhu Yicai, the spouse of 1.Ms. Wu Xueqin, 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

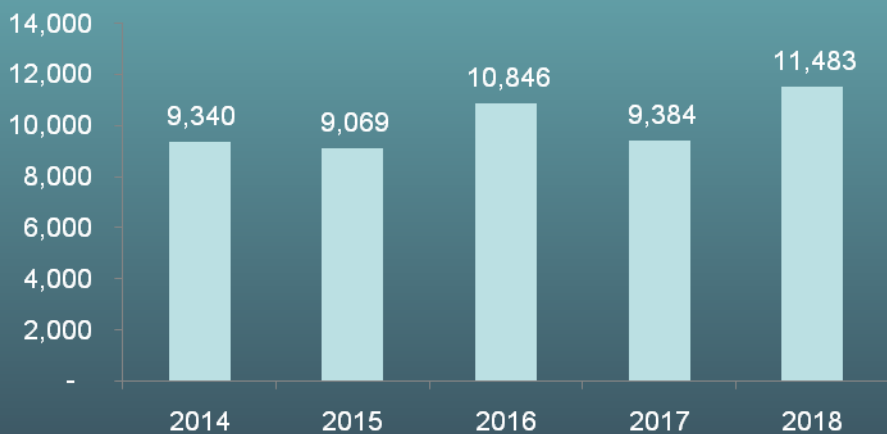




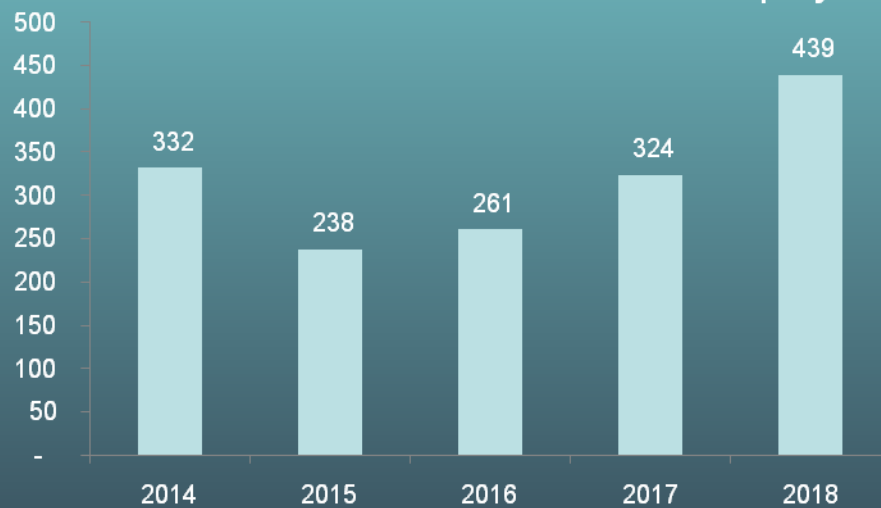
Results Review

For the six months ended 30 June
RMB million

Revenue



Profit Attributable to the Owners of the Company

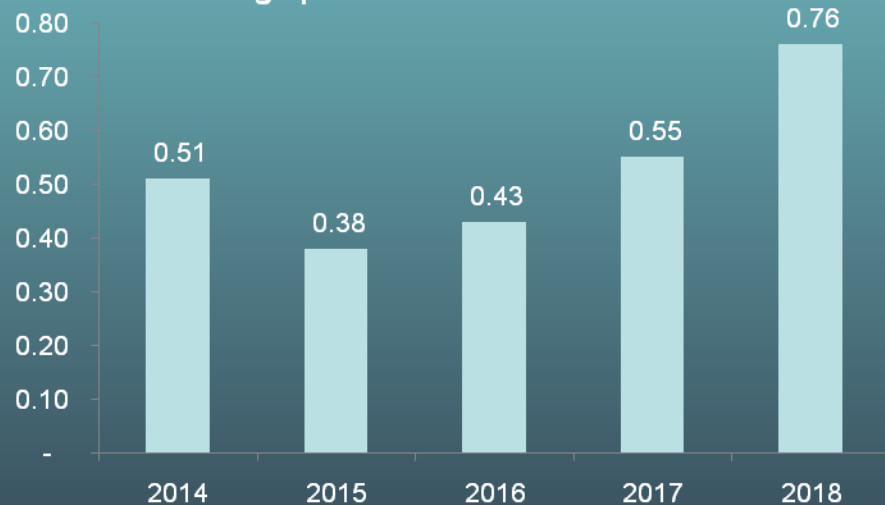




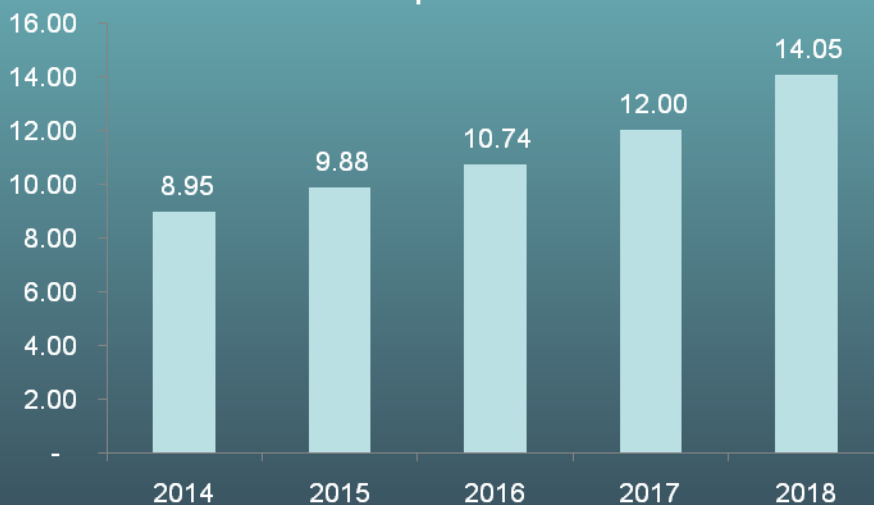
Results Review

For the six months ended 30 June
RMB

Earnings per Share



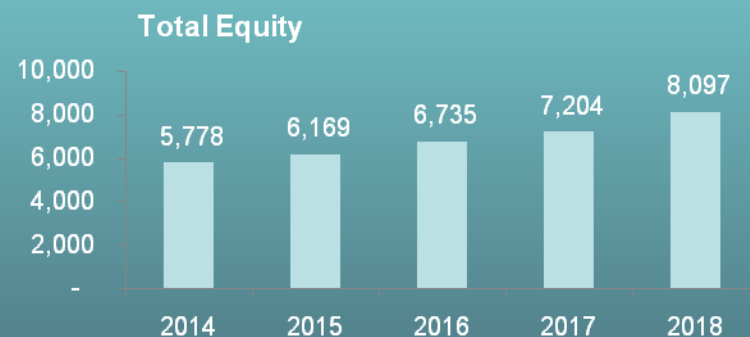
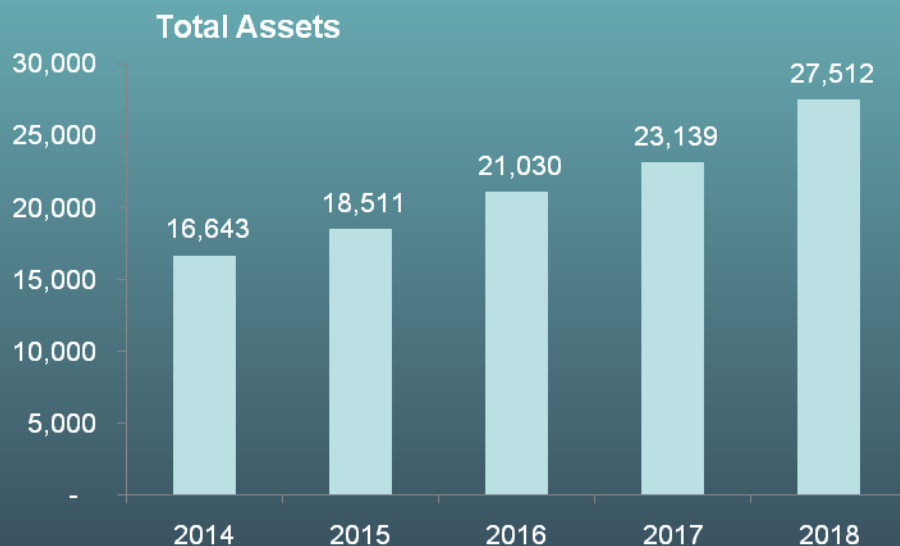
Net Assets Value per Share





Results Review

For the six months ended 30 June
RMB million





Summary



Results Review

As at 30 June
RMB million

| | 2018 | 2017 | Change |
|--|--------|-------|--------|
| Revenue | 11,483 | 9,384 | 22% |
| Profit attributable to the owners of the Company | 439 | 324 | 36% |
| Earnings per share (RMB) | 0.76 | 0.55 | 38% |





Turnover



Results Review

For the six months ended 30 June
RMB million

| | 2018 | 2017 | Change |
|----------------------|---------------|--------------|------------|
| Construction | 8,333 | 6,825 | 22% |
| Property Development | 1,930 | 1,611 | 20% |
| Building Materials | 1,103 | 879 | 25% |
| Others | 117 | 69 | 70% |
| Total | 11,483 | 9,384 | 22% |






Operating Profit



Results Review

For the six months ended 30 June
RMB million

| | 2018 | 2017 | Change |
|----------------------|------------|------------|------------|
| Construction | 247 | 185 | 33% |
| Property Development | 385 | 302 | 27% |
| Building Materials | 24 | 19 | 27% |
| Others | 22 | 16 | 36% |
| Total | 677 | 522 | 30% |





Operating Profit Margin

For the six months ended 30 June

| | 2018 | 2017 | Change |
|----------------------|--------------|-------|--------|
| Construction | 3.0% | 2.7% | 9% |
| Property Development | 19.9% | 18.8% | 6% |
| Building Materials | 2.2% | 2.1% | 1% |



*Results
Review*





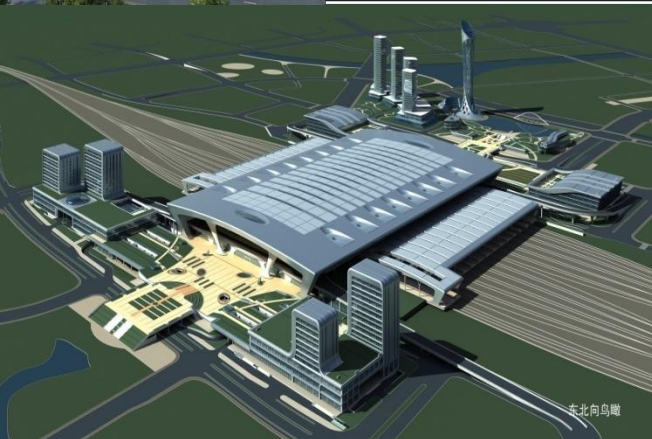
Key Financial Ratio



Results Review

As at 30 June

| | 2018 | 2017 |
|----------------------------------|-------|-------|
| Return on equity | 5.6% | 4.6% |
| Net assets value per share (RMB) | 14.05 | 12.00 |
| Net cash ratio | 28.8% | 48.1% |
| Current ratio | 1.21 | 1.30 |



Business Structure

Results Review

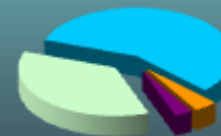
Revenue and profit breakdown by business segments

| | Revenue | Profit |
|----------------------|---------|--------|
| Construction | 72% | 36% |
| Property Development | 17% | 57% |
| Building Materials | 10% | 4% |
| Others | 1 % | 3% |

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

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% | 374,500 |
| Shaoxing Xinqiao Fengqing | Shaoxing,Zhejjiang | 100% | 136,000 |
| Baoye Guanggu Lidu | Wuhan,Hubei | 100% | 46,216 |
| Hubei Baoye Centre | Wuhan,Hubei | 100% | 88,000 |
| Baoye Xuefu Luyuan | Bengbu,Anhui | 63% | 79,000 |
| Baoye Taihe City Green Garden | Taihe ,Anhui | 55% | 189,915 |
| Baoye Longhu Yucheng | Kaifeng,Henan | 60% | 140,000 |
| BaoyeYihe Yayuan | Lishui,Zhejiang | 100% | 67,657 |
| Jingang Apartment | Lishui,Zhejiang | 100% | 20,784 |
| Baoye Junyue Green Graden | Lu'an,Anhui | 100% | 51,205 |
| Nanghai Jiayuan | Lu'an,Anhui | 70% | 305,000 |
| Wuhan Xinzhou Project | Wuhan,Hubei | 100% | Under planning |
| Xialv Project | Shaoxing,Zhejiang | 60% | Under planning |

Property Development - Projects in Zhejiang



Results Review

- ◆ Baoye Four Seasons Garden is located in Kuaijishan Tourist Resort, a provincial tourist resort 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 and a planned gross floor area of approximately 650,000 square metres for the development of deluxe villas, semi-detached villas, garden villas and terraces. It also contains a series of supporting projects including a golf club, a five-star resort hotel, two parks with artificial mountains, a sport park, a shopping arcade, kindergarten and a central lakeside garden. Phase I's construction had been completed, and had satisfactory sales results. Phase II has a planned gross floor area of approximately 300,000 square meters and the detailed development plan is under preparation.



Property Development - Projects in Zhejiang



Results Review

- ◆ 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 as a 14 high-rise building project with river view, of which 4 buildings will be constructed by PC-manufacture methodology according to plan. Phase I and II has a total saleable area of approximately 64,152 square meters presold in 2017 and are basically being sold out now. Phase III, with a total saleable area of approximately 29,785, is positioned for presale in the latter half of 2018 and is expected to be delivered to buyers in 2019.
- ◆ Xialv Project, located in Shaoxing City, Zhejiang Province, consists of three separate parcels of land with a total cost of RMB511,036,354 and a total land site area of 262,862 square meters, pursuant to which the Group is interested in 60%. The Group acquired the land use rights through public auction in 2017. As at the date of this announcement, one of the three parcels of land has begun planning.

Property Development - Projects in Zhejiang



Results Review

- ◆ Jingang Apartment, located in Liandu District, Lishui City, Zhejiang Province, has a site area of 14,846 square metres and a total gross floor area of 20,784 square metres with 1.34 times plot ratio, of which 17,652 square meters will be purchased by the local government and the remaining 3,132 square meters will be owned and sold by Baoye. The project is expected to be completed and delivered at the end of 2019.
- ◆ Baoye Yihe 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 times plot ratio, of which 35,416 square meters will be purchased by the local government and the remaining 13,037 square meters will be owned and sold by Baoye. The project has adopted PC technology with a 20% prefabricated rate. It is expected to be delivered in August 2018.

Property Development - Projects in Hubei



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 become reasonably scaled residential units with well-developed facilities, convenient transportation and a rich cultural connotation. The project is developed in three phases, of which phase I and phase II have been sold out. Phase III started sales in June 2018 and had satisfactory sales results in that month.
- ◆ Hubei Baoye Centre is located at the junction of the first Jianshe 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 were underground levels. All will be developed as office buildings. The project commenced presale in 2017 and had registered satisfactory presale results.
- ◆ Wuhan Xinzhou project, located in Wuhan City, Hubei Province, has a total land area of 129,528.31 square meters. The Group acquired this parcel of land use right in December 2017 at a consideration of RMB780 million. As at the date of this announcement, the project is under planning.

Property Development - Projects in Anhui



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 resettlement housing. The project comprises 15 buildings. Phase I has been delivered to buyers in 2017. Phase II, with a gross floor area of approximately 79,000 square meters, is under construction and is expected to be delivered to buyers at the end of 2019.
- ◆ 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, elegant shopping arcade, an international bilingual kindergarten, high-end swimming pool facilities and so on. Scientific separation of pedestrians and vehicles, humanized design of housing type and equitable distribution of space enable residents to enjoy quality and comfortable lives. The project with rich community facilities is closed to an eco-friendly park. Once the project is completed, it will become a principal eco-friendly community in Taihe and set a new model of modern residence. The project will be developed in four phases, of which phase I and II had already been delivered to buyers, phase III with 94,145 square meters is expected to be delivered at the end of 2018 and phase IV with 95,770 square meters is expected to be delivered in 2020.



Property Development - Projects in Anhui



Results Review

- ◆ Baoye Junyue Green Garden is located in Lu'an city, Anhui Province. Baoye bid the project through judicial auction in September 2017. 80% of the total 51,205 square meters has finished construction when auctioned, while the remaining site area of 36,196 square meters is clean land under development. The project surrounded by convenient transportation and well-developed facilities including parks, banks and shopping malls. Currently, phase I is under presale.
- ◆ Nanhai Jiayuan, located in Lu'an City, Anhui Province, has a site area of 125,526 square meters and a total gross floor area of 305,500 square meters. Phase I has completed its main construction in the latter half of 2017, while phase II is under construction. The project is expected to be delivered to the local government in 2019.



Property Development - Project in Henan



Results Review

- ◆ Baoye Longhu Yucheng is located in a central 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 100,000 square meters of phase I had been delivered to owners, the remaining 70,000 square meters of phase I is still under construction. Phase II with a total of 110,000 square meters sells well and will be delivered generally in 2019 while Phase III is still under planning.



Newly-acquired Land Reserves



Results Review


- ◆ In June 2018, a subsidiary of the Group acquired four parcels of land use rights with a total land area of 172,656.3 square meters through public tender and auction at a total consideration of RMB370,348,121 square meters in Jieshou City, Anhui province.
- ◆ The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. The Group has land reserve mainly in Zhejiang, Anhui and Henan. The Group will pay close attention to the land auction market and acquire further land reserves at reasonable cost in Zhejiang, Shanghai, Hubei and Anhui.



Increased Investment in Property Development



Results Review

- ◆ **Wuxi 2017-21 Land**
In December 2017, a subsidiary of the Group and Powerlong Real Estate Holdings Limited, a listed company on the Stock Exchange of Hong Kong Limited (stock code: 1238.hk) have jointly invested and developed this parcel of land use right with a total site area of 248,878.8 square meters and a total gross floor area of 429,639 square meters at a total consideration of RMB1,371,940,000. The Group is interested in 33%. This land will be developed in two phases, of which phase I includes A, B, C parts, while phase II includes subsection D. Subsection A has begun the presale on 30 June 2018.
 - ◆ **R17030 Land**
In December 2017, a subsidiary of the Group and Daiwa Real Estate Group Company Limited have jointly acquired this land through public tender auction at Nantong, Jiangsu Province with a total site area of 135,544 square meters and gross floor area of 336,000 square meters with 1.7 times plot ratio at a total consideration of RMB1.65 billion. The Group is interested in 33%. This project will adopt the PC technology with over 50% prefabricated rate and will be developed as a safe, comfortable and fully-decorated international community. The project will be developed in two phases, of which phase I will start construction in December 2018 and will be delivered in 2021, and phase II will start construction in October 2019 and be delivered in 2022.
- 

Building Materials

Results Review

revenue for the six months for the building materials

| | 2018 RMB'000 | % of the total | 2017 RMB'000 (Restated) | % of the total | Change |
|-----------------------------|------------------|----------------|-------------------------------|----------------|------------|
| Curtain Wall | 586,250 | 53% | 472,785 | 54% | 24% |
| Furnishings and Interior | 122,141 | 11% | 115,558 | 13% | 6% |
| Ready-mixed Concrete | 231,937 | 21% | 149,479 | 17% | 55% |
| PC Assembly Plate | 59,640 | 5% | 41,807 | 5% | 43% |
| Wooden Products and | 53,165 | 5% | 39,380 | 4% | 35% |
| Steel Structure Decorations | 21,303 | 2% | 23,433 | 3% | -9% |
| Others | 28,898 | 3% | 36,836 | 4% | -22% |
| Total | 1,103,334 | 100% | 879,278 | 100% | 25% |



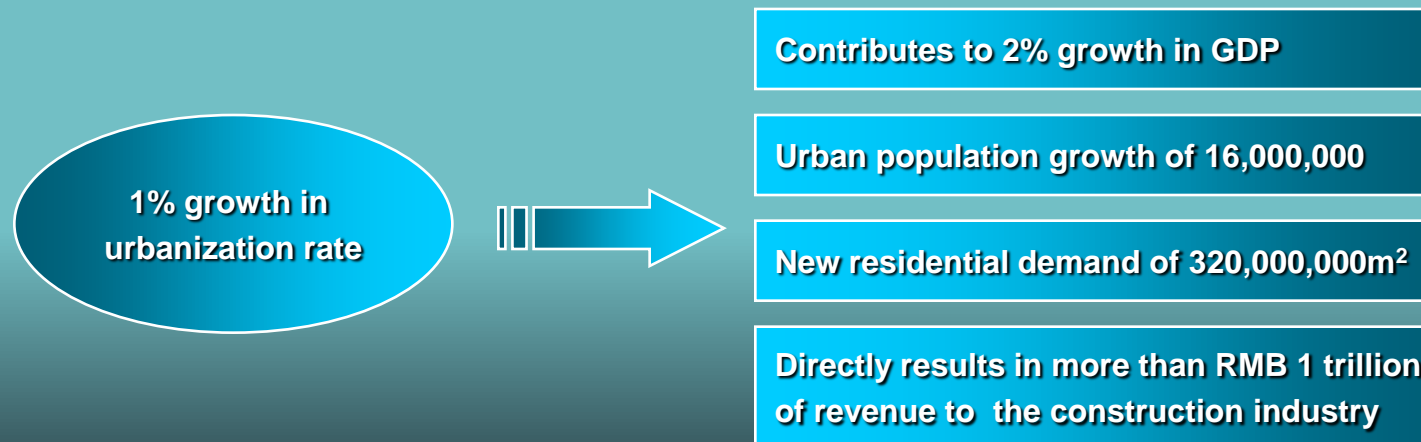
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

Business Prospects



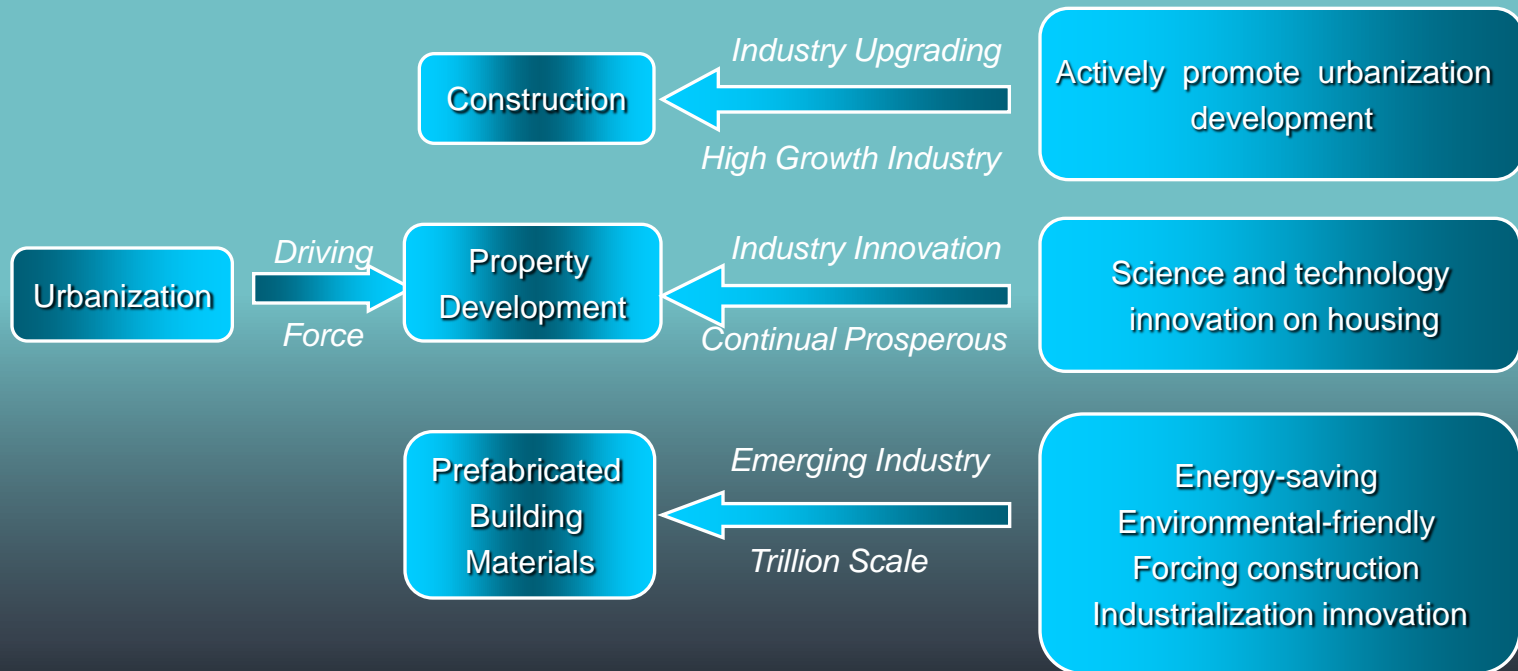
Urbanization in China

- ◆ 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 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.

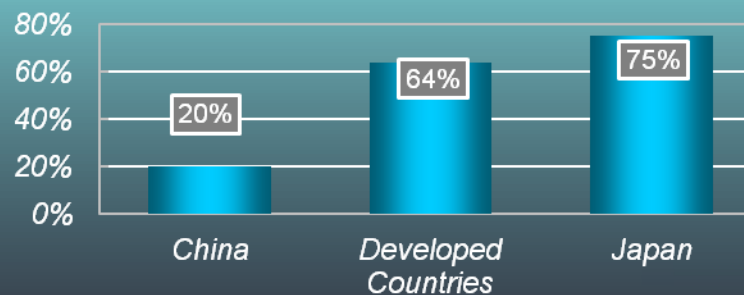


Prefabricated Building Materials Business



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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