



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*





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# *Corporate Profile*

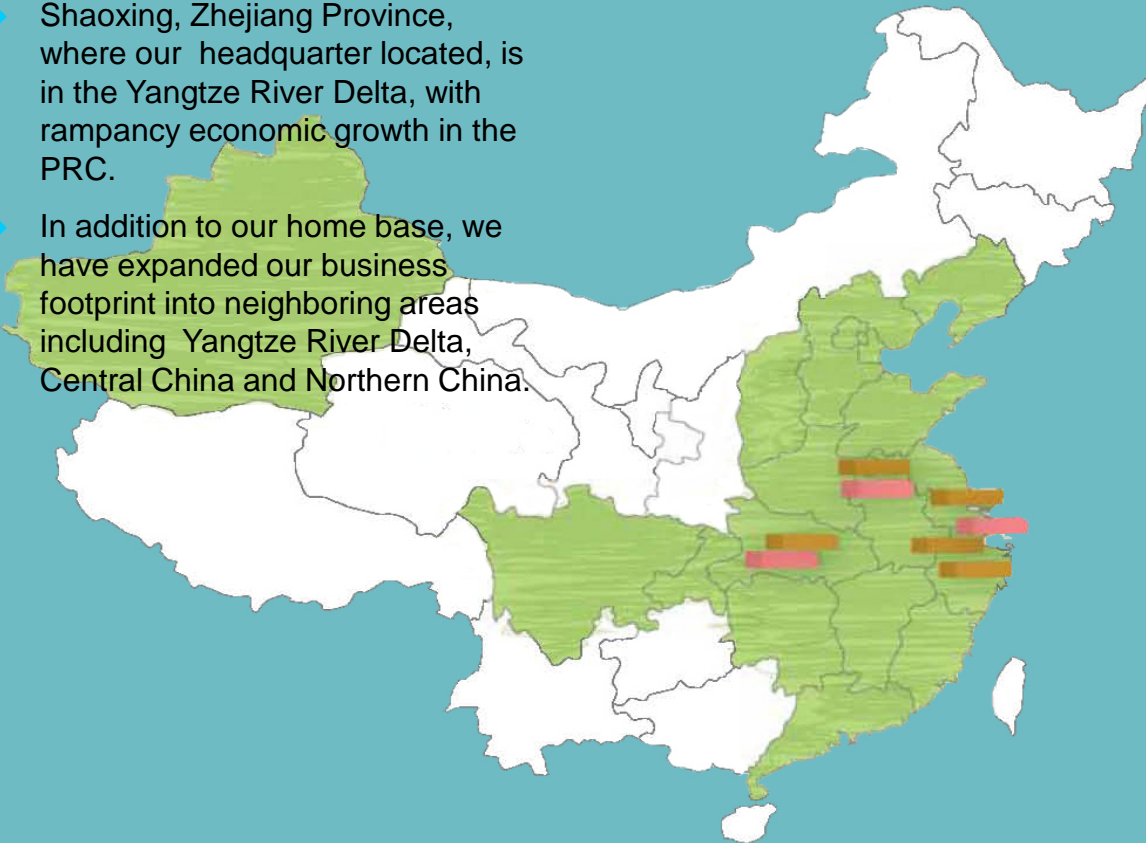




## Corporate Profile - Business Network



- ◆ 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**

- Zhejiang
- Hubei
- Shanghai
- Anhui
- Henan

#### **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<br>"Baoye Four Seasons Garden" | - Shaoxing<br>"Xinqiao Fengqing"       |
| - Shaoxing<br>"Xialv·Yunxili"             | - Taihe<br>"Baoye City Green Garden"   |
| - Wuhan<br>"Xinyufu"                      | - Bengbu<br>"Baoye Xuefu Luyuan"       |
| - Lishui<br>"Huajie Fengqing"             | - Kaifeng<br>"Baoye Longhuyucheng"     |
| - Lishui<br>"Jingang Apartment"           | - Lu'an<br>"Baoye Junyue Green Graden" |
| - Mengcheng<br>"Binhu Lv yuan"            | - Lu'an<br>"Nanhai Jiayuan"            |
| - Jieshou<br>"Fuxing Jiayuan"             | - Zhengzhou<br>"Zhengzhou 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 2019</i>	<i>No. of shares</i>	<i>% of total</i>
<b>Domestic Shares</b>		
Mr. Pang Baogen (Chairman)	193,753,054	34.43%
Senior Management (33 persons)	156,988,999	27.90%
	<b>350,742,053</b>	<b>62.34%</b>
<b>H Shares</b>		
Wu Xueqin	29,304,000	5.21%
Zhu Yicai (Note 1)	29,304,000	5.21%
Others	182,618,000	32.46%
	<b>211,922,000</b>	<b>37.66%</b>
<b>Total</b>	<b>562,664,053</b>	<b>100%</b>

1. Mr. Zhu Yicai, the spouse of Ms. Wu Xueqin, is deemed to be interested in 29,304,000 H shares.



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# *Results Review*

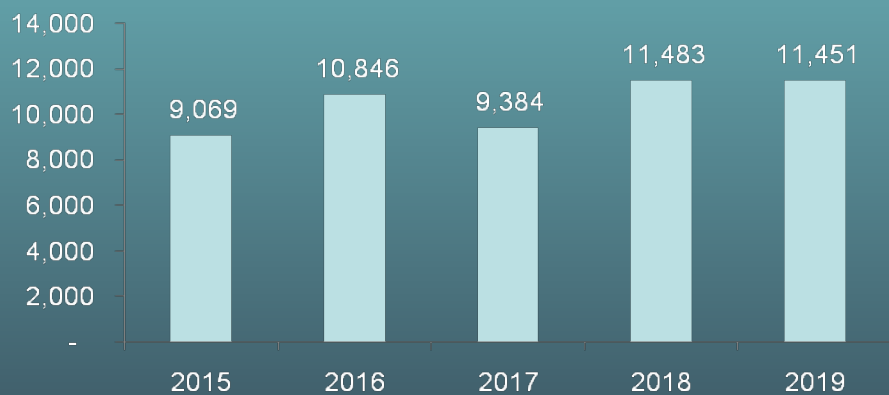




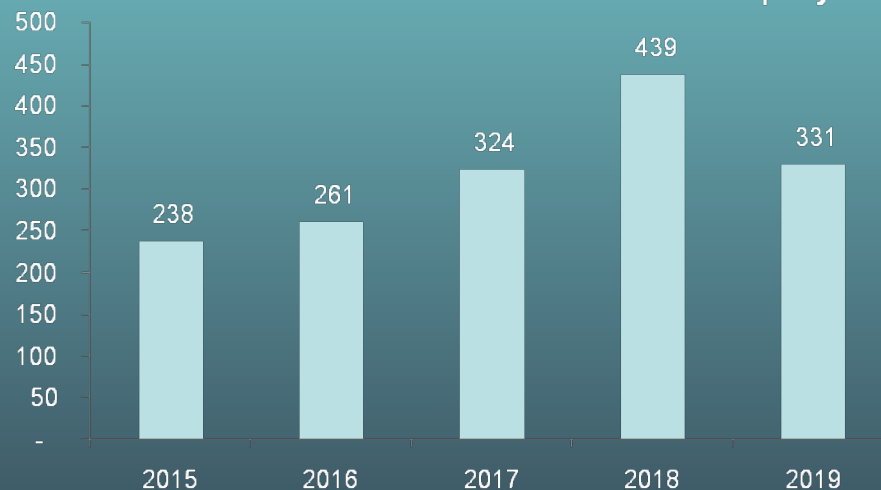
## Results Review

For the six months ended 30 June  
RMB million

### Revenue



### Profit Attributable to the Owners of the Company

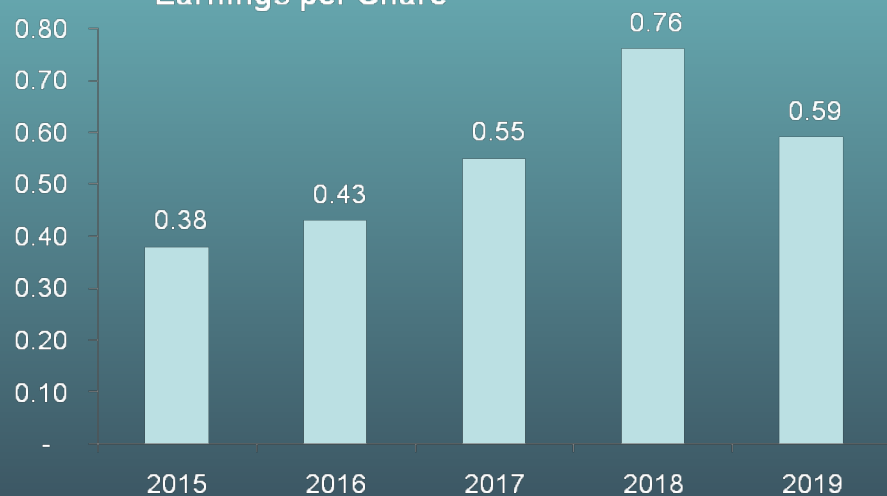




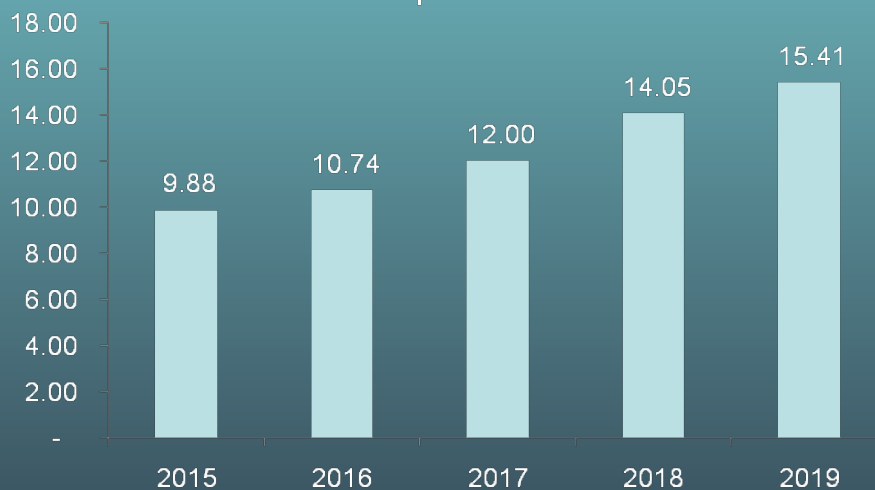
## Results Review

For the six months ended 30 June  
RMB

Earnings per Share



Net Assets Value per Share

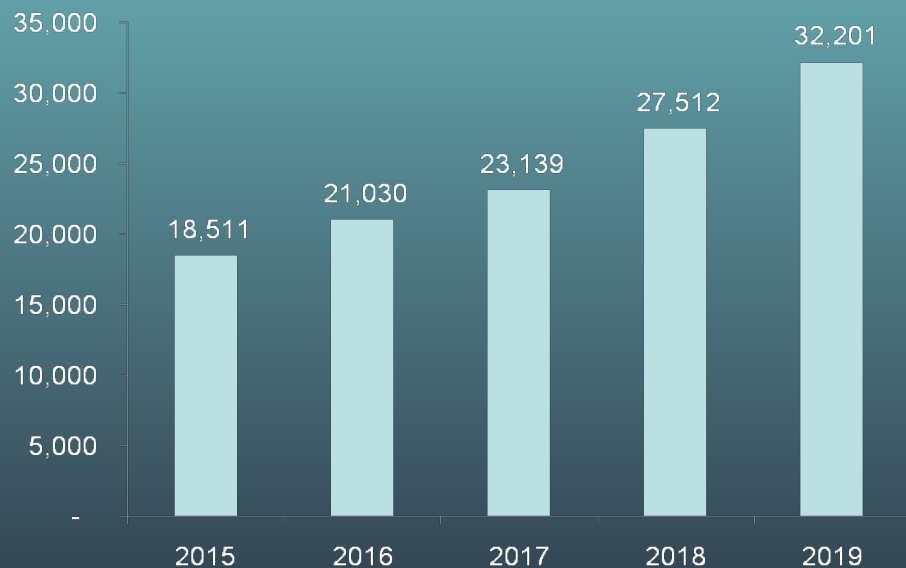




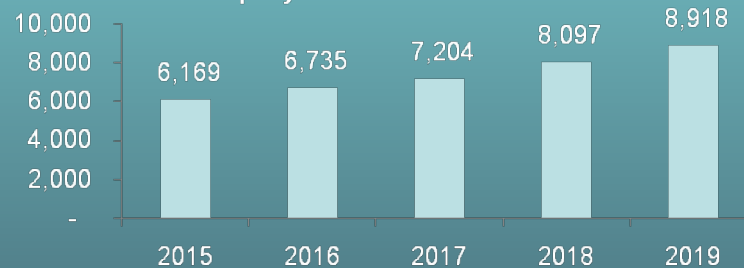
## Results Review

For the six months ended 30 June  
RMB million

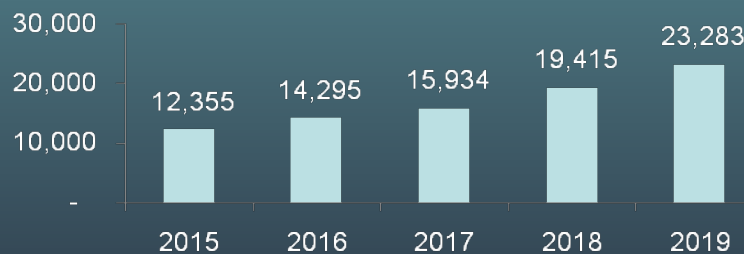
### Total Assets



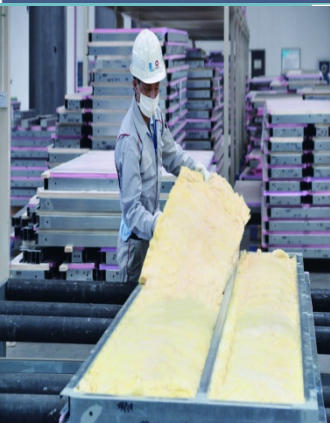
### Total Equity



### Total Liabilities



## Summary



## Results Review



As at 30 June  
RMB million

	2019	2018	Change
Revenue	<b>11,451</b>	11,483	0%
Profit attributable to the owners of the Company	<b>331</b>	439	-24%
Earnings per share (RMB)	<b>0.59</b>	0.76	-22%






## Turnover



### Results Review

For the six months ended 30 June  
RMB million

	2019	2018	Change
Construction	9,088	8,333	9%
Property Development	724	1,930	-62%
Building Materials	1,482	1,103	34%
Others	157	117	34%
<b>Total</b>	<b>11,451</b>	<b>11,483</b>	<b>0%</b>





## Operating Profit

For the six months ended 30 June  
RMB million

	2019	2018	Change
Construction	227	247	-8%
Property Development	259	385	-33%
Building Materials	39	24	64%
Others	21	22	-6%
<b>Total</b>	<b>546</b>	<b>677</b>	<b>-19%</b>



*Results  
Review*





## Operating Profit Margin

For the six months ended 30 June

	2019	2018	Change
Construction	2.5%	3.0%	-16%
Property Development	35.8%	19.9%	80%
Building Materials	2.6%	2.2%	22%



*Results  
Review*





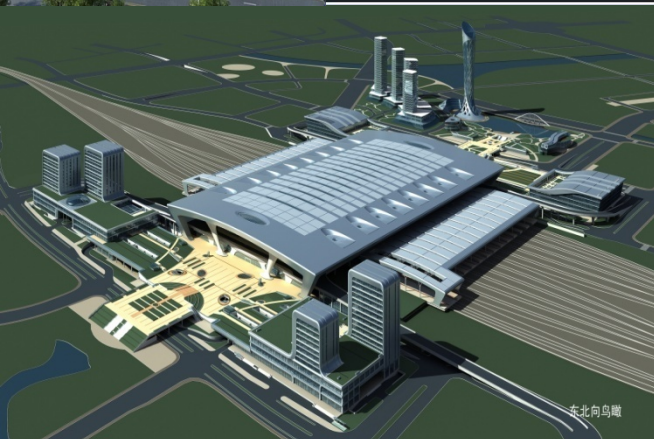
## Key Financial Ratio



## Results Review

As at 30 June

	2019	2018
Return on equity	3.82%	5.6%
Net assets value per share (RMB)	15.41	14.05
Net cash ratio	26.8%	28.8%
Current ratio	1.19	1.21



## Business Structure

### Results Review

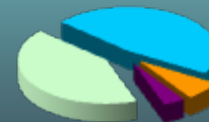
#### Revenue and profit breakdown by business segments

	<i>Revenue</i>	<i>Profit</i>
Construction	79%	42%
Property Development	6%	47%
Building Materials	13%	7%
Others	2%	4%

*Revenue*



*Profit*



■ Construction ■ Property Development ■ Building Materials ■ Others



## Property Development – projects under development



### Results Review



<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	100%	300,000
Baoye Xinqiao Fengqing	Shaoxing	100%	136,000
Xialv Project·Yunxili	Shaoxing	60%	Under Planning
Huajie Fengqing	Lishui	100%	260,363
Jingang Apartment	Lishui	100%	20,784
Xingyu Fu	Wuhan	100%	259,056
Binhu Lvyuan	Mengcheng	100%	201,572
Fuxing Jiayuan	Jieshou	100%	467,293
Baoye Xuefu Luyuan	Bengbu	63%	79,033
Baoye City Luyuan	Taihe	55%	95,770
Baoye Longhu Yucheng	Kaifeng	60%	300,598
Baoye Junyue Green Garden	Lu'an	100%	129,665
Nanghai Jiayuan	Lu'an	70%	305,500
Zhengzhou Project	Zhengzhou	51%	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. Construction of Phase I had been completed and parts of units remain unsold. Phase II with a total gross floor area of approximately 300,000 square meters is under planning. The first town house of Phase II is currently under presale.



## 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 buildings project with river view, of which 4 buildings will be constructed by PC-manufacture methodology according to plan. The project has been basically sold out and will be delivered in the second half year of 2019.
- ◆ Xialv Project consists of three separate parcels of land with a total consideration of RMB511,036,000 and a total site area of 262,862 square meters, pursuant to which the Group has 60% equity interest in this project. The Group acquired the land use rights through public auction in 2017. As at the date of this announcement, Baoye·Yunxili, one of the three parcels, has begun planning.



## Property Development - Projects in Zhejiang



### Results Review

- ◆ Baoye Huajie Fengqing is located in Liandu District, Lishui City, Zhejiang Province. It covers a site area of 95,794 square meters and has a total gross floor area of 260,363 square meters. The residential area is 165,516 square meters of which about 106,563 square meters will be repurchased by the government. The remaining 58,953 square meters are owned by Baoye for sale. The project is expected to begin sales in the second half year of 2019, and will be delivered in 2021.
- ◆ 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.





## Property Development - Projects in Hubei



### *Results Review*

- ◆ Xingyu Fu, is located in Xingzhou District ,Wuhan City, Hubei Province. The Group acquired this parcel of land use rights in December 2017 at a consideration of RMB780 million. This project has a total site area of 129,528 square meters and a gross floor area of 259,056 square meters. Currently, the project is under planning.







## Property Development - Projects in Anhui



### *Results Review*

- ◆ Binghu Lvyuan, located in Mengcheng County, Anhui Province has a total land area of 78,640 square meters and gross floor area of 201,572 square meters of high-rise residential buildings, garden houses, townhouses and commercial housing. The Group acquired this parcel of land use right in August 2018 at a consideration of RMB 366 million. The project is expected to begin sales in the second half year of 2019.
- ◆ Fuxing Jiayuan, located in Jieshou City, Fuyang City, Anhui Province, has a total site area of 172,656 square meters and gross floor area of 467,293 square meters. The Group acquired this parcel of land use right in June 2018 by public tendering at a total consideration of RMB370,348,000. The project has started the construction and is expected to be delivered to owners in 2020. The project will be repurchased by the local government when finished.



## 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 79,033 square meters, is under construction and expected to be delivered to buyers at the end of 2019.
- ◆ Baoye 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, II and III has already been delivered to buyers, 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. It has a total site area of approximately 54,220 square metres and an estimated gross floor area of approximately 129,665 square metres, while the site area of 7,220 square meters is clean land under development. The project surrounded by convenient transportation and well-developed facilities including parks, banks and shopping malls. The project is being developed in two phases which are 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. 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 while Phase III is still under planning.
- ◆ Zhengzhou Project, with a total site area of 336,776 square meters, located in Zhengzhou City, Henan Province, the Group acquired this parcel of land use right in November 2018 at a consideration of RMB184,660,000. The project is in Jianshan Tourist Resort Zone, with convenient transportation, spectacular scenery and historical culture. The project is under planning currently.



## Newly-acquired Land Reserves



### Results Review

- ◆ In February 2019, the Group acquired use rights of a parcel of land with a total land area of 111,947 square meters through public tender and auction at a total consideration of RMB221,000,000 in Lu'an City, Anhui province.
- ◆ In July 2019, the Group acquired use rights of a parcel of land with a total land area of 80,945 square meters through public tender and auction at a total consideration of RMB1,885,000,000 in Keqiao District, Shaoxing City, Zhejiang Province.
- ◆ In July 2019, A subsidiary of the Group acquired seven parcels of land with a total site area of 33,369 square meters through judicial auction at a total consideration of RMB115,278,900 in Xialv town, Keqiao District, Shaoxing City, Zhejiang province. The Group has 60% equity interest in this project.
- ◆ 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*

- ◆ In June 2019, a joint venture of the Group acquired a parcel of land use rights with a total land area of 73,881 square meters at a total consideration of RMB276,000,000 square meters in Xinzhou District, Wuhan City, Hubei Province, The Group has 49% equity interest in this project.



## Building Materials

### Results Review

Revenue of the building materials for the six months ended 30 June 2019

	2019 RMB'000	% of the total	2018 RMB'000 (Restated)	% of the total	Change
Curtain Wall	588,030	40%	586,250	53%	0%
Furnishings and Interior	143,095	10%	115,308	11%	24%
Ready-mixed Concrete	500,017	34%	231,937	21%	116%
PC Assembly Plate	134,948	9%	59,640	5%	126%
Wooden Products and	51,019	3%	53,165	5%	-4%
Steel Structure Decorations	27,865	2%	21,303	2%	31%
Others	36,868	2%	35,731	3%	3%
<b>Total</b>	<b>1,481,842</b>	<b>100%</b>	<b>1,103,334</b>	<b>100%</b>	<b>34%</b>



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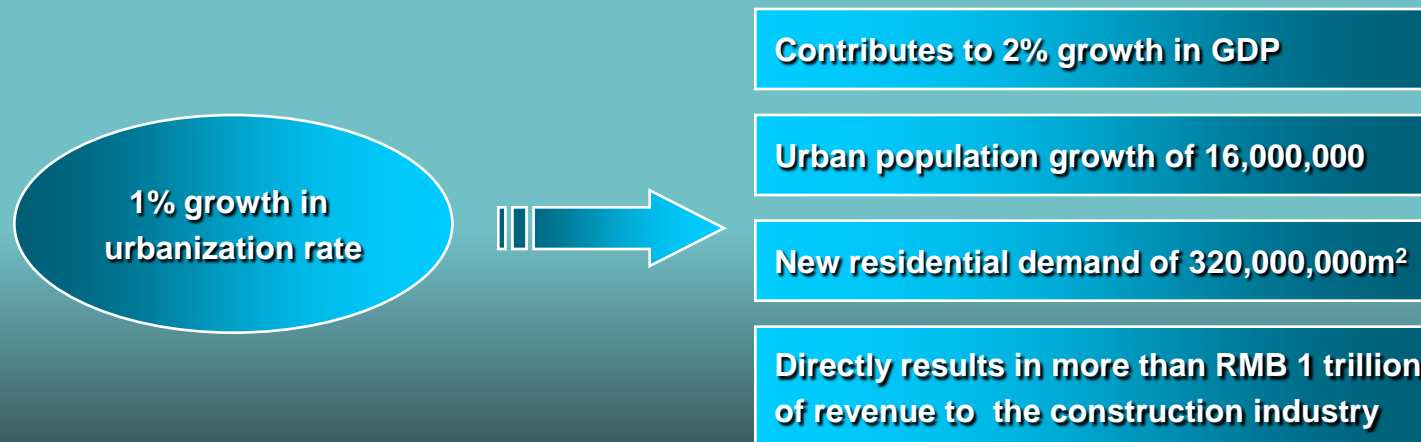
# *Business Prospects*





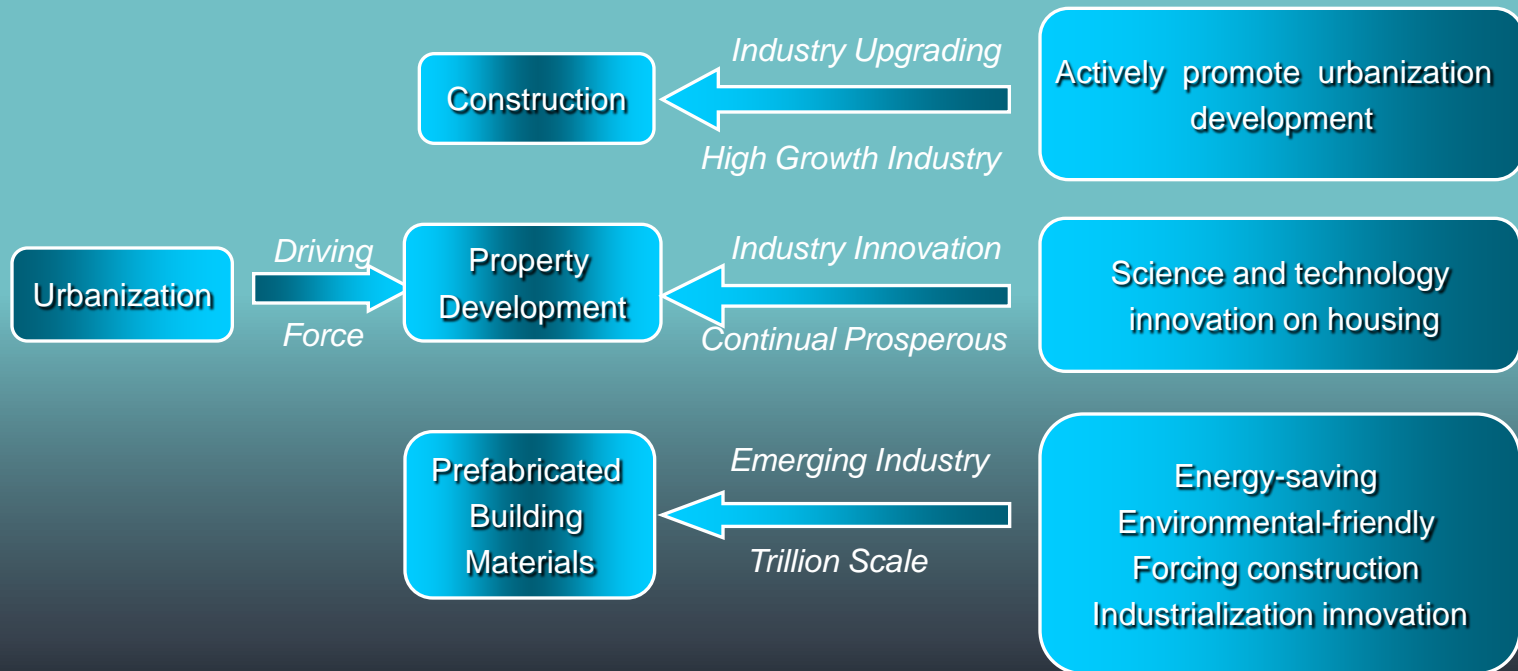
## Urbanization in China

- ◆ 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.

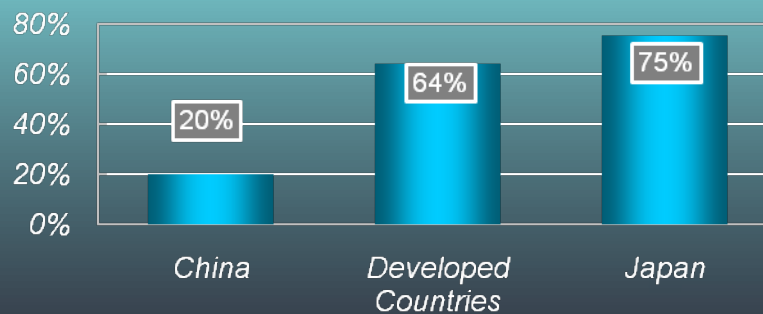


## Prefabricated Building Materials Business



### 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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