



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

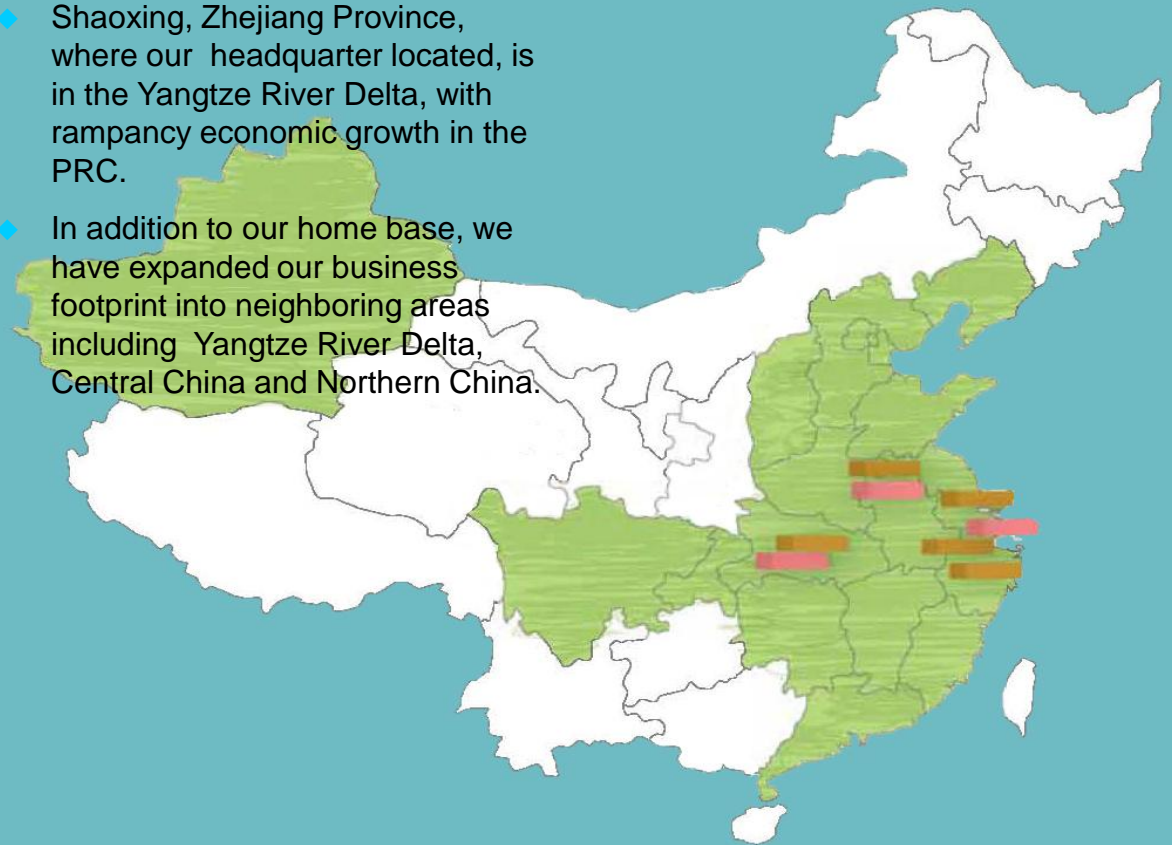




Corporate Profile - Business Network



- ◆ 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
- Hebei
- Henan
- Shandong
- Shanxi
- Liaoning
- Sichuan
- Chongqing
- Xinjiang
- Jiangxi
- Fujian
- Guangdong
- Africa

Property Development Business

- Zhejiang Province
- Shanghai
- Hubei Province
- Anhui Province
- Henan Province

Building Materials Business

- Zhejiang Building Materials Industrial Park
- Anhui Building Materials Industrial Park
- Hubei Building Materials Industrial Park
- Shanghai Building Materials Industrial Parks
- Jiangsu 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

Property Development Business

- | | |
|---|--|
| - Shaoxing
"Baoye Four Seasons Garden" | - Jiesshou
"Fuxing Jiayuan" |
| - Shaoxing
"Daban Green Garden" | - Taihe
"Baoye Chengshi Green Garden" |
| - Shaoxing
"Xialv Projece" | - Kaifeng
"Baoye Longhu Yucheng" |
| - Shanghai
"Guanyun Road Project" | - Lu'an
"Baoye Junyue Green Garden" |
| - Lishui
"Huajie Fengqing" | - Zhengzhou
"Zhengzhou Project" |
| - Wuhan
"Xingyufu" | - Sixian
"Sizhou Green Garden" |
| - Mengcheng
"Binhu Green Garden" | |

Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- Furnishings and Interior Decorations
- Wooden Products and Fireproof Materials
- PC Assembly Plates
- 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 and a total of three premier license companies
- ◆ 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
- ◆ Widely dispatched Construction Industrialization bases in Zhejiang, Anhui, Hubei, Shanghai and Jiangsu, etc, laid a good foundation for the construction industrialization business development in the future.



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 March 2020</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	193,753,054	34.43%
Senior Management	156,988,999	27.90%
	350,742,053	62.33%
H Shares		
Wu Xueqin	29,304,000	5.21%
Zhu Yicai (Note 1)	29,304,000	5.21%
Others	182,618,000	32.46%
	235,468,000	37.67%
Total	562,664,053	100%

1.Mr. Zhu Yicai, the spouse of 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

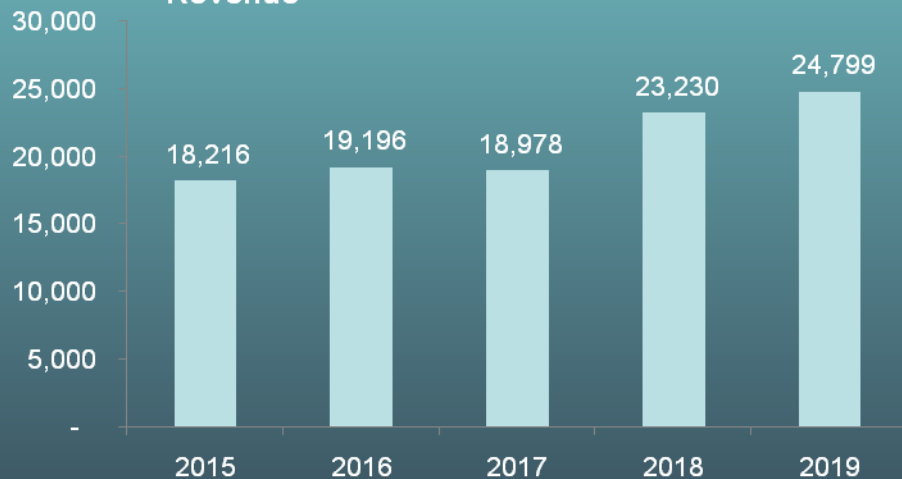




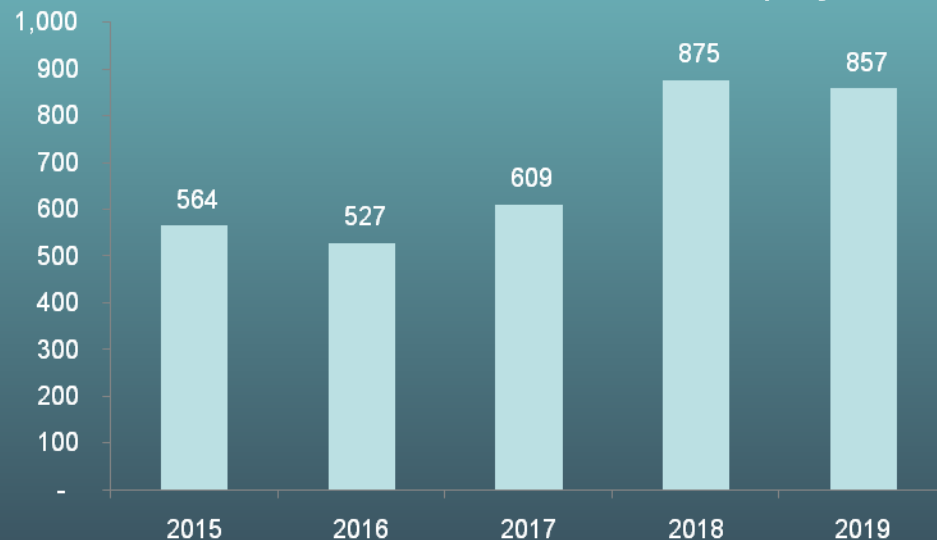
Results Review

For the year ended 31 December
RMB million

Revenue



Profit Attributable to the Owners of the Company

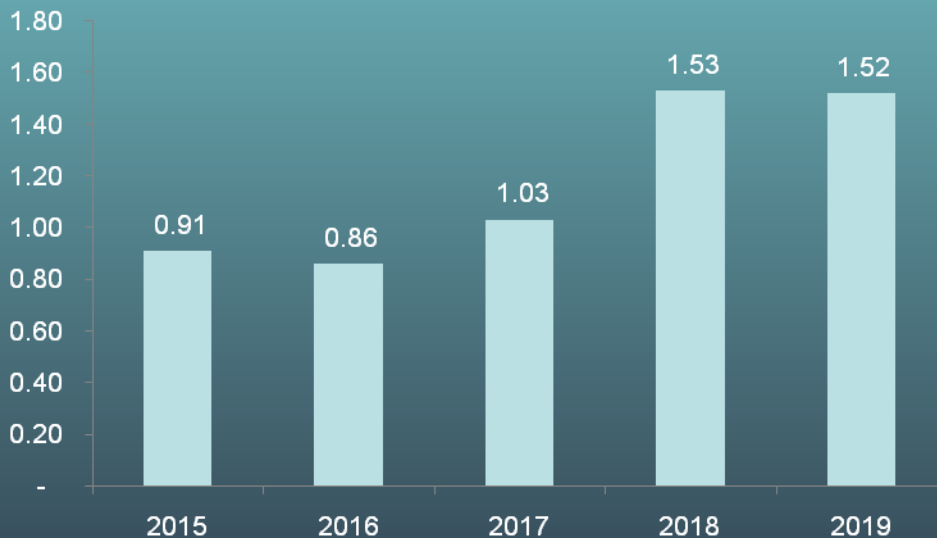




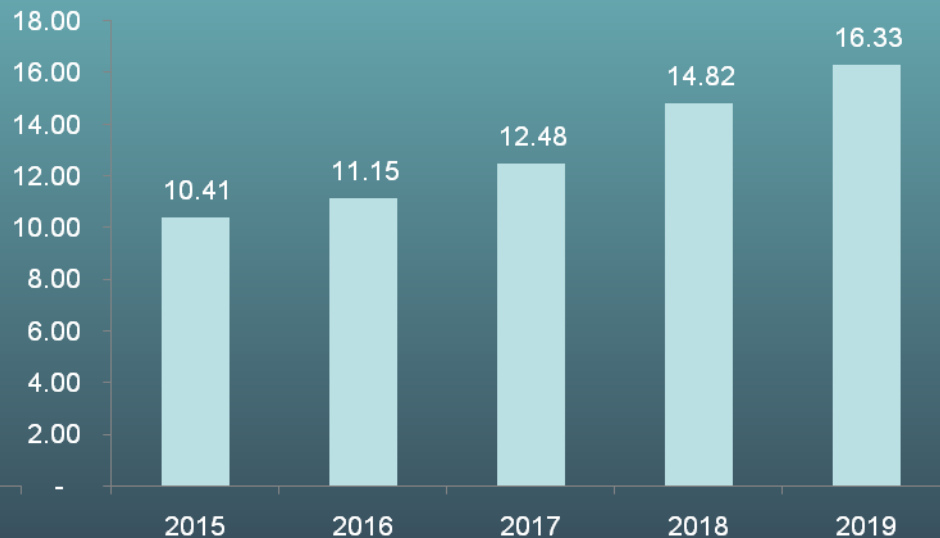
Results Review

For the year ended 31 December
RMB

Earnings per Share



Net Assets Value per Share

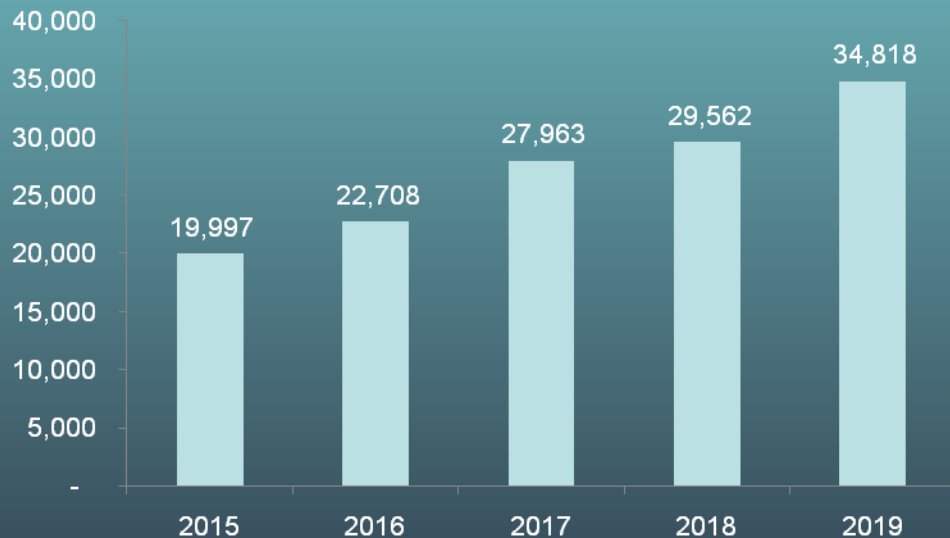




Results Review

For the year ended 31 December
RMB million

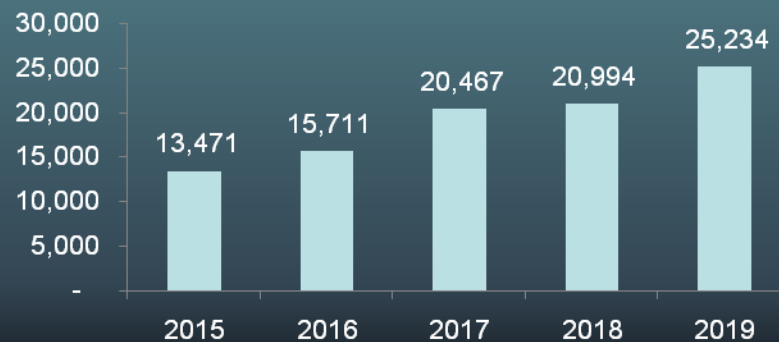
Total Assets



Total Equity



Total Liabilities





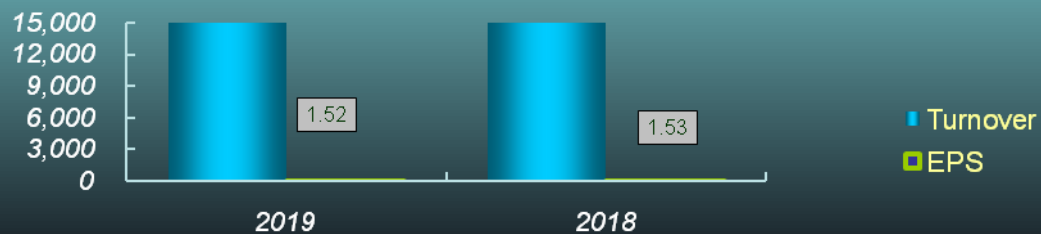
Summary



Results Review

For the year ended 31 December
RMB million

	2019	2018	Change
Revenue	24,799	23,231	6.8%
Profit attributable to the owners of the Company	857	874	-2%
Earnings per share (RMB)	1.52	1.53	0%






Turnover



Results Review

For the year ended 31 December
RMB million

	2019	2018	Change
Construction	19,030	17,343	10%
Property Development	2,089	3,085	-32%
Building Materials	3,203	2,503	28%
Others	477	300	59%
Total	24,799	23,230	7%






Operating Profit



Results Review

For the year ended 31 December
RMB million

	2019	2018	Change
Construction	467	506	-8%
Property Development	757	761	0%
Building Materials	156	67	132%
Others	103	60	72%
Total	1,484	1,394	6%






Operating Profit Margin



Results Review

For the year ended 31 December

	2019	2018	Change
Construction	2.5%	2.9%	-15.9%
Property Development	36.2%	24.7%	46.9%
Building Materials	4.9%	2.7%	82.0%





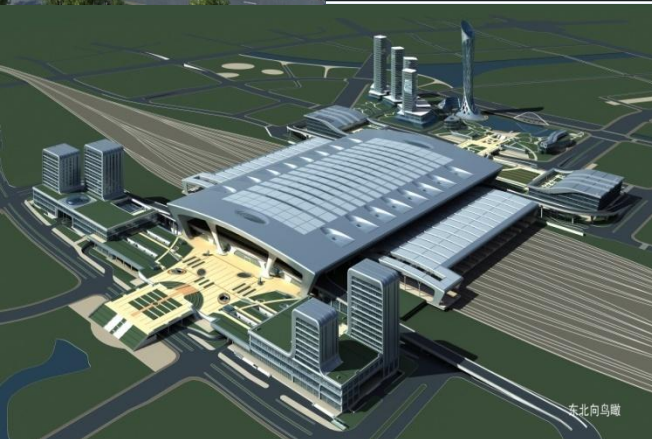
Key Financial Ratio



Results Review

As at 31 December

	2019	2018
Return on equity	9.3%	10.5%
Net assets value per share (RMB)	16.33	14.82
Net cash ratio	18.8%	25.3%
Current ratio	1.25	1.18



Business Structure

Results Review

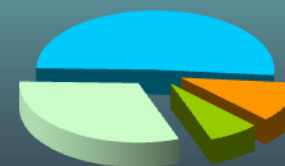
Revenue and profit breakdown by business segments

	<i>Revenue</i>	<i>Profit</i>
Construction	77%	31%
Property Development	8%	51%
Building Materials	13%	11%
Others	2%	7%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others



Key Award projects



Results Review



<i>Projects Name</i>	<i>Awards</i>
Djibouti Presidential Palace	Luban Price
Djibouti Tajura New Port Project	Luban Price
Kaifeng Haihui Center	Luban Price
Kaifeng Haihui Center Curtain Wall Project	Luban Price
Kaifeng Haihui Center Interior Project	Luban Price
HVAC installation project of Cixi Grand Theater	Luban Price
Expansion Project of Alibaba Hangzhou Software Production Base Phase II	National Quality Project
Hefei Binhu Center Building No.2	Huangshan Cup



Key Award projects



Results Review

<i>Projects Name</i>	<i>Awards</i>
China Textile CBD Commercial Center Project	China Textile Town Cup
Dapu River Tributaries Connection Project Phase II	West Lake Cup
No.701 Research Institute of China Shipbuilding Industry Corporation (No. 7 Scientific Research Building)	Huanghe Award
New Housing Project of Military Economics Institute	Huanghe Award
Guanggu Lidu Phase III Building No.18	Huanghe Award
Wuhan Baoye Center	Huanghe Award
Yichang International Trade Edifice Phase III	Chutian Cup
Jiangxi Hangxin Edifice	Jiangxi Quality Structure Project

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%	300,000
Shaoxing Daban Green Garden	Shaoxing	100%	145,700
Xialv Project·Yunxili	Shaoxing	60%	Under Planning
Huajie Fengqing	Lishui	100%	260,363
Guanyun Road Project	Shanghai	100%	94,722
Xingyu Fu	Wuhan	100%	259,056
Binhu Lvyuan	Mengcheng	100%	201,572
Fuxing Jiayuan	Jieshou	100%	467,293
Baoye City Luyuan	Taihe	55%	95,770
Baoye Longhu Yucheng	Kaifeng	60%	300,598
Baoye Junyue Green Garden	Lu'an	100%	129,665
Zhengzhou Project·Fuxi Town	Zhengzhou	51%	Under Planning
Sizhou Green Garden	Sixian	51%	124,907



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. 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 and town houses, all fully equipped with supporting facilities, such as a golf club, a five-star resort hotel, two leisure parks, a sport park, a shopping arcade, kindergarten and a central lakeside garden. Phase I still have a few spare houses for sale. Phase II of approximately 300,000 square meters is currently under planning. The presale of the first part of terrace house has begun and is in good condition.
- ◆ Daban Green Garden, located in Keqiao District, Shaoxing City, Zhejiang Province, has a site area of 80,945 square meters and a plot ratio of 1.8, and a gross floor areas of 145,700 square meters on the floor and approximately 100,000 square meters under the floor. The project will be built in a prefabricated method and fully and well decorated. The project is very close to the Banhu Lake and the railway station of Hangzhou and Shaoxing. It enjoys well-developed facilities of convenient transportation, scenic environment, hospitals, schools and shopping malls. The project will be a landmark of residential building in the Banhu area of Keqiao.

Property Development - Projects in Zhejiang



Results Review

- ◆ Baoye Huajie Fengqing is located in Liandu District, Lishui City, Zhejiang Province. It covers an area of 95,794 square meters and has a total construction 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 plot ratio is 1.88. The remaining 58,790 square meters are owned by Baoye and presale has begun in October 2019.
- ◆ Xialv Project 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 of now, Baoye Yunxili, one of the three parcels of land has begun planning.



Property Development - Project in Shanghai



Results Review

- ◆ Guanyun Road Project, located at the south of Guanyun Road, Qingpu District, Shanghai City, is very close to the Dianshanhu Road Station of Line 17. The project has a site area of approximately 38,649 square meters, and a gross floor area of approximately 94,722 square meters with a plot ratio of 1.5. The Group acquired this parcel of use rights at a total consideration of RMB913,630,000 in September 2019. This project has residential and commercial parts, and is positioned as a construction art respecting to architecture and facing the future. The project will be built as a landmark with green, healthy, intelligent, civilized and artificial and artistic characteristics.





Property Development - Project in Hubei



Results Review

- ◆ Xingyufu project, located in Xinzhou District, Wuhan City, Hubei Province, has a total land area of 129,528 square meters and planned construction area of approximately 259,056 square metres. The Group acquired this parcel of land use right in December 2017 at a consideration of RMB780 million. At the end of 2019, presale has begun.



Property Development - Project in Anhui



Results Review

- ◆ Mengcheng Binghu Green Garden, 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 highrise residential buildings, garden houses, townhouses and commercial housing. The Group acquired this parcel of land use right in August 2018 at a consideration of RMB366,000,000. The project has started presale in the second half of 2019.
- ◆ Baoye Fuxing Jiayuan, located in Jieshou City, Fuyang City, Anhui Province, has a total site area of 172,656 square meters and a total 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 in 2020. The project will be repurchased by the local government upon completion.
- ◆ 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 with rich community facilities, which sets the new generation in the City. The project will be developed in four phases, among which Phase I, II and III had already been delivered to customers, and Phase IV with 95,770 square meters is expected to be delivered in 2020.

Property Development - Project in Anhui



Results Review

- ◆ Baoye Junyue Green Garden is located in Lu' an city, Anhui Province. Baoye bided the project through judicial auction in September 2017. The project has a site area of approximately 54,220 square meters, and an estimated gross floor area of approximately 129,665 square meters, and the remaining site area of 7,220 square meters is clean land for development. The project enjoys well-developed facilities, convenient transportation with parks, banks and shopping malls. The project will be developed in two phases. In February 2019, the Company obtained a parcel of land use right on the west side of this project with a total land area of approximately 111,947 square meters, which is currently under presale.
- ◆ Sizhou Green Garden, located in the economy development zone of Sixian County, Suzhou City, Anhui Province, has a total site area of 46,888 square meters, and a total gross floor areas of 124,907 square meters. The Group acquired this parcel of land use right at a total consideration of RMB113,500,000 in May 2019 through public tendering in which the Group is interested 51%. This project enjoys well-developed facilities, convenient transportation and education resources. The project has begun presale at the beginning of 2020 and is expected to be delivered in 2021.



Property Development - Project 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 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 will be developed in 5 phases. Nearly 100,000 square meters of Phase I was delivered to the owners, and the remaining 70,000 square meters are under construction and will be delivered by the end of 2020. Phase II of about 140,000 square meters is under presale. Phase III is currently under construction.
- ◆ 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, Xinmi City, Zhengzhou City, with convenient transportation, spectacular scenery and historical culture. The project is under planning currently.



Newly-acquired Land Reserves



*Results
Review*

Time table	Location	Cost (RMB'000)	Land area (Sqms)	Equity
February,2019	Lu'an, Anhui	221,000	111,947	100%
May,2019	Sixian, Anhui	73,900	30,521	51%
May,2019	Sixian, Anhui	39,600	16,367	51%
July,2019	Shaoxing, Zhejiang	115,278	33,369	60%
July,2019	Shaoxing, Zhejiang	1,885,000	80,944.8	100%
September,2019	Shanghai	913,630	38,648.6	100%
November,2019	Wuhan, Hubei	245,000	27,992	100%
December,2019	Fuyang, Anhui	235,425	63,545	51%

Increased investment in property development



Results Review

In 2019, the increased investment in property development is as follows:

Location	Cost (RMB'000)	Land area (Sqms)	Equity
Xinzhou, Hubei	276,000	73,880	49%
Wuhan, Hubei	760,800	64,991	70%
Quzhou, Hubei	799,780	84,663	34%



Building Materials

Results Review

Revenue breakdown

	2019 RMB'000	% of the total	2018 RMB'000	% of the total	Change
Curtain Wall	1,153,159	36%	1,173,115	47%	-2%
Ready-mixed Concrete	1,162,318	36%	717,815	29%	62%
Furnishings and Interior Decorations	212,381	7%	205,096	8%	4%
PC Assemble Boards	104,874	3%	90,083	6%	16%
Wooden Products and Fireproof	362,840	11%	158,069	4%	130%
Steel Structure	34,325	1%	27,222	1%	26%
Others	173,193	6%	131,160	5%	32%
Total	3,203,090	100%	2,502,560	100%	28%



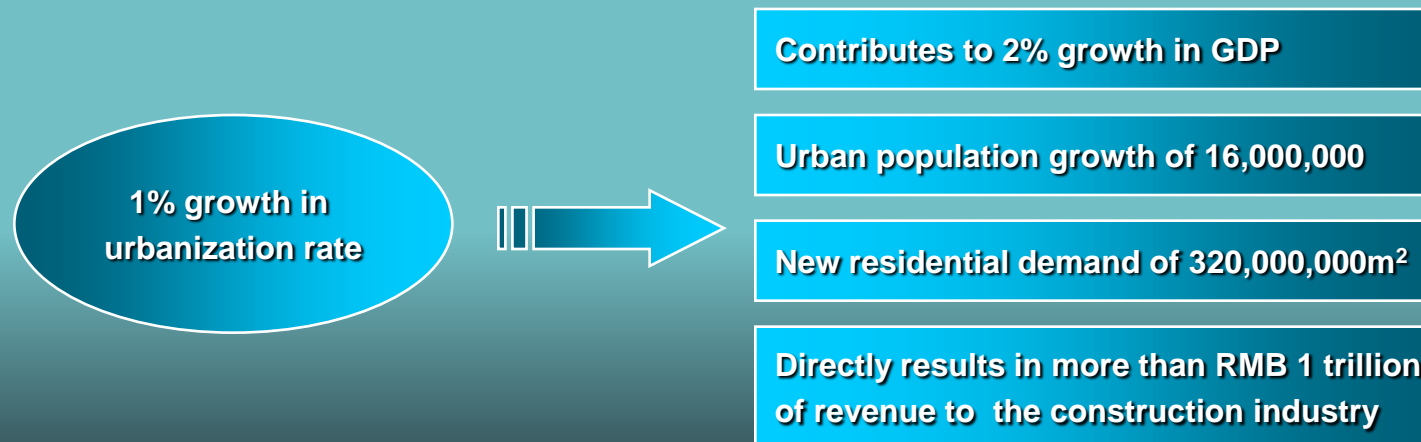
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

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 Zhejiang, Shanghai, Hubei and Anhui;
- ◆ By making full use of the three-in-on business model (construction, property and construction industrialization), the Group will integrate technologies of "energy saving, energy creation and energy storage" and supply more high quality technology housing to the market. ;
- ◆ The Group preserves its land bank with good location, appropriate size, reasonable cost and appreciation potential under its prudent policy.

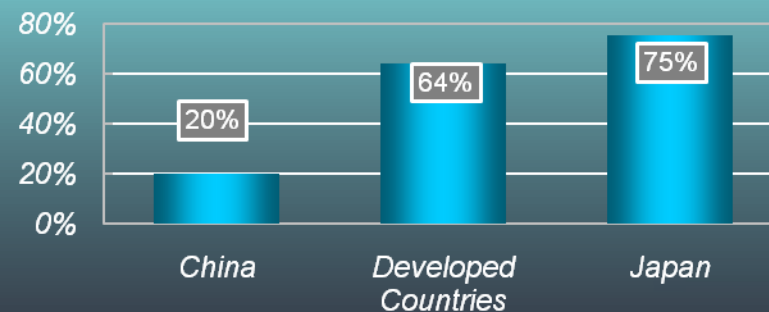


Prefabricated Building Materials Business



Business Prospects

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





Disclaimer

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



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BAOYE GROUP COMPANY LIMITED

Stock Code: 2355HK

Investor Relations Department

Tel: +86 575 8413 5837

Fax: +86 575 8411 8792

E-mail: irbaoye@baoyegroup.com

Website: www.baoyegroup.com