



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
- Lishui, Zhejiang

Building Materials Business

- Zhejiang
- Anhui
- Hubei
- Shanghai



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
"Baoye Guanggu Lidu" | -Bozhou
"Xiaoyao Luyuan" |
| -Wuhan
"Hubei Baoye Centre" | -Bengbu
"Baoye Xuefu Luyuan" |
| -Lishui
"Baoye Yihe Yayuan " | -Kaifeng
"Baoye Longhuyucheng" |
| -Shanghai
"Baoye Centre" | -Taihe
"Baoye City Green Garden" |
| - Shanghai
"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
- ◆ Building Materials Industrial Parks in Zhejiang Province, Anhui Province, Hubei Province and Shanghai, 15 PC intelligent manufacturing bases and 25 PC production lines 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 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 25 August 2017</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	193,753,054	33.05%
Senior Management (33 persons)	156,988,999	26.78%
	350,742,053	59.83%
H Shares		
Wu Xueqin (Note 1)	29,304,000	5.00%
Zhu Yicai	29,304,000	5.00%
Top Easy Holding Limited	17,106,000	2.92%
Star Ruby overseas Ltd	12,198,000	2.08%
Others	206,164,000	35.17%
Total	586,210,053	100%

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

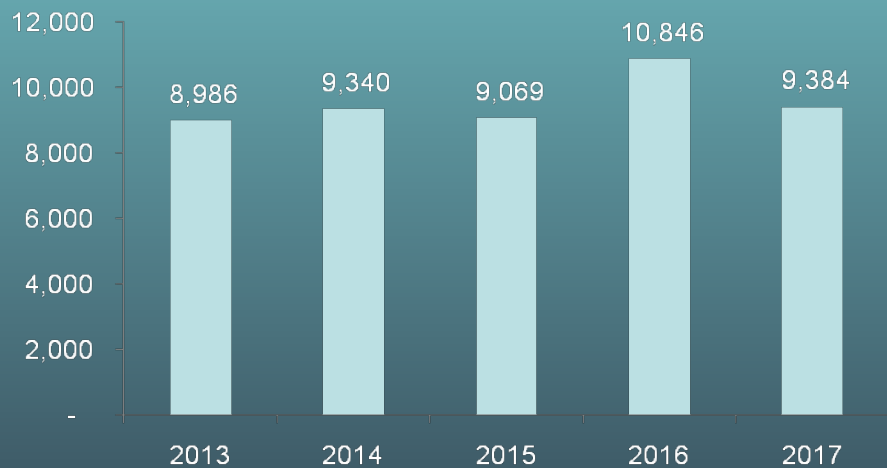




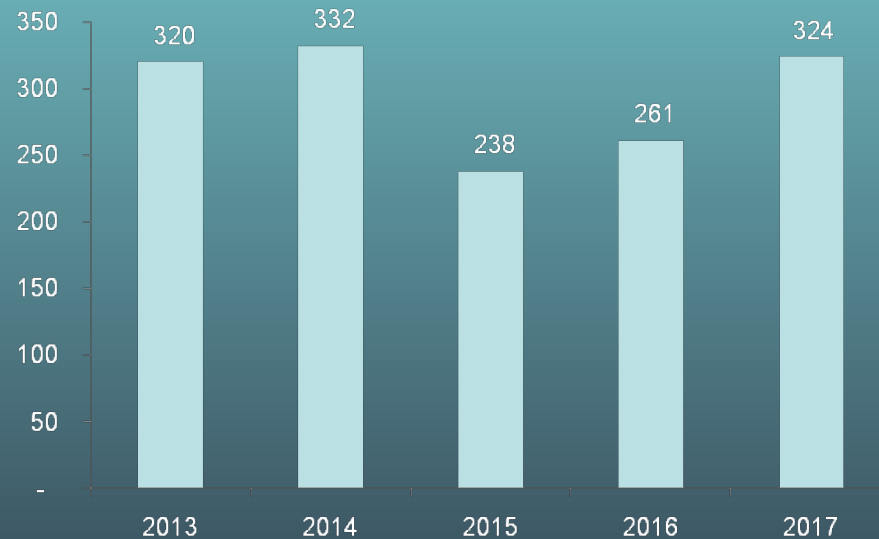
Results Review

For the six months ended 30 June
RMB million

Revenue



Profit Attributable to the Owners of the Company

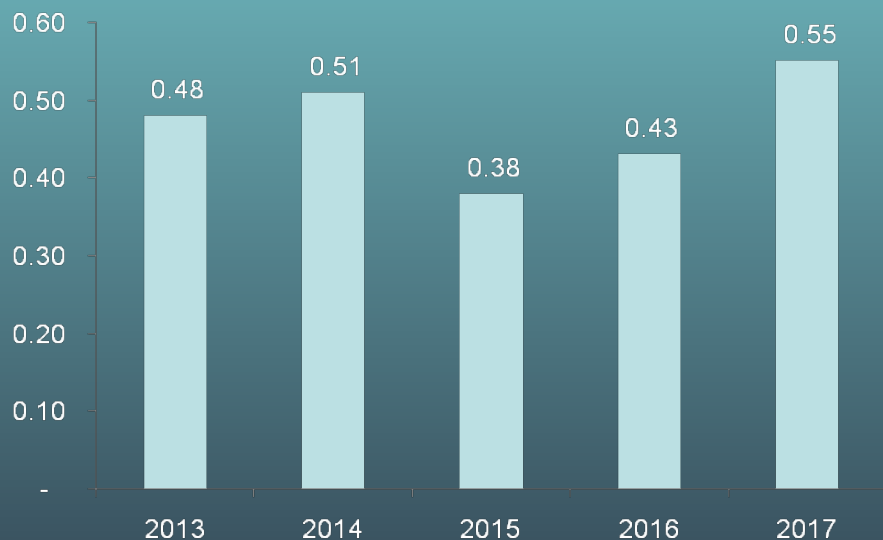




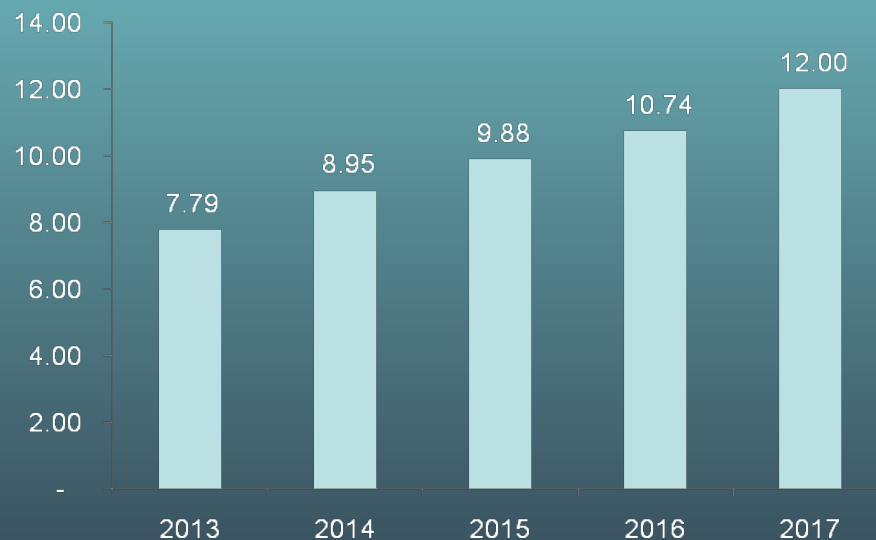
Results Review

For the six months ended 30 June
RMB

Earnings per Share



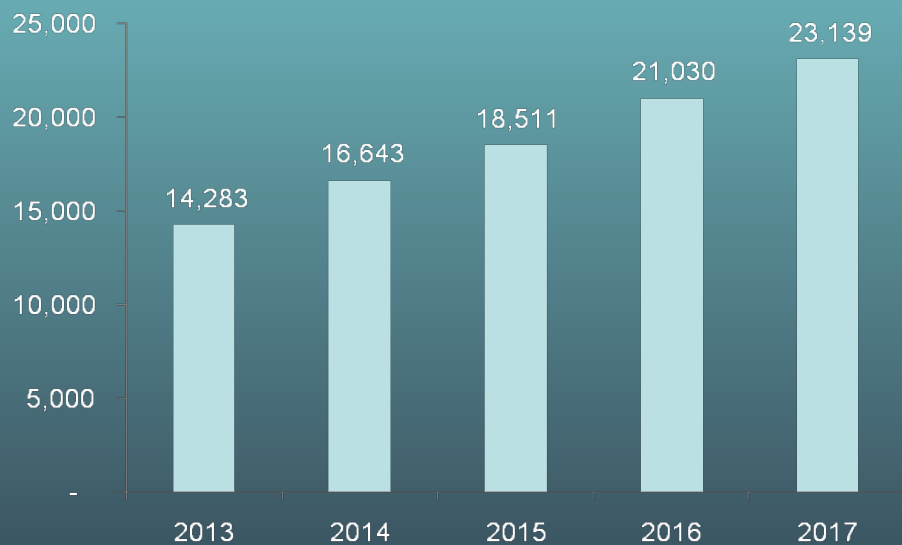
Net Assets Value per Share



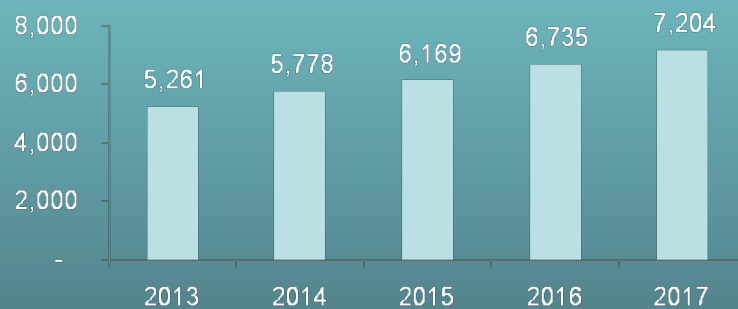


Results Review

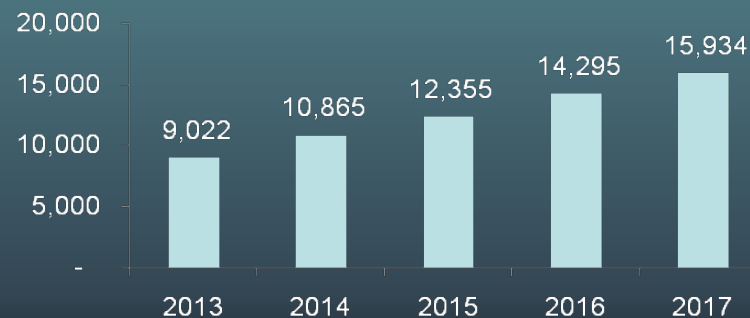
For the six months ended 30 June
RMB million
Total Assets



Total Equity



Total Liabilities



Summary

Results Review

As at 30 June
RMB million

	2017	2016	Change
Revenue	9,384	10,846	-13%
Profit attributable to the owners of the Company	324	261	28%
Earnings per share (RMB)	0.55	0.43	28%





Turnover



Results Review

For the six months ended 30 June
RMB million

	2017	2016	Change
Construction	6,825	7,629	-11%
Property Development	1,611	2,096	-23%
Building Materials	879	1,054	-17%
Others	69	67	3%
Total	9,384	10,846	-13%






Operating Profit



Results Review

For the six months ended 30 June
RMB million

	2017	2016	Change
Construction	185	161	15%
Property Development	302	187	62%
Building Materials	19	49	-62%
Others	16	9	92%
Total	522	406	29%



Operating Profit Margin

For the six months ended 30 June

	2017	2016	Change
Construction	2.7%	2.1%	28%
Property Development	18.8%	8.9%	110%
Building Materials	2.1%	4.7%	-54%



*Results
Review*





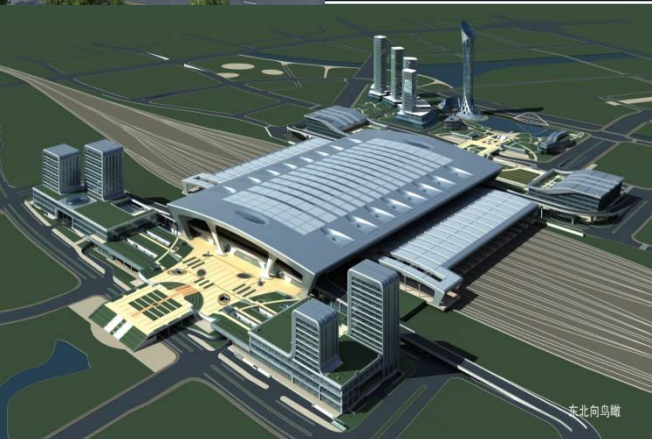
Key Financial Ratio



Results Review

As at 30 June

	2017	2016
Return on equity	4.6%	4.0%
Net assets value per share (RMB)	12.00	10.74
Net cash ratio	48.1%	45%
Current ratio	1.30	1.30



Business Structure

Results Review

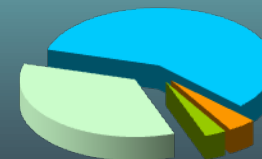
Revenue and profit breakdown by business segments

	Revenue	Profit
Construction	73%	35%
Property Development	17%	58%
Building Materials	9%	4%
Others	1 %	3%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others



Construction-in-progress (by project nature)

For the six months ended 30 June
RMB million

	2017 % of total		2016 % of total		Change
Government & Public Buildings	17,404	30%	18,284	29%	-5%
Urban Infrastructure	18,258	32%	19,706	32%	-7%
Residential Projects	7,475	13%	7,910	13%	-5%
Industrial Projects	10,575	18%	12,262	20%	-14%
Public Housing Projects	4,012	7%	3,924	6%	2%
Total	57,724	100%	62,085	100%	-7%

*Results
Review*



Construction-in-progress (by region)

For the six months ended 30 June
RMB million

	2017 RMB million	2017 % of total	2016 RMB million	2016 % of total	Change
Zhejiang Province	17,865	31%	18,290	29%	-2%
Shanghai	13,161	23%	14,093	23%	-7%
Other Eastern China Region	5,974	10%	7,630	12%	-22%
Central China Region	12,110	21%	12,802	21%	-5%
Northern China Region	4,895	8%	5,544	9%	-12%
Other Regions	2,222	4%	2,161	3%	3%
Overseas*	1,495	3%	1,565	3%	-4%
Total	57,722	100%	62,085	100%	-7%

*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%	374,500
Shaoxing Xinqiao Fengqing	Shaoxing ,Zhejiang	100%	136,000
Baoye Guanggu Lidu	Wuhan,Hubei	100%	46,216
Hubei Baoye Centre	Wuhan,Hubei	100%	88,000
Shanghai Baoye Centre	Shanghai	100%	27,000
Baoye Ido	Shanghai	100%	88,000
Baoye Xiaoyao Lv Yuan	Bozhou ,Anhui	50%	131,000
Baoye Xuefu Luyuan	Bengbu,Anhui	63%	199,700
Baoye Taihe City Green Garden	Taihe ,Anhui	55%	312,400
Baoye Longhu Yucheng	Kaifeng,Henan	60%	140,000
BaoyeYihe Yayuan	Lishui,Zhejiang	100%	67,657



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 (after planning adjusted) 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. Lotus Garden, Liu Garden and He Garden had been delivered to owners, Ming Garden, Run Garden, Xi Garden, Jing Garden and Fu Garden have almost been finished with satisfied sale results and are being delivered.




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. Phase I has begun pre-sale in July 2017 with a satisfied results and is expected to be delivered in 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 time plot ratio. The project will comprise 11 buildings by adoption of PC-manufacture methodology with a 20% prefabricated rate, of which, 3 buildings are intended for sale to general public and the rest 8 buildings are designated for government relocation households. It has commenced construction in October 2016 and has begun pre-sale in June 2017.

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 and Phase II have been sold out except a few left units, phase III has been completely constructed and will began pre-sale at appropriate time.



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 has begun in the second half of 2015, as at the end of 30 June 2017, the main structure has been finished. The project is expected to be completed at the end of 2017.




Property Development - Project 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, 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. At present, the project is under interior decoration and is expected to start operation at the end of 2017.



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 has begun pre-sale in October 2016 with a satisfied results and is expected to be delivered in the second half of 2018.




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 diversified character. It has begun pre-sale in August 2016.

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 pre-sale in the first half year of 2015, of which phase I with approximately 96,560 square metres is expected to be delivered to owners in the second half of 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. Of which, Phase I has been recognized revenue in 2016, Phase II and Phase III are expected to be delivered in 2017 and 2018, Phase IV will begin pre-sale in the second half of 2017.





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 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, the finished part units of phase I, have been delivered to owners, the remaining with approximately 40,000 square metres are under development. Phase II has commenced construction and is expected to begin pre-sale in the second half of 2017.





Newly-acquired Land Reserves



Results Review

- ◆ During the period under review, 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 mainly in cities in the eastern and central China, such as Zhejiang, Anhui and Henan. The Group will pay close attention to the land auction market and acquire land reserves at reasonable cost in Zhejiang, Shanghai, Hubei and Anhui.



Building Materials

Results Review

revenue for the six months for the building materials

	2017 RMB'000	% of the total	2016 RMB'000 (Restated)	% of the total	Change
Curtain Wall	472,785	54%	651,495	62%	-27%
Furnishings and Interior	115,558	13%	150,418	14%	-23%
Ready-mixed Concrete	149,479	17%	119,650	12%	25%
PC Assembly Plate	41,807	5%	2,514	0%	1,563%
Wooden Products and	39,380	4%	46,608	4%	-16%
Steel Structure Decorations	23,433	3%	51,878	5%	-55%
Others	36,836	4%	31,452	3%	17%
Total	879,278	100%	1,054,014	100%	-17%



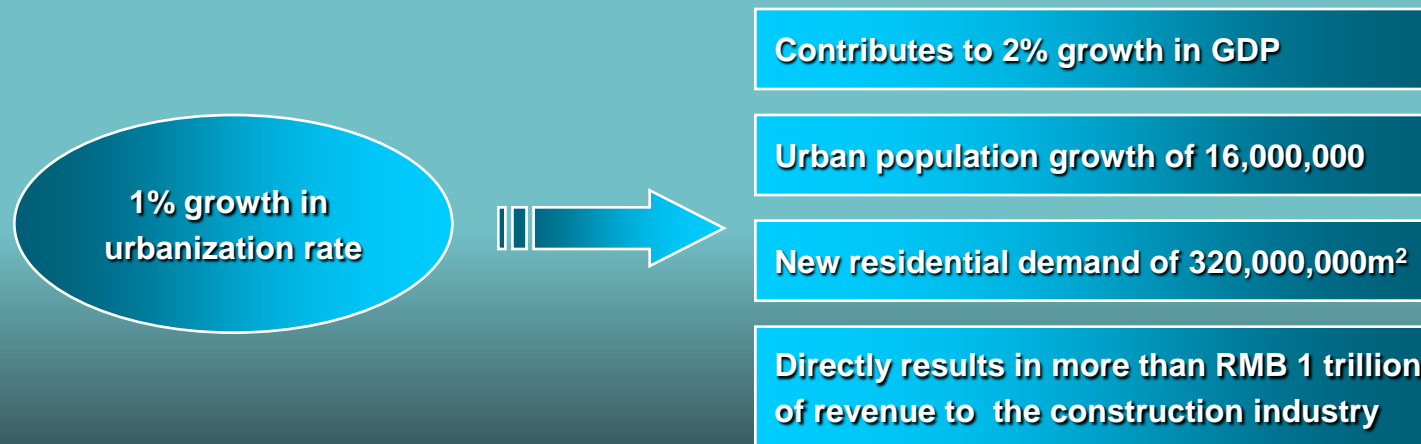
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

Business Prospects



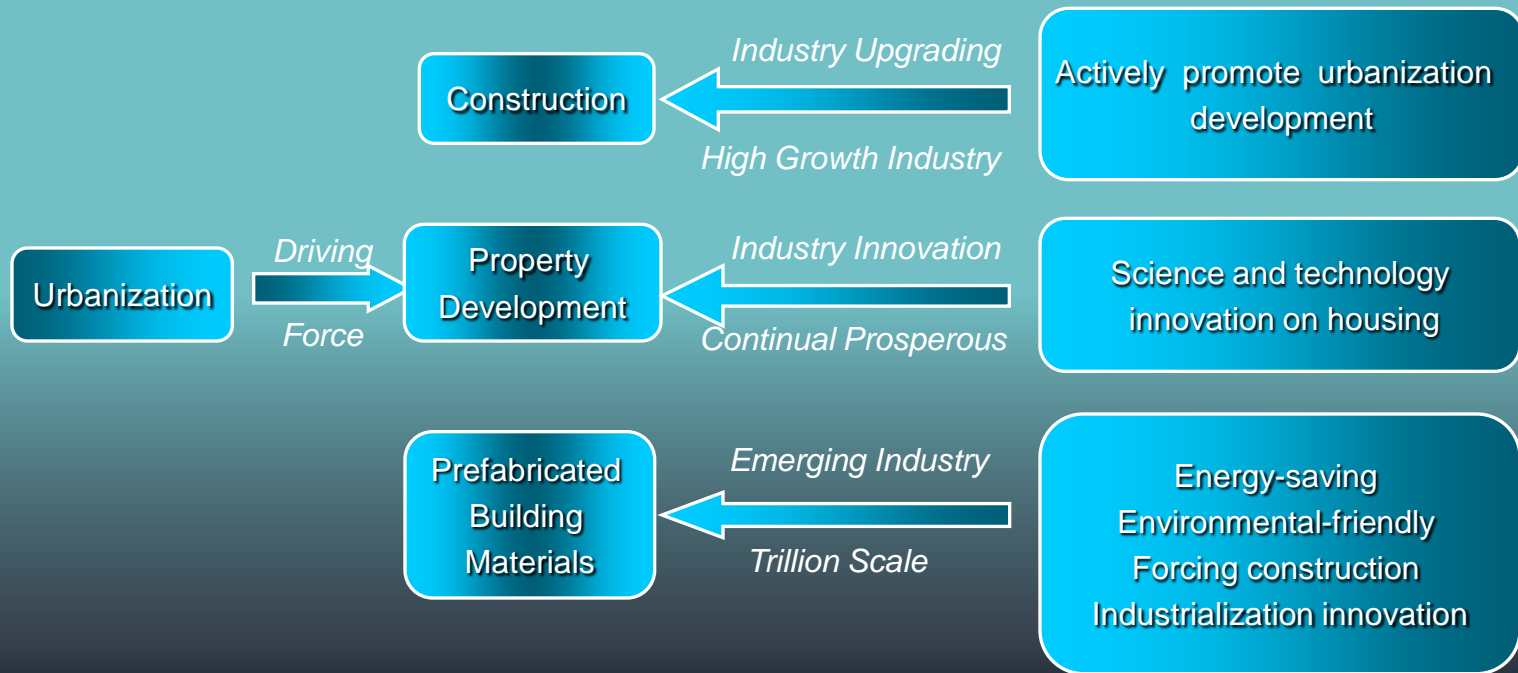
Urbanization in China

- ◆ 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.



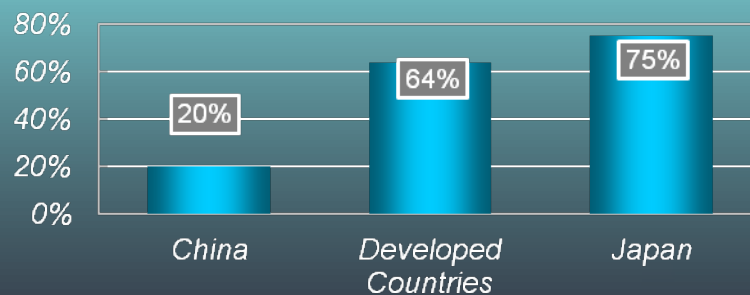


Prefabricated Building Materials Business



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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