



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

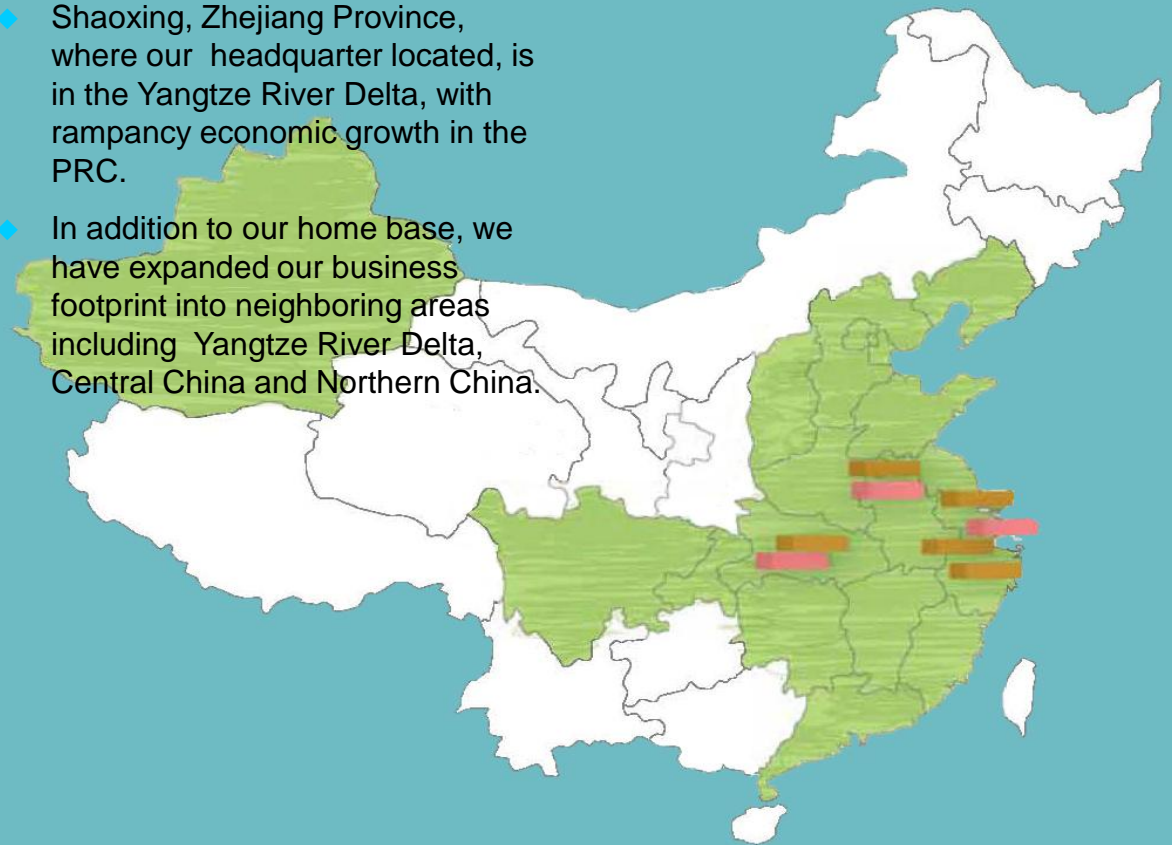




Corporate Profile - Business Network



- ◆ 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

- Shaoxing
- Wuhan
- Shanghai
- Bozhou
- Bengbu
- Taihe
- Kaifeng
- Lishui
- Lu'an

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" | -Taihe
"Boaye City Green Garden" |
| - Shaoxing
"Baoye Xinqiao Fengqing" | -Kaifeng
"Baoye Longhuyucheng" |
| -Wuhan
"Baoye Guanggu Lidu" | -Lishui
" Baoye Yihe Yayuan" |
| -Wuhan
"Baoye Centre" | -Lishui
" Jinggang Apartment" |
| --Shanghai
"Baoye Ido" | -Lu'an
" Baoye Junyue Green Garden" |
| --Bozhou
"Baoye Xiaoyao Luyuan" | -Lu'an
"Nanhai Jiayuan" |
| -Bengbu
"Baoye Xuefu Luyuan" | |

Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- Furnishings and Interior Decorations
- Wooden Products and Fireproof Materials
- PC Assemble boards
- Steel Structure
- 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 2018</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	193,753,054	33.05%
Senior Management	156,988,999	26.78%
	350,742,053	59.83%
H Shares		
Wu Xueqin	29,304,000	5.00%
Zhu Yicai (Note 1)	29,304,000	5.00%
Others	206,164,000	35.17%
	235,468,000	40.17%
Total	586,210,053	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

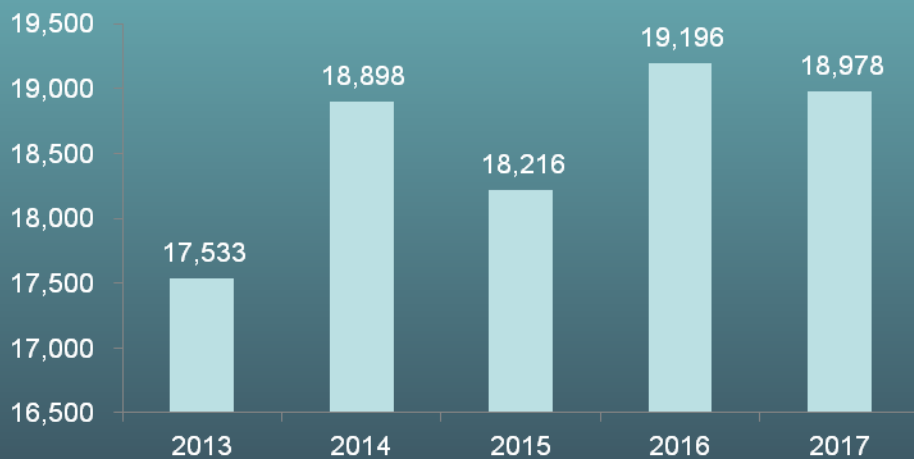




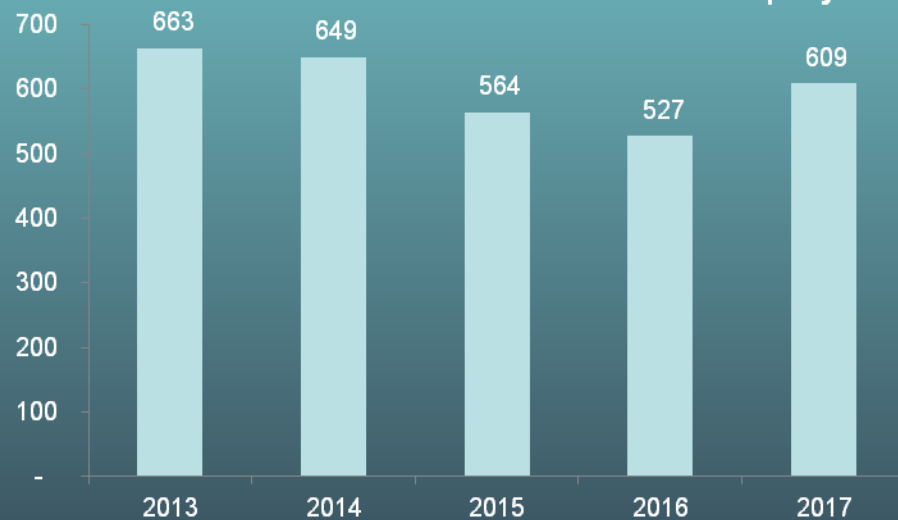
Results Review

For the year ended 31 December
RMB million

Revenue



Profit Attributable to the Owners of the Company

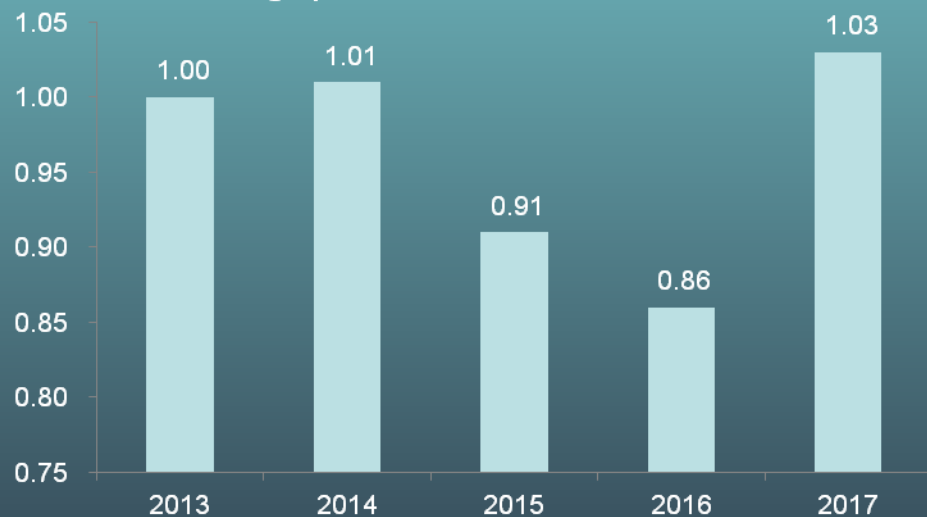




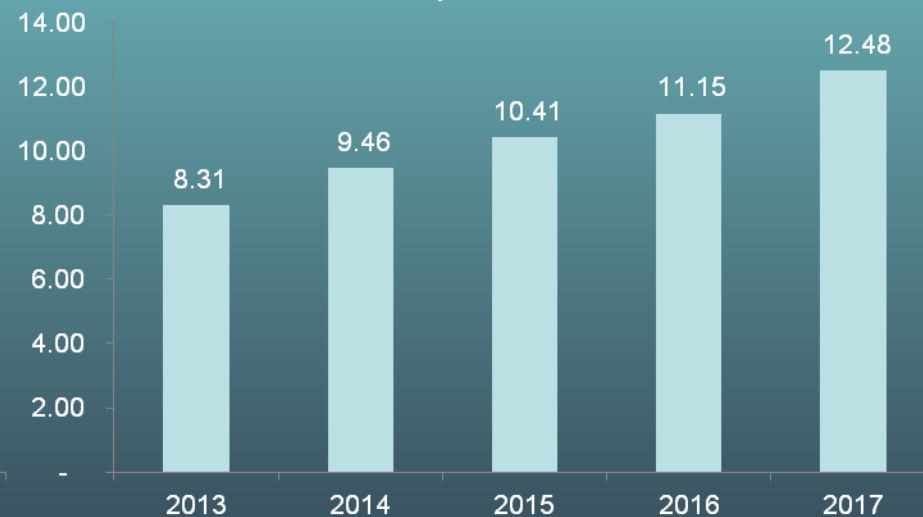
Results Review

For the year ended 31 December
RMB

Earnings per Share



Net Assets Value per Share

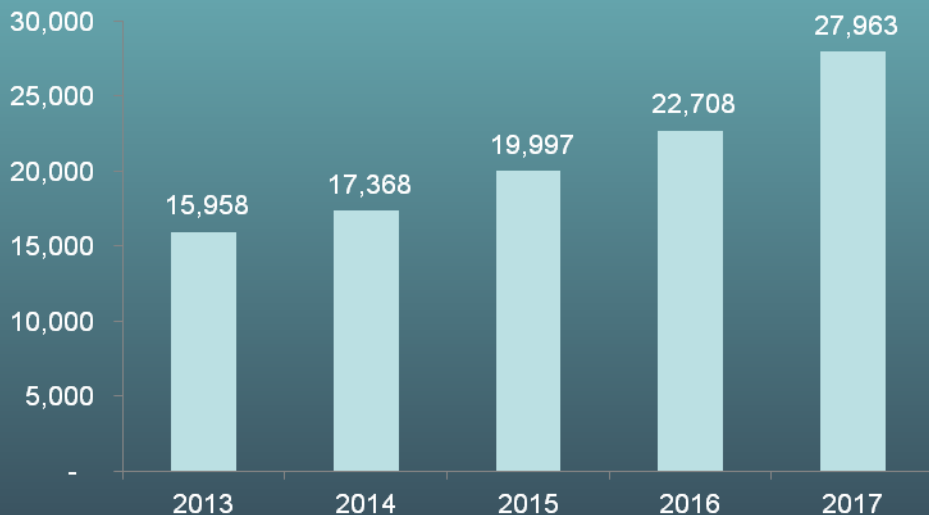




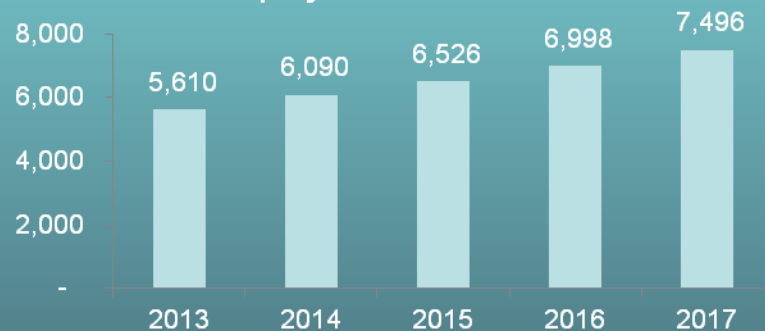
Results Review

For the year ended 31 December
RMB million

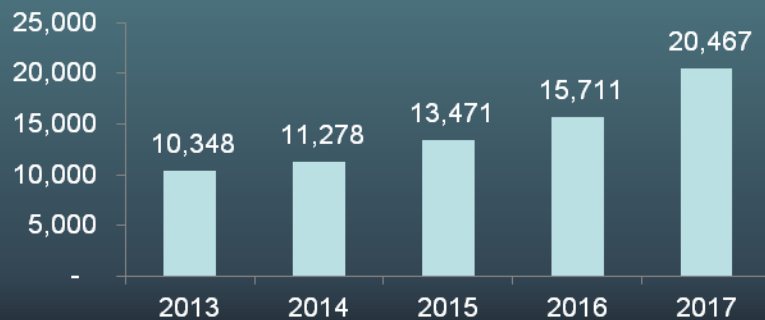
Total Assets



Total Equity



Total Liabilities





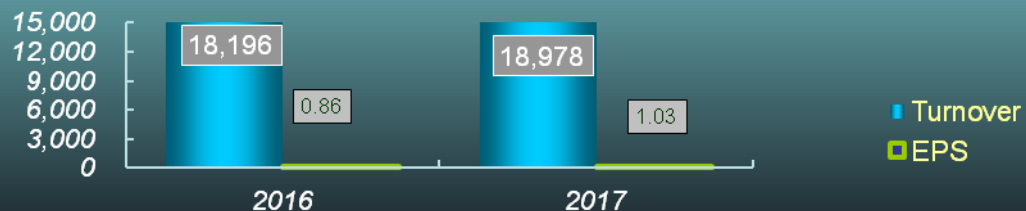
Summary



Results Review

For the year ended 31 December
RMB million

	2017	2016	Change
Revenue	18,978	18,196	4.3%
Profit attributable to the owners of the Company	609	527	15.6%
Earnings per share (RMB)	1.03	0.86	19.9%






Turnover



Results Review

For the year ended 31 December
RMB million

	2017	2016	Change
Construction	14,279	12,800	12%
Property Development	2,659	3,153	-16%
Building Materials	1,860	2,089	-11%
Others	181	154	18%
Total	18,978	18,196	4%



Operating Profit



Results Review

For the year ended 31 December
RMB million

	2017	2016	Change
Construction	425	411	3%
Property Development	383	286	34%
Building Materials	31	44	-28%
Others	33	25	32%
Total	872	766	14%




Operating Profit Margin



Results Review

For the year ended 31 December

	2017	2016	Change
Construction	3.0%	3.2%	-6%
Property Development	14.4%	9.1%	58%
Building Materials	1.7%	2.1%	-19%





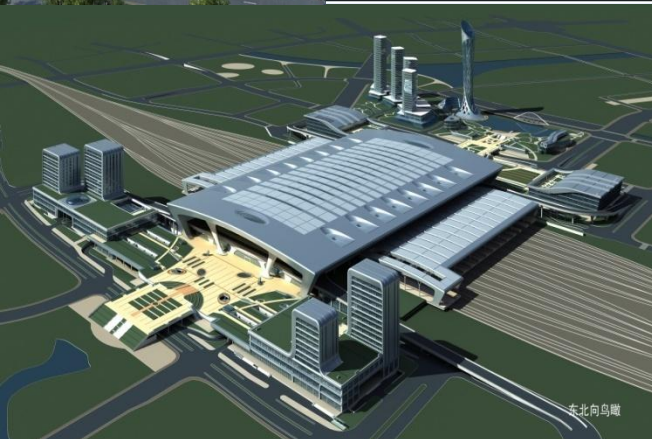
Key Financial Ratio



Results Review

As at 31 December

	2017	2016
Return on equity	8.3%	7.7%
Net assets value per share (RMB)	12.48	11.20
Net cash ratio	21.4%	47.6%
Current ratio	1.18	1.27



Business Structure

Results Review

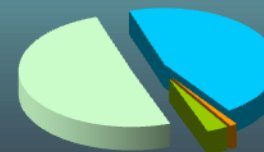
Revenue and profit breakdown by business segments

	<i>Revenue</i>	<i>Profit</i>
Construction	75%	49%
Property Development	14%	44%
Building Materials	10%	4%
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

	2017		2016		Change
		% of total		% of total	
Government & Public Buildings	18,626	31%	17,631	30%	6%
Urban Infrastructure	18,092	30%	19,084	33%	-5%
Residential Projects	11,644	19%	10,578	18%	10%
Industrial Projects	12,349	20%	11,476	19%	8%
Total	60,712	100%	58,769	100%	3%

Construction-in-progress (by region)

For the year ended 31 December
RMB million



Results Review

	2017 % of total		2016 % of total		Change
Zhejiang Province	19,397	32%	18,218	31%	6%
Shanghai	13,053	22%	13,517	23%	-3%
Other Eastern China Region	5,707	9%	5,877	10%	-3%
Central China Region	13,563	22%	12,341	21%	10%
Northern China Region	4,784	8%	4,702	8%	2%
Other Regions	2,368	4%	2,351	4%	1%
Overseas*	1,840	3%	1,763	3%	4%
Total	60,712	100%	58,769	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%	374,500
Baoye Xinqiao Fengqing	Shaoxing	100%	136,000
Baoye Guanggu Lidu	Wuhan	100%	46,216
Hubei Baoye Centre	Wuhan	100%	88,000
Baoye Ido	Shanghai	100%	88,000
Baoye Xiaoyao Lvyuan	Bozhou	50%	122,189
Baoye Xuefu Luyuan	Bengbu	63%	79,000
Taihe Baoye City Green Garden	Taihe	55%	312,400
Baoye Longhu Yucheng	Kaifeng	60%	140,000
Baoye Yihe Yayuan	Lishui	100%	67,657
Jingang Apartment	Lishui	100%	20,784
Baoye Junyue Green Garden	Lu'an	100%	51,205
Nanhai Jiayuan	Lu'an	70%	305,500



Property Development - Projects in Shaoxing



Results Review

- ◆ Baoye Four Seasons Garden has a site area of approximately 1,050,000 square metres and a planned gross floor area of approximately 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. Some part of Phase I is still under construction. Phase II has a planned gross floor area of approximately 300,000 square meters and the detailed development plan is under preparation.
- ◆ 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 according to plan. Phase I and II has a total saleable area of approximately 64,152 square meters and the presale in 2017. Currently, 91% of phase I and II has been presold. Phase III, with a total saleable area of approximately 29,785, is positioned for presale in 2018 and is expected to be delivered to buyers in 2019.

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 almost delivered and phase III is expected to be sold and delivered in 2018 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 project commenced presale in 2017 and had satisfactory presale results.



Property Development - Projects in Shanghai



Results Review

- ◆ 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. The project commenced presale in 2016 and had satisfactory presale results, and is expected to be delivered to buyers in 2018.





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 meters, 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. Phase I had been delivered to buyers in August, 2017 and the remaining parts is expected to be delivered to buyers in the second half year of 2018.



Property Development - Project 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. Phase I had 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.



Property Development - Project 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. 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 and phase IV with 95,770 square meters are expected to be delivered in 2019.



Property Development - Project 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 certain completed units of phase I, being developed, had been delivered to owners, the remaining units with approximately 80,000 square meters are under development and had commenced the presale in August 2017.



Property Development - Project 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. It has commenced pre-sale in June 2017 and has already been sold out. It is expected to be delivered in August 2018.
- ◆ 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. The project is expected to be completed and delivered at the end of 2019.



Property Development - Projects in Lu'an



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 Phase I, a total of 51,205 square meters has finished construction when auctioned, while the remaining site area of 36,196 square meters is clean land for development. The project enjoys well-developed facilities, convenient transportation with 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 125,210 square meters and a total gross floor area of 305,500 square meters, phase I of which has finished the main construction, while phase II is under construction. The project is expected to be delivered to the local government in 2019.
- 

Newly-acquired Land Reserves



Results Review

- ◆ In June 2017, a subsidiary of the Group, Lishui Baoye Property Development Company Limited, acquired a parcel of land use right through public tender and auction at a consideration of RMB19.2 million at Dagangtou town, Liandu District, Lishui City, Zhejiang Province with a total site area of approximately 14,846 square meters and a total GFA of approximately 20,784 square meters, of which 17,652 square meters will be repurchased by the local government and the remaining 3,132.4 square meters will be held and sold by the Company..
- ◆ In December 2017, a subsidiary of the Group, Hubei Construction Property Development Company Limited, acquired a parcel of land use right through public tender and auction at a consideration of RMB 780 million at Xinzhou District, Wuhan City, Hubei Province with a total site area of approximately 129,528.31 square meters.



Newly-acquired Land Reserves



Results Review

- ◆ The Group bid the Xialv Project through judicial auction and transfer in 2017. The project is consist of three independent parcels of land with a total cost of RMB511,036,354 and a total land site area of 262,862 square meters. The Group is interested in 60%. As at the date of this announcement, one of the three parcels of land has started the planning. In December 2017, a subsidiary of the Group, Hubei Construction Property Development Company Limited, acquired a parcel of land use right through public tender and auction at a consideration of RMB 780 million at Xinzhou District, Wuhan City, Hubei Province with a total site area of approximately 129,528.31 square meters.
- ◆ 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.



Increased Investment in Property Development



Results Review

- ◆ In December 2017, a subsidiary of the Group, Shanghai Ziyong Enterprise Management Company Limited, 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 a parcel of land use right at Xinwu District Wuxi City, Jiangsu Province with a total site area of 248,878.8 square meters and a total consideration of RMB 1,371,940,000. The Group is interested in 33%.
- ◆ In December 2017, a subsidiary of the Group, Zhejiang Baoye Real Estate Group Company Limited, and Daiwa Real Estate Company Limited, have jointly acquired a parcel of land use right through public tender and auction at Nantong City, Jiangsu Province with a total site area of 135,544 square meters and a total consideration of RMB 1,650,000,000. The Group is interested in 33%.



Building Materials

Results Review

Revenue breakdown

	2017 RMB'000	% of the total	2016 RMB'000	% of the total	Change
Curtain Wall	1,032,978	55%	1,292,093	62%	-20%
Ready-mixed Concrete	327,410	17%	279,884	13%	17%
Furnishings and Interior Decorations	218,658	12%	273,688	13%	-20%
Wooden Products and Fireproof	88,864	5%	72,536	4%	23%
PC Assemble Boards	66,599	4%	-	0%	100%
Steel Structure	32,379	2%	70,893	3%	-53%
Others	92,976	5%	100,121	5%	-7%
Total	1,859,864	100%	2,089,161	100%	-11%



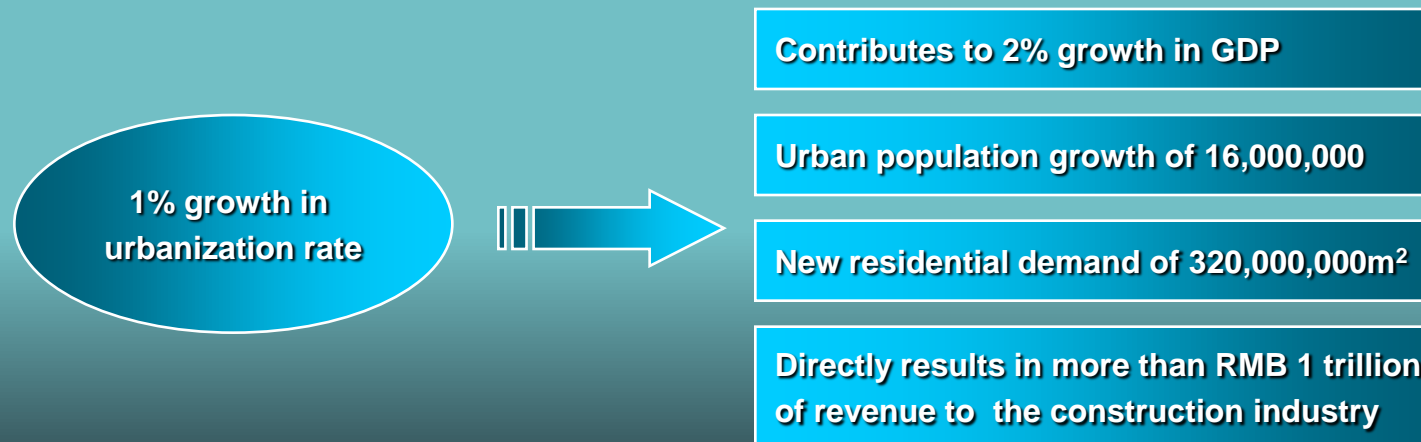
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

Business Prospects



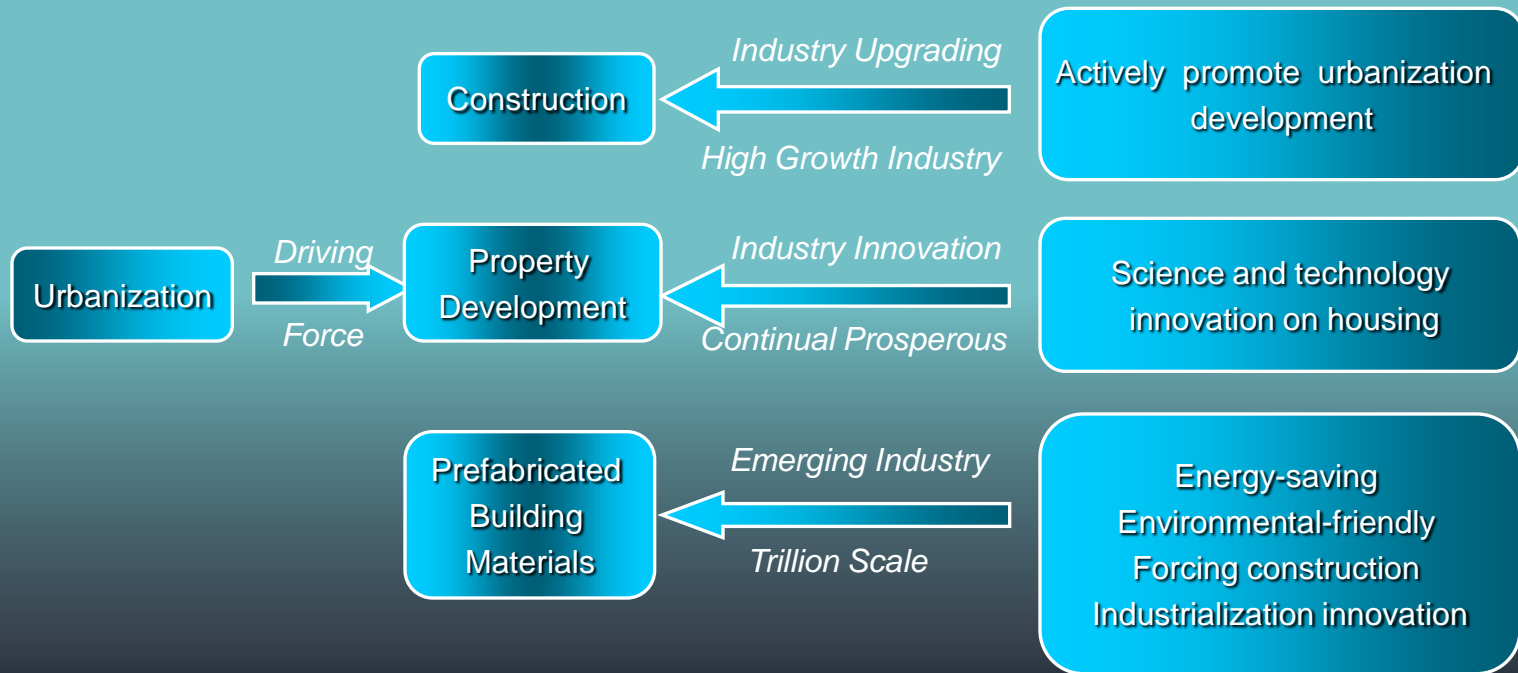
Urbanization in China

- ◆ 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;
- ◆ 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.

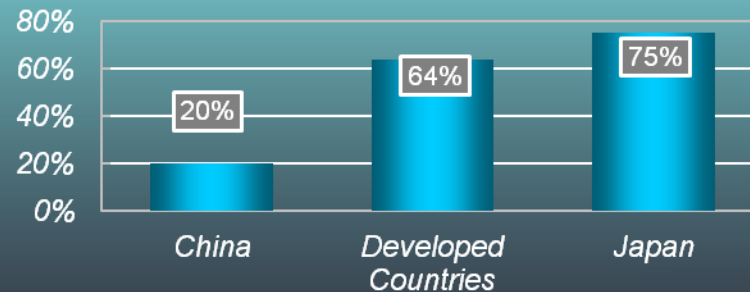


Prefabricated Building Materials Business



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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