



Results Review and Prospects



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

STOCK CODE: 2355.HK



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

*Results
Review*

Prospects

*Corporate
Profile*





Results Review





Summary

Results Review

As at 31 December
RMB million

	2010	2009	Change
Turnover	12,055	10,974	+10%
Profit attributable to equity holders	528	502	+5%
Earnings per share (RMB)	0.796	0.758	+5%






Turnover



Results Review

As at 31 December
RMB million

	2010	2009	Change
Construction	9,535	8,302	+15%
Property Development	913	1,440	-37%
Building Materials	1,489	1,152	+29%
Others	119	79	+50%
Total	12,055	10,974	+10%






Operating Profit



Results Review

As at 31 December
RMB million

	2010	2009	Change
Construction	357	250	+43%
Property Development	364	615	-41%
Building Materials	77	53	+46%
Others	13	-7	N/A
Total	812	910	-11%





Operating Profit Margin



*Results
Review*



As at 31 December

	2010	2009	Change
Construction	3.7%	3.0%	+23%
Property Development	39.9%	42.7%	-7%
Building Materials	5.2%	4.6%	+ 13%



Financial Ratio Analysis



Results Review



As at 31 December

	2010	2009
Return on equity	14.0%	14.9%
Net assets value per share (RMB)	5.69	5.09
Net cash ratio	39%	8%
Current ratio	1.32	1.33



Business Structure



Results Review

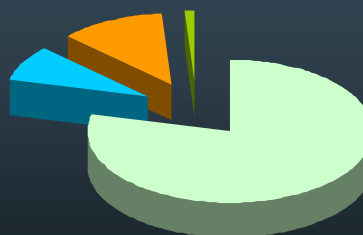


Revenue and profit breakdown by business segments

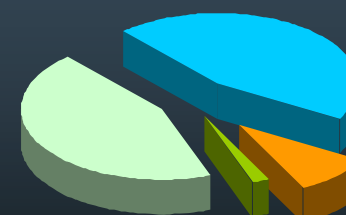
As at 31 December

	<i>Revenue</i>	<i>Profit</i>
Construction	79 %	44%
Property Development	8 %	45%
Building Materials	12 %	9 %
Others	1 %	2 %

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others



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Prospects





Urbanization in China



- ◆ The acceleration of the process of urbanization not only directly provides significant impetus for the middle and low end segments of the construction industry, such as construction work and real estate development, but also contributes to a more significant and faster growth of high end segments like water conservancy, transportation, electricity and municipal etc.
- ◆ The acceleration of the process of urbanization brought enormous development opportunities for each of the three major businesses of Baoye.



1% growth in urbanization rate



Contributes to 2% growth in GDP

Urban population growth of 16,000,000

New residence demand of 320,000,000m²

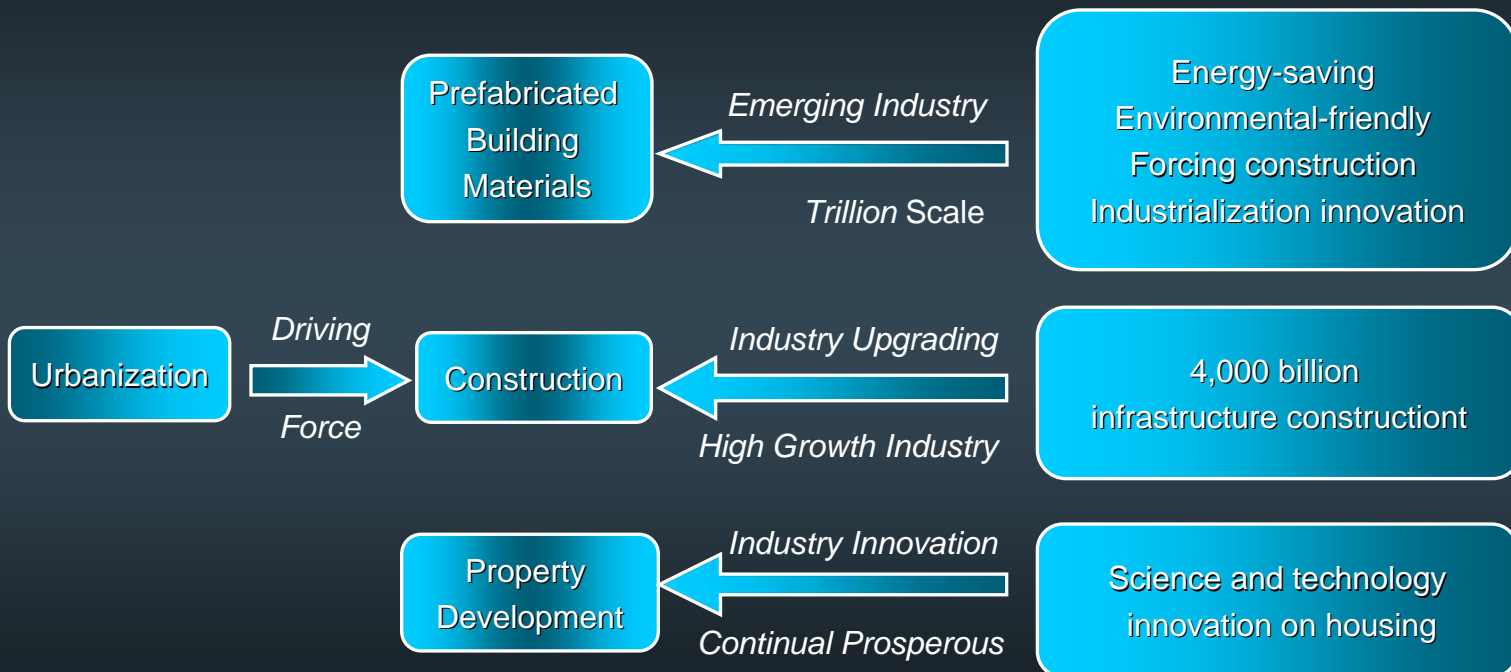
Directly results in more than RMB 1 trillion of revenue to the construction industry



Urbanization in China



Driving force for construction growth in China - urbanization





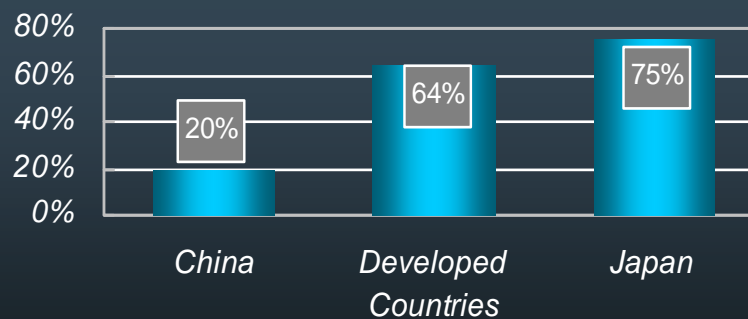
Prefabricated Building Materials



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 Renminbi in the coming years.





Prefabricated Building Materials



Prospects



To be the leading prefabricated building materials company in China

	<i>Commencement of construction</i>	<i>Commencement of operation</i>	<i>Designed production capacity (RMB)</i>
Shaoxing Building Materials Industrial Park	2002	2004	2 billion
Hefei Building Materials Industrial Park	2005	2007	2 billion
Wuhan Building Materials Industrial Park	2009	2010	2 billion
Total			6 billion



Construction-in-progress (by project nature)



Prospects



As at 31 December
RMB million

	2010 % of total		2009 % of total		Change
Government & Public Buildings	12,037	35%	11,486	39%	+5%
Urban Infrastructure	9,629	28%	8,836	30%	+9%
Residential Projects	7,566	22%	5,301	18%	+43%
Industrial Projects	5,159	15%	3,829	13%	+35%
Total	34,391	100%	29,452	100%	+17%



Construction-in-progress (by region)



Prospects



As at 31 December
RMB million

	2010 % of total		2009 % of total		Change
Zhejiang Province	11,693	34%	10,897	37%	+7%
Shanghai	8,942	26%	8,541	29%	+5%
Other Eastern China Region	3,095	9%	2,356	8%	+ 31%
Central China Region	5,846	17%	4,418	15%	+32%
Northern China Region	3,095	9%	2,356	8%	+31%
Other Regions	757	2%	589	2%	+28%
Overseas*	963	3%	295	1%	+227%
Total	34,391	100%	29,452	100%	+17%

*Overseas construction business was principally carried out in three African countries namely Djibouti, Botswana and Seychelles.



Property Development



Prospects



Property Development Schedule

<i>Property Name</i>	<i>Location</i>	<i>Equity Interest held by Baoye</i>	<i>GFA (sqm)</i>	<i>Total Cost (Rmb/sqm)</i>
Baoye Four Seasons Garden	Shaoxing	100%	525,000	14,000
Daban Fengqing	Shaoxing	100%	280,000	7,000
Yuyuan	Shaoxing	49%	89,000	24,000
Yangxun Commercial Center	Shaoxing	100%	36,000	4,300
Jiangwan Green Garden	Shaoxing	100%	49,000	6,000
City Green Garden Phase IV	Hefei	100%	100,000	4,000
Baoye Tongcheng Green Garden	Hefei	100%	173,000	3,900
Baoye Dongcheng Square	Hefei	100%	228,500	5,000
Baoye Xudong Yayuan	Wuhan	100%	31,000	4,200
Jiangwan Lv Yuan	Hangzhou	100%	67,000	4,500



Property Development - Baoye Four Seasons Garden



Prospects

- ◆ Baoye Four Seasons Garden has a site area of approximately 1,050,000 square metres with 0.5 time plot ratio and a planned gross floor area of approximately 525,000 square metres for the development of deluxe villas, semi-detached villas, garden villas and town houses.
 - ◆ It consists of a golf club and a five-star resort hotel, a country park and a central lakeside garden with full-fledged facilities.
 - ◆ Approximately 68,000 square metres of Baoye Four Seasons Garden Phase I have all been pre-sold with encouraging results.
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Property Development - Daban Fengqing



Prospects



- ◆ Daban Fengqing is located in Keqiao, Shaoxing County, having a total site area of approximately 100,000 square metres and an estimated gross floor area of 280,000 square metres.
- ◆ The project will be positioned as a premier residential property in Keqiao, Shaoxing County and has been developed in two phases. Daban Fengqing Phase with an estimated gross floor area of 130,000 square metres has been sold out and is expected to be delivered to owners in 2011.
- ◆ Daban Fengqing Phase II with an estimated gross floor area of 150,000 square metres has been pre-sold in 2010 with satisfactory results.



Property Development - Baoye Dongcheng Square



Prospects



- ◆ Baoye Dongcheng Square is located in Changjiang East Road, the business center in Hefei, with convenient transportation and full community services.
- ◆ The project has a site area of 63,500 square metres with a gross floor area of 228,500 square metres. It's a city complex, consisting of residential, commercial units and offices. It is aimed to be developed as the landmark in Dongmen, Hefei. The construction has been commenced in the second half of 2010 and is expected to be pre-sold in 2011.



Prospects



- ◆ Construction business is the platform for the Group's business development, which brings in steady and stable cash inflow.
- ◆ Property Development business will contribute significant growth in terms of profitability to the Group.
- ◆ Building Materials business is an important strategy to sustain continuous growth for the Group.



Entering a High Growth Era



Prospects



- ◆ Baoye will continue to enjoy a very strong growth in the coming years in all three business segments.
- ◆ Accelerating urbanization in PRC will sustain long-term growth for our businesses.
- ◆ Improving household income supports housing demand.
- ◆ Demand for intelligent architecture and energy-efficient and environmental-friendly construction services are bringing enormous industry opportunities for prefabricated building materials.
- ◆ Baoye is one of a few companies that have a very clear earnings visibility.



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



Corporate Profile



Corporate Profile



- ◆ We are the leading China's urbanization operator.
- ◆ With 36 years of industry experience, the Group has successfully developed into a conglomerate enterprise comprising of prefabricated building materials, construction and property development and growing up from a regional company to a national group .
- ◆ An H-share company listed on the main board of HKEx since June 2003. The first PRC vertically integrated construction enterprise listed in Hong Kong.



Corporate Profile



- ◆ Proven business track record with impressive earnings growth.
- ◆ 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.



Business Structure



Corporate Profile



Baoye Group

Prefabricated Building Materials

- ◆ The pioneer of prefabricated building materials manufacturing in the PRC, aiming to become the industry standard setter
- ◆ Operates PRC's largest and Zhejiang's only national-class prefabricated building materials industrial park

Construction

- ◆ No limit on tendering bids because of our top-class license
- ◆ Strong revenue growth supported by large order volume on hand

Property Development

- ◆ Enjoys a higher than industry average profit margin due to synergistic effect resulting from excellent construction and quality building materials
- ◆ Quality land bank accumulated at low cost over the past years, sufficient for future development in the coming 5 years



Shareholders Structure

As at 31 December 2010

Corporate Profile

	No. of shares	% of total
Domestic Shares (non-listed)		
Chairman, Mr. Pang	198,753,054	29.98%
Senior Management (30 persons)	151,988,999	22.93%
	350,742,053	52.91%
H Shares (listed)		
Atlantis	65,104,000	9.82%
JPMorgan Chase & Co.	28,764,000	4.34%
HSBC Global Asset (Hong Kong) Limited	28,000,000	4.22%
Henderson Global Assets Investors Limited	24,948,000	3.76%
Others	165,405,952	24.95%
	312,221,952	47.09%
Total	662,964,005	100%



Corporate Profile





Corporate Profile



Baoye Group Company Limited

Building Materials Business

- Shaoxing Building Materials Industrial Park
- Hefei Building Materials Industrial Park
- Wuhan Building Materials Industrial Park

Construction Business

- Zhejiang
- Shanghai
- Jiangsu
- Anhui
- Hubei
- Hunan
- Beijing
- Tianjing
- Hebei
- Henan
- Shandong
- Liaoning
- Sichuan
- Chongqing
- Xinjiang
- Jiangxi
- Fujian

Property Development Business

- Shaoxing
- Hefei
- Shanghai
- Hubei
- Hangzhou

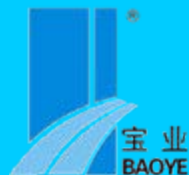


Disclaimer

- ◆ 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.
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