



# *Results Review and Prospects*

*August 2011*



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

# *Corporate Profile*

# *Prospect*

# *Results Review*





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



# *Corporate Profile*



## *Corporate Profile*



- ◆ 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*



### *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

### *Prefabricated Building Materials*

- ◆ The pioneer of prefabricated building materials manufacturing in the PRC, aiming to become the industry standard setter
- ◆ At present, the Group has established three Building Materials Industrial Parks in Shaoxing, Hefei and Wuhan, and its businesses have been extended to cover the areas of Yangtze River Delta and central China.



## Shareholders Structure - Domestic Shares



### Corporate Profile



As at 30 June 2011

	No. of shares	% of total
<b>Domestic Shares</b>		
Chairman, Mr. Pang	198,753,054	29.98%
Senior Management (30 persons)	151,988,999	22.93%
	<b>350,742,053</b>	<b>52.91%</b>



## Shareholders Structure - H Shares

As at 30 June 2011

	No. of shares	% of total
<b>H Shares</b>		
Atlantis	63,000,000	9.50%
Liu Yang*	63,000,000	9.50%
JPMorgan Chase & Co.	28,062,000	4.34%
Norges Bank	28,030,000	4.23%
HSBC Global Asset (Hong Kong) Limited	28,000,000	4.22%
Henderson Global Assets Investors Limited	24,948,000	3.76%
Others	140,181,952	24.95%
	<b>312,221,952</b>	<b>47.09%</b>
<b>Total</b>	<b>662,964,005</b>	<b>100%</b>

\*The interest is held by Ms Liu Yang through her controlled corporation namely, Atlantis Investment Management (Hong Kong) Ltd.



Corporate Profile





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

### Property Development Business

- Shaoxing
- Hefei
- Shanghai
- Wuhan
- Hangzhou



# *Results Review*





# Summary



## Results Review



As at 30 June 2011  
RMB million

	2011	2010	Change
Turnover	<b>7,405</b>	5,622	+32%
Profit attributable to the owners of the Company	<b>438</b>	250	+75%
Earnings per share (RMB)	<b>0.66</b>	0.38	+74%





## Turnover

### Results Review

As at 30 June  
RMB million

	2011	2010	Change
Construction	<b>5,553</b>	4,466	+24%
Property Development	<b>1,107</b>	463	+ 139%
Building Materials	<b>669</b>	647	+3%
Others	<b>76</b>	47	+62%
<b>Total</b>	<b>7,405</b>	5,622	+32%





## Operating Profit



## Results Review



As at 30 June  
RMB million

	2011	2010	Change
Construction	171	161	+6%
Property Development	501	206	+143 %
Building Materials	34	34	+2%
Others	6	-2	N/A
<b>Total</b>	<b>711</b>	<b>398</b>	<b>+79%</b>




## Operating Profit Margin



### Results Review

As at 30 June

	2011	2010	Change
Construction	3.1%	3.6%	-15%
Property Development	45%	45%	+2%
Building Materials	5.1%	5.2%	-1%





## Financial Ratio Analysis

As at 30 June

### Results Review

	2011	2010
Return on equity	10.7%	7.1%
Net assets value per share (RMB)	6.19	5.31
Net cash ratio	39%	8%
Current ratio	1.36	1.31







## Business Structure



## Results Review



### Revenue and profit breakdown by business segments

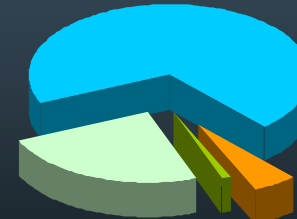
As at 30 June

	Revenue	Profit
Construction	75 %	24%
Property Development	15%	70%
Building Materials	9 %	5 %
Others	1 %	1 %

Revenue



Profit



■ Construction    ■ Property Development    ■ Building Materials    ■ Others



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



# *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

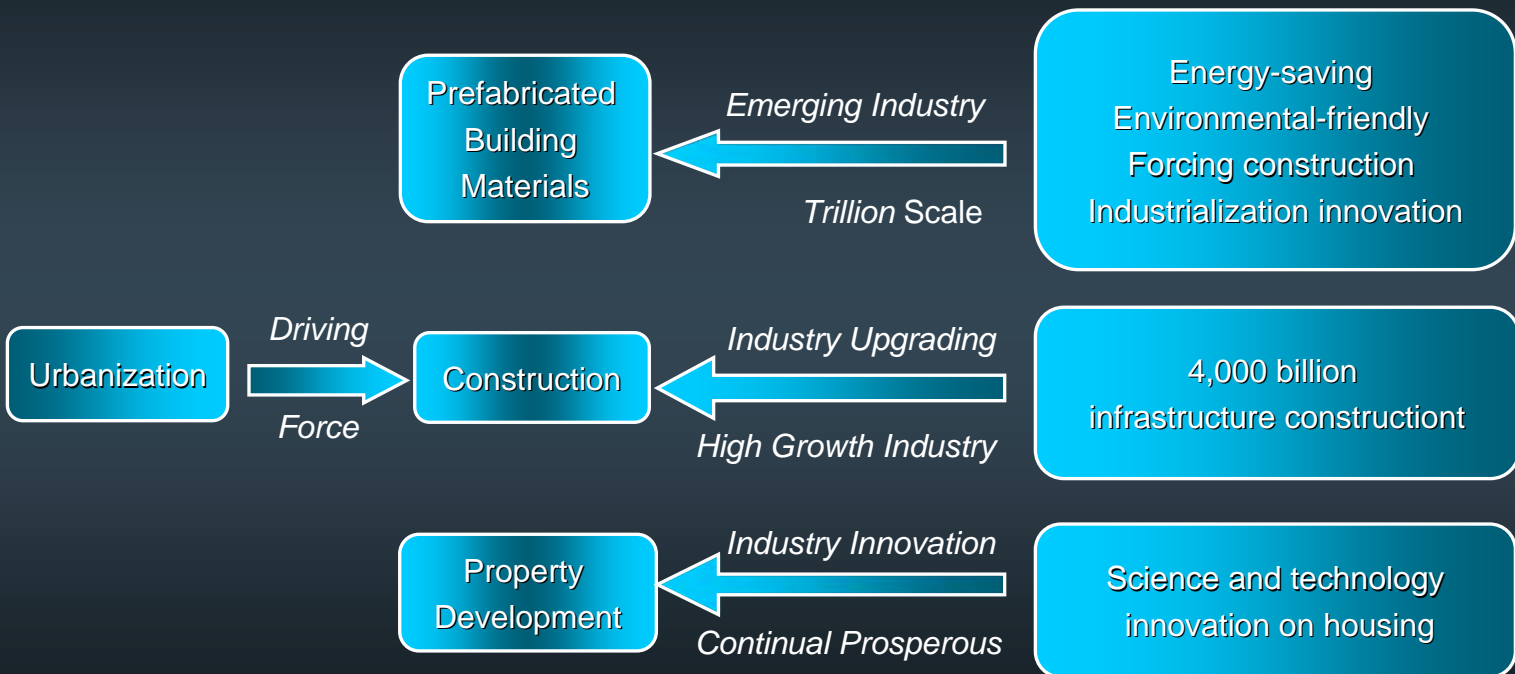
New residence demand of 320,000,000m<sup>2</sup>

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





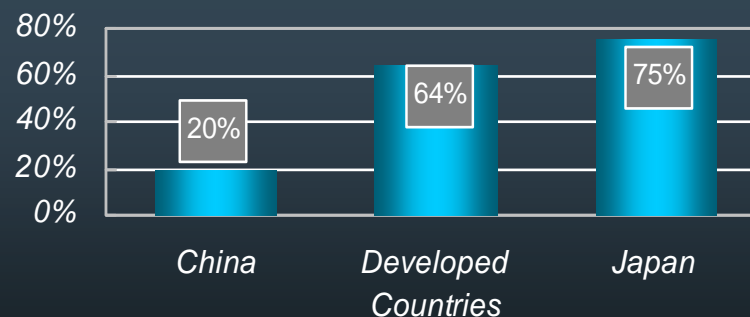
## Prefabricated Building Materials



*Prospect*



- ◆ 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.





## Construction-in-progress (by project nature)



*Prospect*



As at 30 June  
RMB million

	2011 % of total		2010 % of total		Change
Government & Public Buildings	12,375	33%	9,900	31%	+25%
Urban Infrastructure	10,125	27%	7,665	24%	+32%
Residential Projects	8,625	23%	8,303	26%	+4%
Industrial Projects	6,375	17%	6,068	19%	+5%
<b>Total</b>	<b>37,500</b>	<b>100%</b>	<b>31,936</b>	<b>100%</b>	<b>+17%</b>



## Construction-in-progress (by region)

As at 30 June  
RMB million

*Prospect*

	2011 % of total		2010 % of total		Change
Zhejiang Province	12,750	34%	11,178	35%	+14%
Shanghai	10,125	27%	7,984	25%	+27%
Other Eastern China Region	2,925	8%	2,555	8%	+ 14%
Central China Region	6,000	16%	5,429	17%	+11%
Northern China Region	3,525	9%	3,194	10%	+10%
Other Regions	1,125	3%	639	2%	+76%
Overseas*	1,050	3%	958	3%	+10%
<b>Total</b>	<b>37,500</b>	<b>100%</b>	<b>31,936</b>	<b>100%</b>	<b>+17%</b>

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



## Property Development

### Property Development Schedule

*Prospect*

<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%	510,000	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	4,500
Baoye Dongcheng Square	Hefei	100%	228,500	5,800
Baoye Xudong Yayuan	Wuhan	100%	31,000	4,200
Jiangwan Luyuan	Hangzhou	100%	67,000	4,500





## Property Development - Baoye Four Seasons Garden



*Prospect*



- ◆ 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.
- ◆ The Liu Garden of Baoye Four Seasons Garden Phase I have been completely sold out, and the Ming Garden and Xi Garden of Phase II will commence its pre-sale in the second half of 2011.



## Property Development - Daban Fengqing



*Prospect*



- ◆ 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 is positioned as a premier residential property in Keqiao, Shaoxing County and has been developed in two phases. Daban Fengqing Phase I with an estimated gross floor area of 130,000 square metres has been completely sold out and will be delivered to purchasers in October 2011.
- ◆ Daban Fengqing Phase II with an estimated gross floor area of 150,000 square metres is under pre-sale, and approximately 70% of which has been pre-sold. It is expected that the sale units will be delivered to purchasers in 2012.



## Property Development - Baoye Dongcheng Square



*Prospect*



- ◆ 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 project is expected to be ready for pre-sale in the second half of 2011.



## Property Development - Yuyuan

### *Prospect*



- ◆ Yuyuan, located at No.1 Yangming Road, Shaoxing City, having a total site area of approximately 180,000 square metres and an estimated gross floor area of 89,000 square metres. The Group and Greentown China Holdings Limited jointly acquired the land and developed it into a high-end property project in which the Group is interested in 49%.
- ◆ The land area is within the resort district of Kuaijishan Tourist Resort Zone, a prime location in Shaoxing City and is of close proximity to the Group's golf club and Baoye Four Seasons Garden. Yuyuan has been developed as a low density deluxe villa project. It is expected that 27 sale-units of Phase I will be delivered to purchasers in September 2011 and the remaining four phases are currently under development.



## *Prospect*



- ◆ 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.



*Prospect*

- ◆ Infrastructural construction in China remains strong, with the humongous and sizable scale of affordable housing construction available in the market place, business opportunities for the construction business will be enormous. Sighting this opportunity, the Group will participate actively in infrastructural construction and affordable housing construction.
  - ◆ The control policies and measures on property industry will be deepened in the second half of 2011. With an increase in land supply and increase in cash strain of property developers, land prices are expected to be lower in the second half of 2011. The Group will pay particular attention to the land supply market in securing additional land resources through public tender, public auction, and acquisition supported by the Group's healthy cash flow, strong financial position and sound bank credit records in the territories of Shanghai, Anhui, Hubei and Zhejiang.
  - ◆ Baoye is one of a few companies that have a very clear earnings visibility.
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## 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.
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