



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
- Hefei
- Shanghai
- Wuhan
- Hangzhou
- Kaifeng
- Mengcheng

Building Materials Business

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



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

- | | |
|---|--|
| <ul style="list-style-type: none"> - Shaoxing
"Baoye Four Seasons Garden" - Shaoxing
"Daban Fengqing" Phase II - Shaoxing
"Yuyuan" - Shaoxing
"Yangxun Commercial Centre" - Shaoxing
"Jiangwan Green Garden" - Hefei
"City Green Garden" Phase IV - Hefei
"Baoye Dongcheng Square" | <ul style="list-style-type: none"> - Wuhan
"Baoye Guanggu Lidu" - Hangzhou
"Jiangwan Luyuan" - Shanghai
"Pudong Project" - Shanghai
"Hongqiao Project" - Kaifeng
"Kaifeng Project" - Bozhou
"Baoye Mengdie Luyuan" |
|---|--|

Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- Furnishings and Interior Decorations
- Steel Structure
- Wooden Products and Fireproof Materials
- Others



Corporate Profile - Business Structure

Baoye Group Company Limited

Construction Business

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

Property Development Business

- ◆ 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 3-5 years

Building Materials Business

- ◆ The pioneer of prefabricated building materials manufacturing in the PRC, aiming to become the industry standard setter
- ◆ 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



Corporate Profile

- ◆ With 39 years of industry experience, the Group has successfully developed into a conglomerate 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 December 2012</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	198,753,054	29.98%
Senior Management (30 persons)	151,988,999	22.93%
	350,742,053	52.91%
H Shares		
Atlantis Capital Holdings Limited	35,502,000	5.36%
Ms. Liu Yang *	35,502,000	5.36%
JPMorgan Chase & Co.	21,616,000	3.26%
Norges Bank	20,936,000	3.16%
Zhu Yicai	18,536,000	2.80%
Mr. Pang Baogen (Chairman)	6,612,000	1.00%
Others	209,019,952	31.51%
	312,221,952	47.09%
Total	662,964,005	100%

* The interest is held by Ms. Liu Yang through her controlled corporation, namely, Atlantis Capital Holdings Limited.



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Results Review

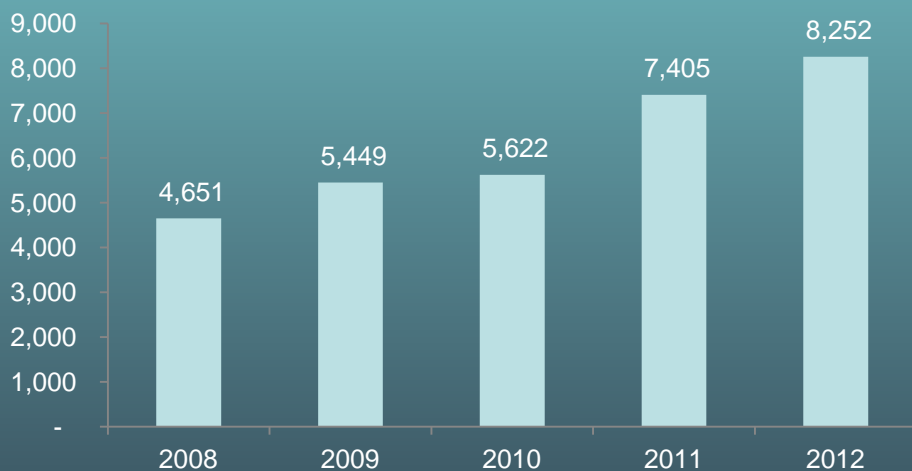




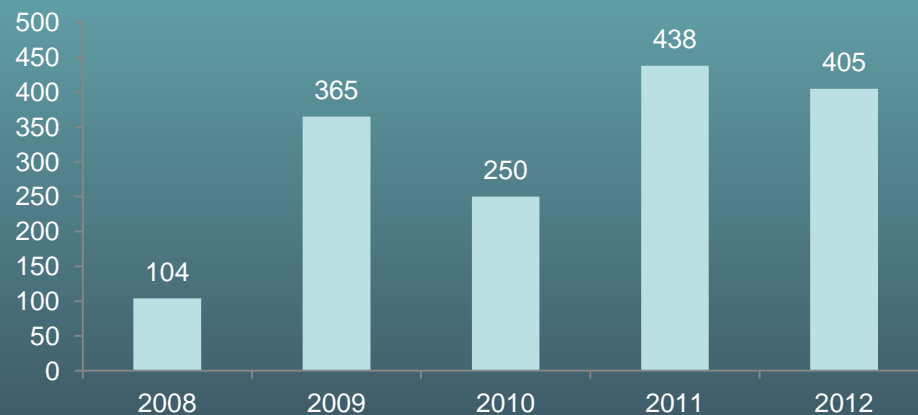
Results Review

Six months ended 30 June

Revenue (RMB million)



Profit Attributable to the Owners of the Company (RMB million)

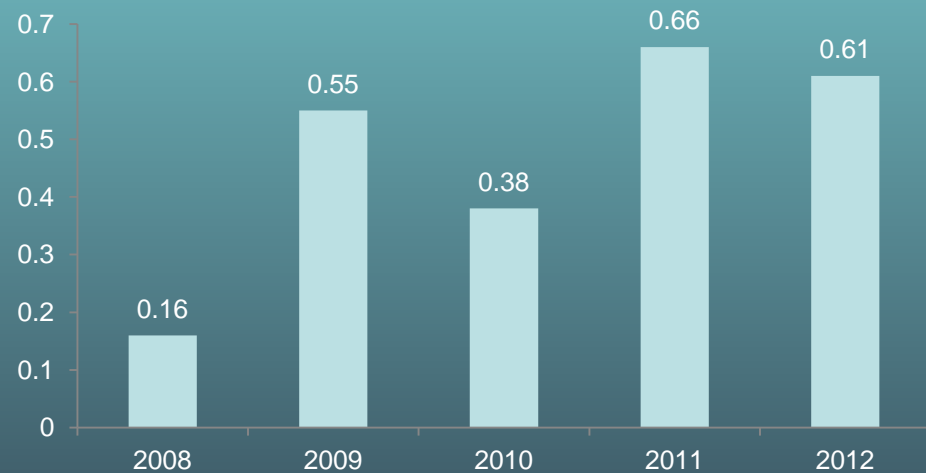




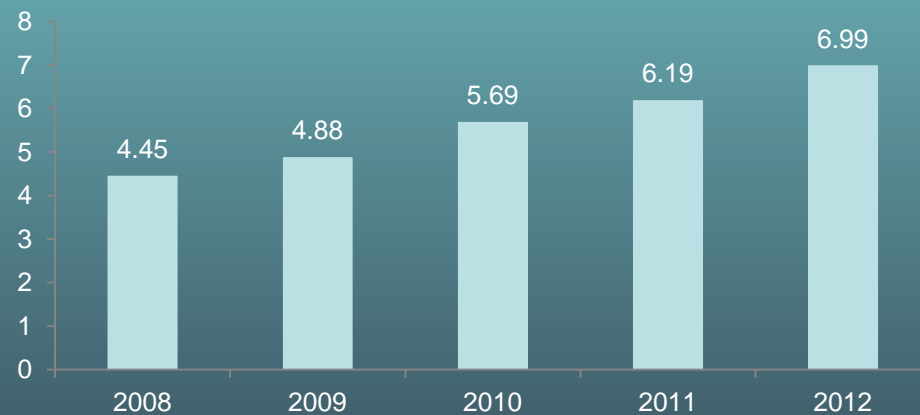
Results Review

Six months ended at 30 June

Earning per Share (RMB)



Net Assets Value per Share (RMB)

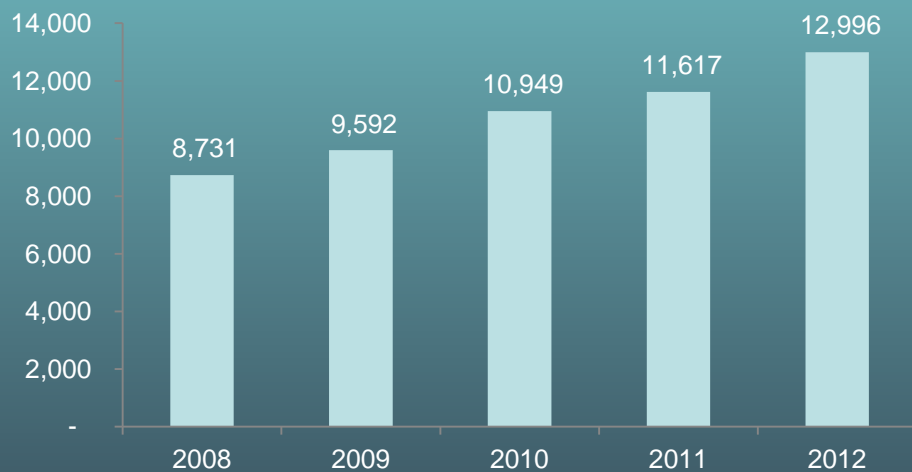




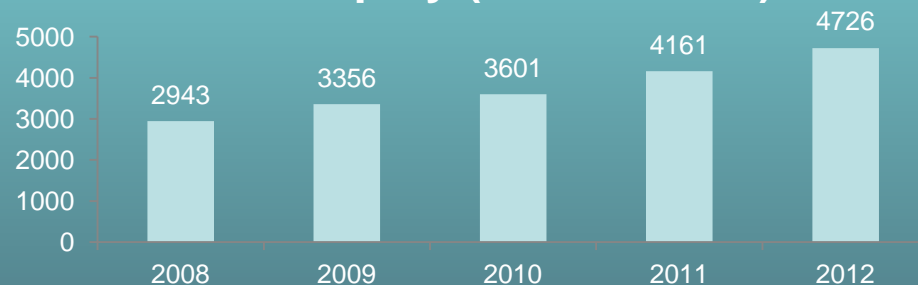
Results Review

As at 30 June

Total Assets (RMB million)



Total Equity (RMB million)



Total Liabilities (RMB million)





Summary

Results Review

Six months ended 30 June
RMB million

	2012	2011	Change
Turnover	8,252	7,405	11%
Profit attributable to the owners of the Company	405	438	-7%
Earnings per share (RMB)	0.61	0.66	-7%





Turnover



Results Review

Six months ended at 30 June
RMB million

	2012	2011	Change
Construction	6,415	5,553	16%
Property Development	1,063	1,107	-4%
Building Materials	728	669	9%
Others	45	76	-40%
Total	8,252	7,405	11%



Operating Profit



Results Review

Six months ended at 30 June
RMB million

	2012	2011	Change
Construction	206	171	20%
Property Development	416	501	-17%
Building Materials	27	34	-17%
Others	-9	6	-263%
Total	639	711	-10%




Operating Profit Margin



Results Review

Six months ended at 30 June

	2012	2011	Change
Construction	3.2%	3.1%	4%
Property Development	39.1%	45.2%	-13%
Building Materials	3.7%	5.1%	-28%






Key Financial Ratio



Results Review

As at 30 June

	2012	2011
Return on equity	8.7%	10.7%
Net assets value per share (RMB)	6.99	6.19
Net cash ratio	13%	39%
Current ratio	1.30	1.36



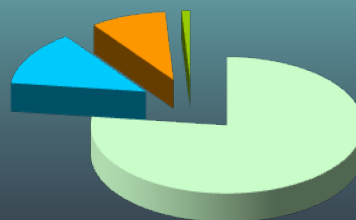
Business Structure

Results Review

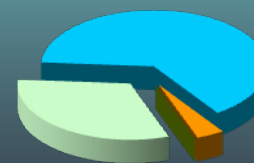
Revenue and profit breakdown by business segments

	Revenue	Profit
Construction	77%	32%
Property Development	13%	65%
Building Materials	9%	4%
Others	1%	-1%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

Construction-in-progress (by project nature)



Results Review

As at 30 June
RMB million

	2012 % of total		2011 % of total		Change
Government & Public Buildings	13,668	32%	12,375	33%	10%
Urban Infrastructure	12,387	29%	10,125	27%	22%
Residential Projects	8,970	21%	8,625	23%	4%
Industrial Projects	7,688	18%	6,375	17%	21%
Total	42,714	100%	37,500	100%	14%





Construction-in-progress (by region)

As at 30 June
RMB million

Results Review

	2012 RMB million	2012 % of total	2011 RMB million	2011 % of total	Change
Zhejiang Province	13,241	31%	12,750	34%	4%
Shanghai	10,678	25%	10,125	27%	5%
Other Eastern China Region	4,271	10%	2,925	8%	46%
Central China Region	7,688	18%	6,000	16%	28%
Northern China Region	4,271	10%	3,525	9%	21%
Other Regions	1,324	3%	1,125	3%	18%
Overseas*	1,239	3%	1,050	3%	18%
Total	42,713	100%	37,500	100%	14%

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

Property Development



Results Review

Property under Development

<i>Property Name</i>	<i>Location</i>	<i>Equity Interest of the Group</i>	<i>Construction Area (Sqm)</i>	<i>Estimated Total Cost (Rmb/Sqm)</i>
Baoye Four Seasons Garden	Shaoxing	100%	483,000	14,000
Daban Fengqing Phase II	Shaoxing	100%	150,000	7,000
Yuyuan	Shaoxing	49%	67,500	24,000
Jiangwan Green Garden	Shaoxing	100%	59,000	5,500
City Green Garden Phase IV	Hefei	100%	100,000	4,500
Baoye Dongcheng Square	Hefei	100%	228,500	5,800
Jiangwan Luyuan	Hangzhou	100%	70,000	4,500
Baoye Guanggu Lidu	Wuhan	100%	300,000	6,000
Shanghai Pudong Project	Shanghai	100%	194,000	8,500
Shanghai Hongqiao Project	Shanghai	100%	13,000	16,000
Kaifeng Project	Kaifeng	60%	800,000	2,500
Baoye Mengdie Luyuan	Bozhou	50%	346,000	3,000

Property Development - Projects in Shaoxing



Results Review

- ◆ 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, town houses and garden houses, and will be developed into 12 phases.
- ◆ It consists of a golf club and a five-star resort hotel, a country park and a central lakeside garden with full-fledged facilities.

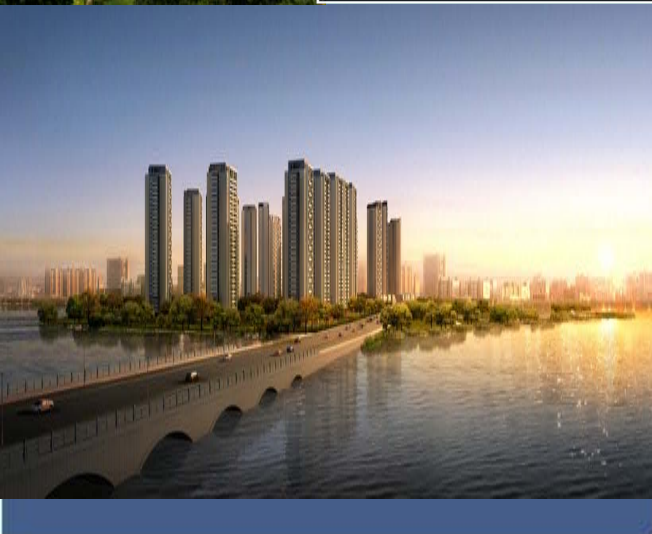




Property Development - Projects in Shaoxing



Results Review

- ◆ 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 had been delivered to the owners in 2011, while Daban Fengqing Phase II, with an area of approximately 150,000 square metres, has been completed, and being delivered to the owners Currently.
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Property Development - Project in Hefei



Results Review

- ◆ 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 estimated gross floor area of 228,500 square metres. It's a city complex development project comprising residential units, commercial units and offices. It is aimed to be developed as the landmark and commercial centre at Dongmen, east of Hefei.





Property Development - Project in Wuhan



Results Review

- ◆ Baoye Guanggu Lidu is located in the East Lake New Technology Development Zone in Wuhan City. The total site area is approximately of 120,000 square metres and the estimated gross floor area is approximately of 300,000 square metres. The project comprises 18 high rise residential buildings and commercial units, aiming to build a reasonably arranged residential units with well-developed facilities, convenient transportation and rich cultural connotation. The project will be developed in three phases.



Property Development - Projects in Shanghai



Results Review

- ◆ Shanghai Pudong Project is located in Huinan, Pudong New District, Shanghai, a prime location within the Pudong golden triangle, populated by industrial zones with convenient transportation and well-developed community facilities. It has a total site area of approximately 106,950 square metres and an estimated gross floor area of approximately 194,000 square metres, comprising of high-rise residential, town houses and commercial units.
- ◆ Shanghai Hongqiao Project is located in Hongqiao CBD, Shanghai, an advantaged location with convenient transportation. It has a total site area of approximately 8,130 square metres and an estimated gross floor area of approximately 13,000 square metres, which will be developed into office buildings.



Newly Acquired Land Reserves



Results Review

During the year ended 31 December 2012, with an increase in land supply and decrease in land price premium, the Group acquired three parcels of new land use rights in Mengcheng, Anhui, Kaifeng, Henan and Shanghai through public tender and auction to correspond with the development strategy and financial position of the Company. These three new parcels of land has an aggregate land area of approximately 220,130 square metres, with an estimated total gross floor area of approximately 390,000 square metres, details of which are set out below:

Date	Location	Total Land Cost (RMB'000)	Land Area (Sqms)	Equality Interest of the Group
May 2012	Mengcheng Anhui	288,630	148,000	50%
June 2012	Kaifeng Henan*	22,120	64,000	60%
August 2012	Hongqiao Shanghai	140,490	8,130	100%

* As at 31 December 2012, the Kaifeng Project in Henan has a land area of 541,000 square metres.

Leveraging on the Group's healthy cash flow position, prudent financial position and low land cost, the Group will continue to adopt a prudent but proactive role in expanding its business and will seek acquisition targets or cooperation projects in project development and land acquisition, aiming to provide satisfactory returns to its shareholders.



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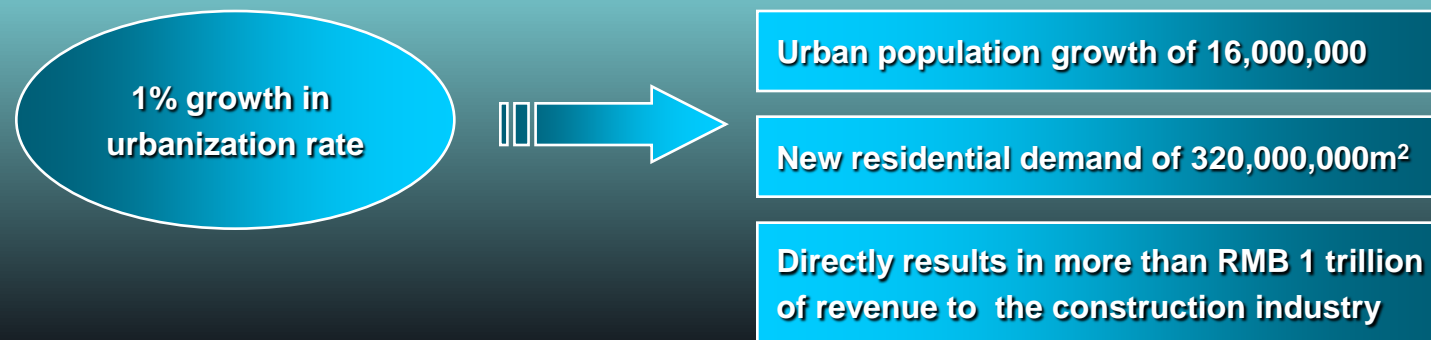


Business Prospects



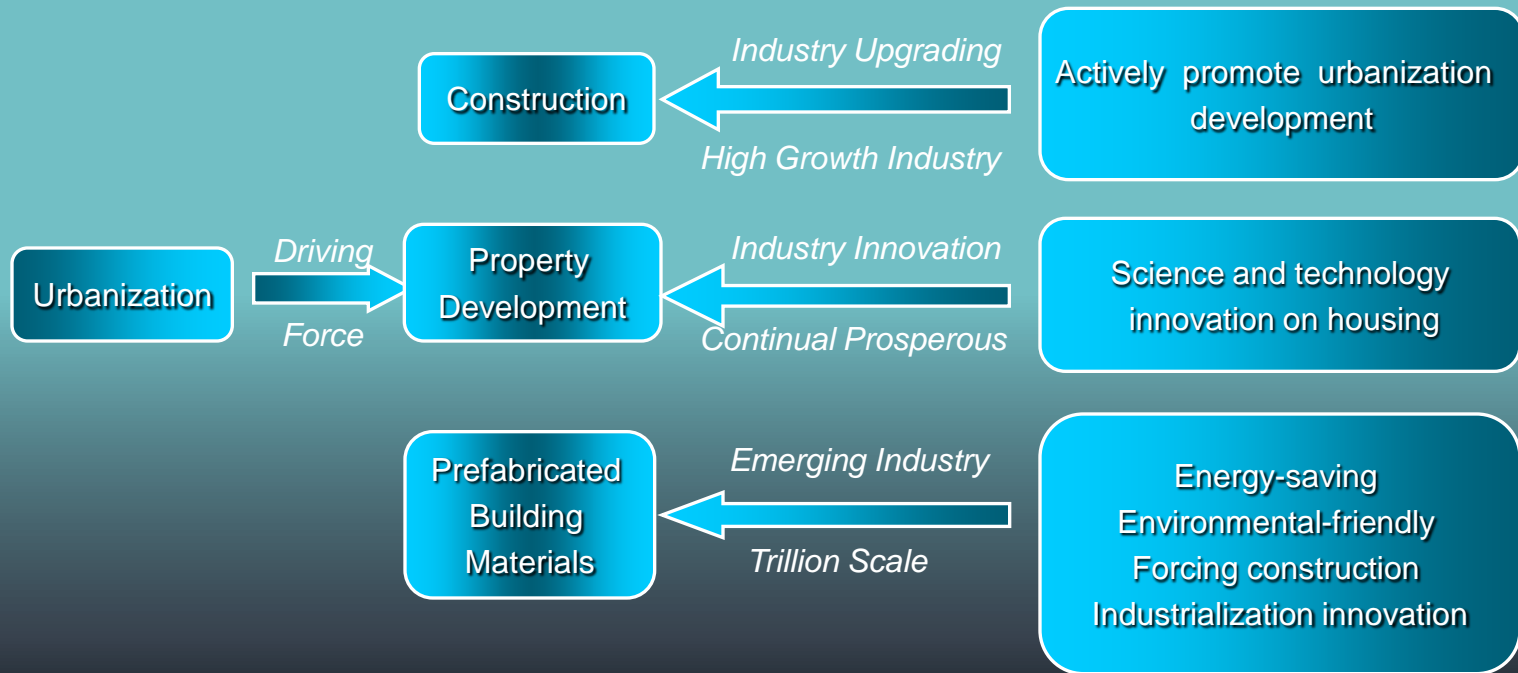
Urbanization in China

- ◆ 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 property 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.



Urbanization in China

Driving force for construction growth in China - urbanization





Construction Business



Business Prospects

- ◆ Leveraged on the premium class certification for general building construction contracting works and its strengths and core competition in the industry, the Group proactively implemented the “two-surpass and two-advance” approach to enter into the markets of infrastructure construction projects in water supplies and transport projects by alignment of design and general contractor role, and by integration of capital financing module and construction-operation model.
- ◆ As one of the substantial tasks set out in the Twelfth-Five-Year-Plan, affordable housing construction was strongly supported by the government. The Group will seize the opportunity to take an active participation in this large scale construction for government affordable housing.





Property Development Business



Business Prospects

- ◆ Compared to the first tier cities, the second and third tier cities in Hubei, Anhui and Henan, which are less affected by austerity macro-economic measures, would have higher residential market and greater development potential. The Group will continue to deepen the property development business in those cities with market-oriented.
- ◆ Under the austerity macro-economic measures, the Group converts “risk” into “opportunity” and develops two kinds of products: one is the residential buildings for improvement in living and the other is premium high-end residential units. Supported by the Group’s high-quality construction service and energy-saving, environmental-friendly building materials, the property development business will seize the transforming opportunity in the real estate industry and will propel the business transformation by technology advancement.



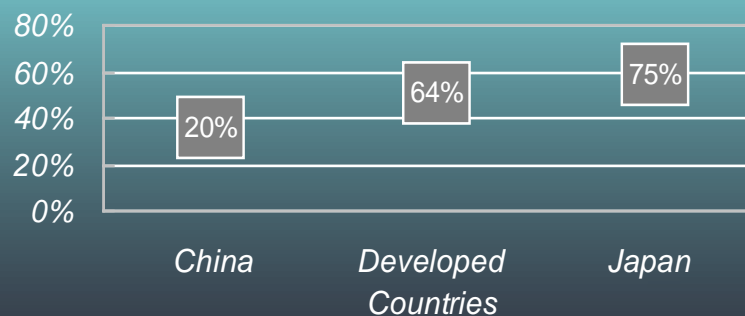


Prefabricated Building Materials Business



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.
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