



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



# *Results Review and Prospects*

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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
- Yunan
- Hebei
- Henan
- Shandong
- Liaoning
- Sichuan
- Chongqing
- Xinjiang
- Jiangxi
- Fujian
- Africa

### *Property Development Business*

- Shaoxing
- Hefei
- Hangzhou
- Wuhan
- Shanghai
- Bozhou
- Kaifeng

### *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*

- Shaoxing  
"Baoye Four Seasons Garden"
- Shaoxing  
"Yuyuan"
- Shaoxing  
"Jiangwan Green Garden"
- Hefei  
"City Green Garden" Phase IV
- Hefei  
"Baoye Dongcheng Square"
- Hangzhou  
"Jiangwan Luyuan"
- Wuhan  
"Baoye Guanggu Lidu"
- Shanghai  
"Baoye Wanhua Cheng"
- Shanghai  
"Baoye Centre"
- Bozhou  
"Baoye Mengdie Luyuan"
- Kaifeng  
"Kaifeng Project"

#### *Building Materials Business*

- Curtain Wall
- Ready-mixed Concrete
- Steel Structure
- Furnishings and Interior Decorations
- 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
- ◆ Steady 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 in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities with enormous development potential, sufficient for future development in the coming 3-5 years

#### *Building Materials Business*

- ◆ The pioneer of housing industrialisation in the PRC, has rich experience
- ◆ The Group has established three Building Materials Industrial Parks in Shaoxing, Hefei and Wuhan, and two industrialised housing technological systems of light steel structure and PC concrete structure



## Corporate Profile

- ◆ With 40 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 – as at 30 June 2013

### Corporate Profile

	<i>No. of shares</i>	<i>% of total</i>
<b>Domestic Shares</b>		
Mr. Pang Baogen (Chairman)	198,753,054	29.98%
Senior Management (30 persons)	151,988,999	22.93%
	<b>350,742,053</b>	<b>52.91%</b>
<b>H Shares</b>		
Atlantis Capital Holdings Limited *	35,502,000	5.36%
Ms. Liu Yang	35,502,000	5.36%
Zhu Yicai	25,188,000	3.80%
JPMorgan Chase & Co.	21,904,000	3.30%
Norges Bank	20,936,000	3.16%
Top Easy Holdings Limited *	16,086,000	2.43%
Mr. Pang Baogen (Chairman)	6,612,000	1.00%
Others	202,079,952	33.48%
	<b>312,221,952</b>	<b>47.09%</b>
<b>Total</b>	<b>662,964,005</b>	<b>100%</b>



# Results Review

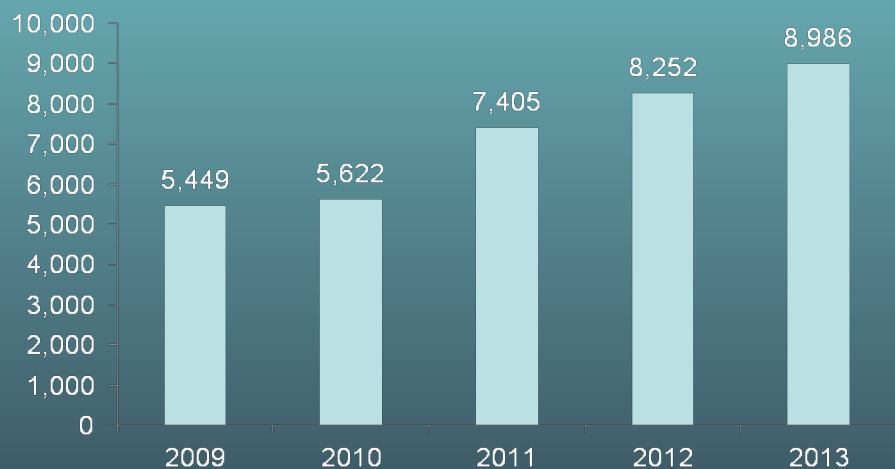




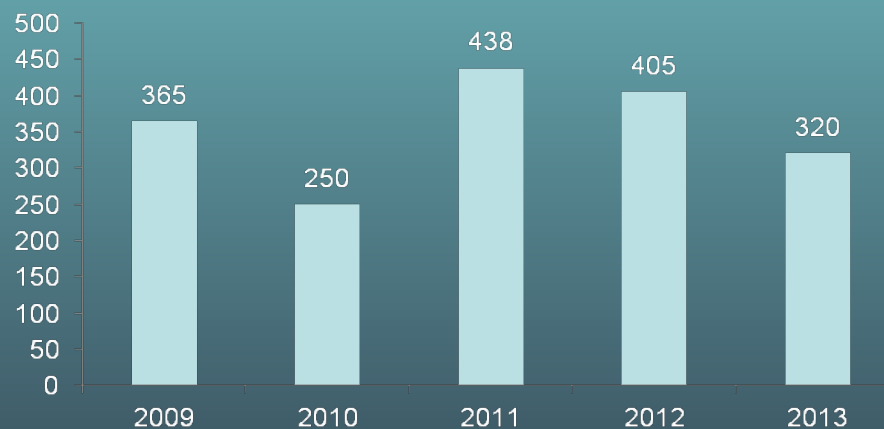
## Results Review

For the six months ended 30 June

Revenue(RMB million)



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

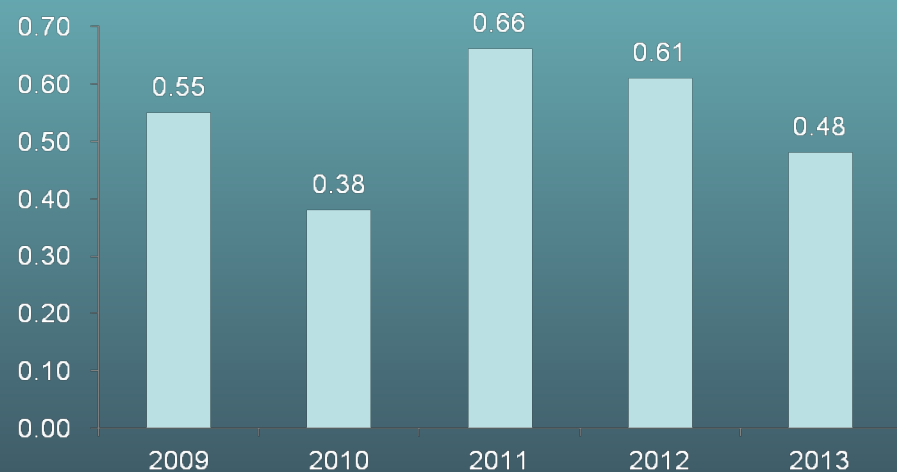




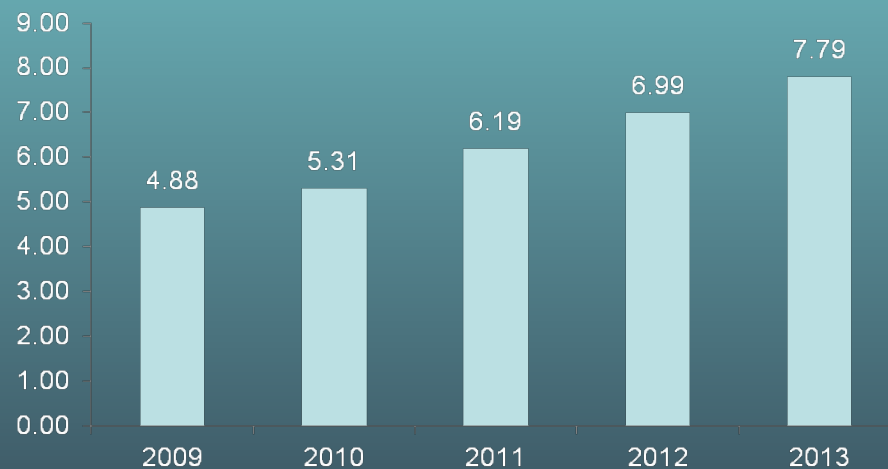
## Results Review

For the six months ended 30 June

### Earnings per Share (RMB)



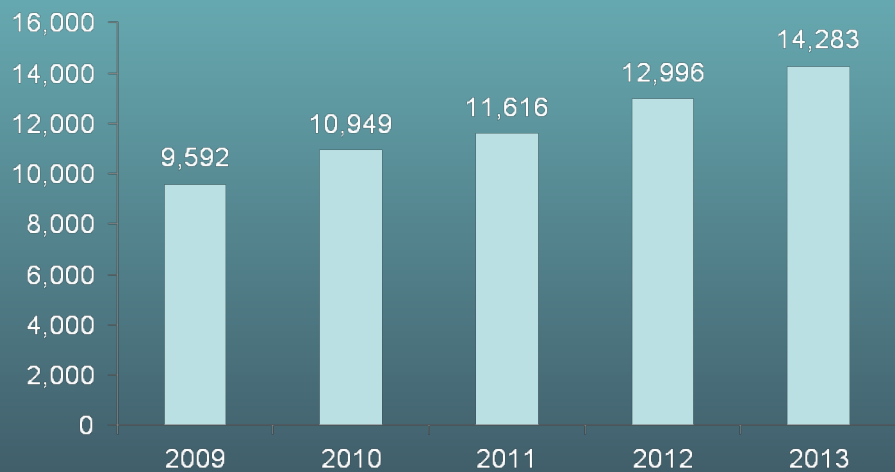
### Net Assets Value per Share (RMB)



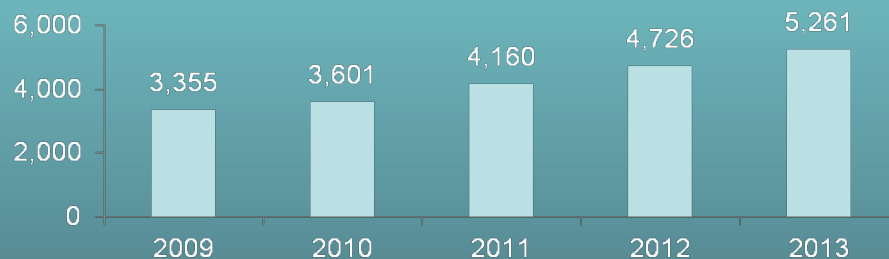


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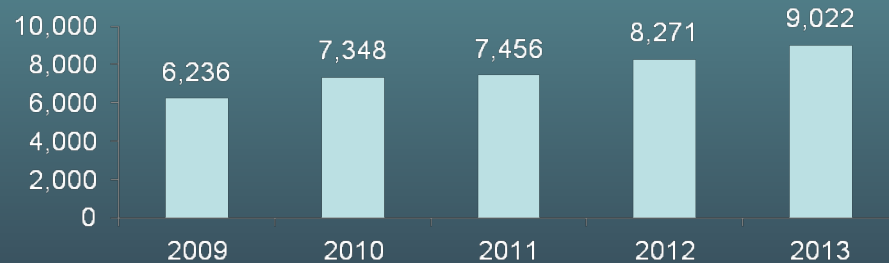
For the six months ended 30 June  
Total Assets (RMB million)



Total Equity (RMB million)



Total Liabilities (RMB million)





## Summary

For the six months ended 30 June  
RMB million

	2013	2012	变动
Revenue	<b>8,986</b>	8,252	9%
Profit attributable to the owners of the Company	<b>320</b>	405	-21%
Earnings per share (RMB)	<b>0.48</b>	0.61	-21%

## Results Review





## Revenue



## Results Review

For the six months ended 30 June  
RMB million

	2013	2012	Change
Construction	7,184	6,415	12%
Property Development	830	1,063	-22%
Building Materials	937	728	29%
Others	34	45	-25%
<b>Total</b>	<b>8,986</b>	<b>8,252</b>	<b>9%</b>

## Operating Profit



### Results Review

For the six months ended 30 June  
RMB million

	2013	2012	Change
Construction	226	206	10%
Property Development	193	416	-54%
Building Materials	23	27	-14%
Others	-16	-9	-72%
<b>Total</b>	<b>426</b>	<b>639</b>	<b>-33%</b>








## Operating Profit Margin



### Results Review

For the six months ended 30 June

	2013	2012	Change
Construction	3.1%	3.2%	-2%
Property Development	23.3%	39.1%	-41%
Building Materials	2.5%	3.7%	-33%





## Key Financial Ratio



### Results Review

As at 30 June

	2013	2012
Return on equity	6.2%	8.7%
Net assets value per share (RMB)	7.79	6.99
Net cash ratio	24.7%	13%
Current ratio	1.36	1.30



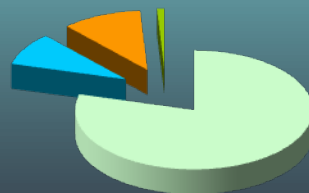
## Business Structure

### Results Review

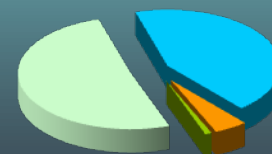
Revenue and profit breakdown by business segments

	Revenue	Operating Profit
Construction	80%	53%
Property Development	9%	45%
Building Materials	11 %	5%
Others	0%	-4%

Revenue



Operating Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

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



### Results Review

As at 30 June  
RMB million

	2013 % of total		2012 % of total		Change
Government & Public Buildings	<b>15,783</b>	<b>31%</b>	13,668	32%	15%
Urban Infrastructure	<b>15,275</b>	<b>30%</b>	12,387	29%	23%
Residential Projects	<b>7,562</b>	<b>15%</b>	6,823	16%	11%
Industrial Projects	<b>9,541</b>	<b>19%</b>	7,688	18%	24%
Affordable Housing Projects	<b>2,589</b>	<b>5%</b>	2,147	5%	21%
<b>Total</b>	<b>50,751</b>	<b>100%</b>	42,714	100%	19%





## Construction-in-Progress (by region)



### Results Review

As at 30 June  
RMB million

		<b>2013</b> <i>% of total</i>		<b>2012</b> <i>% of total</i>	<b>Change</b>
Zhejiang Province	<b>14,768</b>	<b>29%</b>	13,241	31%	12%
Shanghai	<b>11,673</b>	<b>23%</b>	10,678	25%	9%
Other Eastern China Region	<b>6,090</b>	<b>12%</b>	4,271	10%	43%
Central China Region	<b>9,643</b>	<b>19%</b>	7,688	18%	25%
Northern China Region	<b>5,583</b>	<b>11%</b>	4,271	10%	31%
Other Regions	<b>1,523</b>	<b>3%</b>	1,324	3%	15%
Overseas*	<b>1,472</b>	<b>3%</b>	1,239	3%	19%
<b>Total</b>	<b>50,751</b>	<b>100%</b>	<b>42,714</b>	<b>100%</b>	<b>19%</b>

\*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%	450,000	14,000
Yuyuan	Shaoxing	49%	42,000	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
Baoye Wanhucheng	Shanghai	100%	245,000	8,500
Shanghai Baoye Centre	Shanghai	100%	27,000	16,000
Baoye Mengdie Luyuan	Bozhou	50%	430,000	3,000
Kaifeng Project	Kaifeng	60%	800,000	2,500

## 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.
- ◆ Lotus Garden and Liu Garden had been delivered to owners. He Garden has almost been sold out, Ming Garden and Run Garden Phase I have been pre-sold with satisfactory results, and Run Garden Phase II and Xi Garden were launched for pre-sale in August 2013.



## 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. The commercial units will be launched for operation in October 2013 and the residential units will be delivered to owners in 2014.







## 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 is developed in three phases, of which Phase I has been launched for pre-sale in Aug. 2013 and is expected to be delivered by the end of 2014.



## Property Development - Projects in Shanghai



### *Results Review*

- ◆ Baoye Wanhucheng 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 245,000 square metres, comprising of high-rise residential, town houses and commercial units. The project will be developed in three phases.
  - ◆ Shanghai Baoye Centre 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 above-ground and an estimated floor areas of approximately 14,000 square metres underground, which will be developed as office buildings.
- 




## Newly Acquired Land Reserves



### Results Review

Date	Location	Total Land Cost (RMB'000)	Land Area (Sqms)	Equality Interest of the Group
Aug. 2013	Bengbu, Anhui	164,500	62,560	63%
Aug. 2013	Kaifeng, Henan	57,690	107,073	60%





## Prefabricated Building Materials



### Results Review

For the six months ended 30 June

	2013 RMB'000	2012 RMB'000	Change
Curtain Wall	433,516	372,012	17%
Ready-mixed Concrete	173,090	138,068	25%
Furnishings and Interior Decorations	165,353	116,093	42%
Steel Structure	108,116	63,506	70%
Wooden Products and Fireproof Materials	47,083	26,966	75%
Others	10,293	11,695	-12%
<b>Total</b>	<b>937,451</b>	<b>728,340</b>	<b>29%</b>



## Prefabricated Building Materials



### Results Review

- ◆ Anhui Baoye Building Materials Industrialisation Company Limited has secured the Hefei Binhu Guiyuan PC project, which consists of six public housings, underground parks and two multi-storey commercial buildings, having a total gross floor area of approximately 112,000 square metres and a contract value of approximately RMB270 million, is the largest assemble-type affordable housing project that the Group has ever secured.
- ◆ The Company and Daiwa House (China) Investment Company Limited have had intention to establish a joint venture, which will be principally engaged in the production, sale, construction, research and development of light steel structure industrialised housing products and is expected to start commercial production in September 2013.
- ◆ The installation of the PC production line in Shaoxing Building Materials Park sourced from Germany has been completed and is expected to commence commercial production in September 2013, to capture opportunities from PC concrete industrialization construction markets in Zhejiang, Jiangsu and Shanghai.





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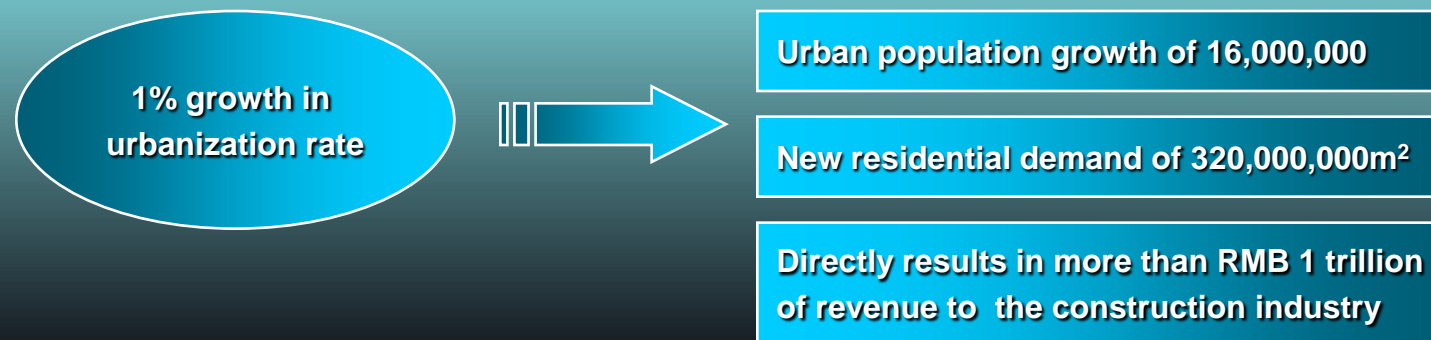


# *Business Prospects*



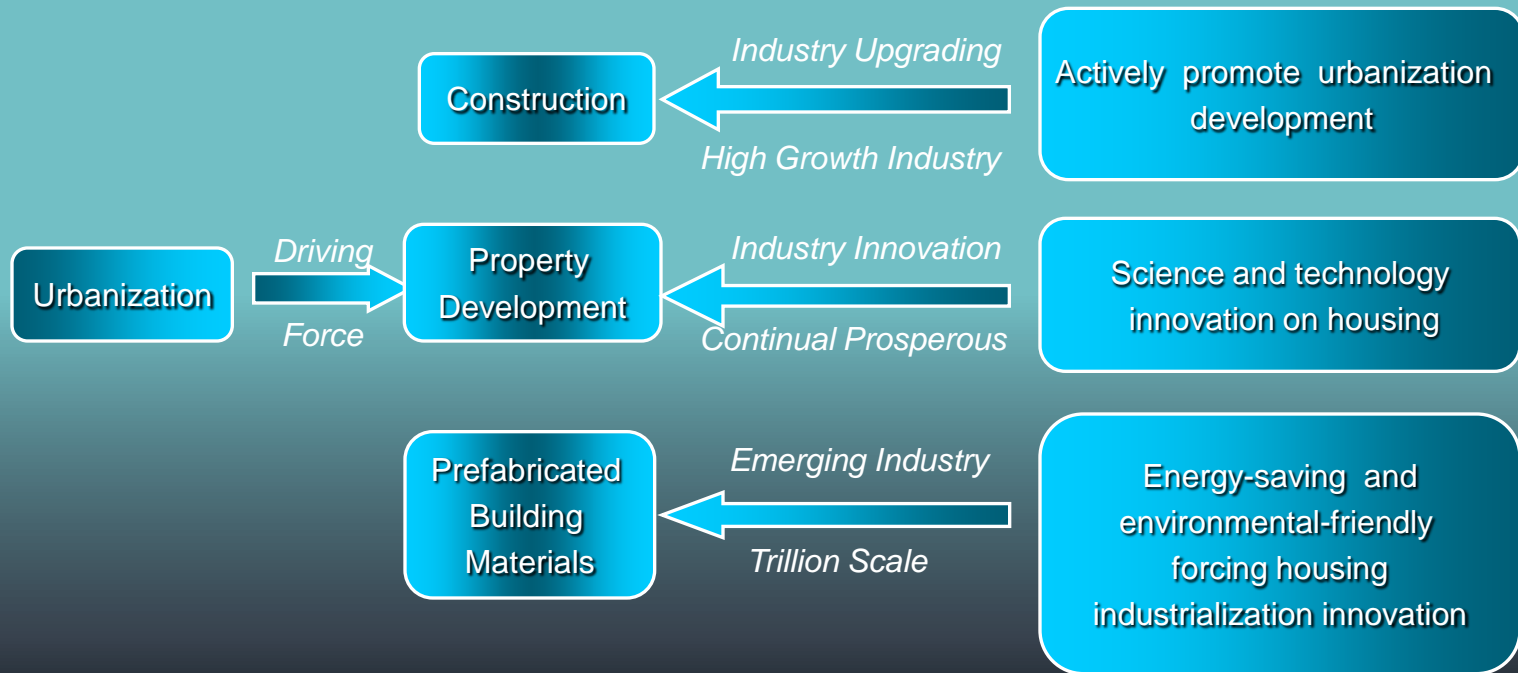
## Urbanization in China

- ◆ 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*

- ◆ The Group will continue to strengthen its leadership in the markets where it operates and will actively seek new markets entrance in Central and Western China. Seizing the opportunities of the renewed nationwide urbanization program and the development in Central China as well as reaping on its advantages on the Premium Class Certificate for General Building Construction, construction management, branding effect and competitive edges, the Group will enhance its market share, volume of business. Simultaneously, the Group will continue to cooperate with renowned real estate developers, by adopting the role model of a general contractor on BT (Build-Transfer) in selected projects.
- ◆ The Group has implemented the green and energy-saving policy in preserving green construction, by applying scientific management and technology advancement to conserve resources and to reduce the negative impacts that will impair the quality and safety requirements, aiming to achieve energy-saving, materials-saving, water-saving and environmentally-friendly through improvement in standardisation and efficiency of construction processes.





## Property Development Business



### *Business Prospects*

- ◆ The Group will adhere to the strategy of providing diverse products and scalable market penetration to strengthen its market shares in second and third tier cities in Hubei, Anhui and Henan, with lower land cost, enormous development potential and a sizable population calling for rigid demand. The Group will seize the opportunity of urbanisation and explore businesses in areas of affordable housing, green and environmentally-friendly residential property, property for the aged and small town construction, in drawing new business opportunities.
- ◆ The Group will continue to adopt a prudent approach to examine the changes in macroeconomic measures and market conditions from time to time to sustain its operation, and take into consideration of the prosperous target projects and preserve land bank where and when appropriate, and ensure that a healthy and sustainable development of the Group's property development business has been attained.



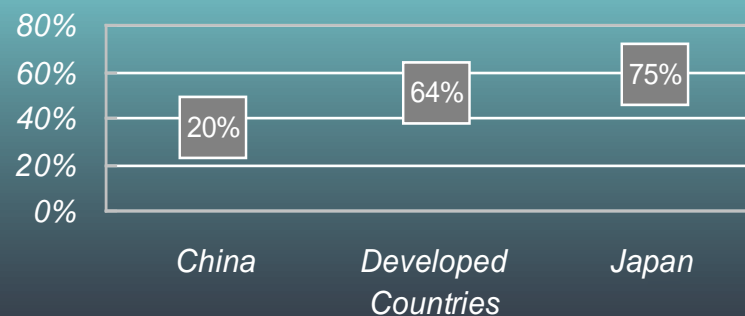


## Prefabricated Building Materials Business



### 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.





## Prefabricated Building Materials Business



### *Business Prospects*

- ◆ Government at all levels have pronounced a series of guidelines and supporting policies to promote housing industrialisation development, especially in the areas of Zhejiang, Shanghai, Anhui and Hubei; and have encouraged the use and application of technology products in housing industrialisation for affordable housing.
- ◆ With a number of cooperative working experience with the world's renowned enterprises in this field, the Group possesses the capability of standardised design, industrialised production, prefabricated construction and standardised process management to intake industrialised projects including villas, low-rise apartments and high-rise buildings in varied specifications.





## 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.
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