



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

Property Development Business

- Shaoxing
- Hefei
- Wuhan
- Shanghai
- Bozhou
- Kaifeng
- Bengbu

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" | - Bozhou
"Baoye Mengdie Luyuan" |
| - Wuhan
"Baoye Guanggu Lidu" | - Bozhou
Xiaoyao Luyuan" |
| - Shanghai
"Baoye Wanhuacheng" | - Bengbu
"Baoye Xuefu Luyuan" |
| - Shanghai
"Baoye Centre" | - Kaifeng
"Baoye Longhu Yucheng" |

Building Materials Business

- Curtain Wall
- Ready-mixed Concrete
- Steel Structure
- Furnishings and Interior Decorations
- Wooden Products and Fireproof Materials
- PC boards
- Light steel structure Assembly Housing
- 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 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



Corporate Profile

<i>As at 30 June 2014</i>	<i>No. of shares</i>	<i>% of total</i>
Domestic Shares		
Mr. Pang Baogen (Chairman)	198,753,054	31.26%
Senior Management (30 persons)	151,988,999	24.06%
	350,742,053	55.52%
H Shares		
Zhu Yicai	28,432,000	4.50%
JPMorgan Chase & Co.	21,904,000	3.46%
Norges Bank	20,936,000	3.31%
Top Easy Holding Limited	16,086,000	2.55%
Others	193,691,952	30.66%
	281,001,952	44.48%
Total	631,744,005*	100%

During the period, the Company has repurchased 31,220,000 H Shares.



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Results Review

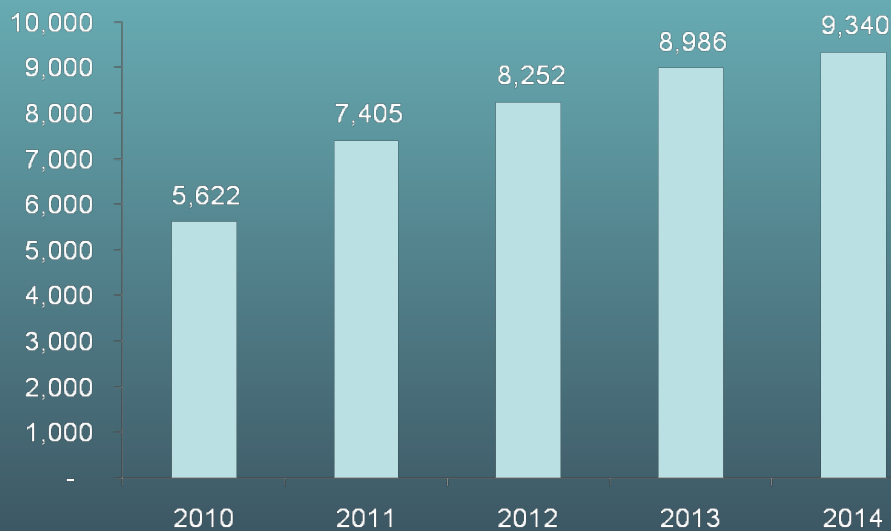




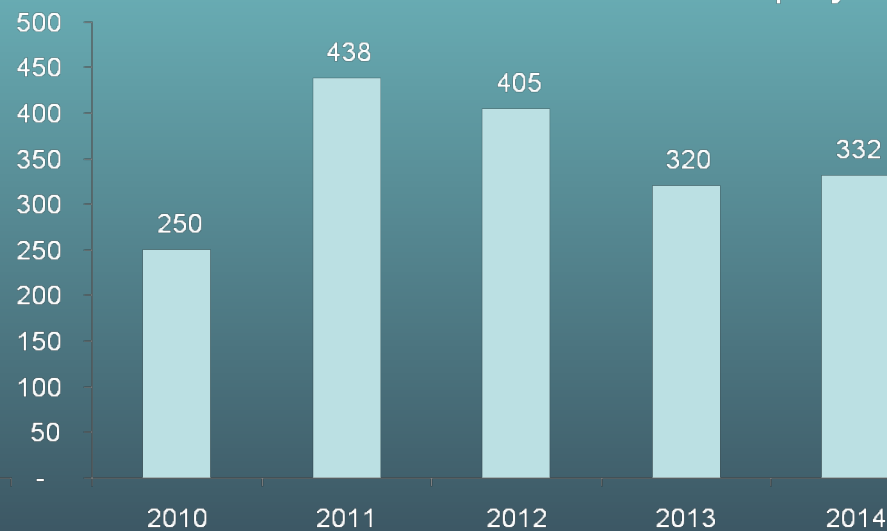
Results Review

For the year ended 30 June
RMB million

Revenue



Profit Attributable to the Owners of the Company

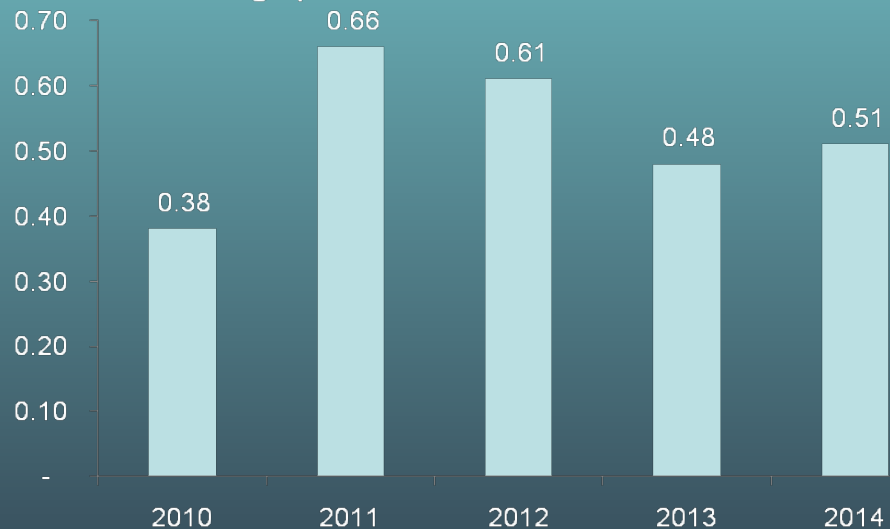




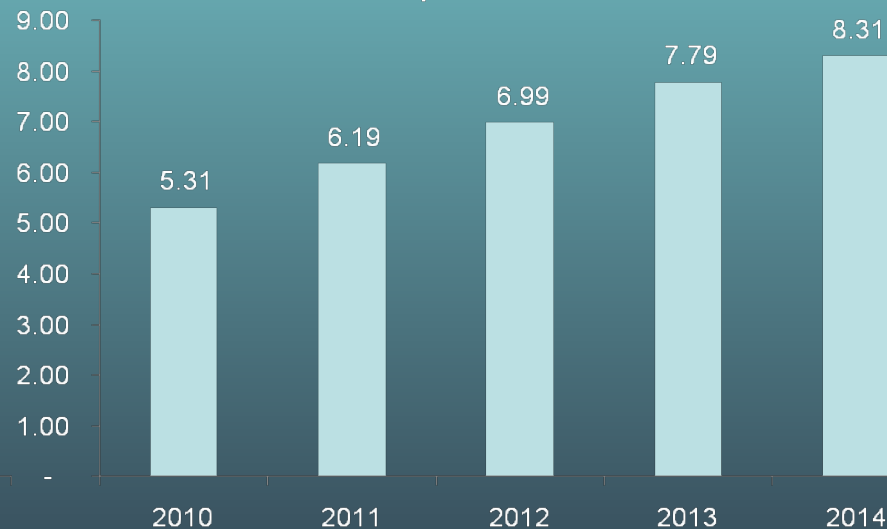
Results Review

For the year ended 30 June
RMB

Earnings per Share



Net Assets Value per Share

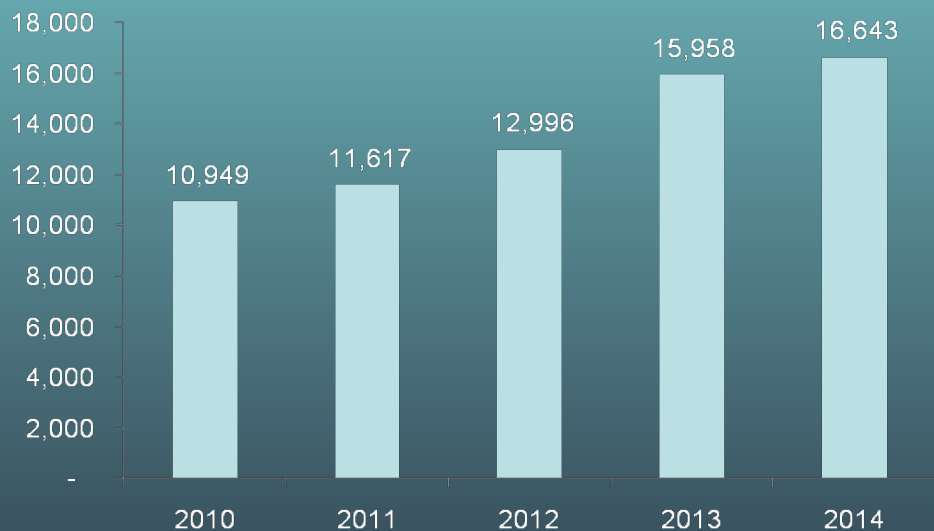




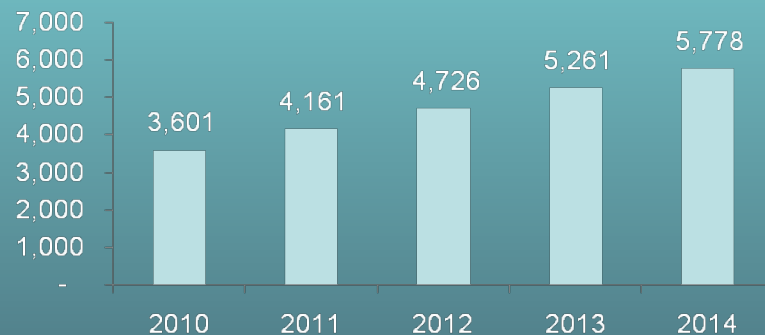
Results Review

For the year ended 30 June
RMB million

Total Assets



Total Equity



Total Liabilities



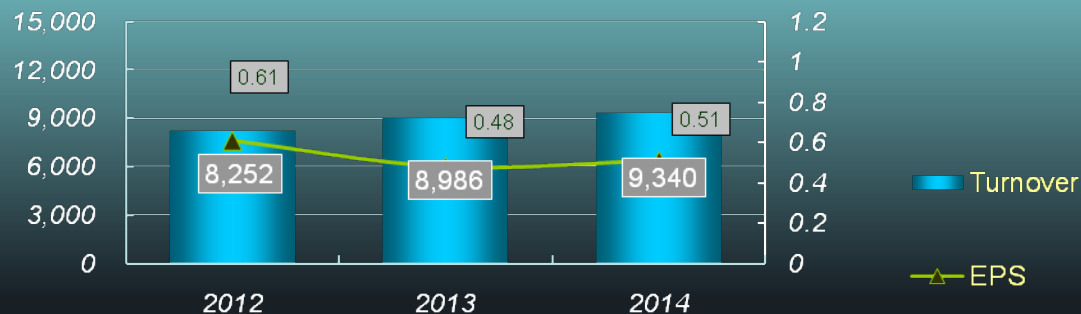


Summary

Results Review

For the year ended 30 June
RMB million

	2014	2013	Change
Revenue	9,340	8,986	4%
Profit attributable to the owners of the Company	332	320	4%
Earnings per share (RMB)	0.51	0.48	6%






Turnover



Results Review

For the six months ended 30 June
RMB million

	2014	2013	Change
Construction	7,508	7,184	5%
Property Development	811	830	-2%
Building Materials	962	937	3%
Others	60	34	76%
Total	9,340	8,986	4%



Operating Profit



Results Review

For the six months ended 30 June
RMB million

	2014	2013	Change
Construction	226	226	0%
Property Development	156	193	-19%
Building Materials	39	23	68%
Others	6	-16	135%
Total	426	426	0%



Operating Profit Margin



Results Review

For the six months ended 30 June

	2014	2013	Change
Construction	3.0%	3.1%	-4%
Property Development	19.2%	23.3%	-17%
Building Materials	4.0%	2.5%	63%





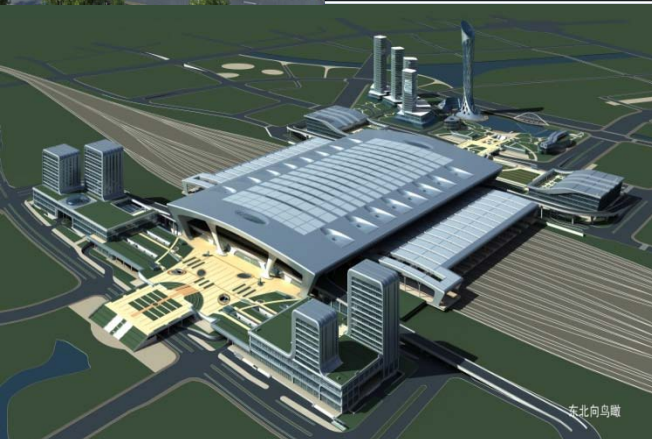
Key Financial Ratio



Results Review

As at 30 June

	2014	2013
Return on equity	5.9%	6.2%
Net assets value per share (RMB)	8.95	7.79
Net cash ratio	22.3%	24.7%
Current ratio	1.30	1.36



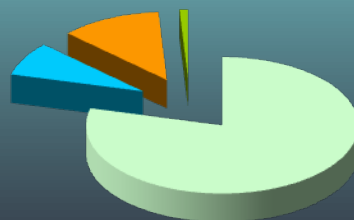
Business Structure

Results Review

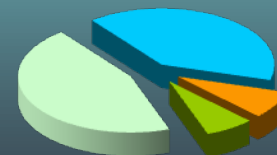
Revenue and profit breakdown by business segments

	Revenue	Profit
Construction	80%	54%
Property Development	9%	36%
Building Materials	10%	9%
Others	1%	1%

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

Construction-in-progress (by project nature)



Results Review

For the six months ended 30 June
RMB million

	2014 % of total		2013 % of total		Change
Government & Public Buildings	18,078	29%	15,783	31%	15%
Urban Infrastructure	18,821	31%	15,276	30%	23%
Residential Projects	8,514	14%	7,562	15%	13%
Industrial Projects	12,132	20%	9,541	19%	27%
Total	3,882	6%	2,589	5%	50%



Construction-in-progress (by region)

For the six months ended 30 June
RMB million

	2014 RMB million	2014 % of total	2013 RMB million	2013 % of total	Change
Zhejiang Province	17,421	28%	14,768	29%	18%
Shanghai	13,975	23%	11,673	23%	20%
Other Eastern China Region	7,992	13%	6,090	12%	31%
Central China Region	11,892	19%	9,642	19%	23%
Northern China Region	6,100	10%	5,582	11%	9%
Other Regions	2,359	4%	1,523	3%	55%
Overseas*	1,689	3%	1,472	3%	15%
Total	61,427	100%	50,751	100%	21%

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



*Results
Review*



Property Development



Results Review



Properties 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
Baoye Guanggu Lidu	Wuhani	100%	300,000	6,000
Baoye Wanhuacheng	Shanghai	100%	245,000	8,500
Shanghai Baoye Centre	Shanghai	100%	27,000	16,000
Baoye Mengdie Luyuan	Bozhou	50%	430,000	3,000
Baoye Longhu Yucheng Phase I	Kaifeng	60%	170,000	3,000
Baoye xuefu Luyuan	Bengbu	63%	199,700	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 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. This project is developed in 12 phases, of which, Lotus Garden and Liu Garden had been delivered to owners, He Garden and Ming Garden have almost been sold out; Run Garden Phase I and Phase II, Xi Garden and Jing Garden are under pre-sale, and there are five other phases which are yet to be developed.





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 was almost sold out and will be delivered to the owners in 2015.





Property Development - Project in Shanghai



Results Review

- ◆ Baoye Wanhucheng, located in Huinan, Pudong New District, Shanghai, is positioned in the hub of the prime area of Pudong's golden triangle, and supported by 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 high-rise residential units, town houses and commercial units. The project is to be developed in three phases, of which, phase I was launched for pre-sale in December 2013 with satisfactory results.





Property Development - Projects in Shanghai



Results Review

- ◆ Shanghai Baoye Centre is located in Hongqiao commercial business district, Shanghai, a prime location with convenient transportation. It has a total site area of approximately 8,130 square metres and an estimated gross floor area of approximately 27,000 square metres, of which, approximately 13,000 square metres above-ground and approximately 14,000 square metres underground, which will be developed as office buildings.





Property Development - Project in Bozhou



Results Review

- ◆ Baoye Mengdie Luyuan is located in Mengcheng County, Bozhou City, Anhui Province. It has a total estimated gross floor area of approximately 430,000 square metres, divided into East and West wings, comprising multi-storey units, high-rise residential and shopping units. This project is an ideal place for residential and commercial development with a unique style and convenient transportation. It will be the landmark of Mengcheng County when completed. The project is developed in six phases, of which, phase I has been delivered to owners in the first half of 2014, phase II and phase III were launched for pre-sale with satisfactory results.



Property Development - Projects in Henan



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 900,000 square metres and an estimated gross floor area of approximately 1,200,000 square metres. After completion, it will become the city's new business centre and leisure centre. The project will be developed in 5 phases, of which, phase I with 170,000 square metres is under development.



Property Development - Projects 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 and has started construction in July 2014. It is expected to be delivered to owners in 2016.



Property Development – Completed Project



Results Review

- ◆ Baoye Dongcheng Square is located in Changjiang East Road, Hefei City. The project has a site area of approximately 63,500 square metres with an estimated gross floor area of approximately 228,500 square metres. The commercial units had commenced commercial operation in October 2013. A total of 34,902 square metres of the residential units have been delivered to owners at the end of June 2014, and approximately 113,000 square metres of the residential units were not recognised as revenue due to the delivery was made in July 2014.



Property Development – Project to be developed



Results Review


- ◆ Baoye Xiaoyao Luyuan, is located in Mengcheng County, Bozhou City, Anhui Province and has a total site area of approximately 93,000 square metres. At present, this project is under development.



Newly-acquired Land Reserves



Results Review

- ◆ In September 2014, the Group acquired one land use right in No.1 station of Xincheng, Qingpu District, Shanghai City, at a total consideration of approximately RMB570 million, through public tender and auction. This land has a total site area of 27,938 square meters with 2 times plot ratio. It will be an assembly housing project with a prefabrication ratio of 30% and fully finished for living.
 - ◆ The Group continues to adopt a prudent but proactive role in land acquisition and business expansion. The Group has land reserve in cities of Shaoxing, Wuhan, Shanghai, Hefei, Bozhou, Kaifeng and Bengbu, which can ensure its profit and capability of risk resistance benefiting from low land cost and reasonable region distribution.
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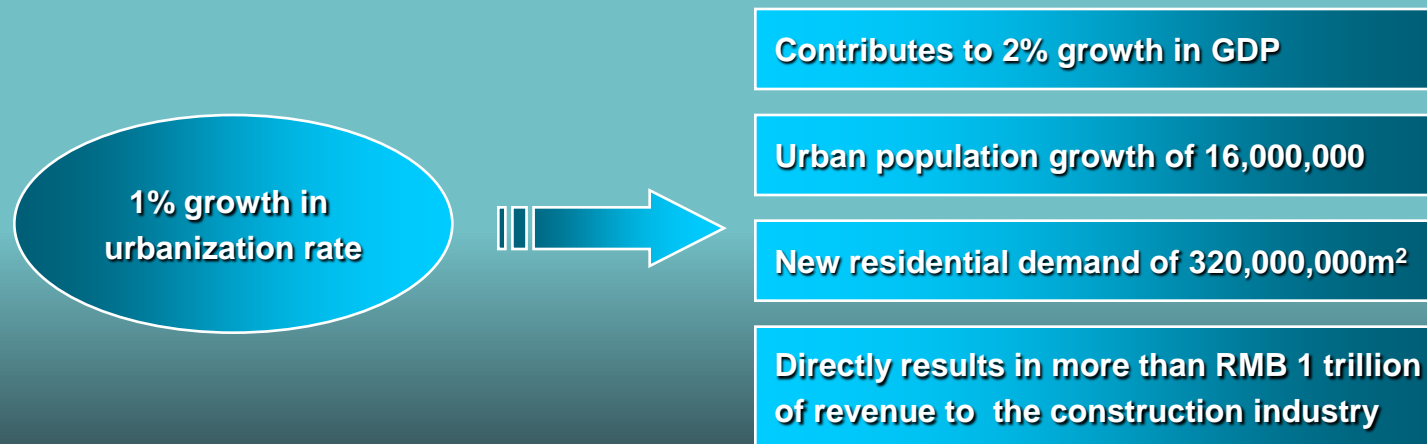
寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED

Business Prospects



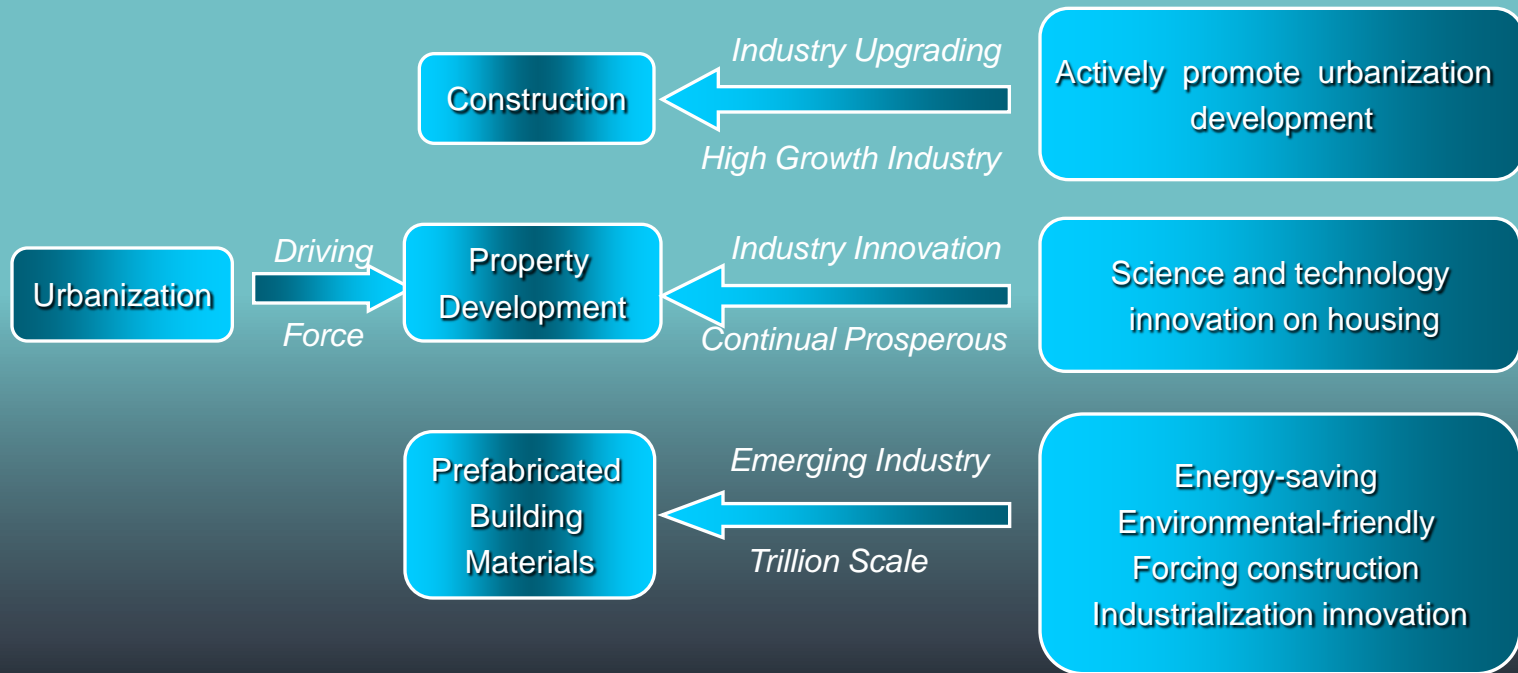
Urbanization in China

- ◆ 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

Business network:
strengthen the existing market
and explore new market

Project nature:
markets of infrastructure
governments invested

Business operation model:
adopt new contracting model,
like BT

Construction technology:
energy-saving and
green construction



Property Development Business



Business Prospects

- ◆ The Group will continue to position its market in second and third tier cities in Hubei, Anhui and Henan;
- ◆ 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.

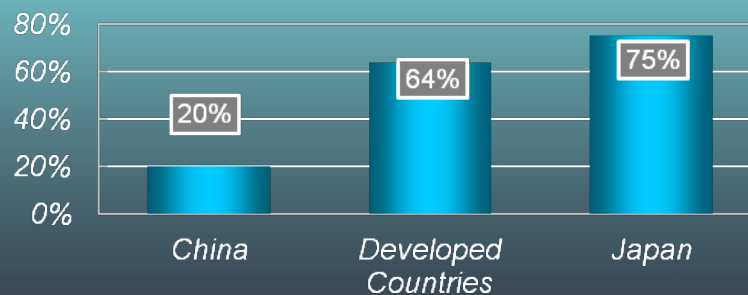


Prefabricated Building Materials Business



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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