



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
- 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<br>"Baoye Four Seasons Garden" | - Wuhan<br>"Baoye Guanggu Lidu"    |
| - Shaoxing<br>"Daban Fengqing" Phase II   | - Hangzhou<br>"Jiangwan Luyuan"    |
| - Shaoxing<br>"Yuyuan"                    | - Shanghai<br>"Baoye Wanhuacheng"  |
| - Shaoxing<br>"Jiangwan Green Garden"     | - Shanghai<br>"Hongqiao Project"   |
| - Hefei<br>"City Green Garden" Phase IV   | - Bozhou<br>"Baoye Mengdie Luyuan" |
| - Hefei<br>"Baoye Dongcheng Square"       | - Kaifeng<br>"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
- ◆ 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>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>       |



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# Results Review

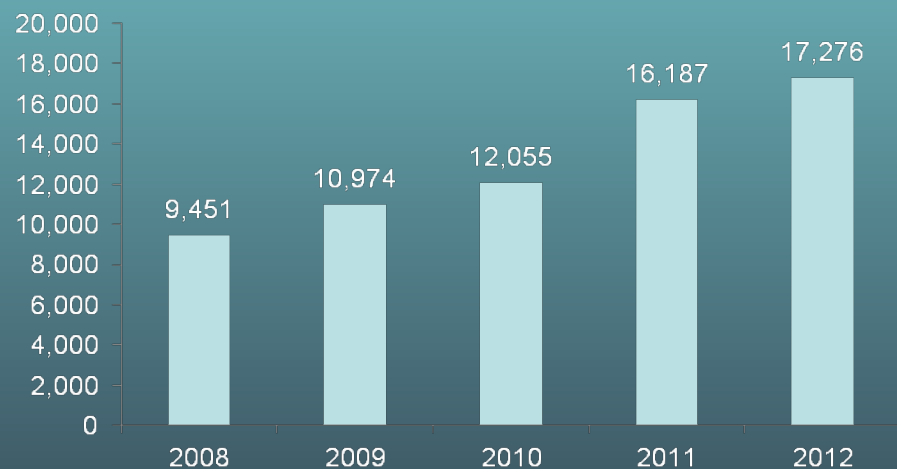




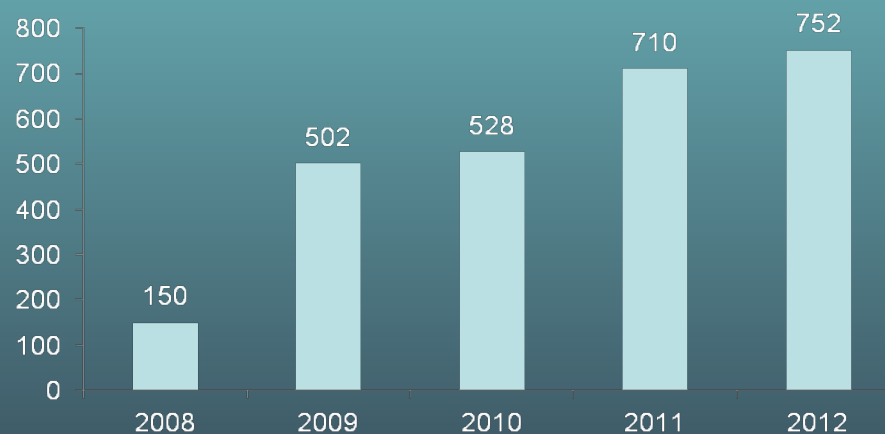
## Results Review

Year ended 31 December

Revenue(RMB million)



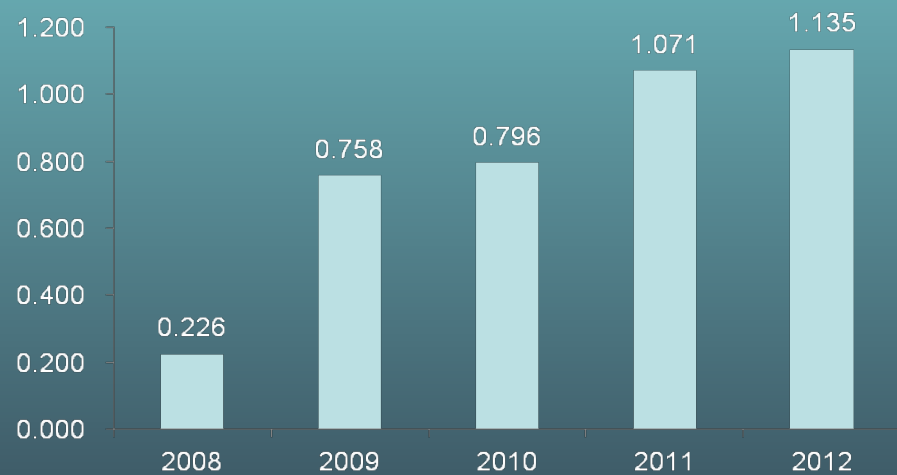
Profit Attributable to the Owners of the Company (RMB million)



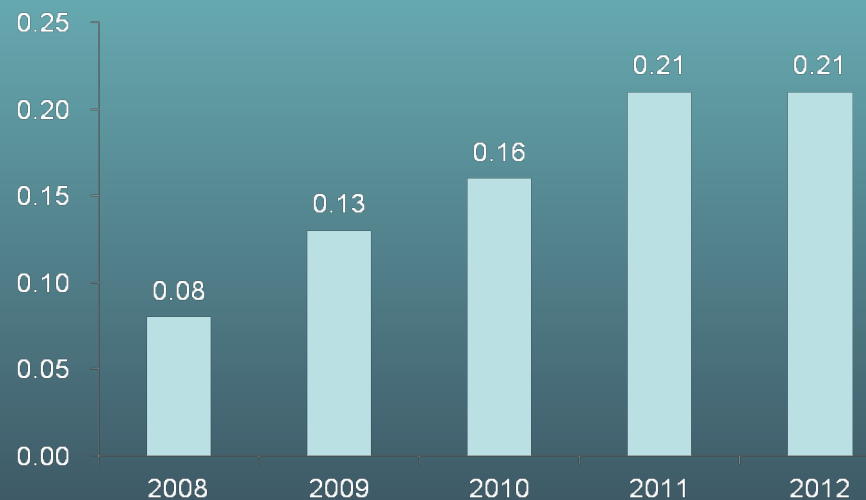


## Results Review

Year ended 31 December  
Earnings per Share (RMB)



Dividend (RMB)

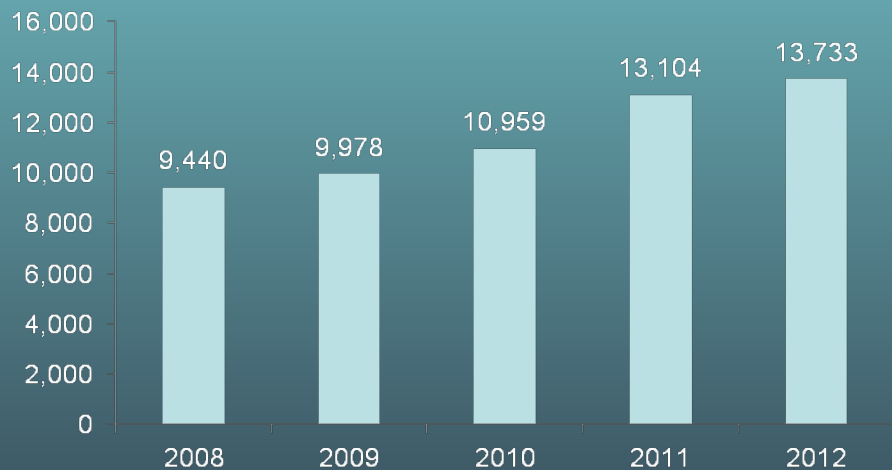




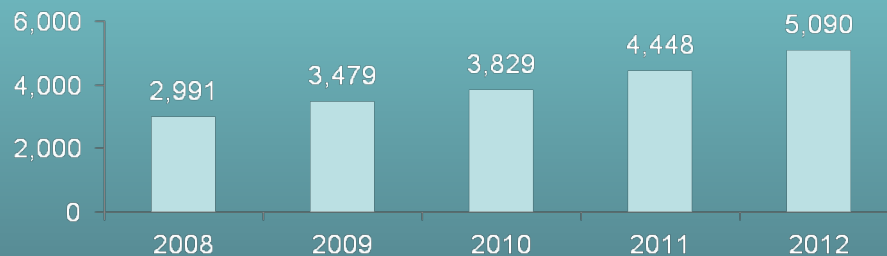
## Results Review

As at 31 December

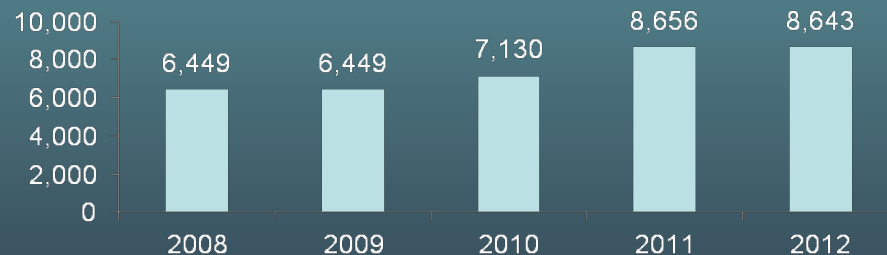
### Total Assets (RMB million)



### Total Equity (RMB million)



### Total Liabilities (RMB million)



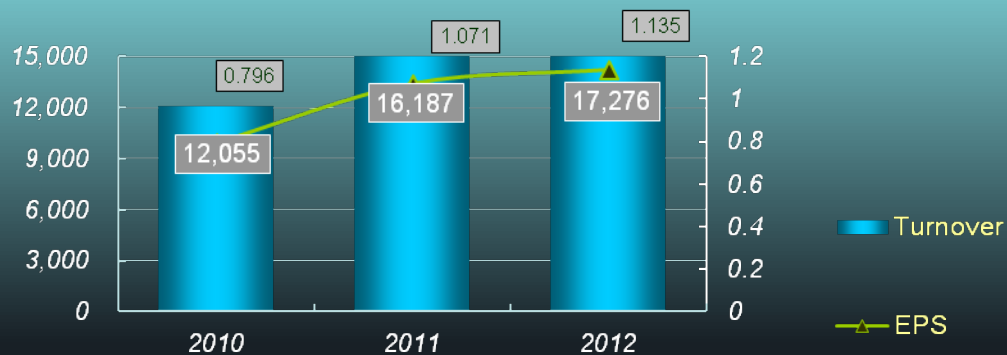


## Summary

### Results Review

Year ended 31 December 2012  
RMB million

|  | 2012   | 2011   | Change |
|--|--------|--------|--------|
| Revenue  | 17,276 | 16,187 | 7%     |
| Profit attributable to the owners of the Company | 752    | 710    | 6%     |
| Earnings per share (RMB)                         | 1.135  | 1.071  | 6%     |





## Revenue



## Results Review

Year ended 31 December  
RMB million

|                      | 2012          | 2011          | Change    |
|----------------------|---------------|---------------|-----------|
| Construction         | 13,634        | 12,022        | 14%       |
| Property Development | 1,671         | 2,504         | -33%      |
| Building Materials   | 1,864         | 1,517         | 23%       |
| Others               | 107           | 164           | -35%      |
| <b>Total</b>         | <b>17,276</b> | <b>16,187</b> | <b>7%</b> |





## Operating Profit



### Results Review

Year ended 31 December  
RMB million

|                      | 2012         | 2011         | Change     |
|----------------------|--------------|--------------|------------|
| Construction         | 465          | 393          | 18%        |
| Property Development | 638          | 604          | 6%         |
| Building Materials   | 108          | 79           | 36%        |
| Others               | (8)          | 1            | -729%      |
| <b>Total</b>         | <b>1,203</b> | <b>1,077</b> | <b>12%</b> |






## Operating Profit Margin



### Results Review

Year ended 31 December

|                      | 2012  | 2011  | Change |
|----------------------|-------|-------|--------|
| Construction         | 3.4%  | 3.3%  | 3%     |
| Property Development | 38.2% | 24.1% | 59%    |
| Building Materials   | 5.8%  | 5.2%  | 12%    |






## Key Financial Ratio



### Results Review

As at 31 December

|                                  | 2012  | 2011  |
|----------------------------------|-------|-------|
| Return on equity                 | 15.1% | 16.2% |
| Net assets value per share (RMB) | 7.52  | 6.59  |
| Net cash ratio                   | 20%   | 18%   |
| Current ratio                    | 1.39  | 1.28  |



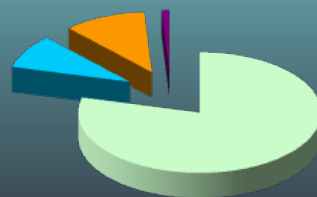
## Business Structure

### Results Review

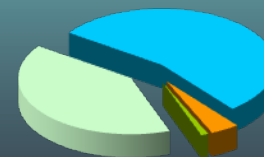
Revenue and profit breakdown by business segments

|                      | Revenue | Operating Profit |
|----------------------|---------|------------------|
| Construction         | 79%     | 39%              |
| Property Development | 9%      | 53%              |
| Building Materials   | 11 %    | 9%               |
| Others               | 1 %     | -1%              |

Revenue



Operating Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

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



### Results Review

As at 31 December  
RMB million

|                               | 2012<br>% of total |             | 2011<br>% of total |             | Change     |
|-------------------------------|--------------------|-------------|--------------------|-------------|------------|
| Government & Public Buildings | <b>14,670</b>      | <b>32%</b>  | 13,478             | 33%         | 9%         |
| Urban Infrastructure          | <b>14,140</b>      | <b>30%</b>  | 11,755             | 29%         | 20%        |
| Residential Projects          | <b>9,446</b>       | <b>20%</b>  | 8,918              | 23%         | 6%         |
| Industrial Projects           | <b>8,295</b>       | <b>18%</b>  | 6,384              | 22%         | 30%        |
| <b>Total</b>                  | <b>46,551</b>      | <b>100%</b> | <b>40,534</b>      | <b>100%</b> | <b>15%</b> |



## Construction-in-progress (by region)

As at 31 December  
RMB million

|                            | 2012          |             | 2011          |             | Change     |
|----------------------------|---------------|-------------|---------------|-------------|------------|
|                            |               | % of total  |               | % of total  |            |
| Zhejiang Province          | 13,972        | 30%         | 12,971        | 32%         | 8%         |
| Shanghai                   | 11,281        | 24%         | 10,134        | 25%         | 11%        |
| Other Eastern China Region | 5,094         | 11%         | 3,851         | 10%         | 32%        |
| Central China Region       | 8,730         | 19%         | 7,471         | 18%         | 17%        |
| Northern China Region      | 4,680         | 10%         | 3,648         | 9%          | 28%        |
| Other Regions              | 1,434         | 3%          | 1,277         | 3%          | 12%        |
| Overseas*                  | 1,359         | 3%          | 1,184         | 3%          | 15%        |
| <b>Total</b>               | <b>46,551</b> | <b>100%</b> | <b>40,534</b> | <b>100%</b> | <b>15%</b> |

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



*Results  
Review*

## 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%                                | 194,000                        | 8,500                                 |
| Shanghai Hongqiao Project  | 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



### Results Review



#### Completed Property

| <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> |
|-------------------------|-----------------|-------------------------------------|--------------------------------|---------------------------------------|
| Daban Fengqing Phase II | Shaoxing        | 100%                                | 150,000                        | 7,000                                 |

The project was completed in October 2012 ahead of schedule. The sold units were delivered to owners in January 2013 and the revenue of which will be recognised in 2013.

## 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 - 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*

- ◆ 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 194,000 square metres, comprising of high-rise residential, town houses and commercial units. The project will be developed in three phases.
  - ◆ 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 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

Year ended 31 December  
RMB million

| 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%                           |
|             |                   | <b>451,240</b>            | <b>220,130</b>   |                                |

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





## Prefabricated building materials



### Results Review

- ◆ The acquisition agreements of which Anhui Baoye Building Materials Industrialisation Company Limited acquired 29% of the equity interests of Sievert Quick-mix Building Materials (Hefei) Company Limited and Sievert Concrete Precast Elements (Hefei) Company Limited, has come into effect after approval by the relevant governing authorities.
- ◆ In Dec. 2012, Zhejiang Baoye Building Materials Industrialisation Company Limited entered into a letter of intent with BV, a subsidiary of Sievert Group, in relation to the establishment of a sino-foreign joint venture, in which the Company is interested in 75%. The joint venture will focus on the markets in Jiangsu, Zhejiang and Shanghai, which will be principally engaged in the research and development, production, sale and construction of prefabricated floor slab and wall slab.
- ◆ In March 2013, Baoye and Daiwa housing signed an agreement in relation to the establishment of a jointly controlled entity which will be principally engaged in the production, sale, construction and design consultation, research and development of parts used in industrialised residential housing.





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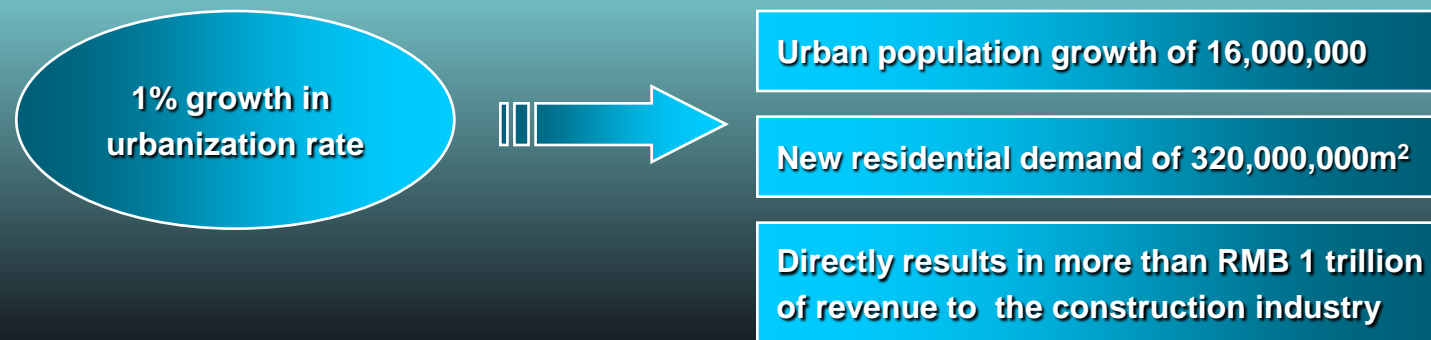


# *Business Prospects*



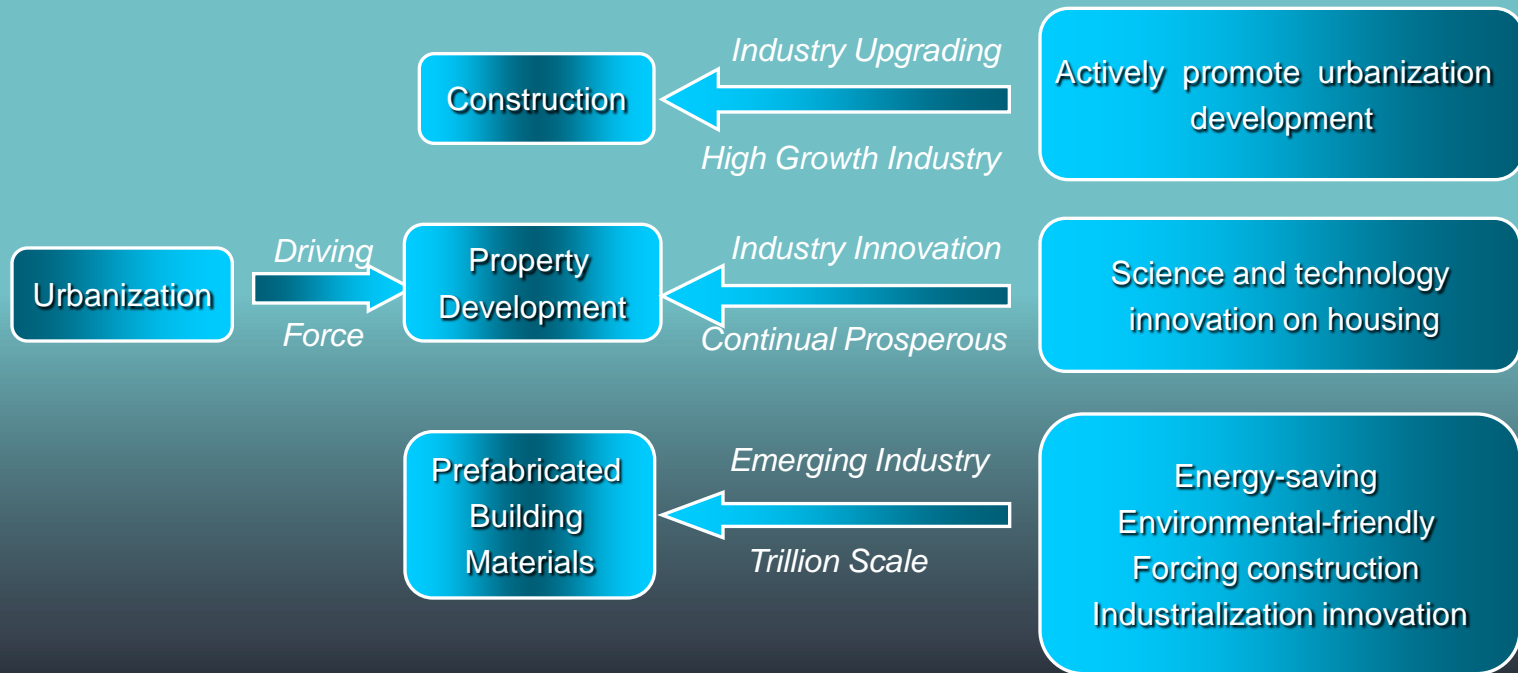
## Urbanization in China

- ◆ 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*

- ◆ To deepen its market position, after ten years of development, Anhui Baoye and Hubei Baoye have become renowned companies in local presence, meeting the Group's vision of "going out Yangtze River Delta, covering the whole nation and realizing the regional management". The Group will preserve the "going out" strategy and development framework by "network marketing, regional businesses and management", to enhance its market position. Taking the advantage of overseas companies, the Group will speed up and expand overseas markets by contracting for more overseas government investment projects and subsidised economic construction projects.
- ◆ In relation to the business development mode, by securing "big market, big customer and big project", the Group will expand the scale of operation, promote transformation and upgrading its position as project general contractor, construction-agent system, Build-Transfer (BT), Build-Operate-Transfer (BOT) and Engineering-Procurement-Construction (EPC), by regulating and improving the Group's business structure and mode, as well as enhancing its profitability in the construction market in light of fierce competition.





## Property Development Business



### *Business Prospects*

- ◆ The policy of increase in urbanisation will bring new development opportunities and steer the rigid demand in second and third tier cities. The Group will explore business opportunities in the areas of affordable housing, green and environmental-friendly residential property and property for the aged and small town construction.
- ◆ The Group's property development business strategy follows the government's macroeconomic measures, mainly focusing on quality residential properties featured with small and medium size, livability, good location and full community service and positioning its market in second and third tier cities.
- ◆ The Group preserves its land bank with good location, appropriate size, reasonable cost and appreciation potential.

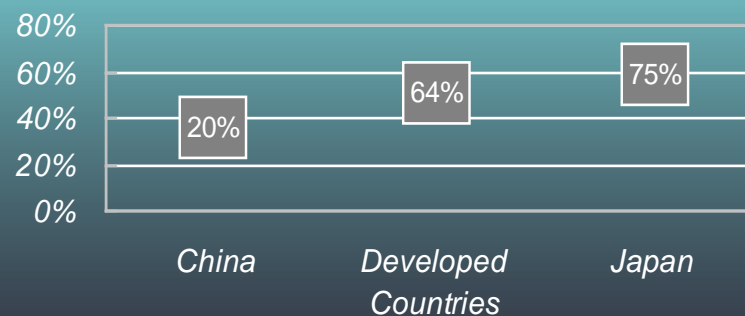


## Prefabricated Building Materials Business



### 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*

- ◆ The Group has established three building materials industrial parks in Shaoxing, Hefei and Wuhan and owned two industrialised housing technologies in light steel structure and PC concrete structure. The Group is well prepared both in technology and market strategy and expects to have a bigger market share in the emerging green construction market.
- ◆ Through the cooperation with the Japanese partner, Daiwa House and the German partner, Sievet Group, the Group will focus on the housing industrialisation with these two overseas' industry leaders, and further expand its market share, improve operational efficiency and achieve a cross-divisional development.





## 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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