



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*





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# *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"
- Hefei  
"Baoye Dongcheng Square "
- Wuhan  
"Baoye Guanggu Lidu"
- Shanghai  
"Baoye Wanhuacheng"
- Shanghai  
"Baoye Centre"
- Bozhou  
"Baoye Mengdie Luyuan"
- Kaifeng  
"Baoye Longhu Yucheng"
- Bengbu  
"Baoye Xuefu Luyuan"
- Mengcheng  
"Xiaoyao Luyuan"

#### 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 31 March 2014</i>     | <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>                |                      |                   |
| Zhu Yicai                      | 28,432,000           | 4.29%             |
| JPMorgan Chase & Co.           | 21,904,000           | 3.30%             |
| Norges Bank                    | 20,936,000           | 3.16%             |
| Mr. Pang Baogen (Chairman)     | 6,612,000            | 1.00%             |
| Others                         | 234,337,952          | 35.35%            |
|                                | <b>312,221,952</b>   | <b>47.09%</b>     |
| <b>Total</b>                   | <b>662,964,005</b>   | <b>100%</b>       |



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

# *Results Review*

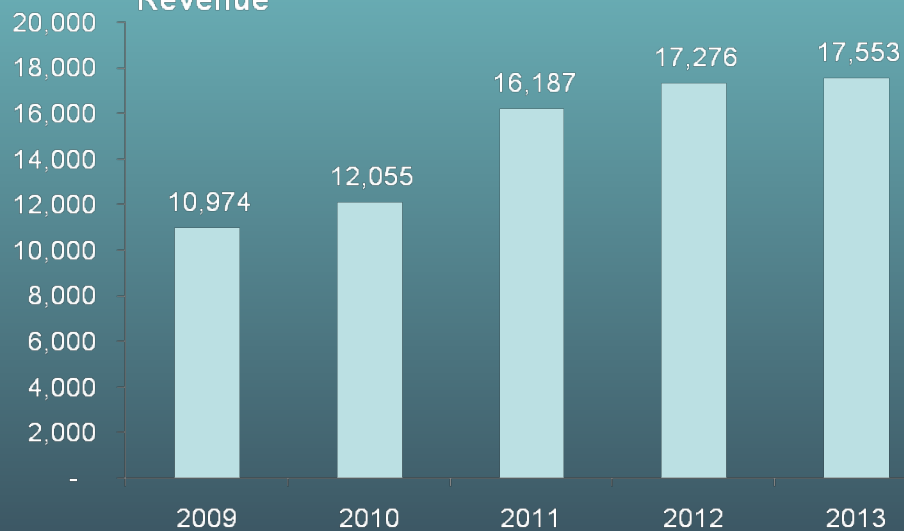




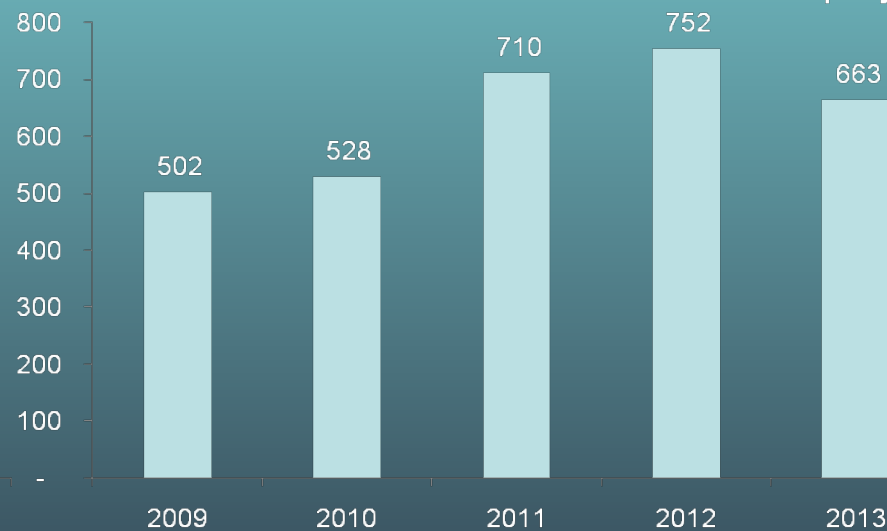
## Results Review

For the year ended 31 December  
RMB million

Revenue



Profit Attributable to the Owners of the Company

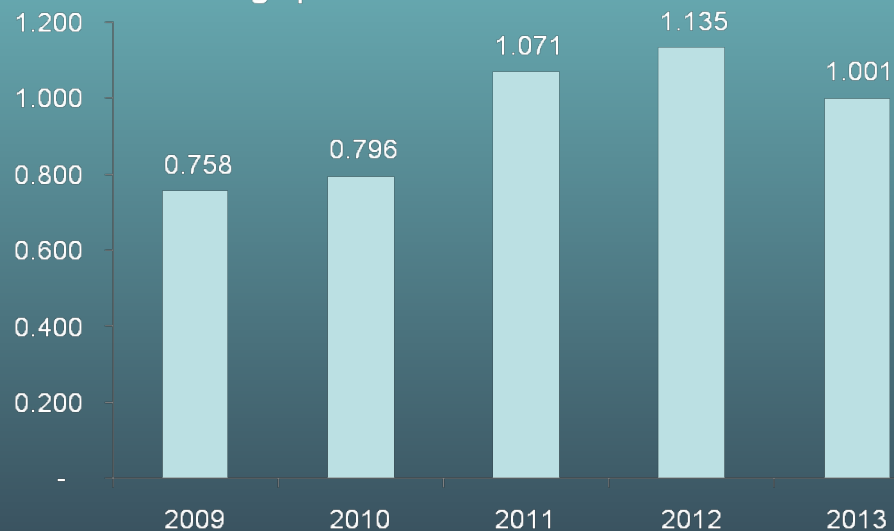




## Results Review

For the year ended 31 December  
RMB

Earnings per Share



Net Assets Value per Share



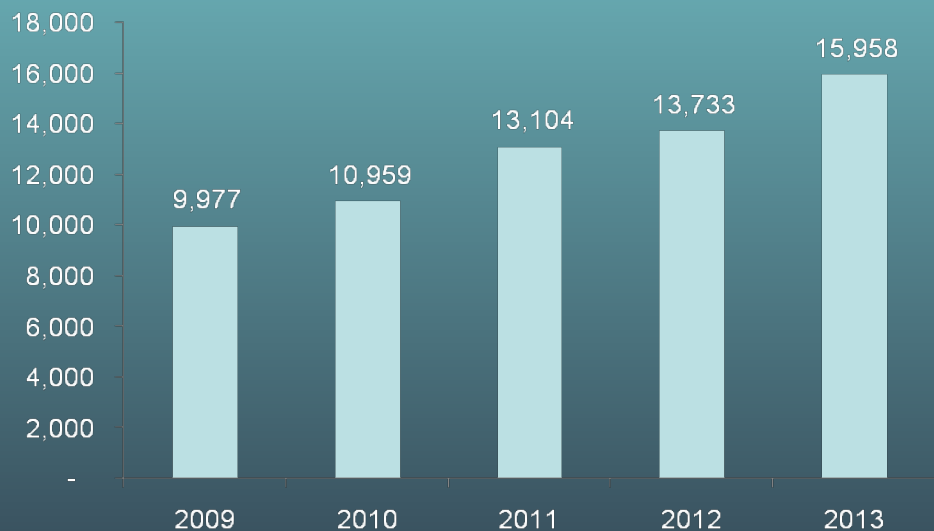




## Results Review

For the year ended 31 December  
RMB million

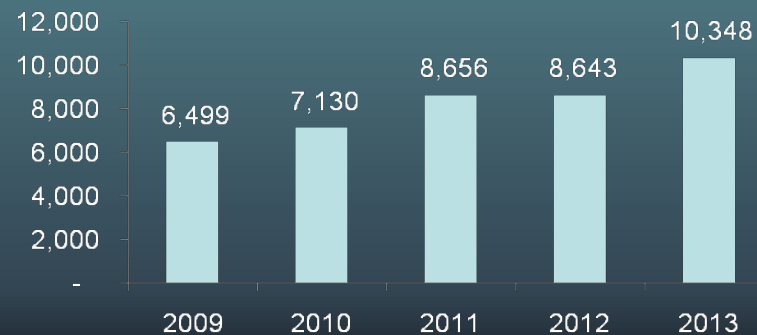
### Total Assets



### Total Equity



### Total Liabilities





## Summary

### Results Review

For the year ended 31 December  
RMB million

|  | 2013          | 2012   | Change |
|--|---------------|--------|--------|
| Revenue  | <b>17,533</b> | 17,276 | 2%     |
| Profit attributable to the owners of the Company | <b>663</b>    | 752    | -12%   |
| Earnings per share (RMB)                         | <b>1.001</b>  | 1.135  | -12%   |






## Turnover



## Results Review

For the year ended 31 December  
RMB million

|                      | 2013          | 2012          | Change    |
|----------------------|---------------|---------------|-----------|
| Construction         | 13,962        | 13,634        | 2%        |
| Property Development | 1,406         | 1,671         | -16%      |
| Building Materials   | 2,067         | 1,864         | 11%       |
| Others               | 119           | 107           | 11%       |
| <b>Total</b>         | <b>17,553</b> | <b>17,276</b> | <b>2%</b> |






## Operating Profit



### Results Review

For the year ended 31 December  
RMB million

|                      | 2013       | 2012         | Change      |
|----------------------|------------|--------------|-------------|
| Construction         | 432        | 465          | -7%         |
| Property Development | 376        | 638          | -41%        |
| Building Materials   | 73         | 108          | -33%        |
| Others               | 67         | -8           | 957%        |
| <b>Total</b>         | <b>948</b> | <b>1,203</b> | <b>-21%</b> |








## Operating Profit Margin



### Results Review

For the year ended 31 December

|                      | 2013  | 2012  | Change |
|----------------------|-------|-------|--------|
| Construction         | 3.1%  | 3.4%  | -9%    |
| Property Development | 26.7% | 38.2% | -30%   |
| Building Materials   | 3.5%  | 5.8%  | -40%   |





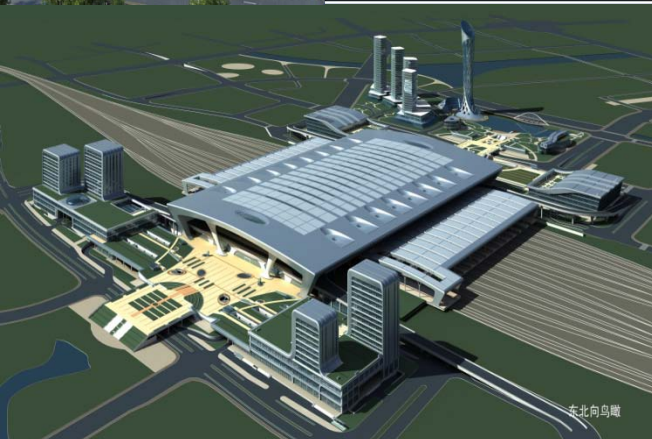
## Key Financial Ratio



### Results Review

As at 31 December

|                                  | 2013  | 2012  |
|----------------------------------|-------|-------|
| Return on equity                 | 12.0% | 15.1% |
| Net assets value per share (RMB) | 8.31  | 7.52  |
| Net cash ratio                   | 26%   | 20%   |
| Current ratio                    | 1.32  | 1.39  |



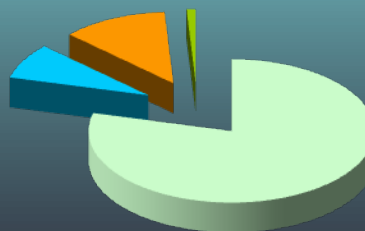
## Business Structure

### Results Review

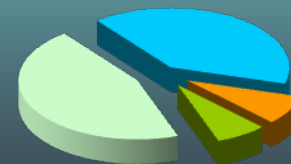
#### Revenue and profit breakdown by business segments

|                      | Revenue | Profit |
|----------------------|---------|--------|
| Construction         | 79%     | 45%    |
| Property Development | 8%      | 40%    |
| Building Materials   | 12%     | 8%     |
| Others               | 1%      | 7%     |

Revenue



Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

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



### Results Review

For the year ended 31 December  
RMB million

|                               | 2013<br>% of total |             | 2012<br>% of total |             | Change    |
|-------------------------------|--------------------|-------------|--------------------|-------------|-----------|
| Government & Public Buildings | <b>16,053</b>      | <b>33%</b>  | 14,670             | 32%         | 9%        |
| Urban Infrastructure          | <b>15,717</b>      | <b>32%</b>  | 14,140             | 30%         | 11%       |
| Residential Projects          | <b>9,162</b>       | <b>18%</b>  | 9,446              | 20%         | -3%       |
| Industrial Projects           | <b>8,323</b>       | <b>17%</b>  | 8,295              | 18%         | 0%        |
| <b>Total</b>                  | <b>49,255</b>      | <b>100%</b> | <b>46,551</b>      | <b>100%</b> | <b>6%</b> |





## Construction-in-progress (by region)

For the year ended 31 December  
RMB million

|                            | 2013          | 2013        | 2012          | 2012        | Change    |
|----------------------------|---------------|-------------|---------------|-------------|-----------|
|                            |               | % of total  |               | % of total  |           |
| Zhejiang Province          | 14,038        | 29%         | 13,972        | 30%         | 0%        |
| Shanghai                   | 11,378        | 23%         | 11,282        | 24%         | 1%        |
| Other Eastern China Region | 5,665         | 11%         | 5,094         | 11%         | 11%       |
| Central China Region       | 9,654         | 20%         | 8,730         | 19%         | 11%       |
| Northern China Region      | 5,467         | 11%         | 4,680         | 10%         | 17%       |
| Other Regions              | 1,675         | 3%          | 1,434         | 3%          | 17%       |
| Overseas*                  | 1,378         | 3%          | 1,359         | 3%          | 1%        |
| <b>Total</b>               | <b>49,255</b> | <b>100%</b> | <b>46,551</b> | <b>100%</b> | <b>6%</b> |

\*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 Dongcheng Square       | Hefei           | 100%                                | 150,000                        | 5,800                                 |
| 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                                 |
| Baoye Longhu Yucheng Phase I | Kaifeng         | 60%                                 | 170,000                        | 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 - 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, where one of the subway stations is positioned, which would have a great potential appreciation in value held for long term.
- ◆ 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 Hefei



### *Results Review*

- ◆ The commercial units have launched for operation in October 2013 and the residential units and office units will be delivered to owners in 2014. The properties have already been leased out to Carrefour, Starbucks, etc. The Group has determined to lease it out for long term and retain it as investment properties, in anticipation for better returns in the long run.
  - ◆ During the year, included in the profit attributable to the owners of the Company was a fair value gain on investment properties of approximately RMB68,039,000 resulting from the conversion of certain commercial properties of Baoye Dongcheng Square, initially set up for sale, but is now held for investment properties, which is classified under other gains-net.
- 

## Property Development - Projects 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 sold out and is expected to be delivered to owners in the first half of 2014, and phase II was launched for pre-sale in June 2013.





## 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 was launched for pre-sale in August 2013, and almost sold out.



## Property Development - Projects 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.





## 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.






## Newly Acquired Land Reserves



### Results Review



| Date         | Location        | Total Land Cost (RMB'000) | Land Area (Sqms) | Equality Interest of the Group |
|--------------|-----------------|---------------------------|------------------|--------------------------------|
| August 2013  | Bengbu Anhui    | 164,500                   | 62,560           | 63%                            |
| August 2013  | Kaifeng Henan   | 58,320                    | 107,073          | 60%                            |
| October 2013 | Mengcheng Anhui | 133,800                   | 92,875           | 50%                            |
|              |                 | <b>356,620</b>            | <b>262,508</b>   |                                |





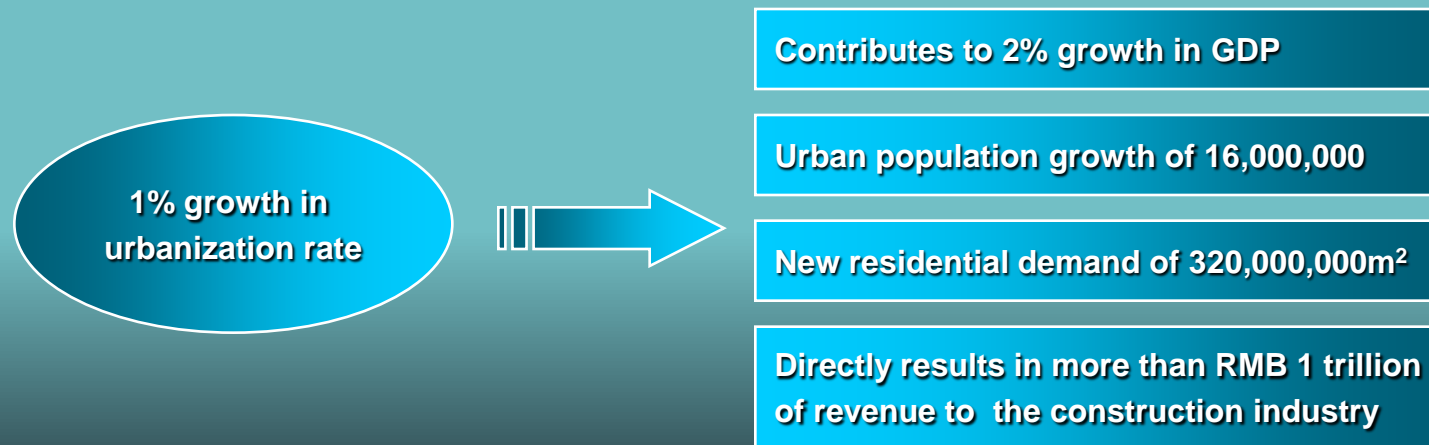
# *Business Prospects*





## Urbanization in China

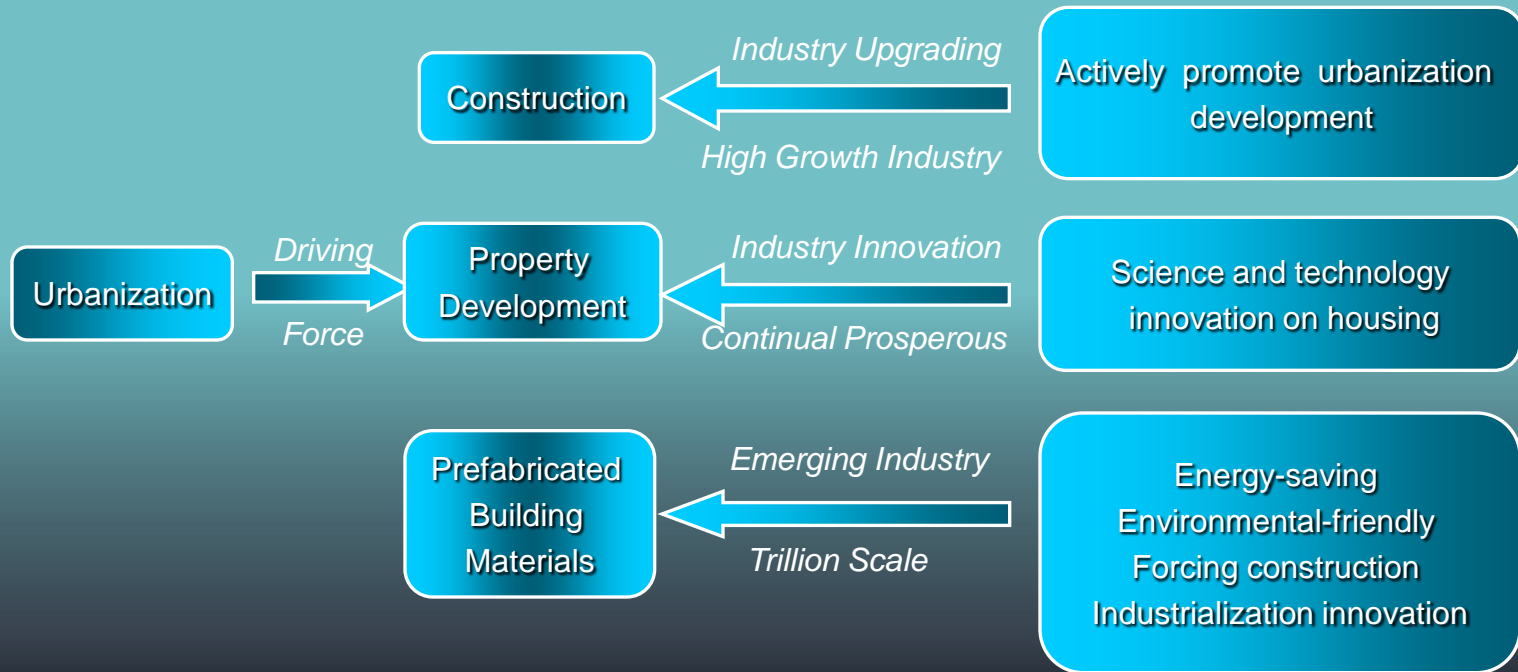
- ◆ The acceleration of the process of urbanization brought enormous development opportunities for each of the three major businesses of Baoye.





## 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.

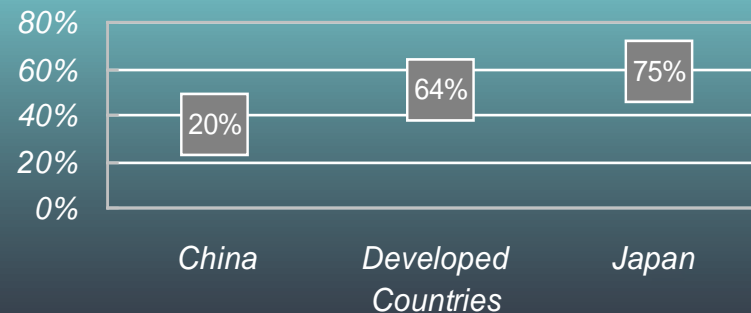


## Prefabricated Building Materials Business



### 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.
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