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寶業集團股份有限公司

BAOYE GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)
(stock code: 2355)

PROFIT WARNING

This announcement is made by Baoye Group Company Limited (the "Company") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of construction service, production and sale of construction materials and property development. Based on the preliminary review of the management accounts of the Group, the board of directors (the "Board") of the Company wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a decline in net profit for the year ended 31 December 2008 as compared with that for the corresponding year in 2007. Certain property development projects which had been pre-sold before the end of 2008 did not complete in accordance with the anticipated completion schedule by the end of 2008. As such, the sales revenue of such property development projects were not able to be recognised in the accounts of the Group for the year ended 31 December 2008, resulting in a decrease in the Group's net profit for the year ended 31 December 2008.

The Board considers that the overall financial position of the Group remains healthy, the Group maintains a low debt to equity ratio and its cash position is strong. The Board is currently reviewing the Group's strategies and operations aiming to improve its profitability and business performance in the future.

This profit warning announcement is made based on a preliminary review and assessment of the management accounts of the Group by the Board, whilst it should be noted that it is not based on any figures or information being audited or reviewed by the Company's auditors. Details of the Group's financial performance will be disclosed in the annual results announcement of the Group for the year ended 31 December 2008 as soon as practicable.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By Order of the Board of
Baoye Group Company Limited*
Pang Baogen
Chairman

Zhejiang Province, the People's Republic of China
12 February 2009

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Pang Baogen, Mr. Gao Jiming, Mr. Gao Lin, Mr. Zhou Hanwan and Mr. Wang Rongfu; and five independent non-executive directors, namely Mr. Hu Shaozeng, Mr. Wang Youwei, Mr. Yi Deqing, Mr. Dennis Yin Ming Chan and Mr. Sun Chuanlin.

**For identification purposes only*