



2006 Interim Results



宝业集团股份有限公司
BAOYE GROUP COMPANY LIMITED

STOCK CODE 2355.HK



宝业集团股份有限公司 Baoye Group Company Limited



**Results
Review**



**Development
Strategies**



Prospects



**Corporate
Profile**





宝业集团股份有限公司 Baoye Group Company Limited



Results



Review





Summary

Results Review

Six months ended 30 June (unaudited)
RMB Million

	2006	2005	Change
Turnover	2,896	2,551	+14%
Profit attributable to shareholders	401	177	+127%
Earnings per share (RMB)	0.66	0.31	+113%





Turnover



Results Review



Six months ended 30 June (unaudited)
RMB Million

	2006	2005	Change
Prefabricated Building Materials	449	286	+57%
Construction	2,031	1,687	+20%
Property Development	391	528	-26%



Operating Profit

Results Review

Six months ended 30 June (unaudited)
RMB Million

	2006	2005	Change
Prefabricated Building Materials	42	14	+193%
Construction	316	75	+323%
Property Development	168	117	+44%



Operating Profit Margin

Results Review



Six months ended 30 June (unaudited)

RMB Million

	2006	2005	Change
Prefabricated Building Materials	9 %	5 %	+80%
Construction	16 %	5 %	+220%
Property Development	43 %	22 %	+95%



Financial Ratio Analysis

Results Review



	2006	2005
Return on equity	19.4%	13.6%
Net assets value per share (RMB)	3.39	2.40
Net gearing ratio	15.7%	17.1%
Current ratio	1.12	1.17



Business Structure



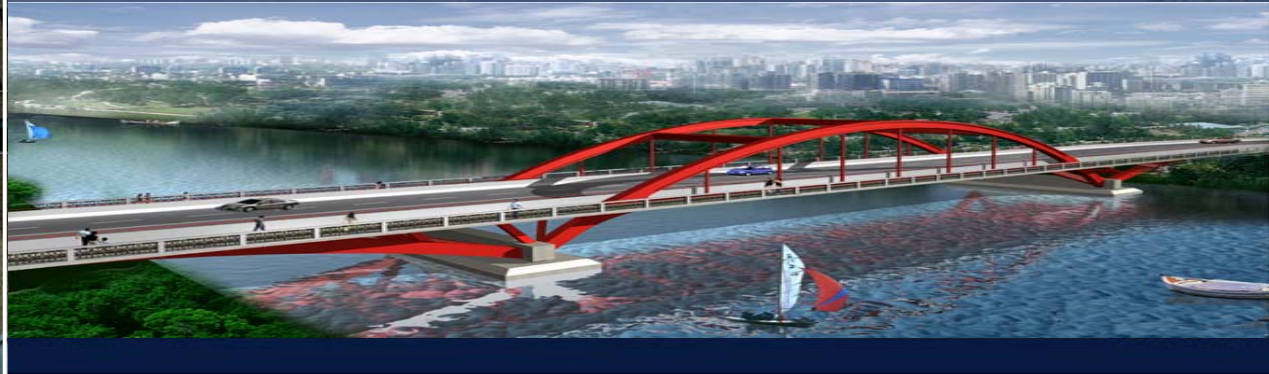
Results Review



Revenue and profit breakdown by business segments

as at 30 June 2006

	Revenue	Profit
Prefabricated Building Materials	15%	13%
Construction	70%	33%
Property Development	14%	52%





宝业集团股份有限公司 Baoye Group Company Limited



Development



Strategies



Urbanization in china

Development Strategies

- 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 real estate 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.



1% growth in urbanization rate



Contributes to 2% growth in GDP

Urban population growth of 16,000,000

New residence demand of 320,000,000m²

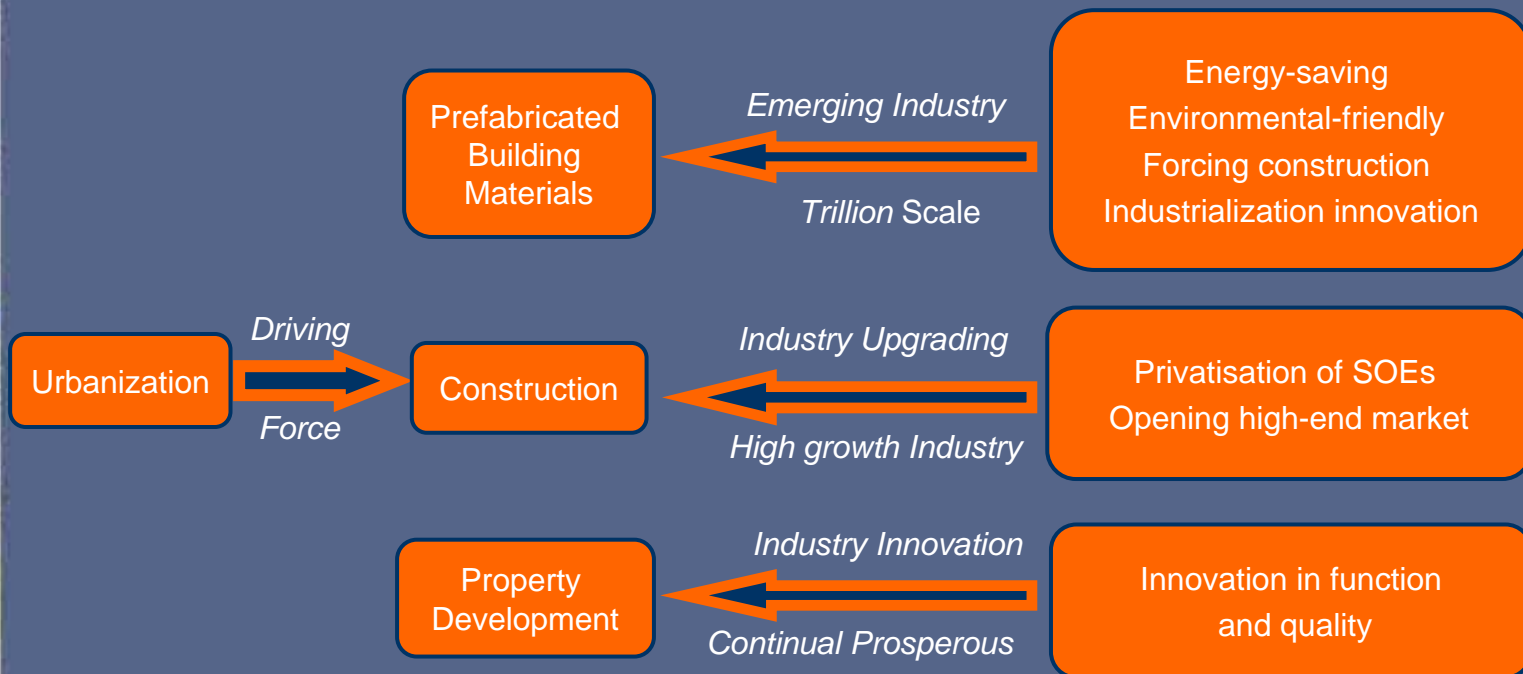
Directly results in more than RMB 1 trillion of revenue to the construction industry



Urbanization in china

- Driving force for construction growth in China - urbanization

Development Strategies





Expansion Strategies

Development Strategies



	1975	2003	2006	2008
	Incorporation	Listing On HKEx	Expansion	High growth
Revenue Contribution	Construction Company	Construction 90% Prefabricated Building Materials 8% Property Development 2%	Construction 70% Prefabricated Building Material 15% Property Development 15%	Construction 60% Prefabricated Building Material 15% Property Development 25%
Business territories	Zhejiang	Yangtze Delta	Yangtze Delta Anhui Hubei	Yangtze Delta Anhui Hubei Beijing-Tianjin-Hebei Shandong Jiangxi
Business Target		3 Billion	> 6 Billion	> 12 Billion

High industry growth driving by urbanization

Expansion through acquisition



Expansion through Acquisition

Development Strategies



- Acquisition of Hubei Construction Group at a consideration of RMB133 million on 21 February 2006.
 - Hubei Construction Group comprises 12 state-owned enterprises mainly engaged in construction business.
 - Will facilitate the Company to establish and develop its market in Hubei Province and the central part of China.
 - Hubei Construction Group has first-class general construction license and plenty of high qualification human resources.
 - Hubei Construction Group owns certain pieces of land for a total area of approx. 500,000 square meters. The majority of such lands are located in Wuhan City which, upon approval by the relevant PRC authorities, can be used for the purpose of residential and/or commercial property development.



Expansion through Acquisition



Development Strategies



Update on Hubei Construction Group as at 30 June 2006

- Excess of the fair value of net assets of Hubei Construction Group over the acquisition cost: RMB 212,547,000;
 - of which RMB 179,707,000 is arising from restructuring of bank loans;
 - Land use rights are still stated at cost, no fair value adjustment;
- Turnover contribution for the period is RMB 163 million, loss for the period is RMB 11 million;
- Construction-in-progress as at 30 June 2006 is approx. RMB 700 million;
- Reorganization of staffs and workers was basically completed.



Expansion through Strategic Alliance

Development Strategies



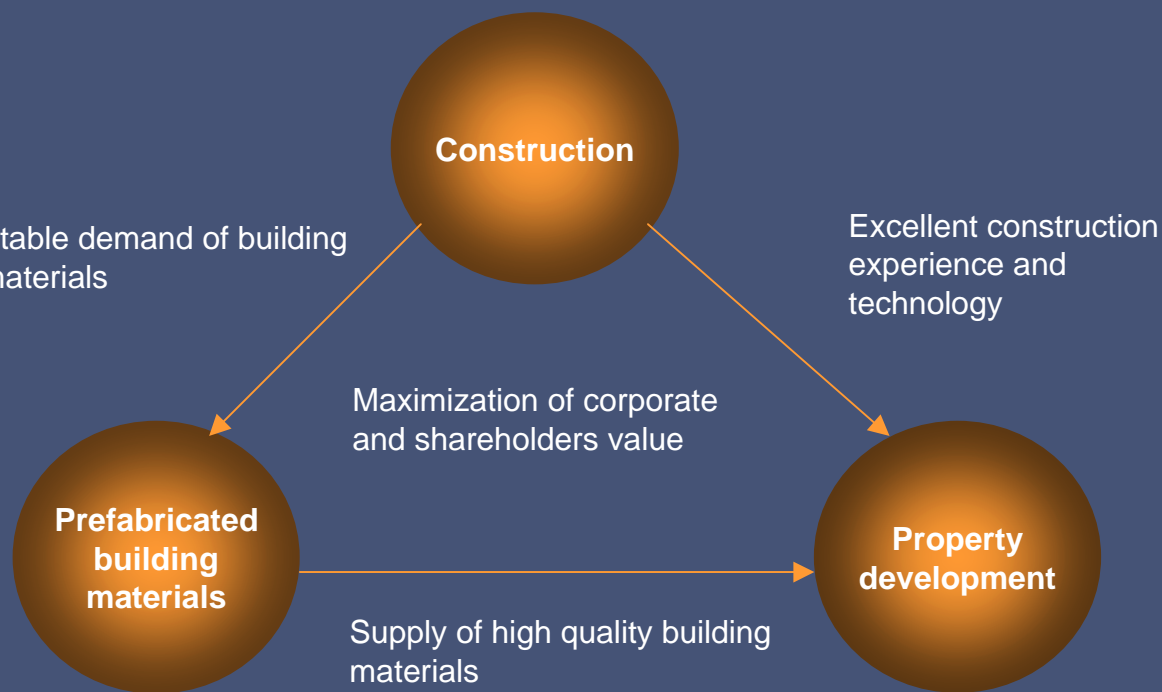
- In March 2006, the Company entered into an agreement with Daiwa House, a Japanese leading prefabricated building materials manufacturer, to form a strategic alliance in the co-development of technological skills for the manufacture of industrialized residential units for a term of 10 years.
 - Strengthen our technical know-how in the manufacture of industrialized residential units.
 - Become the pioneer and the leader of prefabricated building materials manufacturing in the PRC.
 - Establish a foundation for possible future co-operation, forming joint venture with Daiwa House.



Core Competitiveness — Synergy



**Development
Strategies**





Our Philosophy



Development Strategies



Create a healthy social environment

- Energy-efficient and environmental-friendly prefabricated building materials
- High quality construction services with priority on safety
- Affordable nice environment residential complex

Enhance shareholders value and create excellent returns



Government Austerity Measures - opportunities



Development Strategies



- PRC Government austerity measures become a national policy that will be implemented continuously
- Eliminate market concern on the uncertainty of government policies change from time to time
- Facilitating resources allocation, encouraging M&A and eliminating weak player
- Golden opportunity for company with strong financial position such as Baoye



宝业集团股份有限公司 Baoye Group Company Limited



Prospects





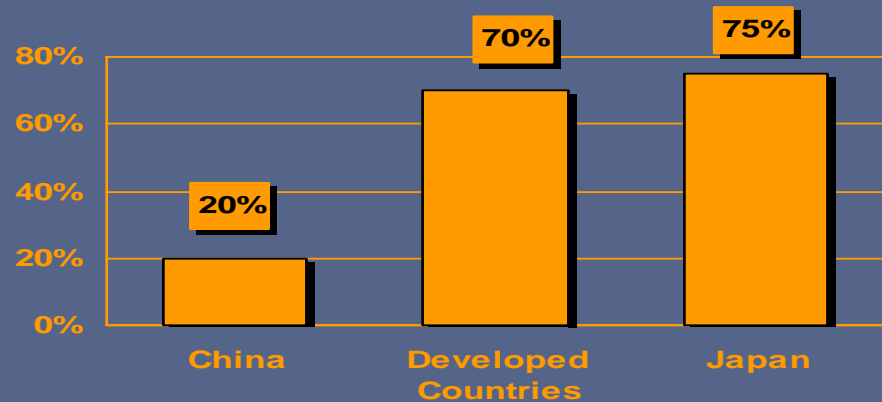
Prefabricated Building Materials



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 Renminbi in the coming years.





Prefabricated Building Materials



Prospects



To be the leading prefabricated building materials company in China

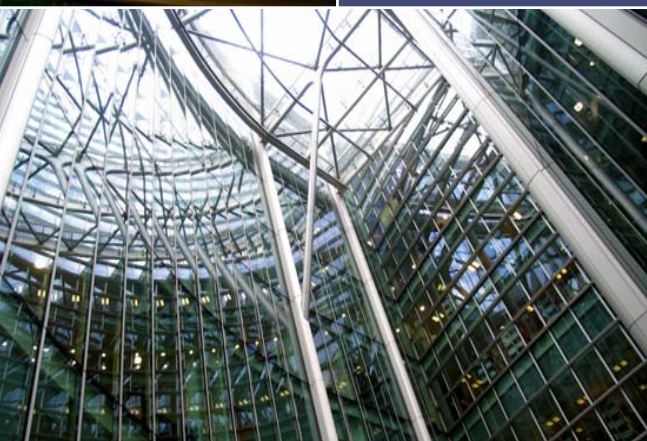
	Commencemet of construction	Commencement of operation	Designed production capacity (RMB)
Shaoxing Housing Industrialization Park	2002	2004	2 billion
Hefei Housing Industrialization Park	2005	2006	2 billion
Wuhan Housing Industrialization Park	2007	2008-09	2 billion
Total			6 billion



Construction-in-progress

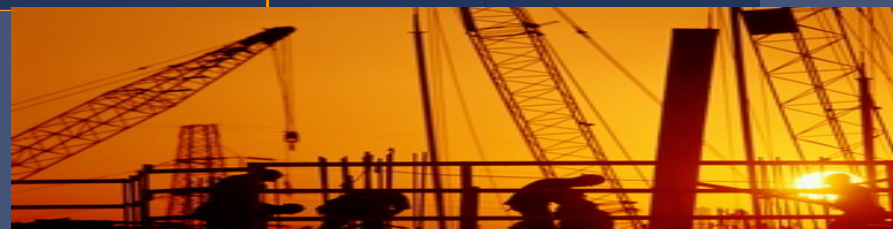


Prospects



Six months ended 30 June (unaudited)
RMB Million

	2006	2005	change
	RMB Million	RMB Million	%
Govt. & Public Buildings	6,036	4,343	+39%
Urban Infrastructure	3,650	2,424	+51%
Residential Projects	1,965	1,515	+30%
Industrial Projects	2,387	1,818	+31%
Total	14,038	10,100	+39%





Construction-in-progress



Prospects

浙江电力生产调度大楼西南立面效果图（方案二）



Six months ended 30 June (unaudited)
RMB Million

	2006	2005	change
	RMB Million	RMB Million	%
Shaoxing County	842	2,121	-60%
Other Counties of Zhejiang Province	4,633	3,636	+27%
Shanghai	2,667	2,525	+6%
Other Provinces	5,896	1,818	+224%
Total	14,038	10,100	+39%



Property Development Schedule



Prospects



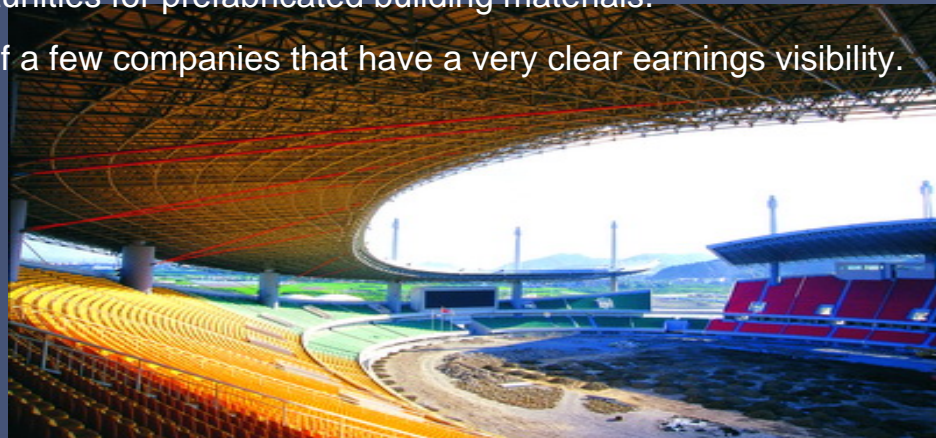
Property Name	Revenue Recognition Schedule	Location	Attr. GFA (Sqm)	Total Development Cost (Rmb/Sqm)
Baoye Linjiang Green Garden	2007	Shaoxing	56,000	2500
Baoye Green City Garden	2006 2007 2008	Hefei	Phase I 150,000 Phase II 170,000 Phase III 200,000	2,212
Baoye Four Seasons Garden	2007 2008 2009 2010	Shaoxing	Phase I 26,250 Phase II 183,750 Phase III 157,500 Phase IV 157,500	5,091
Zhejiang Commercial City	2006 2007	Hefei	Phase I 35,000 Phase II 40,000	2,275
Jing'an Ziyuan	2007 2008	Shanghai	35,940	10,555
Hangzhou Int'l Airport Building	2008	Hangzhou	34,200	5,091



Entering a High Growth Era

Prospects

- Baoye will continue to enjoy a very strong growth in the coming years in all three business segments.
- Accelerating urbanization in PRC will sustain long-term growth for the construction industry.
- Improving household income supports housing demand.
- Demand for intelligent architecture and energy-efficient and environmental-friendly construction services are bringing enormous industry opportunities for prefabricated building materials.
- Baoye is one of a few companies that have a very clear earnings visibility.





宝业集团股份有限公司 Baoye Group Company Limited



Corporate Profile





宝业集团股份有限公司 Baoye Group Company Limited



Corporate Profile





Corporate Profile

- We are one of the largest and most profitable privately-owned construction companies in the PRC.
- With 31 years of industry experience, the Group has successfully developed into a conglomerate enterprise comprising of prefabricated building materials, construction and property development and growing up from a regional company to a national group
- An H-share company listed on the main board of HKEx since June 2003. The first and the only PRC vertically integrated construction enterprise listed in Hong Kong.





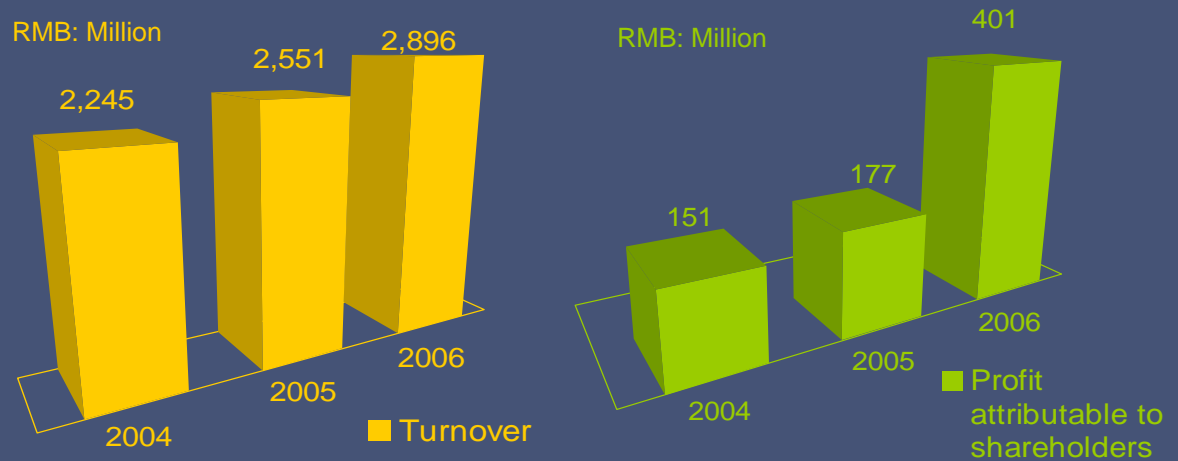
宝业集团股份有限公司 Baoye Group Company Limited



Corporate Profile



- Proven business track record with impressive earnings growth.
- 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.





Business Structure



Corporate Profile



Baoye Group

(2355.HK)

Prefabricated Building Materials

- Enjoys a higher than industry average profit margin due to synergistic effect resulting from excellent construction and quality building materials
- The pioneer of prefabricated building materials manufacturing in the PRC, aiming to become the industry standard setter
- Operates PRC's largest and Zhejiang's only national-class prefabricated building materials industrial park

Construction

- No limit on tendering bids because of our top-class license
- Strong revenue growth supported by large order volume on hand

Property Development

- Quality land bank accumulated at low cost over the past years, sufficient for future development in the coming 10 years



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