



2006 Annual 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

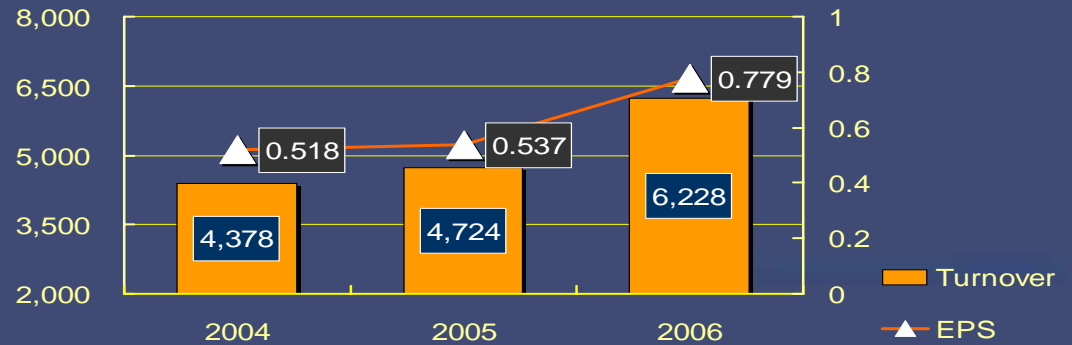


Results Review



As at 31 December
RMB Million

| | 2006 | 2005 | Change |
|-------------------------------------|-------|-------|--------|
| Turnover | 6,228 | 4,724 | +32% |
| Profit attributable to shareholders | 476 | 304 | +56% |
| Earnings per share (RMB) | 0.779 | 0.537 | +45% |





Turnover



Results Review



As at 31 December
RMB Million



| | 2006 | 2005 | Change |
|----------------------------------|-------|-------|--------|
| Prefabricated Building Materials | 1,076 | 621 | +73% |
| Construction | 4,645 | 3,524 | +32% |
| Property Development | 445 | 546 | -18% |



Operating Profit



Results Review



As at 31 December
RMB Million



| | 2006 | 2005 | Change |
|----------------------------------|------|------|--------|
| Prefabricated Building Materials | 51 | 89 | -43% |
| Construction | 469 | 207 | +127% |
| Property Development | 126 | 125 | +1% |



Operating Profit Margin



Results Review



As at 31 December
RMB Million



| | 2006 | 2005 | Change |
|----------------------------------|--------|--------|--------|
| Prefabricated Building Materials | 4.7 % | 14.3 % | -67 % |
| Construction | 10.1 % | 5.9 % | +72 % |
| Property Development | 28.4 % | 23.0 % | +24 % |



Financial Ratio Analysis



Results Review



| | 2006 | 2005 |
|----------------------------------|------|------|
| Return on equity | 22 % | 17 % |
| Net assets value per share (RMB) | 3.51 | 2.89 |
| Net gearing ratio | 15 % | 14 % |
| Current ratio | 1.09 | 1.33 |



Business Structure



Results Review



Revenue and profit breakdown by business segments

As at 31 December 2006

| | Revenue | Profit |
|----------------------------------|---------|--------|
| Prefabricated Building Materials | 17% | 8% |
| Construction | 75% | 72% |
| Property Development | 7% | 19% |
| | | |



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



Development



Strategies



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 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

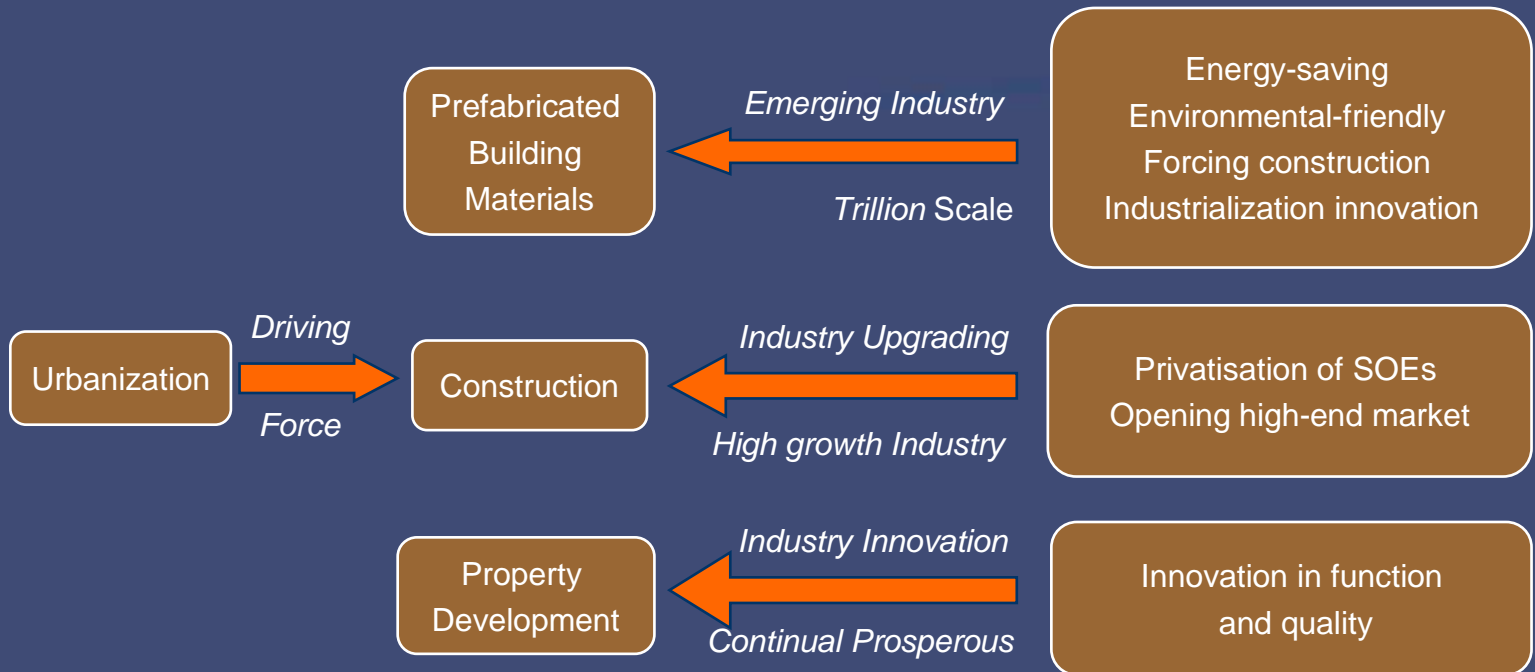
Directly results in more than RMB 1 trillion of revenue to the construction industry



Urbanization in China



- Driving force for construction growth in China - urbanization





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 31 December 2006

- Excess of the fair value of net assets of Hubei Construction Group over the acquisition cost: RMB 288,358,000;
 - 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 year is RMB 599 million, loss for the period is RMB 29 million;
- Construction-in-progress as at 31 Dec 2006 is approx. RMB 1,000 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.



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





Prospects

Prospects



| | 1975 | 2003 | 2006 | 2008 | 2010 | |
|--|---------------|-----------------|---------------------------------|--|---|-----|
| | Incorporation | Listing on HKEx | Expansion | High growth | National-wide Growth | |
| Revenue Contribution | A | 100% | 90% | 70% | 65% | 60% |
| | B | - | 8% | 15% | 20% | 25% |
| | C | - | 2% | 15% | 15% | 15% |
| A. Construction B. Prefabricated materials C. Property development | | | | | | |
| High industry growth driving by urbanization | | | | | | |
| Business Territories | Zhejiang | Yangtze Delta | Yangtze Delta Anhui Hubei | Yangtze Delta Anhui Hubei Beijing-Tianjin-Hebei Shandong | Yangtze Delta Anhui Hubei Beijing-Tianjin-Hebei Shandong Jiangxi | |
| Expansion through acquisition | | | | | | |
| Business Target | | 3 Billion | > 6 Billion | > 12 Billion | > 25 Billion | |
| Profit Target | | 141 Million | > 470 Million | > 1.2 Billion | > 2.5 Billion | |



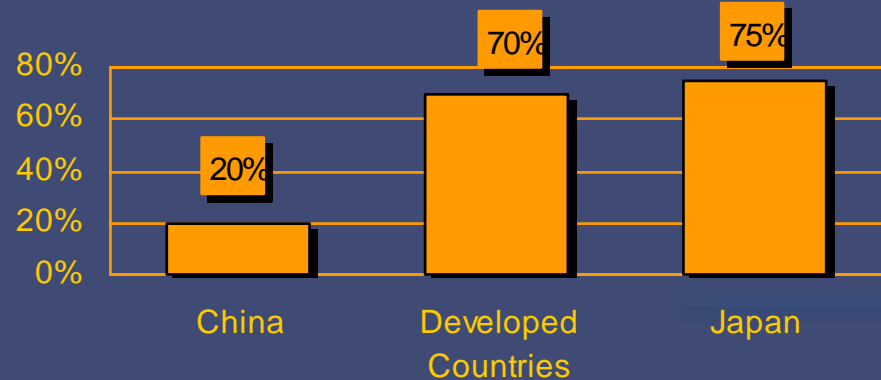
Prefabricated Building Materials



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

| | Commencement 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



As at 31 December

| | 2006 | 2005 | change |
|--------------------------|---------------|---------------|-------------|
| | RMB Million | RMB Million | % |
| Govt. & Public Buildings | 7,339 | 4,923 | +49% |
| Urban Infrastructure | 4,437 | 3,362 | +32% |
| Residential Projects | 2,389 | 1,801 | +33% |
| Industrial Projects | 2,902 | 1,921 | +51% |
| Total | 17,067 | 12,007 | +42% |



Construction-in-progress



Prospects



As at 31 December

| | 2006 | 2005 | change |
|-----------------------|---------------|---------------|-------------|
| | RMB Million | RMB Million | % |
| Zhejiang Province | 6,657 | 4,991 | +33% |
| Shanghai | 5,973 | 4,536 | +32% |
| Central China Region | 3,925 | 2,159 | +82% |
| Northern China Region | 512 | 321 | +60% |
| Total | 17,067 | 12,007 | +42% |



Property Development



Prospects



Property Development Schedule (2007-2008)

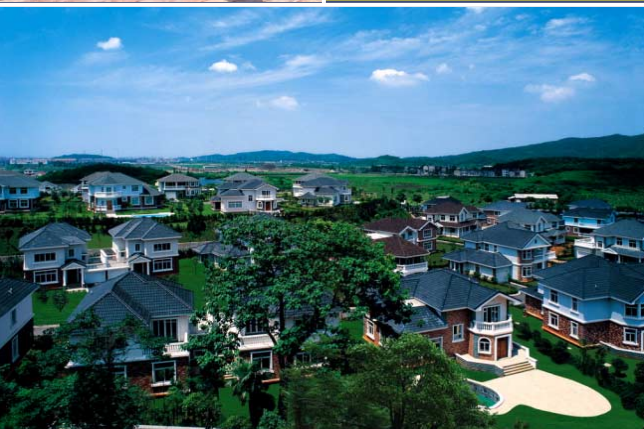
| Property Name | Location | Equity Interests held by Baoye | GFA (sqm) | Selling Price (Rmb/sqm) | Cost (Rmb/sqm) |
|-------------------------------------|-------------|--------------------------------|-----------|-------------------------|----------------|
| 2007 | | | | | |
| Yangxunqiao Linjiang Green Garden | Yangxunqiao | 100% | 57,380 | 3,300 | 2,125 |
| Zhejiang Commercial City | Hefei | 75% | 70,000 | 3,200 | 2,447 |
| Baoye City Green Garden (Phase II) | Hefei | 100% | 100,000 | 3,600 | 2,300 |
| Jing'an Ziyuan | Shanghai | 70% | 51,300 | 25,000 | 10,555 |
| 2008 | | | | | |
| Baoye City Green Garden (Phase III) | Hefei | 100% | 150,000 | 3,900 | 2,300 |
| Land of Zhongbao Machinery | Hefei | 100% | 150,000 | 2,800 | 1,880 |
| Baoye Four Seasons Garden (Phase I) | Shaoxing | 100% | 100,000 | 7,000 | 5,000 |
| Wuhan Projects (Phase I) | Wuhan | 100% | 100,000 | 7,000 | 3,100 |



Property Development



Prospects



Property Development Schedule (2009-2010)

| Property Name | Location | Equity Interests held by Baoye | GFA (sqm) | Selling Price (Rmb/sqm) | Cost (Rmb/sqm) |
|---------------------------------------|----------|--------------------------------|-----------|-------------------------|----------------|
| 2009 | | | | | |
| Baoye Four Seasons Garden (Phase II) | Shaoxing | 100% | 150,000 | 8,000 | 5,000 |
| Wuhan Project (Phase II) | Wuhan | 100% | 150,000 | 7,500 | 3,100 |
| Baoye City Green Garden (Phase IV) | Hefei | 100% | 100,000 | 4,160 | 2,300 |
| Xia Tsuen Lake Golf Project | Hefei | 100% | 150,000 | 4,500 | 28,000 |
| 2010 | | | | | |
| Baoye Four Seasons Garden (Phase III) | Shaoxing | 100% | 200,000 | 9,500 | 5,000 |
| Wuhan Projects (Phase III) | Wuhan | 100% | 200,000 | 8,000 | 3,100 |
| Xia Tsuen Lake Golf Project | Hefei | 100% | 150,000 | 5,000 | 2,800 |



Entering a High Growth Era



Summary



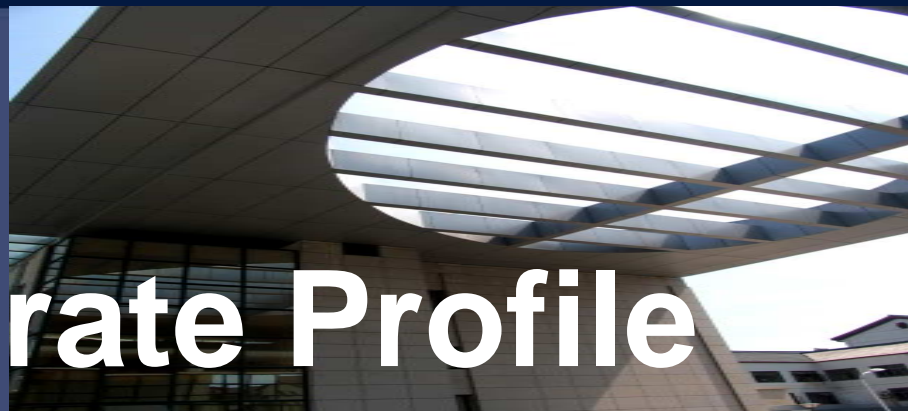
- Baoye will continue to enjoy a very strong growth in the coming years in all three business segments.
- Accelerating urbanization in PRC will sustain long-term growth for the construction industry.
- Improving household income supports housing demand.
- Demand for intelligent architecture and energy-efficient 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



- 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.



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.



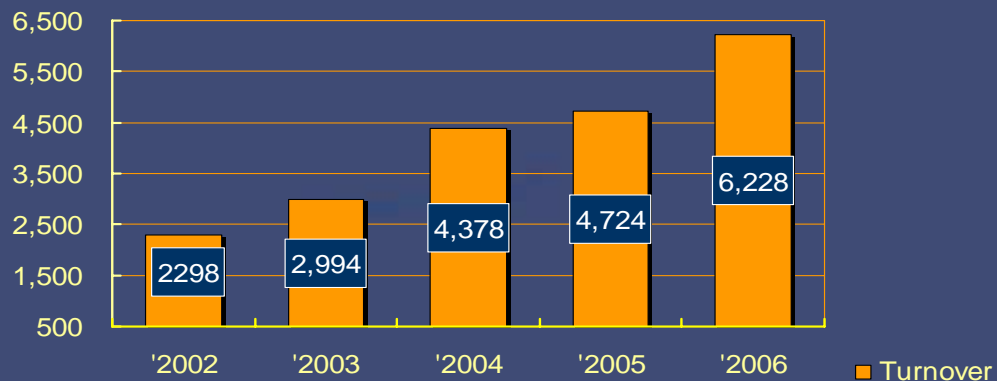
宝业集团股份有限公司 Baoye Group Company Limited



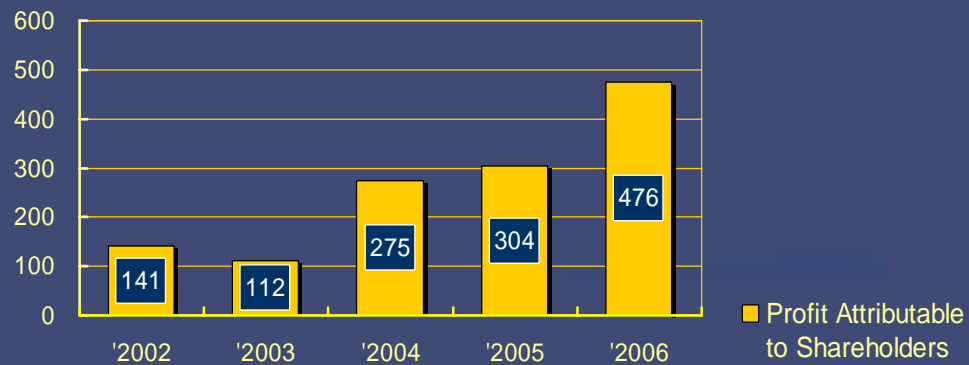
Corporate Profile



Turnover (RMB million)



Profit Attributable to Shareholders (RMB million)





Business Structure



Corporate Profile



Baoye Group
(2355.HK)

Prefabricated 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

- 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 10 years



Shareholders Structure



Corporate Profile



| | No.of shares | % of total |
|-------------------------------------|----------------------|-------------|
| Domestic Shares (non-listed) | | |
| Chairman, Mr.Pang | 198, 753, 054 | 29. 98% |
| Senior Management | 151, 988, 999 | 22. 93% |
| | 350, 742, 053 | 52. 91% |
| H Shares (listed) | | |
| Tiger | 52, 036, 992 | 7. 85% |
| Goldman Sachs | 43, 364, 160 | 6. 54% |
| Atlantis | 37, 000, 000 | 5. 60% |
| Others | 182, 320, 800 | 27. 50% |
| | 312, 221, 952 | 47. 49% |
| Total | 662, 964, 005 | 100% |



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



Corporate Profile



- Zhejiang Province, where our headquarters are located, is in the Yangtze Delta, one of the richest regions in the PRC.
- In addition to our home base, we have expanded our business footprint into neighboring areas including Shanghai, Hefei & Wuhan.





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



Corporate Profile



Baoye Group Company Limited





Corporate Profile



- Ranked No. 393 of Top 500 Global Chinese Enterprises by Asia Newsweek in 2006.
- Market Cap. Ranked No. 1 among construction companies in HKEx.
- Ranked No. 1 in terms of taxation paid in Shaoxing County in 2005.



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

Investor Relations Department

Tel: 86 - 575 - 4135837

Fax: 86 - 575 - 4118792

E-mail: irbaoye@baoyegroup.com

Website: www.baoyegroup.com