



Business Review and Prospects



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

STOCK CODE 2355.HK



**Results
Review**



**Impact of
PRC Govt. New/
Revised Policies**



Prospects



**Corporate
Profile**



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



Results



Review



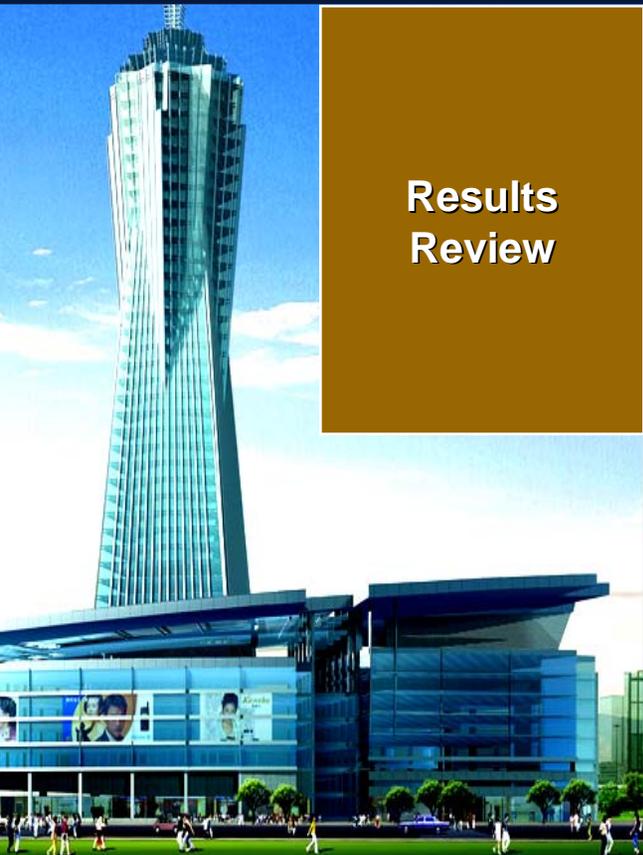


Summary

Results Review

As at 31 December
RMB Million

	2007	2006	Change
Turnover	7,657	6,228	+23%
Profit attributable to equity holders	226	476	-53%
Earnings per share (RMB)	0.343	0.779	-56%





Turnover

Results Review

As at 31 December
RMB Million

	2007	2006	Change
Construction	6,125	4,645	+32%
Property Development	374	445	-16%
Prefabricated Building Materials	1,098	1,076	+2%



Operating Profit



Results Review

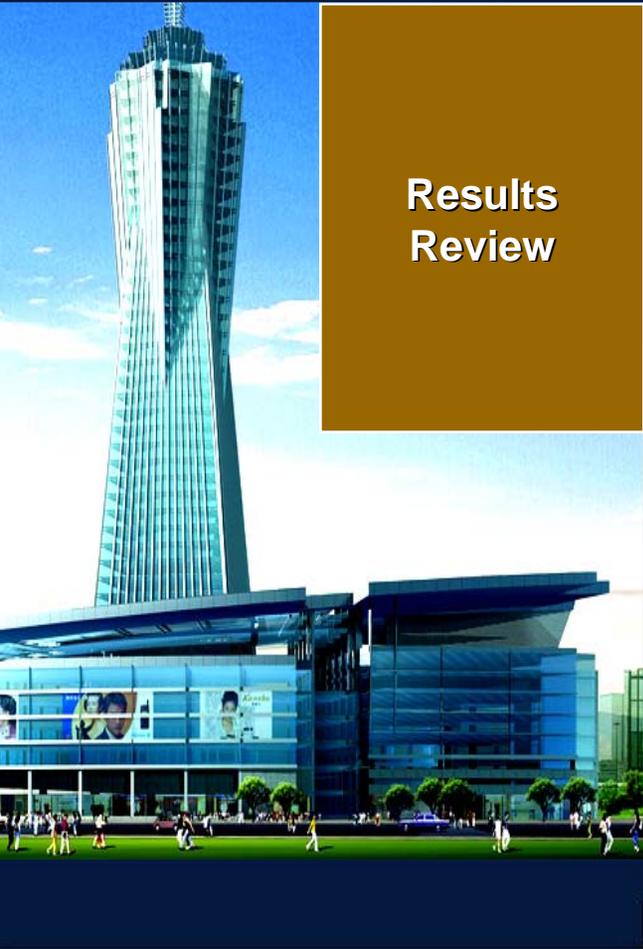


As at 31 December
RMB Million

	2007	2006	Change
Construction	219	469	-53%
Property Development	117	154	-24%
Prefabricated Building Materials	80	51	+58%



Operating Profit Margin



Results Review

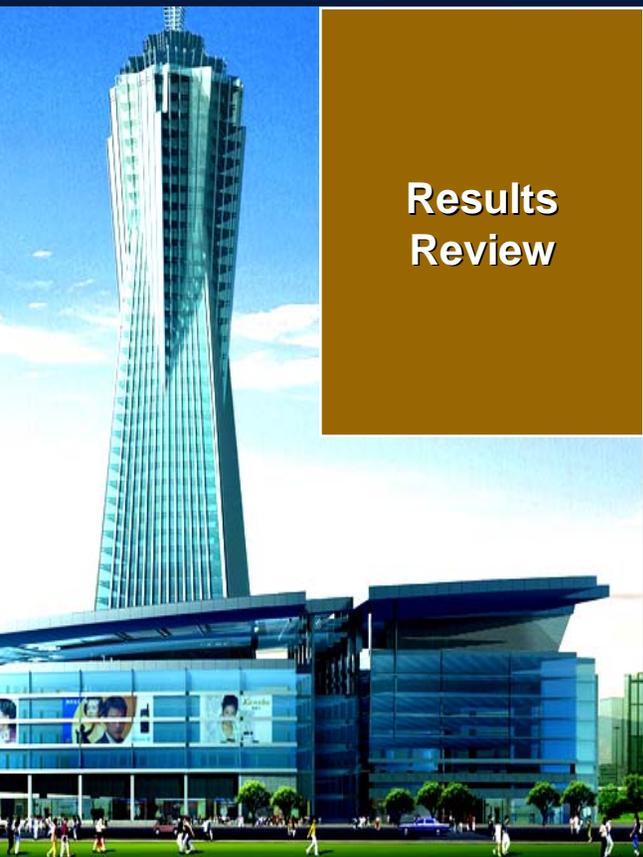


As at 31 December
RMB Million

	2007	2006	Change
Construction	3.6%	10.1 %	-65 %
Property Development	31.4%	34.5%	-9 %
Prefabricated Building Materials	7.3%	4.7%	+55%



Financial Ratio Analysis



Results Review

	2007	2006
Return on equity	8 %	22 %
Net assets value per share (RMB)	4.31	3.51
Net gearing ratio	32 %	15 %
Current ratio	1.02	1.09



Business Structure



Results Review

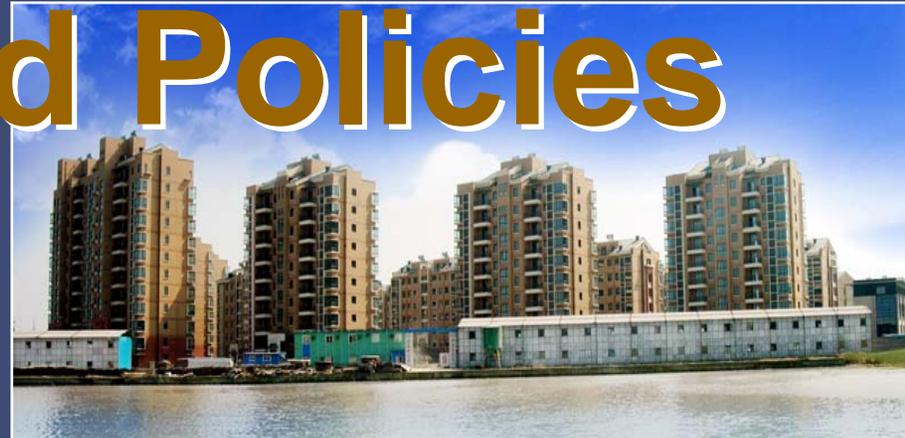
Revenue and profit breakdown by business segments

As at 31 December 2007

	Revenue	Profit
Construction	80%	52%
Property Development	5%	28%
Prefabricated Building Materials	14%	19%



Impact of PRC Govt. New/Revised Policies





Monetary Policy



Impact of PRC Govt. New/ Revised Policies

- Recently, China has switched from its prudent and stable monetary supply policy, which was adopted in the past ten years, to tighten up monetary supply policy. This has increased borrowing costs and imposed liquidity problems for local enterprises, in particular real estate developers, which will eliminate enterprises with less financial strength and encourage consolidation in the industry. This policy will provide superb merger and acquisition opportunities for the Group in the development and expansion of our businesses.





New Labor Contract Law



Impact of PRC Govt. New/ Revised Policies

- The New PRC Labor Contract Law has been passed by the 10th National People's Congress and has become effective since 1 Jan. 2008. In order to provide best protection and competitive salaries and wages for employees, the Group will strictly comply with these new regulations to attract and retain capable and loyal employees. With consumer products prices rise, staff costs will rise and will undoubtedly increase our burden. However, the Group believes that human capital is our core value and resources in building strengths for the long term development of our business.





Reduction of Enterprise Income Tax Rate



Impact of PRC Govt. New/ Revised Policies

- With effect from 1 January 2008, “Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprises” and “Interim Provision Concerning Imposition of Income Tax Law of People’s Republic of China for Foreign Enterprises” will be merged into a single rules and regulation. The Group’s enterprises income tax rate will then be reduced from the current level of 33% to 25%, the 8% reduction in enterprise income tax rate will enhance the Group’s profitability significantly.





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

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 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

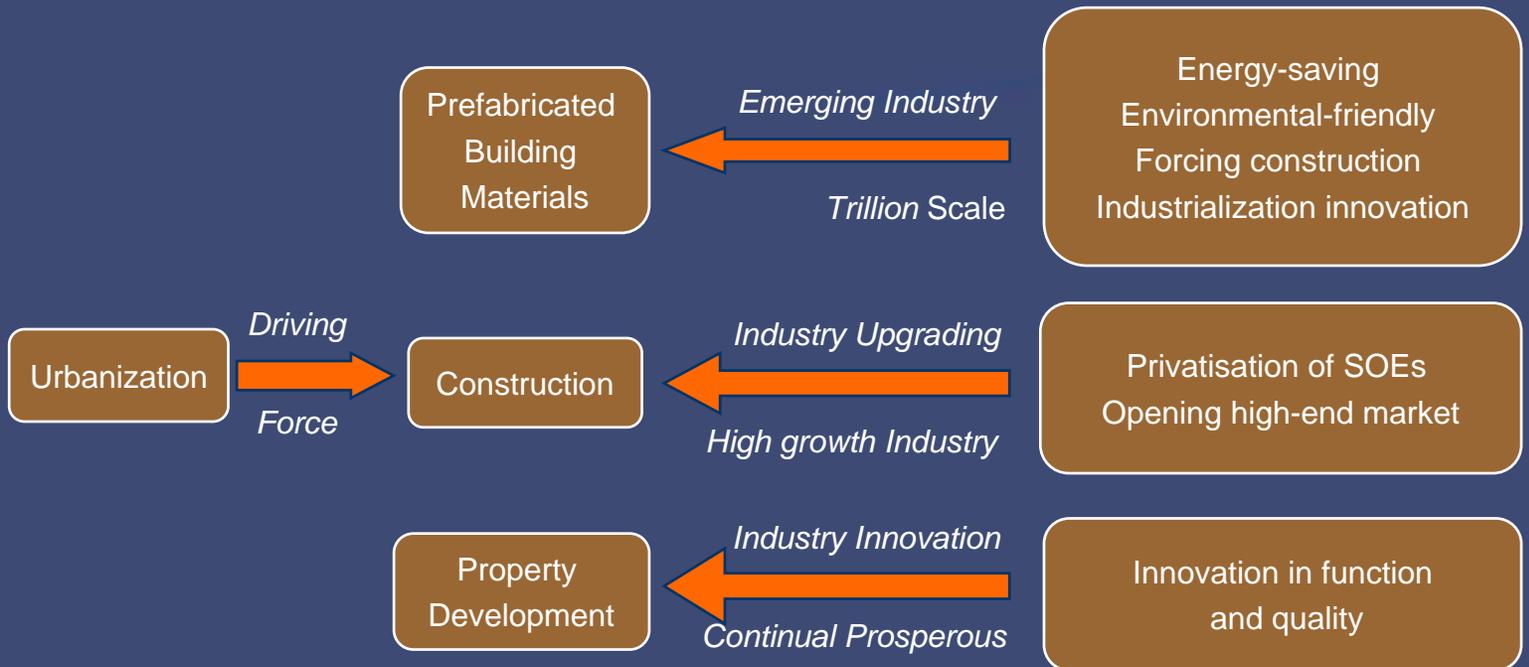
Directly results in more than RMB 1 trillion of revenue to the construction industry



Urbanization in China



Driving force for construction growth in China - urbanization

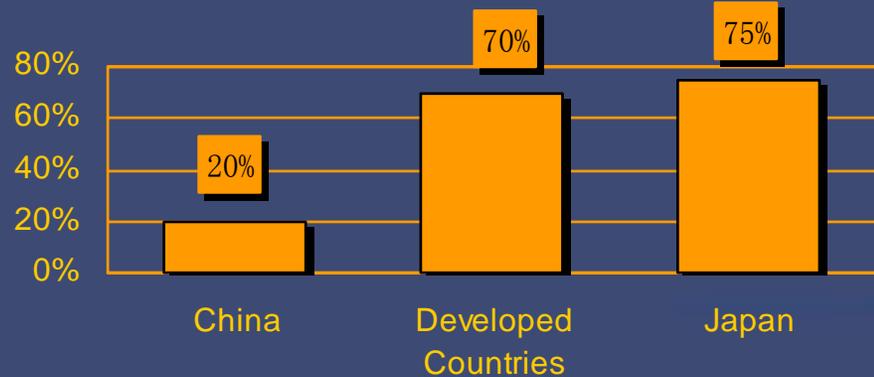




Prefabricated Building Materials

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 Industrial Park	2002	2004	2 billion
Hefei Housing Industrial Park	2005	2007	2 billion
Wuhan Housing Industrial Park	2007	2009-10	2 billion
Total			6 billion



Construction-in-progress



Prospects



As at 31 December

	2007	2006	change
	RMB Million	RMB Million	%
Govt. & Public Buildings	8,167	7,339	+11%
Urban Infrastructure	7,467	4,437	+68%
Residential Projects	4,667	2,389	+95%
Industrial Projects	3,034	2,902	+5%
Total	23,335	17,067	+37%



Construction-in-progress



Prospects



As at 31 December

	2007	2006	change
	RMB Million	RMB Million	%
Zhejiang Province	8,167	6,657	+23%
Shanghai	7,934	5,973	+33%
Central China Region	6,143	3,925	+57%
Northern China Region	934	512	+82%
Overseas	157	—	—
Total	23,335	17,067	+37%



Property Development



Prospects



Property Development Schedule (2008)

Property Names	Location	Equity Interest held by Baoye	GFA (sqm)	Total Cost Rmb/Sqm
2008				
Linjiang Green Garden	Shaoxing	100%	56,000	2,400
Jing'an Ziyuan	Shanghai	70%	51,000	14,000
Zhejiang Commercial City	Hefei	75%	67,000	2,300
Baoye City Green Garden II	Hefei	100%	120,000	2,300



Property Development



Prospects



Property Development Schedule (2009-2010)

Project Names	Location	Equity Interest held by Baoye	GFA (Sqm)	Total Cost Rmb/Sqm
2009				
Baoye City Green Garden III	Hefei	100%	150,000	2,900
Baoye Four Seasons Garden I	Shaoxing	100%	100,000	5,200
Hefei Tongchenglu Project	Hefei	100%	164,000	3,000
Baoye Yuelianghu Project	Jingmen	100%	82,000	1,100
Zhongbeilu Project (office)	Wuhan	100%	30,000	4,300
2010				
Baoye City Green Garden IV	Hefei	100%	100,000	2,900
Baoye Four Seasons Garden II	Shaoxing	100%	150,000	5,000
Dabanhu Project	Shaoxing	100%	250,000	5,500
Yangminglu Project	Shaoxing	49%	180,000	11,000
Miaoshan Project	Wuhan	100%	200,000	4,000
Xudonglu Project	Wuhan	100%	100,000	3,650



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 our businesses.
- 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





Corporate Profile



- We are the leading China's urbanization operator.
- With 34 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.



Corporate Profile



Baoye Group
(2355.HK)

Prefabricated Building Materials



Construction



Property Development





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%
	<hr/> 350, 742, 053	<hr/> 52. 91%
H Shares (listed)		
Atlantis	62, 948, 000	9. 49%
Tiger	33, 916, 992	5. 12%
Goldman Sachs	43, 372, 160	6. 54%
HSBC Investment	15, 630, 000	2. 36%
Others	156, 354, 800	23. 58%
	<hr/> 312, 221, 952	<hr/> 47. 09%
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 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

Building Materials Business

- Shaoxing Industrial Park
- Hefei Industrial Park
- Wuhan Industrial Park (under construction)

Construction Business

Zhejiang	Beijing
Shanghai	Tianjin
Jiangsu	Hebei
Anhui	Henan
Hubei	Shandong
Hunan	Liaoning
Jiangxi	Chongqing

Property Development Business

- Shaoxing
- Hefei
- Shanghai
- Hubei Jingmen



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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