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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)

**ANNOUNCEMENT IN RELATION TO INCREASE IN  
SHARE PRICE AND TRADING VOLUME**

The Board has noted the recent increases in price and trading volume of the Shares. Shareholders and potential investors should exercise extreme caution when dealing in the Shares.

The board of directors (the "Board") of Baoye Group Company Limited (the "Company") has noted the recent increases in price and trading volume of the shares of the Company (the "Shares").

The Board wishes to state that, (i) save as disclosed in the announcement of the Company dated 3 November 2005 in relation to, among other things, the subscription of 43,364,160 new overseas listed foreign Shares (the "New Shares") by Goldman Sachs (Asia) Finance at a subscription price of HK\$4.85 per New Share; and (ii) save that the Company is in preliminary negotiations with certain intended vendor(s) in relation to certain proposed acquisition(s) by the Company of construction company(ies) located outside the Zhejiang province and engaging principally in the same lines of business as those conducted by the Company which, if materialised, may constitute transaction(s) subject to disclosure and, if applicable, shareholders' approval under Rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Board is not aware of any reasons for such increases.

Save as aforesaid, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither are we aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the, which is or may be of a price-sensitive nature.

Shareholders of the Company (the "Shareholders") and potential investors should exercise extreme caution when dealing in the Shares.

This announcement is made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

On behalf of the Board  
**BAOYE GROUP COMPANY LIMITED**  
**Pang Baogen**  
Chairman

Zhejiang Province, the PRC  
5 December 2005

\* For identification purpose only

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Pang Baogen, Mr. Gao Jiming, Mr. Gao Lin and Mr. Zhou Hanwan; two non-executive Directors, namely Mr. Wu Weimin and Mr. Hu Shaozeng; and three independent non-executive Directors, namely Mr. Wang Youwei, Mr. Yi Deqing and Mr. Dennis Yin Ming Chan.*