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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)

**PROPOSED APPOINTMENT OF DIRECTORS,
PROPOSED RESIGNATION AND
APPOINTMENT OF SUPERVISORS
AND
PROPOSED AMENDMENT OF ARTICLES**

The Board proposes to seek the approval of the Shareholders at the AGM on (i) the appointment of Mr. Wang Rongfu as an executive Director; (ii) the appointment of Mr. Sun Chuanlin as an independent non-executive Director; (iii) the resignation of Mr. Sun Guofan as Supervisor; and (iv) the amendment of the Articles.

The Board further announces that (i) Mr. Xie Qisheng has resigned from his position as Supervisor with effect from 16 April 2007; and (ii) Mr. Qian Yongjiang and Mr. Kong Xiangquan were appointed as Supervisors with effect from 16 April 2007.

* *For identification purposes only*

The board (“**Board**”) of directors (“**Directors**”) of Baoye Group Company Limited (“**Company**”) proposes to seek the approval of the shareholders of the Company (“**Shareholders**”) at the annual general meeting of the Company (“**AGM**”) to be held on or around Monday, 25 June 2007 on the following matters:

PROPOSED APPOINTMENT OF DIRECTORS

The Board proposes to appoint Mr. Wang Rongfu as an executive Director and Mr. Sun Chuanlin as an independent non-executive Director. The appointment of each of Mr. Wang and Mr. Sun is subject to the passing of an ordinary resolution by the Shareholders at the AGM.

Appointment of Mr. Wang Rongfu as an executive Director

Mr. Wang Rongfu, aged 52, is the chairman of Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company. Mr. Wang is qualified as a senior engineer and a National Class A Civil Engineer. Mr. Wang joined the Company in 1976 and is currently a project leader of the expert review group of the national awards of best construction projects and the vice chairman of Zhejiang Construction Materials Association.

Save as disclosed herein, Mr. Wang has not held any directorship in other listed public companies in the past three years preceding his proposed appointment.

The term of appointment of Mr. Wang will expire when the term of the second term of the Board expires, which is expected to be in or around May 2008. Mr. Wang shall be entitled to receive an annual emolument of RMB500,000, which is determined by reference to the current level of annual emolument of the executive Directors. After the appointment of Mr. Wang becomes effective, the emolument of Mr. Wang will be determined by the Board as authorised by the Shareholders at the AGM.

Apart from being a proposed executive Director, Mr. Wang does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date hereof, Mr. Wang holds 7,147,039 domestic shares of the Company, representing approximately 1.08% of the entire ordinary share capital of the Company in issue. Save as disclosed above, Mr. Wang does not have any other interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

Save as disclosed above, Mr. Wang and the Company are not aware of any information which needs to be disclosed pursuant to any requirement of Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) nor any other matters regarding the appointment which need to be brought to the attention of the Shareholders.

Appointment of Mr. Sun Chuanlin as an independent non-executive Director

Mr. Sun Chuanlin, aged 59, is a qualified engineer. He previously acted as the secretary of the communist party committee of Yang Xun Qiao Commune, the secretary of the communist party committee of Qi Xian District, a member of the communist party leading group and deputy director of the Village and Township Enterprises Bureau of Shaoxing City, the deputy general manager of Shaoxing Vegetable Production and Sales Company, and the deputy general manager and secretary of the communist party committee of Shaoxing Joint Development Corporation. As at the date of this announcement, he has retired from the positions listed above.

Save as disclosed herein, Mr. Sun has not held any directorship in other listed public companies in the past three years preceding his proposed appointment.

The term of appointment of Mr. Sun will expire when the term of the second term of the Board expires, which is expected to be in or around May 2008. Mr. Sun shall be entitled to receive an annual emolument of RMB38,000, which is determined by reference to the current level of annual emolument of the independent non-executive Directors. After the appointment of Mr. Sun becomes effective, the emolument of Mr. Sun will be determined by the Board as authorised by the Shareholders at the AGM.

Apart from being a proposed independent non-executive Director, Mr. Sun does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date hereof, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Sun and the Company are not aware of any information which needs to be disclosed pursuant to any requirement of Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters regarding the appointment which need to be brought to the attention of the Shareholders.

PROPOSED RESIGNATION AND APPOINTMENT OF SUPERVISORS

An ordinary resolution concerning the resignation of Mr. Sun Guofan as the supervisor of the Company (“**Supervisor**”) will be proposed at the AGM.

The Board further announces that:

- (1) Mr. Xie Qisheng has resigned from his position as Supervisor with effect from 16 April 2007; and
- (2) Mr. Qian Yongjiang and Mr. Kong Xiangquan were appointed as Supervisors with effect from 16 April 2007.

Pursuant to the applicable laws and regulations of the People's Republic of China ("PRC"), the appointment and resignation of supervisors who were appointed by a company's trade union are not required to be approved by the shareholders of that company. Since Mr. Xie Qisheng, Mr. Qian Yongjiang and Mr. Kong Xiangquan are representatives appointed by the Company's trade union ("Union"), the resignation of Mr. Xie Qisheng and the appointment of Mr. Qian Yongjiang and Mr. Kong Xiangquan are not required to be approved by the Shareholders at the AGM.

Resignation of Mr. Sun Guofan and Mr. Xie Qisheng as Supervisors

Mr. Sun Guofan and Mr. Xie Qisheng resigned from their positions as Supervisor on their own accord. Both Mr. Sun and Mr. Xie confirmed that they have no disagreement with the Board and there are no matters in regards to their respective resignation that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Sun and Mr. Xie for their valuable contribution to the Company during their tenure of services.

Appointment of Mr. Qian Yongjiang as Supervisor

Mr. Qian Yongjiang, aged 40, graduated from the China University of Geosciences, majoring in industrial and residential construction. He is also a qualified senior engineer. Mr. Qian joined the Company in 1984 and is currently acting as the Vice General Manager of the Company's subsidiary, Zhejiang Baoye Construction Group Company Limited.

Save as disclosed herein, Mr. Qian has not held any directorship in other listed public companies in the past three years preceding his appointment.

Mr. Qian was appointed as Supervisor by the Union. The term of appointment of Mr. Qian will expire when the term of the second supervisory committee of the Company ("Supervisory Committee") expires, which is expected to be in or around May 2008.

Apart from being a Supervisor, Mr. Qian does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date hereof, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Qian and the Company are not aware of any information which needs to be disclosed pursuant to any requirement of Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters regarding the appointment which need to be brought to the attention of the Shareholders.

Appointment of Mr. Kong Xiangquan as Supervisor

Mr. Kong Xiangquan, aged 48, is a qualified engineer. He has joined the Company since 1975. Mr. Kong is currently the General Manager of the Company's subsidiary, Zhejiang Baoye Construction Group Company Limited.

Save as disclosed herein, Mr. Kong has not held any directorship in other listed public companies in the past three years preceding his appointment.

Mr. Kong was appointed as Supervisor by the Union. The term of appointment of Mr. Kong will expire when the term of the second term of the Supervisory Committee expires, which is expected to be in or around May 2008.

Apart from being a Supervisor, Mr. Kong does not have any relationship with any of the Directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date hereof, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Kong and the Company are not aware of any information which needs to be disclosed pursuant to any requirement of Rule 13.51(2)(h) to (v) of the Listing Rules nor any other matters regarding the appointment which need to be brought to the attention of the Shareholders.

AMENDMENT OF ARTICLES

The Board further proposes to amend the articles of association of the Company ("Articles") at the AGM in order to reflect the existing shareholding structure of the Company after the subscription of new H shares by Tiger Global, L.P., which was completed in February 2007. Article 22 of the Articles shall be deleted in their entirety and replaced by the following:

"Upon its incorporation, the Company has issued 312,221,952 ordinary shares, all being H shares, representing 47.09% of the entire issued share capital of the Company.

The existing shareholding structure of the Company is as follows: the total number of ordinary shares of the Company in issue is 662,964,005, whereas domestic Shareholders holding 350,742,053 shares and H shares holders holding 312,221,952 shares."

The proposed amendments to the Articles shall take effect upon the fulfillment of the following conditions:

- (1) the passing of a special resolution of the Shareholders at the AGM to approve the amendments; and
- (2) the approval by the relevant authorities in the PRC on the amendments.

GENERAL

The notice of the AGM, together with the form of proxy and reply slip, will be despatched to the Shareholders as soon as possible.

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

Zhejiang Province, the PRC
16 April 2007

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; one non-executive Director, namely Mr. Hu Shaozeng; and three independent non-executive Directors, namely Mr. Wang Youwei, Mr. Yi Deqing and Mr. Dennis Yin Ming Chan.

Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.