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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)

**RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
NON-COMPLIANCE WITH RULES 3.10(1), 3.10A AND 3.25 OF THE
LISTING RULES**

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The board (the **“Board”**) of directors (the **“Director”**) of Baoye Group Company Limited* (the **“Company”**) announces that Ms. Jin Juxian (**“Ms. Jin”**) has resigned as independent non-executive Director with effect from 2 July 2014 due to her own personal reasons. As a result of Ms. Jin's resignation, Ms. Jin ceased to be a member of the Board's remuneration committee (the **“Remuneration Committee”**) and nomination committee (the **“Nomination Committee”**).

Ms. Jin has confirmed that she has no disagreement with the Board and there are no other matters relating to her resignation that need to be brought to the attention of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or the shareholders of the Company.

The Board would like to take this opportunity to express its gratitude to Ms. Jin for

her contribution to the Board during her tenure of office.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10A AND 3.25 OF THE LISTING RULES

Pursuant to Rules 3.10(1) and 3.10A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the board of directors of a listed issuer must include at least three independent non-executive directors and the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Upon Ms. Jin’s resignation, the Board comprises eight members with five executive Directors, one non-executive Director and two independent non-executive Directors. As a result, the number of independent non-executive Directors has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules.

In addition, pursuant to Rule 3.25 of the Listing Rules, a listed issuer must establish a remuneration committee comprising a majority of independent non-executive directors. The terms of reference of the Remuneration Committee also requires that the Remuneration Committee shall consist of three Directors with at least two of them being independent non-executive Directors. Upon Ms. Jin’s resignation, the Remuneration Committee comprises two members (being one independent non-executive director and one executive director). As a result, the composition of the Remuneration Committee is unable to comply with the requirements under Rule 3.25 of the Listing Rules and the terms of reference of the Remuneration Committee.

Furthermore, pursuant to Code Provision A.5.1 of Appendix 14 to the Listing Rules, a listed issuer should establish a nomination committee comprising a majority of independent non-executive directors. The terms of reference of the Nomination Committee also requires that the Nomination Committee shall consist of three Directors with at least two of them being independent non-executive Directors. Upon Ms. Jin’s resignation, the Nomination Committee comprises two members (being one independent non-executive director and one executive director). As a result, the composition of the Nomination Committee deviates from the requirements under Code Provision A.5.1 of Appendix 14 to the Listing Rules and the terms of reference of the Nomination Committee.

In order to comply with the Listing Rules and the terms of reference of the Remuneration Committee and the Nomination Committee, the Company will make its best endeavours to identify a suitable candidate to fill the casual vacancy on the Board for the positions of independent non-executive Directors, members of the Remuneration Committee and members of the Nomination Committee as soon as possible within three months from the effective date of Ms. Jin’s resignation pursuant to Rule 3.11 of the Listing Rules. A further announcement will be made by the Company as and when appropriate.

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

Zhejiang Province, the PRC
2 July 2014

* *For identification purpose only*

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; and one non-executive Director, namely Mr. Fung Ching, Simon and two independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis and Mr. Wang Youqing.