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**If you have sold or transferred** all your shares in Baoye Group Company Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission.



**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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**PROPOSED GENERAL MANDATE TO ISSUE SHARES**  
**PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES**  
**AND**  
**NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

Notices of convening an annual general meeting (the "Annual General Meeting") and the respective class meetings for holders of H shares (the "H Shares") and domestic shares (the "Domestic Shares") of Baoye Group Company Limited to be held at 2nd Floor, Baoye Group, No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, PRC at 9:00 a.m. on 15 June 2016 is set out on pages 8 to 19 of this circular. Whether or not you are able to attend the Annual General Meeting and the class meetings, you are requested to complete the form of proxies in accordance with the instructions printed thereon and return them to the H Shares registrar of Baoye Group Company Limited, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the office address of Baoye Group Company Limited at No. 501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxies will not preclude you from attending and voting in person at the Annual General Meeting and class meetings or any adjournment thereof if you so wish.

\* For identification purposes only

25 April 2016

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## DEFINITIONS

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM”	the annual general meeting of the Company to be held at 2nd Floor, Baoye Group, No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC at 9:00 a.m. on 15 June 2016
“Articles” or “Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the AGM and the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, the respective notices of which are set out on pages 14 to 19 of this circular, or any adjournment thereof respectively
“Class Meeting Notices”	the notices for convening the Class Meetings set out on pages 14 to 19 of this circular
“Company”	Baoye Group Company Limited* (寶業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on main board of the Stock Exchange
“Company Law”	the Company Law of the PRC
“Director(s)”	the director(s) of the Company
“Domestic Shares”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in RMB
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Mandatory Provisions”	《到境外上市公司章程必備條款》(the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas) issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this circular only, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the repurchase mandate at the AGM and the Class Meetings, the general mandate to be granted to the Board to exercise the power of the Company to repurchase H Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of H Shares in issue of the Company as at the date of the passing of the relevant resolution as set out in the AGM Notice and the Class Meeting Notices
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	include Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent

## LETTER FROM THE BOARD



# 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)

*Executive Directors:*

Mr. Pang Baogen  
Mr. Gao Lin  
Mr. Gao Jiming  
Mr. Gao Jun  
Mr. Jin Jixiang

*Non-executive Director:*

Mr. Fung Ching, Simon

*Independent non-executive Directors:*

Mr. Chan Yin Ming, Dennis  
Mr. Li Wangrong  
Ms. Liang Jing

*Corporate address:*

No. 501, Shanyin West Road  
Keqiao District, Shaoxing City  
Zhejiang Province, PRC

*Registered address:*

Yangxunqiao Township  
Keiqiao District, Shaoxing City  
Zhejiang Province, PRC

*Correspondence address in Hong Kong:*

Room 1902 MassMutual Tower  
38 Gloucester Road  
Wanchai  
Hong Kong

25 April 2016

*To the Shareholders*

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION PROPOSED GENERAL MANDATE TO ISSUE SHARES PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES AND NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS

#### INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM and the Class Meetings for the Shareholders' for the approval of, inter alia: (i) the proposed amendments to the Articles of Association; (ii) the proposed general mandate to issue Shares; (iii) the proposed general mandate to repurchase H shares; and to give you the AGM Notice and the Class Meeting Notices.

\* For identification purposes only

## LETTER FROM THE BOARD

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The administrative division in Shaoxing City has been adjusted by the government in 2013, Keqiao District, Shaoxing City was founded in place of the formal Shaoxing County. In light of the adjustment, the original Article 3, Chapter 1 Residence of the Company “Yangxunqiao Town, Shaoxing County, Zhejiang Province” should be amended as “Yangxunqiao Town, Keqiao District, Shaoxing City, Zhejiang Province”.

### PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 19 June 2015, a special resolution was passed whereby a general mandate was granted to the Directors to allot and issue new shares and disposal of outstanding Shares individually and collectively up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of such resolution.

Such mandate will lapse at the conclusion of the forthcoming AGM. In order to increase the flexibility and efficiency in operation of the Company, and to give discretion to the Board in the event that it becomes desirable to issue any shares, the Board proposes a special resolution to grant to the Directors a general mandate to allot, issue and otherwise deal with H Shares up to a maximum of 20% of the total nominal value of H Shares in issue as at the date of passing of the resolution as set out in Resolution 8 of the notice of the AGM (“AGM Notice”).

As at the Latest Practicable Date, the Company had in issue an aggregate of 612,372,053 Shares, comprising 261,630,000 H Shares and 350,742,053 Domestic Shares. On the basis that no further Shares will be issued by the Company during the period from the Latest Practicable Date to the date of the AGM, subject to the passing of Resolution 8 of the AGM Notice for the approval of the general mandate, the Company will be allowed to allot, issue and deal with up to a maximum of 52,326,000 H Shares, representing 20% of H Shares in issue on the date of the passing of the proposed resolution.

With reference to the proposed general mandate, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new H Shares pursuant to the general mandate.

### PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES

#### Repurchase Mandate

A special resolution was passed at the annual general meeting and class meetings of the Company held on 19 June 2015 whereby a general mandate was granted to the Board to repurchase H Shares of the Company up to a maximum of 10% of the aggregate nominal value of H Shares in issue as at the date of the passing of the special resolution, such mandate will lapse at the conclusion of the forthcoming AGM of the Company. In order to increase the flexibility and efficiency in operation of the Company, the Board proposes a special resolution to grant to the Directors a general mandate to repurchase H Shares of the Company up to a maximum of 10% of the aggregate nominal value of H Shares in issue as at the date of the passing of the proposed resolution.

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as reward to the staff of the company; or (d) the repurchase is made at the

## LETTER FROM THE BOARD

request of its shareholders who disagrees with shareholders' resolutions in connection with a merger or division. The Mandatory Provisions, which the Company has incorporated in the Articles of Association, provide that subject to obtaining the approval of the relevant PRC regulatory authorities and in compliance with the Articles of Association, the Company may repurchase its issued Shares for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its Shares or in circumstances permitted by laws or administrative regulations.

The Listing Rules permit the shareholders of a PRC joint stock limited company to grant a general mandate to its directors to repurchase shares of such company that is listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by its shareholders in general meeting and special resolutions passed by holders of domestic shares and holders of overseas listed foreign shares at separate meetings.

H Shares are traded on the Stock Exchange in Hong Kong dollars. Therefore, the repurchase of H Shares by the Company is subject to the approval of the SAFE (or its successor authority), and the price payable by the Company upon any repurchase of H Shares will be paid in Hong Kong dollars.

In accordance with the requirements of the Articles of Association applicable to capital reduction, the Company will have to notify its creditors of the passing of the resolution for the reduction of the registered capital of the Company. In addition, the Company Law provides that the shares repurchased by a company will have to be cancelled and the registered capital of that company will therefore be reduced by an amount equivalent to the aggregate nominal value of the shares so cancelled. In the event of a reduction of registered capital, the Company shall inform its creditors by way of written notice and announcement within a prescribed period after the passing of the relevant resolutions approving such reduction. The creditors shall be entitled to request the Company for repayment of loan or provision of guarantee.

### **Conditions to repurchase H Shares**

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), approval is proposed to be sought from the Shareholders for the grant of the Repurchase Mandate to the Directors. In accordance with the legal and regulatory requirements described above, the Directors give notices to convene the AGM and the Class Meetings. At each such meeting, a special resolution will be proposed to grant to the Directors the Repurchase Mandate which is a conditional general mandate to repurchase H Shares in issue on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of such special resolution.

The Repurchase Mandate will be conditional upon (a) the special resolution for approving the grant of the Repurchase Mandate being passed at each of the AGM and the Class Meetings; and (b) the approvals of SAFE (or its successor authority) and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercisable by the Directors.

The Repurchase Mandate would expire on the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of a period of twelve months following the passing of the relevant resolution at the AGM and the Class Meetings; or (c) the date on which the authority conferred by the special resolution is

## LETTER FROM THE BOARD

revoked or varied by a special resolution of the Shareholders in a general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares at their respective Class Meetings.

The H Shares which may be repurchased by the Company pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the resolution approving the Repurchase Mandate at the AGM and the Class Meetings.

An explanatory statement giving certain information regarding the Repurchase Mandate is set out in the Appendix to this circular.

With reference to the proposed general mandate, the Directors, as at the date hereof, wish to state that they have no immediate plans to repurchase any H Shares pursuant to the general mandate.

### **AGM AND CLASS MEETINGS**

Notices convening the AGM and the Class Meetings to be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC. on 15 June 2016, are set out on pages 14 to19 of this circular for the purpose of considering and if thought fit, passing the resolutions set out therein.

Forms of proxy for use at each of the AGM and the Class Meetings are enclosed with this circular. Whether or not you are able to attend the AGM and / or the Class Meetings, you are requested to complete the form of proxies in accordance with the instructions printed thereon and return it to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the Company's office address at No.501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meetings or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and the Class Meetings or any adjournment thereof should you so wish.

### **BOOK CLOSURE FOR AGM AND CLASS MEETINGS ATTENDANCE**

The register of members of the Company will be closed from 16 May 2016 to 15 June 2016, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM and Class Meetings, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) and to the office address of the Company at No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code:312030) (for holders of Domestic Shares) no later than 4:30 pm on 13 May 2016.

### **VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. An announcement on the poll vote results will be made by the Company after the AGM and Class Meetings in the manner of prescribed under Rule 13.39(5) of the Listing Rules.



## LETTER FROM THE BOARD

### RECOMMENDATION

The Directors consider that the proposed resolutions in respect of (i) the proposed amendments to the articles of association; (ii) the proposed general mandate to issue Shares; and (iii) the proposed general mandate to repurchase H shares are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions relating to these matters to be proposed at the AGM and the Class Meetings.

### GENERAL INFORMATION

Your attention is drawn to the appendix to this circular.

As at the date of this circular, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis, Mr. Li Wangrong and Ms. Liang Jing.

Yours faithfully,  
For and on behalf of the Board  
**Baoye Group Company Limited\***  
**Pang Baogen**  
*Chairman*

## NOTICE OF AGM



# 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)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (the "AGM") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 9:00 a.m. on 15 June 2016 for the following purposes:

### I AS ORDINARY RESOLUTIONS:

1. To consider and approve the report of the board (the "Board") of directors (the "Directors") of the Company for the year ended 31 December 2015;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2015;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the report of the auditors of the Company for the year ended 31 December 2015;
4. To authorise the Board to decide the matters relating to the payment of final dividend for the year ended 31 December 2015;
- 5A. To re-appoint PricewaterhouseCoopers as the Company's international auditors and to authorise the Board to fix their remuneration;
- 5B. To re-appoint PricewaterhouseCoopers Zhongtian CPAs as the Company's PRC statutory auditors and to authorise the Board to fix their remuneration;
6. To consider and approve any motion proposed by any shareholder of the Company holding 5% or more of the shares with voting rights at such meeting, if any.

\* For identification purposes only

## NOTICE OF AGM

### II AS SPECIAL RESOLUTIONS

7. To consider and, if thought fit, pass the following as special resolution:

“**THAT** subject to the approval by the relevant authorities of the PRC, the original Articles 3, Chapter 1 Residence of the Company “Yangxunqiao Town, Shaoxing County, Zhejiang Province” shall be amended as “Yangxunqiao Town, Keqiao District, Shaoxing City, Zhejiang Province”.”

8. To consider and, if thought fit, pass the following as special resolution:

“**THAT:**

- (a) Subject to sub-paragraphs (c) and (d) herein below and pursuant to The Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (as the same may be amended from time to time) and the Company Law of the PRC (the “**PRC Company Law**”), the Directors are generally and unconditionally authorised to exercise all the rights of the Company, to allot and issue new shares and dispose of outstanding shares of the Company individually and collectively during the Relevant Period (as defined in sub-paragraph (e) below) and to determine the terms and conditions in relation to the allotment and issue of new shares including, inter alia:

- (i) the type and number of new shares to be issued;
- (ii) the issue price of the new shares;
- (iii) the date for the commencement and closing of the issue;
- (iv) the class and the number of new shares to be issued to the existing shareholders;
- (v) to make, execute or grant offer proposals, agreements and options as may be necessary in the exercise of such powers; and
- (vi) all other matters in relation thereto.

- (b) The Directors are authorised to make or grant offer proposals, agreements and options as required or may be required in the exercise of such powers during the Relevant Period (as defined in sub-paragraph (e) below) as referred to in sub-paragraph (a) or after the expiry of the Relevant Period.

- (c) The total nominal amount of H Shares (as defined in sub-paragraph (e) below), Domestic Shares (as defined in sub-paragraph (e) below) and non-H foreign shares (other than those issued under the PRC Company Law and the articles of association of the Company (the “**Articles of Association**”) by the capitalisation of the statutory capital reserve fund) agreed to be allotted and/or conditionally or unconditionally agreed to be allotted by the Directors pursuant to sub-paragraph (a) above (whether pursuant to the exercise of option or otherwise) shall not exceed 20% of such class of the shares of the Company existing in issue.

## NOTICE OF AGM

(d) Upon the exercise of the powers pursuant to sub-paragraph (a) above, the Directors shall comply with the PRC Company Law and the Listing Rules (as the same may be amended from time to time) and obtain the approval from the China Securities Regulatory Commission.

(e) For the purpose of this resolution:

“Domestic Shares” means the domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in Renminbi;

“H Shares” means the overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars;

“Relevant Period” means the period from the date of the passing of this resolution to the earliest of the following three:

(i) twelve months after the passing of this resolution;

(ii) conclusion of the next annual general meeting of the Company; and

(iii) the date of the passing of a special resolution to revoke or amend the mandated as referred to in this resolution by shareholders in shareholders’ general meeting.

(f) Subject to the approval by the relevant authorities of the PRC and pursuant to the PRC Company Law, when exercising the powers under sub-paragraph (a) above, the Directors are authorised to increase the registered capital of the Company to the required amount respectively and attend to the relevant registration procedures with the relevant authorities in the PRC, Hong Kong or such other relevant place.

(g) Subject to the approval by the relevant authorities of the PRC, the Board is authorised to make appropriate and necessary amendments to the Articles of Association of the Company, so as to reflect the changes in the capital of the Company that may have arisen under this mandate.”

9. To consider and, if thought fit, pass the following as special resolution:

“**THAT:**

To authorise the board to repurchase H Shares of the Company (the “**H Shares**”) subject to the following conditions:

(a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;

## NOTICE OF AGM

- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;
- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the AGM of the Company to be held on 15 June 2016 (or on such adjourned date as may be applicable); and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on 15 June 2016 (or on such adjourned date as may be applicable); and
  - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic shares of the Company at their respective class meeting;
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
  - (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and

## NOTICE OF AGM

- (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.”

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

Zhejiang Province, the PRC  
25 April 2016

*Notes:*

1. The register of members of the Company will be closed from 16 May 2016 to 15 June 2016, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the office address of the Company (for holders of Domestic Shares), no later than 4:30 p.m. on 13 May 2016.
2. Holders of Domestic Shares and H Shares whose names appear on the register of members of the Company on 30 June 2016 are entitled to receive the final dividend.
3. Holders of Domestic Shares and H Shares entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a shareholder of the Company.
4. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, and for holders of Domestic Shares of the Company, to the office address of the Company at No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
5. Shareholders or their proxies shall present their identity documents when attending the meeting.
6. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
7. Shareholders who intend to attend the AGM should complete and return the reply slip and return it by hand or by post to the share registrar of the Company (for holders of H Shares) or to the office address of the Company (for holders of Domestic Shares) on or before 8 June 2016.
8. The AGM is expected to take half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.

## NOTICE OF AGM

9. The office address of the Company is as follows:

No. 501 Shanyin West Road, Keqiao District  
Shaoxing City  
Zhejiang Province  
The People's Republic of China  
Post Code: 312030  
Tel: 86-575-84135837  
Fax: 86-575-84118792

*As at the date of this notice, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis, Mr. Li Wangrong and Ms. Liang Jing.*

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES



# 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)

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that a class meeting for holders of H Shares (the "Class Meeting") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 11:00 on 15 June 2016 (or immediately after the annual general meeting of the Company to be convened and held on the same date and at the same place) for the following purpose of considering and if thought fit, passing the following resolution:

### Special Resolution

To authorise the board (the "Board") of directors (the "Directors") of the Company to repurchase H Shares of the Company (the "H Shares") subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;
- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the AGM of the Company to be held on 15 June 2016; and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on 15 June 2016; and
  - (ii) the approval of the SAFE of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;

\* For identification purposes only



## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.

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

Zhejiang Province, the PRC  
25 April 2016

*Notes:*

1. The register of members of the Company will be closed from 16 May 2016 to 15 June 2016, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the Class Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Shares registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 13 May 2016.
2. Holders of H Shares entitled to attend and vote at the Class Meeting may appoint one or more proxies to attend and to vote on their behalves. A proxy need not be a shareholder of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notorially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall present their identity documents when attending the meeting.

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

5. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
6. Shareholders who intend to attend the Class Meeting should complete and return the reply slip and return it by hand or by post to the H Share registrar of the Company on or before 8 June 2016.
7. The Class Meeting for holders of H Shares is expected to take half an hour after the AGM. Shareholders attending the Class Meeting shall be responsible for their own travel and accommodation expenses.

*As at the date of this notice, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis, Mr. Li Wangrong and Ms. Liang Jing.*



**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)

**NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES**

NOTICE IS HEREBY GIVEN that a class meeting for holders of Domestic Shares (the "Class Meeting") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 11:30 a.m. on 15 June 2016 (or immediately after the class meeting for holders of H Shares of the Company to be convened and held on the same date and at the same place) for the following purpose of considering and if thought fit, passing the following resolution:

**Special Resolution**

To authorise the board (the "Board") of directors (the "Directors") of the Company to repurchase H Shares of the Company (the "H Shares") subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;
- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c) (i)) at the AGM of the Company to be held on 15 June 2016; and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on 15 June 2016; and
  - (ii) the approval of the SAFE of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;

\* For identification purposes only

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
- (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.

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

Zhejiang Province, the PRC  
25 April 2016

*Notes:*

1. The register of members of the Company will be closed from 16 May 2016 to 15 June 2016, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the Class Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the office address of the Company at No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) no later than 4:30 p.m. on 13 May 2016.
2. Holders of Domestic Shares entitled to attend and vote at the Class Meeting may appoint one or more proxies to attend and to vote on their behalves. A proxy need not be a shareholder of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post to the address of the Company at No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) before the time for holding the Class Meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall present their identity documents when attending the Class Meeting.

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

5. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
6. Shareholders who intend to attend the Class Meeting should complete and return the reply slip and return it by hand or by post to the Company on or before 8 June 2016.
7. The Class Meeting for holders of Domestic Shares is expected to take half an hour after the Class Meeting for holders of H Shares of the Company. Shareholders attending the Class Meeting shall be responsible for their own travel and accommodation expenses.

*As at the date of this notice, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis, Mr. Li Wangrong and Ms. Liang Jing.*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision on whether to vote for or against the special resolution to approve the grant of the Repurchase Mandate to the Directors.

### **LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below. The Company is empowered by the Articles of Association to repurchase its own securities.

### **REGISTERED CAPITAL**

As at the Latest Practicable Date, the registered capital of the Company was RMB612,372,053 comprising 350,742,053 Domestic Shares and 261,630,000 H Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 26,163,000 H Shares, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolution.

### **REASONS FOR THE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

### **FUNDING OF REPURCHASES**

In repurchasing the H Shares, the Company may only apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC, including but not limited to surplus funds and undistributed profits of the Company.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with its position as at 31 December 2015 as disclosed in the Company's latest published audited accounts contained in the annual report for the year ended 31 December 2015. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then prevailing, in the best interests of the Company.

### **STATUS OF REPURCHASED H SHARES**

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be

cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

### H SHARE PRICES

The highest and lowest prices at which the H Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

Month	H Shares	
	The Highest Price (HKD)	The Lowest Price (HKD)
<b>In 2015</b>		
May	7.21	6.37
June	6.78	5.49
July	6.88	4.01
August	5.23	3.91
September	5.03	4.34
October	5.50	4.71
November	5.54	5.26
December	5.37	5.09
<b>In 2016</b>		
January	5.26	4.31
February	4.69	4.28
March	5.25	4.50
April	5.20	4.92

### DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make purchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

### DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the Company any of the H Shares in the Company if the Repurchase Mandate is approved at the AGM and the Class Meetings.

No connected person, as defined in the Listing Rules, has notified the Company that he or she or it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Pang Baogen (representing approximately 55.24% of the total issued Domestic Shares of the Company) was the controlling shareholder (as defined under the Listing Rules) of the Company, and held 193,753,054 Domestic Shares, representing approximately 31.64% of the registered capital of the Company. On the basis that 612,372,053 Shares was in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, if the Repurchase Mandate is exercised in full,

- (a) the percentage interests in the Company of Mr. Pang Baogen (in terms of Domestic Shares only) would remain as approximately 55.24% of the then total issued Domestic Shares of the Company. To the best knowledge and belief of the Directors, the repurchase of H Shares will not give rise to an obligation to make a mandatory offer under the Takeovers Code;
- (b) the percentage interests in the Company of Mr. Pang Baogen would increase to approximately 33.05% of the then registered capital of the Company. To the best knowledge and belief of the Directors, such increase will not give rise to an obligation to make a mandatory offer under the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which will arise under either or both of the Takeovers Code and any similar applicable law as a result of any repurchases to be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

#### **SECURITIES REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any H Shares (whether on the Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.