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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in 寶業集團股份有限公司 (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)

**GENERAL MANDATE TO ISSUE SHARES
PROPOSED RE-ELECTION OF DIRECTORS
PROPOSED RE-ELECTION OF SUPERVISORS
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Baoye Group Company Limited to be held at 2nd Floor, Baoye Group, No.501 Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the People's Republic of China on 15 June 2008 at 9:30 a.m. is set out on pages 16 to 21 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the H Shares registrar of Baoye Group Company Limited, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the registered office address of Baoye Group Company Limited at Yangxunqiao Township, Shaoxing County, Zhejiang Province, the People's Republic of China (Post Code: 312028) (for holders of domestic shares) as soon as possible and in any event not less than 24 hours before the time for holding the annual general meeting or not less than 24 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 annual general meeting or any adjournment thereof if you so wish.

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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, Shaoxing County, Zhejiang Province, the PRC on 15 June 2008 at 9:30 a.m.
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“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 the Stock Exchange
“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”	25 April 2008, 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
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

* For identification purposes only

DEFINITIONS

“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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 Jiming
Mr. Gao Lin
Mr. Zhou Hanwan
Mr. Wang Rongfu

Non-executive Director:

Mr. Hu Shaozeng

Independent non-executive Directors:

Mr. Wang Youwei
Mr. Yi Deqing
Mr. Chan Yin Ming, Dennis
Mr. Sun Chuanlin

Corporate legal address:

Yangxunqiao Township
Shaoxing County
Zhejiang Province
The PRC

Place of business in Hong Kong:

1902 MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

30 April 2008

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATE TO ISSUE SHARES
RE-ELECTION OF DIRECTORS
RE-ELECTION OF SUPERVISORS
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals relating to (i) general mandate to issue shares; (ii) the re-election of Directors; (iii) the re-election of Supervisors.

GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 25 June 2007, special resolution was passed whereby general mandate was given to the Directors to allot, issue new shares and disposal of outstanding shares of the Company 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.

* For identification purposes only

LETTER FROM THE BOARD

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 will propose a special resolution to grant to the Directors a general mandate to allot, issue and otherwise deal with shares of the Company up to a maximum of 20% of the total nominal value of shares in issue as at the date of passing of the resolution as set out in resolution 9 of the AGM Notice.

As at the Latest Practicable Date, the Company had in issue an aggregate of 662,964,005 shares, comprising 312,221,952 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 9 for the approval of the general mandate, the Company will be allowed to allot, issue and deal with up to a maximum of 62,444,390 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 shares pursuant to the general mandate.

RE-ELECTION OF DIRECTORS

Pursuant to the Articles, the term of office of Directors is three years renewable upon re-election.

The term of office of Mr. Pang Baogen, Mr. Gao Jiming, Mr. Gao Lin, Mr. Zhou Hanwan, who were appointed as executive Directors and Mr. Wang Youwei, Mr. Yi Deqing and Mr. Chan Yin Ming, Dennis who were appointed as independent non-executive Directors, will expire on the conclusion of the AGM, and all of them, being eligible, have offered themselves for re-election at the AGM for another three-year term commencing on the conclusion of the AGM.

The term of office of Mr. Hu Shaozeng, who was appointed as non-executive Director, will expire on the conclusion of the AGM, being eligible, has offered himself for re-election and re-designation as an independent non-executive Director for another three-year term commencing on the conclusion of the AGM.

The term of office of Mr. Wang Rongfu, who was appointed as executive Director, will expire when the term of the second term of the Board expires, that is, upon the conclusion of the AGM, being eligible, has offered himself for re-election at the AGM for a three-year term commencing on the conclusion of the AGM.

The term of office of Mr. Sun Chuanlin, who was appointed as independent non-executive Director, will expire when the term of the second term of the Board expires, that is, upon the conclusion of the AGM, being eligible, has offered himself for re-election at the AGM for a three-year term commencing on the conclusion of the AGM.

LETTER FROM THE BOARD

Subject to re-election, the term of the Directors of the Company will commence on the conclusion of the AGM and expire on the conclusion of the annual general meeting of the Company of 2010. Biographical details of the above Directors are set out in Appendix I to this circular.

RE-ELECTION OF SUPERVISORS

Pursuant to the Articles, the term of office of Supervisors is three years renewable upon re-election.

The term of office of Mr. Chen Xingquan, Mr. Li Yongsheng and Mr. Zhang Xindao, who were appointed as independent Supervisors, will expire on the conclusion of the AGM, and all of them, being eligible, have offered themselves for re-election at the AGM for another three-year term commencing on the conclusion of the AGM.

Subject to re-election, the term of the Supervisors of the Company will commence on the conclusion of the AGM and expire on the conclusion of the annual general meeting of the Company of 2010. Biographical details of the above Supervisors are set out in Appendix I to this circular.

AGM

The notice convening the AGM is set out on pages 16 to 21 of this circular. Resolutions in respect of, among other things, (i) the general mandate to issue shares; (ii) the re-election of Directors; and (iii) the re-election of Supervisors will be proposed at the AGM.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the H Shares registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or to the Company's registered office address at Yangxunqiao Township, Shaoxing County, Zhejiang Province, the People's Republic of China (Post Code: 312028) (for holders of domestic shares) as soon as possible and in any event not less than 24 hours before the time for holding the AGM or not less than 24 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 or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 82 of the articles of association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting;
- (ii) at least two Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person or by proxy and representing 10% or more of the total voting rights of all Shareholders having the right to vote at the meeting.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been passed and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

RECOMMENDATION

The Directors consider that the proposed resolutions in respect of (i) the general mandate to issue shares; (ii) the re-election of Directors; and (iii) the re-election of Supervisors 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 the resolutions relating to these matters to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the appendix to this circular.

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

This appendix contains the biographical details of the Directors and Supervisors proposed to be re-elected at the AGM to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the re-election of Directors and Supervisors.

Executive Directors

Mr. Pang Baogen, born in 1957, is the founder, chairman of the Board and chief executive officer of the Company. He is a member of the experts team for Ministry of Construction and holds a professor level senior engineer qualification. He is well respected and recognised in the construction industry in China and has received numerous awards including Model Worker of National Construction System, Advanced Individual of National Sustainable Communities, Outstanding Manager in Zhejiang Province, as well as Youth and Mature Scientist with Outstanding Contributions to Zhejiang Province. Mr. Pang has extensive experience in the technology field and of enterprise management. He actively promotes independence and innovation, and takes on national topics such as “risk-prevention in big projects” and “transforming the construction industry with information technology”. At the same time, he guides the Group in undergoing various revolutions in management controls and operation mechanism. He also explores and executes the “three-in-one” business model and the “regional management centre” model. Besides, Mr. Pang is also a vice-chairman of the Construction Companies Committee in China, the vice-chairman of Construction Association in Zhejiang, representative of the 11th Zhejiang Provincial Party Congress and representative of the 11th People’s Congress of Zhejiang Province.

Save as disclosed above, Mr. Pang has not held any directorship in listed public companies in the last three years prior to the Latest Practicable Date. Mr. Pang has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an executive Director, Mr. Pang does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Pang is interested in 198,753,054 Domestic Shares, representing 29.98% of the entire share capital of the Company. Save as disclosed above, Mr. Pang does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Pang is entitled to an annual remuneration of not exceeding RMB1,000,000. For the year ended 31 December 2007, Mr. Pang received a total amount of remuneration of RMB600,000. Subject to re-election, the emolument of Mr. Pang will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders’ approval at the AGM.

Mr. Gao Jiming, born in 1962, is an executive director and deputy general manager of the Company. Mr. Gao is also the chairman of Baoye Real Estate, a wholly owned subsidiary of the Company. He graduated from China University of Geoscience, majoring in civil engineering and holds a senior engineer qualification. Mr. Gao joined the Group in 1978, and now is a committee member of Real Estate Association in Zhejiang Province and Shaoxing County, and a vice-chairman of the Real Estate Association of Shaoxing County.

Save as disclosed above, Mr. Gao has not held any directorship in listed public companies in the last three years prior to the Latest Practicable Date. Mr. Gao has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an executive Director, Mr. Gao does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Gao is interested in 13,024,647 Domestic Shares, representing 1.97% of the entire share capital of the Company. Save as disclosed above, Mr. Gao does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Gao is entitled to an annual remuneration of not exceeding RMB500,000. For the year ended 31 December 2007, Mr. Gao received a total amount of remuneration of RMB450,000. Subject to re-election, the emolument of Mr. Gao will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Gao Lin, born in 1970, is an executive director of the Company and director and general manager of Baoye Hubei Company Limited. He holds a senior engineer qualification and graduated from Fudan University EMBA Programme. He is also a senior professional manager of the construction industry in China. He was awarded the National Outstanding Construction Entrepreneur, a celebrity in the national important infrastructure construction, apprentice of Luban, the Top 10 Outstanding Entrepreneurs of Construction Industry in Zhejiang Province, Outstanding Entrepreneur in Hubei Province, Outstanding Youth in Hubei Province, Talent for Economic Development of Shaoxing City, Model Worker of Shaoxing City. He is currently a standing committee member of the federation of Industry and Commerce in Hubei Province, a committee member of the 11th Hubei Youth Union Committee, a vice chairman of the youth union of the direct departments of Hubei Province, a vice-chairman of the Hubei Enterprises Union, a vice-chairman of Construction Industry Association in Hubei, a vice-chairman of Construction Industry Association in Wuhan, a representative of the 13th People's Representative Congress of Wuchang District, Wuhan City and a member of the construction and environment protection committee in Wuchang District, Wuhan City. Mr. Gao joined the Group in 1987.

Save as disclosed above, Mr. Gao has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Gao has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an executive Director, Mr. Gao does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Gao is interested in 9,544,775 Domestic Shares, representing 1.44% of the entire share capital of the Company. Save as disclosed above, Mr. Gao does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Gao is entitled to an annual remuneration of not exceeding RMB500,000. For the year ended 31 December 2007, Mr. Gao received a total amount of remuneration of RMB450,000. Subject to re-election, the emolument of Mr. Gao will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Zhou Hanwan, born in 1954, is an executive director, deputy general manager of the Company and chairman of Baoye Construction Industrialization Institute. Mr. Zhou is responsible for personnel and financial management of the Group. He holds a professor level senior engineer qualification. Mr. Zhou joined the Group in 1984. He is currently a committee member of the Concrete Section of China Construction Industry Association, a deputy secretary of Concrete Association of Zhejiang Province and a vice-chairman of Concrete Association of Shaoxing County.

Save as disclosed above, Mr. Zhou has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Zhou has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an executive Director, Mr. Zhou does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Zhou is interested in 8,233,510 Domestic Shares, representing 1.24% of the entire share capital of the Company. Save as disclosed above, Mr. Zhou does not have any other interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Zhou is entitled to an annual remuneration of not exceeding RMB500,000. For the year ended 31 December 2007, Mr. Zhou received a total amount of remuneration of RMB450,000. Subject to re-election, the emolument of Mr. Zhou will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Wang Rongfu, born in 1954, is an executive director of the Company and chairman of Baoye Construction, a subsidiary of the Group. Mr. Wang holds a senior engineer qualification. He was previously a deputy general manager and general engineer of Baoye Construction. He was awarded the Model Worker of Shaoxing City, National Outstanding Entrepreneur, Talent with great contribution to the development of Shaoxing County, Top 10 Outstanding Entrepreneur of construction in Zhejiang and was appointed as a National Outstanding On-site Inspection Expert. Mr. Wang joined the Group in 1976.

Save as disclosed above, Mr. Wang has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Wang has been appointed for a term commencing on 25 June 2007 and expiring when the term of the second term of the Board expires, that is, upon the conclusion of the AGM.

Apart from being an executive Director, Mr. Wang does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Wang is interested in 7,147,039 Domestic Shares, representing 1.08% of the entire share capital of the Company. 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 SFO.

Mr. Wang is entitled to an annual remuneration of not exceeding RMB500,000. For the year ended 31 December 2007, Mr. Wang received a total amount of remuneration of RMB450,000. Subject to re-election, the emolument of Mr. Wang will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Non-executive Directors

Mr. Hu Shaozeng, born in 1935, is a non-executive director of the Company. Mr. Hu graduated from Shanghai Tongji University majoring in industrial and residential construction and holds a senior engineer qualification. He has served as the Dean of the Construction Committee of Zhejiang Province, the dean and a deputy chief engineer of Zhejiang Provincial Department of Construction, a secretary of the Zhejiang Construction Industry Association, a vice chairman and the chief secretary of the Zhejiang Construction and Management Association and a branch vice chairman of the China Construction and Management Association. Mr. Hu is currently a consultant of the China Construction Industry Association and Zhejiang Construction and Management Association.

Save as disclosed above, Mr. Hu has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Hu has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being a non-executive Director, Mr. Hu does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of their respective associates of the Company.

As at the Latest Practicable Date, Mr. Hu does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Hu is entitled to an annual remuneration of not exceeding RMB38,000. For the year ended 31 December 2007, Mr. Hu received a total amount of remuneration of RMB38,000. Subject to re-election, the emolument of Mr. Hu will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Independent Non-executive Directors

Mr. Wang Youwei, born in 1945, is an independent non-executive director, and the chairman of audit and nomination committee of the Company. Mr. Wang graduated from the Shanghai Tongji University majoring in foundation construction in 1968 and completed his graduate studies in construction theories in Tsinghua University in 1975. He holds a professor level qualification. He is currently the chief consulting engineer of the China Construction Science Research Institute, a consultant of the Expert Panel of the Government of Beijing City, a member of the National Construction Technology Bureau, a council member of the Research Institute of Urbanisation, the director of the National Green Construction and Energy Saving Committee, the deputy director of the Expert Panel of the China Construction Association, the director of the China Construction Engineering Association and the chief editor of the Construction Structure Journal.

Save as disclosed above, Mr. Wang has not held any directorship in listed public companies in the three years prior to the Latest Practical Date. Mr. Wang has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent non-executive Director, Mr. Wang does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Wang does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Wang is entitled to an annual remuneration of not exceeding RMB38,000. For the year ended 31 December 2007, Mr. Wang received a total amount of remuneration of RMB38,000. Subject to re-election, the emolument of Mr. Wang will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Yi Deqing, born in 1935, is an independent non-executive director, a member of audit committee and remuneration committee of the Company. He graduated from Zhejiang University in 1956 majoring in civil engineering, and holds the qualifications of National Chartered First-class Structural Engineer and professor-level senior engineer. Mr. Yi has been awarded the Master of China Construction Design (中國工程設計大師) and Model Worker of the Ministry of Construction. He is currently the chief consulting engineer of the Zhejiang Province Construction Design Research Institute, a committee member of China Civil Engineering Association, a deputy director and officer-in charge of the

Construction Technology Committee of Zhejiang Province, a deputy director and officer-in-charge of the Earthquake Prevention Committee of Zhejiang Province, a deputy director of Zhejiang Civil Engineering Construction Association, a senior consultant of the Zhejiang Construction Design Assessment Association, and a consultant of the Zhejiang Construction Quality and Safety Association and Zhejiang Construction Industry Association.

Save as disclosed above, Mr. Yi has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Yi has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent non-executive Director, Mr. Yi does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Yi does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Yi is entitled to an annual remuneration of not exceeding RMB38,000. For the year ended 31 December 2007, Mr. Yi received a total amount of remuneration of RMB38,000. Subject to re-election, the emolument of Mr. Yi will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Chan Yin Ming, Dennis, born in 1954, a Canadian living in Hong Kong, is an independent non-executive director, chairman of remuneration committee and a member of audit committee of the Company. Mr. Chan is a graduate of the John Molson School of Business of Concordia University, Canada and has obtained a professional diploma in accountancy from the McGill University, Canada. Mr. Chan is an associate member of the Chartered Institute of Management Accountants, United Kingdom (ACMA), an association member of the Institute of Chartered Secretaries and Administrators, United Kingdom (ACIS), a member of Chartered Institute of Purchasing and Supply, United Kingdom (MCIPS) and a member of Canadian Institute of Chartered Accountants (CA). Mr. Chan is currently a director and senior vice president of Alliance Capital Asia Limited. Prior to that, Mr. Chan had been directors and chief financial officers of various listed and unlisted companies in Hong Kong, Singapore and the United States of America. Mr. Chan has more than 30 years of experience in public accountancy, management consultancy, manufacturing, distribution, telecommunications, retailing, logistics and financial services.

Save as disclosed above, Mr. Chan has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Chan has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent non-executive Director, Mr. Chan does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Chan does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Chan is entitled to an annual remuneration of not exceeding HK\$180,000. For the year ended 31 December 2007, Mr. Chan received a total amount of remuneration of HK\$180,000. Subject to re-election, the emolument of Mr. Chan will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Sun Chuanlin, born in 1948, is an independent non-executive director of the Company. Mr. Sun is a qualified engineer and previously served as the secretary of the communist party committee of Yangxunqiao County, the secretary of the communist party committee of Qixian District, a member of the communist party leading group and a deputy director of the Village and Township Enterprises Bureau of Shaoxing County, a deputy general manager of Shaoxing Vegetable Production and Sales Company, and a deputy general manager and secretary of the communist party committee of Shaoxing Joint Development Corporation.

Save as disclosed above, Mr. Sun has not held any directorship in listed public companies in the three years prior to the Latest Practicable Date. Mr. Sun has been appointed for a term expiring when the term of the second term of the Board expires, that is, upon the conclusion of the AGM.

Apart from being an independent non-executive Director, Mr. Sun does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Sun does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Sun is entitled to an annual remuneration of not exceeding RMB38,000. For the year ended 31 December 2007, Mr. Sun received a total amount of remuneration of RMB38,000. Subject to re-election, the emolument of Mr. Sun will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Supervisors

Independent Supervisors

Chen Xingquan, born in 1928, is an independent supervisor of the Company. Mr. Chen is certified public accountant in the PRC and is experienced in accounting, auditing and financial management.

Save as disclosed above, Mr. Chen has not held any position in other listed public companies in the past three years prior to the Latest Practicable Date. Mr. Chen has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent Supervisor, Mr. Chen does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Chen does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Chen is entitled to an annual remuneration of not exceeding RMB20,000. For the year ended 31 December 2007, Mr. Chen received a total amount of remuneration of RMB20,000. Subject to re-election, the emolument of Mr. Chen will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Li Yongsheng, born in 1940, is an independent supervisor of the Company. Mr. Li was the procurator general of Shaoxing Procurator Bureau during the period between 1994 and 1998. Currently he is a honorable consultant of Shaoxing Sports Association and a vice president of the Union of Political Consultative Congress in Shaoxing County.

Save as disclosed above, Mr. Li has not held any position in other listed public companies in the three years prior to the Latest Practicable Date. Mr. Li has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent Supervisor, Mr. Li does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Li does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Li is entitled to an annual remuneration of not exceeding RMB20,000. For the year ended 31 December 2007, Mr. Li received a total amount of remuneration of RMB20,000. Subject to re-election, the emolument of Mr. Li will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

Mr. Zhang Xindao, born in 1944, is an independent supervisor of the Company. Mr. Zhang graduated from the Nanjing Institute of Technology (now known as East-South University) and holds a senior engineer qualification. He was preciously a deputy director of Shaoxing City Electric Power Bureau, the general manager of Shaoxing Daming Industry Company, the chairman of Shaoxing Daming Electricity Company and the chairman of Zhuji Bafang Electricity Company. Mr. Zhang is currently the general manager of Shaoxing Tianyi Green Power Co., Ltd.

Save as disclosed above, Mr. Zhang has not held any position in other listed public companies in the past three years prior to the Latest Practicable Date. Mr. Zhang has been appointed for a term of three years expiring upon the conclusion of the AGM.

Apart from being an independent Supervisor, Mr. Zhang does not have any relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders or their respective associates of the Company.

As at the Latest Practicable Date, Mr. Zhang does not have any interests in shares of the Company within the meaning of Part XV of the SFO.

Mr. Zhang is entitled to an annual remuneration of not exceeding RMB20,000. For the year ended 31 December 2007, Mr. Zhang received a total amount of remuneration of RMB20,000. Subject to re-election, the emolument of Mr. Zhang will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions and subject to the Shareholders' approval at the AGM.

For all the above Directors and Supervisors standing for re-election at the AGM, save as disclosed above, the Company, the Directors and Supervisors 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.

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“**AGM**”) of Baoye Group Company Limited (“**Company**”) will be held at 2nd Floor, Baoye Group, No. 501, Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the People’s Republic of China (“**PRC**”) on 15 June 2008 at 9:30 a.m. for the following purposes:

I As ordinary resolutions:

1. To consider and approve the report of the board (“**Board**”) of directors (“**Directors**”) of the Company for the year 2007;
2. To consider and approve the report of the supervisory committee of the Company for the year 2007;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (“**Group**”) and the report of the auditors of the Company for the year ended 31 December 2007;
4. To authorise the Board to decide the matters relating to the payment of final dividend for the year 2007;
- 5A. To re-appoint PricewaterhouseCoopers as the Company’s international auditors and to authorise the Board to fix their remuneration;
- 5B. To re-appoint Shine Wing CPAs as the Company’s PRC statutory auditors and to authorise the Board to fix their remuneration;
- 6A. To consider and approve the re-election of Mr. Pang Baogen as an executive Director and to authorise the Board to fix his remuneration;
- 6B. To consider and approve the re-election of Mr. Gao Jiming as an executive Director and to authorise the Board to fix his remuneration;
- 6C. To consider and approve the re-election of Mr. Gao Lin as an executive Director and to authorise the Board to fix his remuneration;

* For identification purposes only

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- 6D. To consider and approve the re-election of Mr. Zhou Hanwan as an executive Director and to authorise the Board to fix his remuneration;
- 6E. To consider and approve the re-election of Mr. Wang Rongfu as an executive Director and to authorise the Board to fix his remuneration;
- 6F. To consider and approve the re-election and re-designation of Mr. Hu Shaozeng as an independent non-executive Director and to authorise the Board to fix his remuneration;
- 6G. To consider and approve the re-election of Mr. Wang Youwei as an independent non-executive Director and to authorise the Board to fix his remuneration;
- 6H. To consider and approve the re-election of Mr. Yi Deqing as an independent non-executive Director and to authorise the Board to fix his remuneration;
- 6I. To consider and approve the re-election of Mr. Chan Yin Ming, Dennis as an independent non-executive Director and to authorise the Board to fix his remuneration;
- 6J. To consider and approve the re-election of Mr. Sun Chuanlin as an independent non-executive Director and to authorise the Board to fix his remuneration;
- 7A. To consider and approve the re-election of Mr. Chen Xingquan as an independent supervisor (“**Supervisor**”) and to authorise the Board to fix his remuneration;
- 7B. To consider and approve the re-election of Mr. Li Yongsheng as an independent Supervisor and to authorise the Board to fix his remuneration;
- 7C. To consider and approve the re-election of Mr. Zhang Xindao as an independent Supervisor and to authorise the Board to fix his remuneration;
- 8. To consider and approve any motion proposed by any shareholder of the Company holding 5% or more of the share with voting rights at such meeting, if any;

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II As special resolution

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

“THAT:

- (a) Subject to sub-paragraphs (c) and (d) hereinbelow and pursuant to The Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (as the same may be amended from time to time) and the Company Law of the PRC (“**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 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 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 below), Domestic Shares (as defined below) and non-H foreign shares (other than those issued under the PRC Company Law and the articles of association of the Company (“**Articles of Association**”) by the capitalisation of the statutory capital reserve fund) agreed to be allotted and/or conditionally or unconditionally agreed to be

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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.

(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:

“H Shares” mean 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;

“Domestic Shares” mean 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

“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, so as to reflect the changes in the capital of the Company that may have arisen under this mandate.”

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Executive Directors

Mr. PANG Baogen
Mr. GAO Jiming
Mr. GAO Lin
Mr. ZHOU Hanwan
Mr. WANG Rongfu

Non-executive Director

Mr. HU Shaozeng

Independent non-executive Directors

Mr. WANG Youwei
Mr. YI Deqing
Mr. CHAN Yin Ming, Dennis
Mr. SUN Chuan Lin

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

Zhejiang Province, the PRC

30 April 2008

Notes:

1. The register of members of the Company will be closed from 15 May 2008 to 15 June 2008 (both days inclusive), during which no transfer of shares can be registered. In order to qualify for final dividend and attendance at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the registered address of the Company (for holders of Domestic Shares) at Yangxunqiao Township, Shaoxing County, Zhejiang Province, the People's Republic of China (Post Code: 312028), no later than 4:00 p.m. on 14 May 2008.
2. Holders of Domestic Shares and H Shares whose names appear on the register of members of the Company on 15 June 2008 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, in the event of a poll, vote on their behalves. A proxy need not be a member of the Company.
4. In order to be valid, the proxy form must be deposited by hand or post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Center, 28 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares of the Company, to the registered address of the Company at Yangxunqiao Township, Shaoxing County, Zhejiang Province, the People's Republic of China (Post Code: 312028) not less than 24 hours before the time for holding the meeting or not less 24 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.

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6. Shareholders who intend to attend the AGM should complete and return the reply slip and return it by hand or post to the share registrar of the Company (for holders of H Shares) or to the registered office address of the Company (for holders of Domestic Shares) on or before 26 May 2008.
7. The AGM is expected to take half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. The registered office address of the Company is as follows:

Yangxunqiao Township
Shaoxing County
Zhejiang Province
The People's Republic of China
Post Code: 312028
Tel: 86-575-84069420
Fax: 86-575-84067670
9. As at the date hereof, the Board comprises five executive directors, namely Mr. Pang Baogen, Mr. Gao Jiming, Mr. Gao Lin , Mr. Zhou Hanwan, and Mr. Wang Rongfu; one non-executive director, namely Mr. Hu Shaozeng, and four independent non-executive directors, namely Mr. Wang Youwei, Mr. Yi Deqing, Mr. Chan Yin Ming, Dennis and Mr. Sun Chuanlin.