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寶業集團股份有限公司

BAOYE GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

Resignation and Appointment of Directors

Resignation and Appointment of Supervisor

and

Change of Members of Board Committees

The Board announces that with effect from 25 August 2014:

- Mr. Wang resigned as an independent non-executive Director and ceased to be a member of the Audit Committee and the chairman of the Nomination Committee;
- Mr. WR Li was appointed as an independent non-executive Director and a member of the Audit Committee and the chairman of the Nomination Committee;
- Ms. Liang was appointed as an independent non-executive Director and a member of the Remuneration Committee and the Nomination Committee;
- Mr. YS Li resigned as an independent supervisor of the Company; and
- Mr. Xiao was appointed as an independent supervisor of the Company.

Resignation of Director

The board of directors (the “**Board**”) of Baoye Group Company Limited* (the “**Company**”) announces that after careful and thorough consideration of the requirements under the government policy and the relevant policy interpretation, Mr. Wang Youqing (“**Mr. Wang**”) has resigned as independent non-executive director (the “**Director**”) of the Company with effect from 25 August 2014. Accordingly, Mr. Wang ceased to be a member of the Board’s audit committee (the “**Audit Committee**”) and the chairman of the Board’s nomination committee (the “**Nomination Committee**”).

Mr. Wang has confirmed that he has no disagreement with the Board and there are no other matters relating to his resignation of independent non-executive Director that need to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board would like to take this opportunity to express its gratitude to Mr. Wang for his valuable contribution to the Board during his tenure of office.

Appointment of Directors

Reference is made to the announcements of the Company dated 2 July 2014 and 7 July 2014, following the resignation of Ms. Jin Juxian as independent non-executive Director with effect from 2 July 2014, the number of independent non-executive Directors has fallen below the minimum number required under Rules 3.10(1) and 3.10A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As such, the Board proposed to appoint Mr. Li Wangrong (“**Mr. WR Li**”) and Ms. Liang Jing (“**Ms. Liang**”) as the independent non-executive Directors. The term of office of both Mr. WR Li and Ms. Liang as independent non-executive Directors is from 25 August 2014 and is due to expire at the forthcoming annual general meeting of the Company whereby each of Mr. WR Li and Ms. Liang will be eligible for re-election.

The biographical details of Mr. WR Li is as follows:

Mr. Li Wangrong, born in 1963, graduated from Law College of Zhejiang University and holds master degree. Mr. WR Li is currently the principal partner of Zhejiang

Dagong & Partners and the first-grade solicitor. Mr. WR Li is the independent director of Sanbian Sci-Tech Co., Ltd., a listed company in Shenzhen Stock Exchange. Mr. WR Li has rich experience in arbitration of construction, property development, contracts, civil and commercial cases

The biographical details of Ms. Liang is as follows:

Ms. Liang Jing, born in 1953, graduated from Jiangxi Metallurgy College, majoring in mechanical engineering and holds senior level engineer qualification. Ms. Liang worked for Shaoxing Lizhu Iron Mining Company, Shaoxing Property Development Company and Shaoxing Tianying Tax Agent Company. Now Ms. Liang has retired.

According to the Article 104 of the articles of association of the Company, an appointment letter will be entered into between Mr. Li and the Company, Ms. Liang and the Company respectively and the term of office of Mr. Li and Ms. Liang as independent non-executive Directors is from 25 August 2014 and is due to expire at the forthcoming annual general meeting of the Company whereby each of Mr. Li and Ms. Liang will be eligible for re-election. The emolument of Mr. Li and Ms. Liang will be determined by the Board with reference to their duties, responsibilities and the prevailing market conditions.

As at the date of this announcement, save as disclosed above, Mr. WR Li and Ms. Liang confirm that they do not (i) hold directorships in any other listed companies in the last three years; (ii) hold any other positions within the Company or other members of the Group; (iii) have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company; and (iv) have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”).

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the shareholders of the Company in relation to Mr. WR Li and Ms. Liang’s appointments and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of

the Listing Rules.

Resignation of Supervisor

In addition, after careful and thorough consideration of the requirements under the government policy and the relevant policy interpretation, Mr. Li Yongsheng (“**Mr. YS Li**”), an independent supervisor of the Company, has also resigned as independent supervisor of the Company with effect from 25 August 2014.

Mr. YS Li has confirmed that he has no disagreement with the Board and there are no other matters relating to his resignation of independent supervisor that need to be brought to the attention of the shareholders of the Company or the Stock Exchange.

The Board would like to take this opportunity to express its gratitude to Mr. YS Li for his valuable contribution to the supervisory committee and the Company during his tenure of office.

Appointment of Supervisor

Upon the resignation of Mr. YS Li as an independent supervisor of the Company, the number of the supervisory committee members has fallen below the number required under the articles of association of the Company. As such, the Board proposed to appoint Mr. Xiao Jianmu (“**Mr. Xiao**”) as the independent supervisor of the supervisory committee. The term of office of Mr. Xiao as an independent supervisor of the Company is from 25 August 2014 and is due to expire at forthcoming annual general meeting of the Company whereby Mr. Xiao will be eligible for re-election.

The biographical details of Mr. Xiao is as follows:

Mr. Xiao Jianmu, born in 1967, graduated from Zhejiang Forestry College, holds the qualifications of economist, Certified Public Accountant, Certified Tax Agent, Certified Public Valuer, Real Estate Appraiser and was awarded Zhejiang Excellent Certified Public Accountant. Mr. Xiao served in construction department of Shaoxing Huaxia Company and Shaoxing Gongxiao Building Company Limited. Mr. Xiao is now the vice director of Zhejiang Zhongtian Accountant Firm.

An appointment letter will be entered into between Mr. Xiao and the Company and

the term of office of Mr. Xiao as an independent supervisor of the Company came into effect from 25 August 2014 and is due to expire at forthcoming annual general meeting of the Company whereby Mr. Xiao will be eligible for re-election. The emolument of Mr. Xiao will be determined by the Board with reference to his duties, responsibilities and the prevailing market conditions.

As at the date of this announcement, save as disclosed above, Mr. Xiao confirms that he does not (i) hold directorships in any other listed companies in the last three years; (ii) hold any other positions within the Company or other members of the Group; (iii) have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company; and (iv) have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the shareholders of the Company in relation to Mr. Xiao's appointment and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Listing Rules.

Change of Members of Board Committees

In addition, the Board further announces that with effect from 25 August 2014, the composition of the Board committees are as follows:

Audit Committee:

Chairman: Mr. Chan Yin Ming, Dennis

Members: Mr. Fung Ching, Simon and Mr. Li Wangrong

Remuneration Committee:

Chairman: Mr. Chan Yin Ming, Dennis

Members: Mr. Pang Baogen and Mr. Li Wangrong

Nomination Committee:

Chairman: Mr. Li Wangrong

Members: Mr. Gao Jiming and Ms. Liang Jing

The Board expresses its warmest welcome to Mr. WR Li, Ms. Liang and Mr. Xiao for their new roles in the Company.

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

Zhejiang, the People's Republic of China
25 August 2014

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; 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.

** For identification purpose only*