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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)

**RESULTS OF AGM  
DISTRIBUTION OF DIVIDEND  
AND  
CHANGE IN THE PRC STATUTORY AUDITOR**

The board of directors (the “**Board**”) of Baoye Group Company Limited\* (the “**Company**”) is pleased to announce that at the annual general meeting of the Company (the “**AGM**”) held on 13 June 2011, all the resolutions as set out in the notice of the AGM (the “**AGM Notice**”) dated 21 April 2011 were duly passed by way of poll as required by the Listing Rules. None of the shareholders of the Company has proposed any motion at the AGM pursuant to resolution No.8 as set out in the AGM Notice. Details of the resolutions were set out in the AGM Notice.

As at the date of the AGM, the total number of issued shares of the Company was 662,964,005, comprising 350,742,053 domestic shares and 312,221,952 H Shares (as defined below), which was the total number of shares entitling the holders to attend and vote for or against the resolutions at the AGM. There were no restrictions on any shareholders casting votes on any of the resolutions at the AGM.

The Company's H Share registrar, Tricor Tengis Limited, was appointed as scrutineer for the purpose of vote-taking at the AGM. The poll results in respect of the resolutions are as follows:

Resolutions		Number of votes cast and approximate percentage of total number of votes cast		Total number of votes
		For	Against	
<b>Ordinary Resolutions</b>				
1	To consider and approve the report of the board (“ <b>Board</b> ”) of directors (“ <b>Directors</b> ”) of the Company for the year ended 31 December 2010	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
2	To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2010	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
3	To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (together, the “ <b>Group</b> ”) and the report of the auditors of the Company for the year ended 31 December 2010	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
4	To authorise the Board to decide the matters relating to the payment of final dividend for the year ended 31 December 2010	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
5A	To re-appoint PricewaterhouseCoopers as the Company’s international auditor and to authorise the Board to fix their remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
5B	To appoint PricewaterhouseCoopers Zhongtian CPAs as the Company’s PRC statutory auditor and to authorise the Board to fix their remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
6A	To consider and approve the re-election of Mr. Pang Baogen as an executive Director of the Company and to authorise the Board to fix his remuneration	420,992,880 (93.49%)	29,314,000 (6.51%)	450,306,880 (100.00%)
6B	To consider and approve the re-election of Mr. Gao Lin as an executive Director of the Company and to authorise the Board to fix his remuneration	450,280,880 (99.99%)	26,000 (0.01%)	450,306,880 (100.00%)
6C	To consider and approve the re-election of Mr. Gao Jiming as an executive Director of the Company and to authorise the Board to fix his remuneration	450,280,880 (99.99%)	26,000 (0.01%)	450,306,880 (100.00%)
6D	To consider and approve the appointment of Mr. Gao Jun as an executive Director of the Company and to authorise the Board to fix his remuneration	450,280,880 (99.99%)	26,000 (0.01%)	450,306,880 (100.00%)
6E	To consider and approve the appointment of	450,280,880	26,000	450,306,880

	Mr. Jin Jixiang as an executive Director of the Company and to authorise the Board to fix his remuneration	(99.99%)	(0.01%)	(100.00%)
6F	To consider and approve the appointment of Mr. Fung Ching Simon, as a non-executive Director of the Company and to authorise the Board to fix his remuneration	450,280,880 (99.99%)	26,000 (0.01%)	450,306,880 (100.00%)
6G	To consider and approve the re-election of Mr. Chan Yin Ming, Dennis as an independent non-executive Director of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
6H	To consider and approve the re-election of Mr. Wang Youqing as an independent non-executive Director of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
6I	To consider and approve the appointment of Mr. Zhao Rulong as an independent non-executive Director of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
7A	To consider and approve the re-election of Mr. Kong Xiangquan as a supervisor of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
7B	To consider and approve the re-election of Mr. Qian Yongjiang as a supervisor of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
7C	To consider and approve the re-election of Mr. Yuan Ajin as a supervisor of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
7D	To consider and approve the re-election of Mr. Li Yongsheng as an independent supervisor of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
7E	To consider and approve the re-election of Mr. Zhang Xindao as an independent supervisor of the Company and to authorise the Board to fix his remuneration	450,306,880 (100.00%)	0 (0.00%)	450,306,880 (100.00%)
<b>Special Resolution</b>				
9	To consider and approve the general mandate to allot new shares	381,111,169 (84.63%)	69,195,711 (15.37%)	450,306,880 (100.00%)

As more than 1/2 votes were casted in favour of the ordinary resolutions numbered 1 to 7E, the ordinary resolutions were duly passed as ordinary resolutions of the Company by way of poll.

As more than 2/3 votes were casted in favour of the special resolution numbered 9, the special resolution was duly passed as a special resolution of the Company by way of poll.

## **DISTRIBUTION OF DIVIDEND**

The method of payment of the dividend by the Company will be as follows:

1. Dividend payable to the holders of overseas listed foreign shares in the ordinary share capital of the Company (“**H Shares**”), with a nominal value of RMB1.00 each, shall be calculated in Renminbi (“**RMB**”) and paid in Hong Kong dollars. The following conversion formula shall apply:

Dividend per share in RMB

$$\text{Dividend per share in Hong Kong dollar} = \frac{\text{Dividend per share in RMB}}{\text{Average price in RMB for every Hong Kong dollar published daily by the People's Bank of China over a period of five working days prior to the date of this announcement}}$$

For the purpose of the distribution of dividend, the average exchange rate of RMB announced by the People’s Bank of China for the past five working days preceding the date of this announcement is HK\$1 to RMB0.8333. Thus, the dividend per share in Hong Kong dollar is HK\$0.1920 (pre-tax) for holders of H Shares.

2. According to the “Enterprise Income Tax Law of the People’s Republic of China” and the “Detailed Rules for Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, which came into effect on 1 January 2008, any H Shares registered in the name of non-resident enterprise shareholders (including corporate nominees or trustees) are subject to a 10% withholding tax for the dividend repatriated by the Company. Accordingly, in respect of all shareholders whose names appear on the register of members for H Shares of the Company as at 13 June 2011 who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organizations that are all considered as non-resident enterprise shareholders), the Company will distribute the final dividends after deducting income tax of 10%. The Company will not withhold and pay income tax in respect of the dividends payable to any natural person shareholders whose names appear on the Company’s register of members for H Shares as at 13 June 2011.

The Company will withhold payment of enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the Company’s register of members for H Shares on the record date (i.e. 13 June 2011). The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from delay in, or inaccurate determination of, the status of

the shareholders or any disputes over the mechanism of withholding of enterprise income tax.

3. Pursuant to the articles of association of the Company, the Company has appointed Bank of China (Hong Kong) Trustees Limited (“**Receiving Agent**”) to receive the 2010 final dividends declared in respect of H Shares on behalf of holders of H Shares. Shareholders whose names appear on the Company’s register of members for H Shares on 13 June 2011 shall be entitled to the final dividend of RMB0.16 (pre-tax) per share for the year 2010. The dividend warrants of H Shares together with the cheques will be issued by the Receiving Agent and will be posted by ordinary mail to holders of H Shares at their own risks on 8 July 2011.

### **CHANGE IN THE PRC STATUTORY AUDITOR**

Reference is made to the announcement of the Company dated 28 March 2011.

The Board is pleased to announce the appointment of PricewaterhouseCoopers Zhongtian CPAs Company Limited to replace Shine Wing CPAs Company Limited as the Company’s PRC statutory auditor with the approval of the shareholders of the Company at the AGM.

Shine Wing CPAs Company Limited has confirmed that there are no matters regarding the ceasing of re-appointment that need to be brought to the attention of the shareholders of the Company. The Board is also not aware of any matter regarding the ceasing of re-appointment that needs to be brought to the attention of shareholders of the Company.

The Company hereby expresses its sincere appreciation for the professional service and support of Shine Wing CPAs Company Limited provided over the past years.

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

Zhejiang Province, the People’s Republic of China  
13 June 2011

\* *For identification purpose only*

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