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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)

**DISCLOSEABLE TRANSACTION**

**FORMATION OF A JOINT VENTURE COMPANY**

On 9 November 2007, the Company entered into the JV Agreement with Hangzhou Zhida, pursuant to which the parties agreed to establish the JV Company. The JV Company will be established as a joint venture entity under the laws of the PRC to hold and develop the Land. Pursuant to the JV Agreement, the initial registered capital of RMB100,000,000 (approximately HK\$97,000,000) of the JV Company will be contributed as to 51% by Hangzhou Zhida and as to 49% by the Company.

The Land was acquired by Hangzhou Zhida at a consideration of RMB1,095,000,000 (approximately HK\$1,062,150,000) through a public auction held by Shaoxing Land Resources Administrative Bureau on 23 August 2007.

As the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, a circular containing, among other things, detailed information of the transaction contemplated under the JV Agreement will be dispatched to the Shareholders as soon as possible.

**INTRODUCTION**

On 9 November 2007, the Company entered into the JV Agreement with Hangzhou Zhida, a wholly owned subsidiary of Greentown China Holdings Limited whose securities are listed on the Stock Exchange (stock code 3900), pursuant to which the parties agreed to establish the JV Company. The JV Company will be incorporated as a joint venture entity under the laws of the PRC to hold and develop the Land. Pursuant to the JV Agreement, the initial registered capital of RMB100,000,000 (approximately HK\$97,000,000) of the JV Company will be contributed as to 51% by Hangzhou Zhida and as to 49% by the Company.

\* For identification purpose only

## **THE JV AGREEMENT**

The parties entered into a legally binding agreement with principal terms summarized as below:

### **Date**

9 November 2007

### **Parties**

The Company and Hangzhou Zhida

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Hangzhou Zhida and its ultimate beneficial owners are Independent Third Parties.

### **The JV Company**

The parties to the JV Agreement agreed that the JV Company will be established in the PRC and its initial registered capital of RMB100,000,000 (approximately HK\$97,000,000) will be contributed as to RMB51,000,000 (representing 51% of the initial registered capital) and RMB49,000,000 (representing 49% of the initial registered capital) by Hangzhou Zhida and the Company respectively. Under the JV Agreement, the board of the JV Company will compose of three directors represented by Hangzhou Zhida and two directors represented by the Company. The purpose of establishing the JV Company is to develop the Land into a residential property. The Company intends to fund its contribution by internal resources.

### **Distribution of Profit and Loss**

The Company and Hangzhou Zhida will share the profit and loss of the JV Company in proportion to their respective contributions to the registered capital of the JV Company (i.e. on a 49:51 basis).

### **The Land**

The Land is situated at No. 1 Yangming Road Shaoxing Economic Development Zone, Shaoxing, Zhejiang, PRC with a total site area of 183,377 square meters. The Land was acquired at a consideration of RMB1,095,000,000 (approximately HK\$1,062,150,000) by Hangzhou Zhida through a public bidding at an auction organised by Shaoxing Land Resources Administrative Bureau on 23 August 2007. The Land will be developed for residential units with gross floor areas of approximately 183,377 square meters.

### **Total Investment**

The initial contributions by each party under the JV Company is the registered capital being RMB100,000,000 (approximately HK\$97,000,000) which will be contributed as to 49% by the Company and 51% by Hangzhou Zhida by cash respectively. The parties may contribute additional capital as and when required by the JV Company by way of a shareholders loan. The maximum capital commitment attributable to the Company in respect of the transaction contemplated under the JV Agreement is estimated to be not exceeding RMB536,550,000 (equivalent to approximately HK\$520,453,500), representing 49% of the total consideration of the Land which will be payable by it on or before 22 November 2007.

## **INFORMATION ON THE GROUP AND HANGZHOU ZHIDA**

The Group is principally engaged in (i) the undertaking and implementation of construction projects, (ii) research and development, production and sale of building materials; and (iii) real estate development.

Hangzhou Zhida is a limited liability company incorporated in the PRC whose principal business is property and real estate development.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

One of the Group's main businesses are property development and investments in the PRC and is primarily engaged in developing quality residential properties targeting high-income earners in the PRC. The Land is conveniently located closely to Shaoxing Economic Development Zone which offers a spectacular view for the residential units. The Company believes that the entering into the JV Agreement by partnering with one of the leading property developers in the PRC will provide a good opportunity for the Group to further expand its investment portfolio and land bank. The Directors further believe that the joint venture arrangement with Hangzhou Zhida is consistent with the business strategy of the Company which will create positive synergy effects to the Company and enhance the Group's position in the PRC property market as a whole.

The terms of the JV Agreement have been negotiated after an arm's length basis and on normal commercial terms. The Directors (including the independent non-executive Directors) consider that the terms thereof are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

## **GENERAL**

As the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, a circular containing detailed information of the transaction contemplated under the JV Agreement will be sent to the Shareholders as soon as possible.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors of the Company;
“Company”	Baoye Group Company Limited, a joint stock limited company incorporated in the PRC whose shares are listed on the Stock Exchange;
“Director(s)”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hangzhou Zhida”	Hangzhou Zhida Real Estate Company Limited (杭州致達置業有限公司), a wholly owned subsidiary of Greentown China Holdings Limited being a company incorporated in the Cayman Islands and the securities of which are listed on the Stock Exchange of Hong Kong Limited;

“JV Agreement”	the joint venture agreement dated 9 November 2007 entered into between Hangzhou Zhida and the Company in respect of the establishment of the JV Company;
“JV Company”	a joint venture entity to be established in the PRC with its initial registered capital of RMB100,000,000 (approximately HK\$97,000,000);
“Independent Third Party(ies)”	party/parties who, to the best of the knowledge, information and belief having made all reasonable enquiries of the Directors, is/are third part/parties independent of the Company and connected persons of the Company;
“Land”	a piece of land situated at No.1 Yangming Road Shaoxing Economic Development Zone, Shaoxing, Zhejiang, PRC, with a gross floor area of approximately 183,377 square meters;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

On behalf of the Board  
**Baoye Group Company Limited**  
**Pang Baogen**  
*Chairman*

Zhejiang Province, the PRC  
9 November 2007

*As at the date of this announcement, 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. Dennis Yin Ming Chan and Mr. Sun Chuanlin.*

*The English names/translations of the companies established in the PRC, relevant authorities in the PRC and other Chinese terms used in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$0.97 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*