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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 IN RELATION TO
THE ACQUISITION OF EQUITY INTEREST IN
THE TARGET COMPANY**

The Board is pleased to announce that on 17 May 2021 (after trading hours), the Purchaser and the Vendor entered into the Agreement pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 51% equity interest in the Target Company at a consideration of RMB202.79 million (equivalent to approximately HK\$244.95 million). After the completion of the Acquisition Agreement, the Purchaser will hold 100% equity in the Target Company, and the Target Company will become an indirect wholly-owned subsidiary of the Company.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement but is exempted from the circular and Shareholders' approval requirements.

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PRINCIPAL TERMS OF THE AGREEMENT

Date

17 May 2021

Parties

- (i) Purchaser: Hubei Construction Engineering Real Estate Development Co., Ltd.* (湖北省建工房地產開發有限公司), a wholly-owned subsidiary of the Company
- (ii) Vendor: Langfang Jingyu Real Estate Development Co., Ltd. * (廊坊京禦房地產開發有限公司), a limited liability company registered in Gu'an County, Hebei Province, the P.R.C

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Assets to be acquired

Pursuant to the Agreement, the Purchaser shall purchase the 51% equity interest in the Target Company held by the Vendor.

Completion

Upon signing the Agreement:

- (i) the Purchaser and Vendor shall arrange the relevant registration with the industry and commerce administration authorities in relation to the Acquisition in 10 business days;
- (ii) upon submission of the registration with the industry and commerce administration authorities, the Purchaser shall pay the Vendor the total remaining equity transfer payable amount of RMB29,390,000 (approximately HK\$35,500,000).

Consideration and settlement

The consideration of RMB202.79 million for the 51% equity interest of Target Company is determined after arm's length negotiation with reference to the following:

- (i) the equity of the Target Company;

(ii) Outstanding shareholder loan the Vendor owed to the Target Company of RMB 173.4 million (upon completion of the Acquisition, this shareholder loan will be assigned to the Purchaser and will be owed by the Purchaser to the Target Company); and

(iii) The expected development potential of the Target Company.

The directors believe that the consideration of the acquisition is fair and reasonable and the terms of the acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Payment

On the day when the Purchaser and the Vendor submit the industrial and commercial change registration, the Purchaser pays the Vendor the remaining equity transfer payable amount of approximately RMB 29,390,000 in total.

The Group will use internal resources to fund the consideration payment under the acquisition agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the P.R.C, on 12 October 2018, with a registered capital of RMB340,000,000, and its main business is real estate development. Before the acquisition, the Purchaser held 49% of the equity and the Vendor held 51% of the equity.

Set out below is a summary of the audited financial information of the Target Company prepared in accordance with accounting principles generally accepted in the PRC:

	<i>For the year ended 31 December 2020</i>	<i>For the year ended 31 December 2019</i>
	<i>audited</i>	<i>audited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
<i>(Loss) before tax</i>	<i>(7,932.78)</i>	<i>(1,256.06)</i>
<i>(Loss) after tax</i>	<i>(5,978.34)</i>	<i>(942.04)</i>

The audited equity attributable to owners of the Target Company as at 31 December 2020 was RMB333,079,621 (equivalent to approximately HK\$402,318,663).

INFORMATION OF THE VENDOR

The Vendor is a limited liability company incorporated in Gu'an County, Hubei Province, the P.R.C., and is principally engaged in real estate development business.

INFORMATION OF THE PURCHASER AND THE GROUP

The Purchaser is a wholly-owned subsidiary of the Group and is principally engaged in property development.

The Group is principally engaged in the provision of construction services, sale and installation of building materials and development and sale of properties in the PRC.

REASONS FOR THE ACQUISITION

The real estate development business of the Group is mainly concentrated in Zhejiang, Shanghai, Anhui and Hubei. The financial status of the Group is very satisfactory. The Group is still in a net cash position and has sufficient financial strength to expand. The development project of the Target Company is located in Wuhan City, Hubei Province, with convenient transportation and complete supporting facilities. The sales of the project have begun and are in good condition. The acquisition of the Target Company's equity will expand the business scale of the Group and earn greater returns for shareholders.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement but is exempt from the circular and Shareholders' approval requirements.

DEFINITIONS

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

“Agreement” the share transfer agreement dated 17 May 2021 between the Vendor and the Purchaser

“Board”	the board of Directors of the Company
“Company”	Baoye Group Company Limited* (寶業集團股份有限公司) (stock code: 2355), a joint stock limited company incorporated in the PRC and the issued shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the 51% equity interest in the Target Company
“Director(s)”	director(s) of the Company
“Acquisition”	acquisition of the 51% equity interest in the Target Company by the Purchaser from the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	a third party independent of the Company and the persons (has the meaning ascribed thereto in the Listing Rules) of the Company and is not a connected person (has the meaning ascribed thereto in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Hubei Construction Engineering Real Estate Development Company Limited* (湖北省建工房地產開發有限公司), a wholly-owned subsidiary

	of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shares”	shares of the company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wuhan Yuzhu Real Estate Development Co., Ltd.* (武漢裕築房地產開發有限公司), a limited company, the main business of which is property development, incorporated in the PRC with a registered capital of RMB340,000,000 equity interest of which was held as to 51% by Vendor and 49% by the Purchaser as at the date of the Agreement
“Vendor”	Langfang Jingyu Property Development Company Limited*(廊坊京禦房地產開發有限公司), a limited company incorporated in Gu’an County, Hebei Province, the P.R.C.
“%” or “per cent.”	percentage or per centum

Unless otherwise defined, for the purpose of this announcement and for the purpose of illustration only, RMB amounts have been translated using the following rates: RMB1.00:HK\$1.2079. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

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

Zhejiang, the People’s Republic of China
17 May 2021

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. JinJixiang; one nonexecutive 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*