

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT

PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09(2)(a) OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND RESUMPTION OF TRADING

This announcement is made by Baoye Group Company Limited (the “**Company**”) pursuant to Rule 3.7 of The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has noted the recent unusual movement in the trading price and volume of its H shares. Having made such due enquiry with respect to the Company as appropriate in the circumstances, the Board was informed that the controlling shareholder of the Company is considering a potential privatization proposal (the “**Potential Transaction**”) which, if successful, may lead to withdrawal of the listing of the Company's H shares from The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As of the date of this announcement, no definitive agreement or letter of intent has been entered into with any party or being tabled to the Board pertaining to the Potential Transaction.

No firm intention to make an offer under Rule 3.5 of the Takeovers Code has been made.

There is no assurance that the aforesaid Potential Transaction or any other transaction contemplated by the discussions mentioned in this announcement will materialise or eventually be consummated and the discussions may or may not lead to a formal offer (as defined in the Takeovers Code) for the shares of the Company. In addition, the Potential Transaction is subject to further discussions between the parties and the relevant transactions are subject to regulatory and governmental approvals and other conditions precedent. Shareholders and

**For identification purposes only*

potential investors of the Company are advised to exercise caution when dealing in the shares and/or other securities of the Company. Shareholders and potential investors of the Company who are in doubt about the action they should take should consult their professional advisers.

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement.

As at the date of this announcement, the Company has 562,664,053 shares in issue, comprising 211,922,000 H shares and 350,742,053 domestic shares.

Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted an increase in the trading price and volume of the H shares on 6 May 2020. Save as aforesaid in relation to the Potential Transaction, having made such due enquiry with respect to the Company as appropriate in the circumstances, the Board confirms that it is not aware of any other reasons for these price and volume movements or of any other information that must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Company will make monthly announcement(s) setting out the progress of the Potential Transaction until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code, or of a decision not to proceed with the Potential Transaction is published. Further announcement(s) will be made by the Company as and when appropriate, and in compliance with the relevant requirements under the Takeovers Code or the Listing Rules (as the case may be).

DISCLOSURE OF DEALING

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code and including, among others, persons who own or control 5% or more of the relevant securities) of the Company are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING OF H SHARES OF THE COMPANY

At the request of the Company, trading in the H shares of the Company on the Stock Exchange has been halted from 14:36 p.m. on 6 May 2020 pending the release of this announcement. An application has been made by the Company for the resumption of trading in its H shares on the Stock Exchange with effect from 9:00 a.m. on 11 May 2020.

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

Zhejiang, the People's Republic of China
10 May 2020

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.