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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO THE
INVESTMENT IN SHANGHAI RESEARCH INSTITUTE OF
BUILDING SCIENCES GROUP THROUGH
CAPITAL INJECTION**

Reference is made to the announcement of Baoye Group Company Limited (the “**Company**”) dated 16 June 2017 (the “**Announcement**”) in relation, among other matters, the Capital Injection. Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

SUPPLEMENTAL INFORMATION

The Board wishes to supplement the information regarding the Capital Injection provided in the Announcement with the following:

The audited financial information of Shanghai Research Institute of Building Sciences Group (“**Shanghai Research Institute**”) for the two years ended 31 December 2014 and 2015 and the unaudited financial information of Shanghai Research Institute for the ten months ended 31 October 2016 is set out as follows:

For the year ended 31 December

**For the ten
months ended 31**

2014

2015

October

2016

	<i>RMB'000</i> <i>approximately</i> <i>(audited)</i>	<i>RMB'000</i> <i>approximately</i> <i>(audited)</i>	<i>RMB'000</i> <i>approximately</i> <i>(unaudited)</i>
Revenue	2,732,599	2,904,388	1,680,421
Profit before tax	194,828	221,054	125,217
Profit after tax	162,573	184,841	103,366

The net asset value of Shanghai Research Institute based on valuation as at 31 May 2016 was approximately RMB1,515,000,000 (equivalent to approximately HK\$1,742,250,000).

BASIS OF CONSIDERATION OF THE CAPITAL INJECTION

The consideration for the Capital Injection, being RMB232,267,828 (equivalent to approximately HK\$267,108,002) was based on the result of tender through Shanghai United Assets and Equity Exchange which Shanghai Research Institute has listed its capital injection project on Shanghai United Assets and Equity Exchange. Under the tender, the proposed offer price is not less than RMB15.15 (equivalent to approximately HK\$17.42) (the “**Proposed Price**”) per each dollar in the registered capital of Shanghai Research Institute, the minimum amount and the maximum amount of the capital injection of the registered capital of Shanghai Research Institute to be acquired is RMB6,666,700 (equivalent to approximately HK\$7,666,705) and RMB13,333,400 (equivalent to approximately HK\$15,333,410), respectively. The Proposed Price is set by marking reference to the appraised net asset value of Shanghai Research Institute as per the valuation report prepared by Shanghai Dongzhou Assets Valuation Company Limited* (上海東洲資產評估有限公司).

Based on the result of the tender announced by Shanghai United Assets and Equity Exchange, the Company paid RMB17.42 (equivalent to approximately HK20.03) per each dollar in the registered capital of Shanghai Research Institute in cash which is determined by and making reference to:

- (i) the competitiveness of other companies participated in the tender;
- (ii) the available financial resources of the Group;
- (iii) the Proposed Price;
- (iv) the appraised net asset value of Shanghai Research Institute as per the valuation report prepared by Shanghai Dongzhou Assets Valuation Company Limited* (上海東洲資產評估有限公司).

As at 31 May 2016, the appraised net asset value of the entire equity interest in Shanghai Research Institute was RMB151,500,000 (equivalent to approximately HK\$1,742,250,000).

FURTHER INFORMATION OF THE PARTIES TO THE CAPITAL INJECTION AGREEMENT

The Company has succeeded in the tender for the capital injection of the registered capital of Shanghai Research Institute, as a result, the Company participated in the capital injection of the registered capital of Shanghai Research Institute and entered into the Capital Injection Agreement. Furthermore, Shanghai Municipal Investment (Group) corporation* (上海城投控股股份有限公司) (“**Shanghai Municipal Investment**”) and BeiJing Xin Runheng Equity Investment* (Limited Partnership) 北京信潤恆股權投資合夥企業(有限合伙) (“**BeiJing Xin Runheng**”) have succeeded in the tender for the capital injection of the registered capital of Shanghai Research Institute and therefore, Shanghai Municipal Investment and BeiJing Xin Runheng also entered into the Capital Injection Agreement. Upon completion of the capital injection of the registered capital of Shanghai Research Institute, Shanghai Municipal Investment, BeiJing Xin Runheng and the Company will be interested in 10%, 5% and 10% in Shanghai Research Institute. Due to an oversight, the Company wishes to clarify that each of Shanghai Municipal Investment and BeiJing Xin Runheng are also parties to the Capital Injection Agreement.

Shanghai Municipal Investment is a company wholly owned by the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government with the principal business of investment, building and operation of urban infrastructure under Shanghai Municipal People Government’s authority.

BeiJing Xin Runheng is a limited partnership, owned by CITIC Capital Holdings Limited and registered in Beijing Economic Technology Development in the PRC with the principal business of investment, investment management, investment consultation and equity investment.

Shanghai SASAC is an organization authorized by Shanghai Municipal Government under the Company Law and the Enterprise State-owned Assets Law (《中華人民共和國企業國有資產管理法》) of the People’s Republic of China (the “**PRC**”) with the principal business of supervising and managing state-owned assets in Shanghai, the PRC.

Shanghai Shangshi (Group) Co., Ltd. is a company wholly owned by the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government, which principally engaged in financial investment and other investments in pharmaceutical, infrastructure, real estate and consumer goods industry.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Shanghai Municipal Investment and BeiJing Xin Runheng and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

REASONS AND BENEFIT FOR THE CAPITAL INJECTION

In addition to the information disclosed in the Announcement, following the strategic investment in Shanghai Research Institute could enhance the strategic cooperation between the Group and Shanghai Research Institute , establish synergistic partnership with Shanghai Research Institute and it is expected that Shanghai Research Institute will make positive contributions to the Group's business expansion and the Board is of the view that the Capital Injection will also enhance the Group's presence in the industrialised construction business in Shanghai and the Capital Injection represents a valuable business opportunity for the Group which enables the Group to tap into the industrialised construction industry in Shanghai, the PRC.

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

Zhejiang, the People's Republic of China
21 June 2017

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*

The exchange rate adopted in this announcement for illustration purposes only is RMB 1 = HKD 1.15.