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## **WEIYE HOLDINGS LIMITED**

### **偉業控股有限公司\***

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong Stock Code: 1570)

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 37.5% EQUITY INTEREST IN THE TARGET COMPANY**

#### **THE CAPITAL INCREASE AGREEMENT**

The Board hereby announces that on 9 December 2019, Henan Weiye (an indirect wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with the Independent Third Parties and the Target Company (Hunan Jingke Property Co., Ltd.\*), pursuant to which Henan Weiye agreed to subscribe for the increased registered capital of the Target Company of RMB30,000,000. Upon completion of the abovementioned proposed transaction, Henan Weiye and the Independent Third Parties will hold 37.5% and 62.5% of the equity interests in the Target Company respectively.

Since the Group will have the control over the board of directors of the Target Company after completion of the Capital Increase Agreement, the Target Company will be accounted as a subsidiary of the Group and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio exceeds 5% but is less than 25%, the entering into of the Capital Increase Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board hereby announces that on 9 December 2019, Henan Weiye (an indirect wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with the Independent Third Parties and the Target Company (Hunan Jingke Property Co., Ltd.\*), pursuant to which Henan Weiye agreed to subscribe for the increased registered capital of the Target Company of RMB30,000,000. Upon completion of the abovementioned proposed transaction, Henan Weiye and the Independent Third Parties will hold 37.5% and 62.5% of the equity interests in the Target Company respectively.

## **THE CAPITAL INCREASE AGREEMENT**

The principal terms of the Capital Increase Agreement are set out below:

Date: 9 December 2019

Parties: (1) Henan Weiye;  
(2) Independent Third Parties; and  
(3) the Target Company.

The Independent Third Parties are individuals and are merchants. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Independent Third Parties are independent of and not connected with the Company and its connected person(s) (as defined under the Listing Rules).

### **Subject matter**

Pursuant to the Capital Increase Agreement, Henan Weiye agreed to subscribe for the increased registered capital of the Target Company of RMB30,000,000.

As at the date of this announcement, the Independent Third Parties directly holds the entire equity interests in the Target Company. Upon completion of the abovementioned proposed capital injection by Henan Weiye, the Target Company will be held as to 37.5% by Henan Weiye and 62.5% by the Independent Third Parties, respectively.

### **Consideration**

Pursuant to the Capital Increase Agreement, the total consideration comprises the subscription price for the increased registered capital of the Target Company in the amount of RMB30,000,000. As at the date of this announcement, the subscription price for the increased registered capital of the Target Company in the amount of RMB30,000,000 has not been settled, and Henan Weiye will settle such subscription price in due course pursuant to applicable laws and regulations.

The total consideration under the Capital Increase Agreement was based on normal commercial terms and after arm's length negotiations amongst parties thereto, with reference to, among other things, (i) the prevailing market prices of the comparable land parcels and residential properties in the proximity in the recent years; and (ii) the anticipated economic benefits that would be brought to the Group by the proposed investment by Henan Weiye.

The Group intends to finance the aforementioned total consideration with the internal resources of the Group and external financings.

### **Payment terms**

Within seven business days after 9 December 2019, Henan Weiye and the Independent Third Parties shall establish a commonly managed bank account in the name of the Target company. The amount of RMB30,000,000 shall be transferred to the designated bank account of the Target Company after the completion of the business registration of the increase in the registered capital of the Target Company within ten business days after 9 December 2019.

### **Completion**

Pursuant to the Capital Increase Agreement, completion under the Capital Increase Agreement shall take place upon completion of the following matters:

- (i) the completion of all relevant procedures in relation to the increase in the registered capital of the Target Company and the business registration of the 37.5% equity interests to be held by Henan Weiye;
- (ii) the register of members, the articles of association and the business registration of the Target Company having stated the amount of equity interest to be held by Henan Weiye; and
- (iii) Henan Weiye will be entitled to appoint two directors to the board of directors of the Target Company, which shall be comprised by three directors.

After completion of the Capital Increase Agreement, Henan Weiye will hold 37.5% equity interests of the Target Company. Since the Group will have the control over the board of directors of the Target Company after completion of the Capital Increase Agreement, the Target Company will be accounted as a subsidiary of the Group and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

After completion of the Capital Increase Agreement, the parties shall share the profits/losses and bear the risk in proportion to their respective equity interests in the Target Company.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established under the laws of the PRC with limited liability and is principally engaged in property development. The principal assets of the Target Company are the land use rights of three pieces of land located in Tianxin District, Changsha City, Hunan Province, the PRC, the details of which are as follows:

### **Land 1:**

Aggregate construction GFA of approximately 72,626 sq.m. and saleable GFA of approximately 50,928 sq.m. Construction thereon has been completed. As of the date of this announcement, the total saleable GFA unsold was 1,939 sq.m.

### **Land 2:**

Aggregate construction GFA of approximately 151,328 sq.m. and saleable GFA of approximately 115,317 sq.m. Construction thereon has been completed. As of the date of this announcement, the total saleable GFA unsold was 50,787 sq.m.

### **Land 3:**

It is currently under development and has an aggregate construction GFA of approximately 53,909 sq.m. and expected saleable GFA of approximately 39,500 sq.m. Construction is expected to be completed in or around June 2021.

## **FINANCIAL INFORMATION OF THE TARGET COMPANY**

As of 30 September, 2019, the Target Company had an audited total asset value of approximately RMB655,199,322 and an audited net asset value of approximately RMB13,699,363. The audited net loss before taxation of the Target Company was RMB18,663,590 for the period of nine months ended 30 September, 2019. The audited net loss after taxation of the Target Company was RMB18,994,340 for the period of nine months ended 30 September 2019. The unaudited net loss before taxation and after taxation for the year ended 31 December 2017 were approximately RMB5,203,969 and RMB6,069,817 respectively. The unaudited net loss before taxation and after taxation for the year ended 31 December 2018 were approximately RMB44,426,517 and RMB50,053,996 respectively.

## **INFORMATION OF THE GROUP**

The principal activities of the Group are property development for residential and commercial properties in the PRC, and the manufacture and trading of heating, ventilation, air-conditioning, air purification and clean room equipment.

As at the date of this announcement, Henan Weiye is an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development.

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

The Company is a property developer in PRC, follow with the continuous steady development of the real estate market in the PRC, the Group believes that the Capital Increase Agreement represents an investment opportunity for the Group to further expand into central China and will enhance the Group's position in the PRC real property market.

The Company is seeking opportunities in order to increase the return to its Shareholders. The entering into of the Capital Increase Agreement is in line with the Group's business strategy. It is expected that the Possible Acquisition will further strengthen the market position of the Group in central China property market and will have synergistic effect with other property projects of the Group in the PRC.

The Directors (including the independent non-executive Directors) are of the view that the terms of Capital Increase Agreement and the proposed capital injection by Henan Weiye thereunder were determined through arm's length negotiations amongst the parties to the Capital Increase Agreement and are based on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio exceeds 5% but is less than 25%, the entering into of the Capital Increase Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Capital Increase Agreement”	the capital increase and share expansion agreement dated 9 December 2019 entered into among Henan Weiye, the Independent Third Parties and the Target Company in relation to the proposed capital injection by Henan Weiye in the Target Company

“Company”	Weiye Holdings Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1570)
“Director(s)”	director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Henan Weiye”	Henan Weiye Construction Development Group Co., Ltd (河南偉業建設開發集團有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	李榮玉 (Li Rongyu*) and 李明海 (Li Minghai*), who are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules) and the owner of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” Hunan Jingke Property Co., Ltd.\* (湖南精科置業有限公司), a company established under the laws of the PRC with limited liability and directly held as to 100% by the Independent Third Parties as at the date of this announcement

“%” per cent

By Order of the Board  
**WEIYE HOLDINGS LIMITED**  
**Zhang Wei**

*Executive Chairman and Chief Executive Officer*

Hong Kong, 9 December 2019

*As at the date of this announcement, the executive Directors are Zhang Wei and Chen Zhiyong; and the independent non-executive Directors are Liu Ning, Lam Ying Hung Andy and Dong Xincheng.*

\* *For identification purpose only*