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**Huan Yue Interactive Holdings Limited**  
**歡悅互娛控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 505)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF LAND USE RIGHTS IN CIXI CITY, THE PRC**

**LAND USE RIGHTS TRANSFER CONTRACT**

The Board hereby announces that on 11 April 2019, Ningbo Xinyue, a wholly-owned subsidiary of the Company, entered into the Land Use Rights Transfer Contract with Cixi Bureau in respect of the Acquisition of the Land at the Consideration of RMB60,140,000. The transaction was funded by the Group's internal resources and completed on 10 May 2019.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Consideration under the Listing Rules exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and hence is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

**INTRODUCTION**

The Board hereby announces that on 11 April 2019, Ningbo Xinyue, a wholly-owned subsidiary of the Company, entered into the Land Use Rights Transfer Contract with the Cixi Bureau in respect of the Acquisition at the Consideration of RMB60,140,000.

**LAND USE RIGHTS TRANSFER CONTRACT**

**Date**

11 April 2019

## **Parties**

- a) Ningbo Xinyue, being the purchaser
- b) Cixi Bureau, being the vendor

To the best of the Directors' knowledge after having made all reasonable enquiries, the Cixi Bureau and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

## **Details of the Land**

Land slot no.	:	Yongxin (甬新) G-203#
Location of the Land	:	Ningbo Hangzhou Bay New Zone, the PRC
Area of the Land	:	Approximately 143,181 sq.m.

## **Consideration for acquisition of the Land**

RMB 60,140,000

The Consideration was arrived at as a result of successful bidding of the land use rights of the Land through a tender, auction or listing-for-sale process governed by PRC Law. In tendering the bid, the Group has taken into account, among other matters, the initial bidding price required, prevailing market conditions, location of the Land and land price in the surrounding area.

## **Major terms under the Land Use Rights Transfer Contract**

1. Ningbo Xinyue should pay the full amount of Consideration within 30 days after the date of the Land Use Rights Transfer Contract.
2. The Land shall be for other industrial usage.
3. The term of usage for the Land Use Right shall be for 50 years.
4. To develop the Land, Ningbo Xinyue intends and undertakes to invest no less than RMB601,400,000 on the Land for construction of buildings, ancillary facilities and installation of equipment in accordance with the Land Use Rights Transfer Contract before 30 November 2022, to cater for the Company's expansion and for its own use in its ordinary and usual course of business. Such constructions would be in compliance with the usage of the Land and financed by internal resources and external bank facilities available to the Group.

The transaction was funded by the Group's internal resources and completed on 10 May 2019.

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

The current premises of the Company is close to being fully utilized by the Company. To cater for the continuous development of its business operation, the Company decided to acquire the Land for the purpose of constructing inter alia a new research and development center and other facilities necessary for the expansion of its principal business, which would also be for its own use in the ordinary and usual course of business of the Company.

The Directors are of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

The Company is an investment holding company with its principal subsidiaries engaged in manufacturing and sales of high precision copper plates and strips, trading of raw materials, provision of processing services, the management of a portfolio of investment and development, operation and distribution of online games.

Ningbo Xinyuey, a wholly-owned subsidiary of the Company, is incorporated in the PRC and principally engaged in the manufacture and sale of high precision copper plates and strips.

Cixi Bureau, being a Chinese government department, is responsible for the town planning of Cixi City, Hangzhou, the PRC.

## **LISTING RULES IMPLICATIONS**

As at least one of the applicable percentage ratios is at least 5% but all such percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. Therefore, it is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under the Listing Rules.

Due to an inadvertent oversight and miscommunication between the front-line managers and the Board, the Company apologizes for failing to comply with the reporting and disclosure requirements in accordance with Rule 14.34 of the Listing Rules in respect of the Acquisition in a timely manner. Upon discovery of this omission, the Company has forthwith notified the Stock Exchange and has taken steps to rectify the omission by way of issuing this announcement.

The Company (i) has reviewed and would closely monitor the effectiveness and efficiency of its compliance system and the relevant corporate governance measures and (ii) would arrange regular trainings on Listing Rules to its front-line staff, particularly in the areas of, among other things, notifiable and connected transactions, so as to prevent the future occurrence of any similar incidents.

## DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land;
“Board”	the board of Directors of the Company;
“Cixi Bureau”	Cixi City Bureau of Land and Natural Resources* (慈溪市人民政府市自然資源和規劃局), a Chinese government department;
“Company”	Huan Yue Interactive Holdings Limited (歡悅互娛控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange;
“Consideration”	the transaction price of the Land, i.e. RMB60,140,000;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules;
“Land”	the Yongxin* (甬新) G-203# land lot in Ningbo Hangzhou Bay New Zone, the PRC
“Land Use Rights Transfer Contract”	the State-Owned Construction Land Use Rights Transfer Contract* (國有建設用地使用權出讓合同) entered into between the Ningbo Xinyue and Cixi Bureau on 11 April 2019;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Ningbo Xinyue”	Ningbo Xinyue Alloy Material Co., Ltd.* (寧波鑫悅合金材料有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;

“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC Law”	has the meaning ascribed to it in Rule 19A.04 of the Listing Rules;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	per cent.

By Order of the Board  
**Huan Yue Interactive Holdings Limited**  
**HU Minglie**  
*Chief Executive Officer and Executive Director*

Hong Kong, 17 May 2019

*As at the date of this announcement, the executive directors of the Company are Mr. HU Changyuan, Mr. HU Minglie, Mr. ZHU Wenjun and Mr. REN Hao, the non-executive director of the Company is Mr. DAI Jianchun and the independent non-executive directors of the Company are Mr. CHAI Chaoming, Dr. LOU Dong and Ms. LU Hong.*

*If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.*

*\* For identification purposes only*