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China Beidahuang Industry Group Holdings Limited
中國北大荒產業集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00039)

**FURTHER CLARIFICATION ANNOUNCEMENT
AND
SUPPLEMENTAL INFORMATION
IN RELATION TO ANNUAL REPORT 2014**

Reference is made to the annual report 2014 (the “**Annual Report**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”) posted on the respective websites of the Company and The Stock Exchange of Hong Kong Limited on 29 April 2015 and the clarification announcement of the Company dated 19 June 2015 (the “**Announcement**”). Terms defined in the Annual Report and Announcement should have the same meanings when used herein unless the context herein otherwise requires.

The board of directors of the Company refers to the Annual Report and the Announcement and would like to supplement as follows:

“Deposits and other receivables” under Note 22 to the audited financial statements in the Annual Report.

On 15 March 2013, a wholly owned subsidiary of the Company, 深圳市美名問世商貿有限公司 (Shenzhen Meiming Wenshi Trading Limited*, “**Shenzhen Meiming**”) has signed the product sales contract (“**Sales Contract**”) with Beiguochun. Pursuant to the terms of the Sales Contract, Shenzhen Meiming has to pay a deposit of RMB50 million to Beiguochun within 10 days upon signing of the Sales Contract. The deposit is to secure Beiguochun’s services to produce the wines at specified quantity and with the right taste and aroma that are expected by the Group to be able to appeal to its South China customers.

In order to secure the deposit of RMB50 million, Shenzhen Meiming, Beiguochun and 廣東百城萬店投資發展有限公司 (Guangdong Baichengwandian Investment and Development Co., Limited*, “**Guangdong Baicheng**”) have made an escrow arrangement following the Sales Contract, pursuant to which the RMB50 million was paid to Guangdong Baicheng in escrow on the terms that (i) Guangdong Baicheng would directly pay the suppliers of Beiguochun for costs of raw material; and (ii) Guangdong Baicheng would not charge any escrow service fees. The Company has subsequently instructed Beiguochun to transfer the deposit of RMB50 million to Guangdong Baicheng in escrow.

With the decrease in wine price, Shenzhen Meiming proposed that the deposit should be reduced to RMB45 million. On 4 September 2013, the sum of RMB5 million was returned to Shenzhen Meiming by Beiguochun. However, the management of the Company considered that the sample wines provided by Beiguochun failed to pass the testing and as such, the Sales Contract was terminated, and RMB45 million was returned to Shenzhen Meiming in full before 30 June 2015.

Guangdong Baicheng was then owned as to 60% by 深圳市建萊實業有限公司 (Shenzhen Jianlai Industrial Co., Limited*), a company controlled by Mr. Jiang Jianjun (the Company’s chairman and executive director). Although Guangdong Baicheng was an associate of a connected person of the Company at the time of escrow arrangement, the escrow arrangement between Shenzhen Meiming, Beiguochun and Guangdong Baicheng did not constitute a “connected transaction” under the Listing Rules because escrow arrangement is not classified as a “transaction” under the Rule 14A.24 of Listing Rules. Besides, Guangdong Baicheng did not receive any service fees for the escrow arrangement.

By Order of the Board
China Beidahuang Industry Group Holdings Limited
Jiang Jianjun
Chairman

Hong Kong, 9 October 2015

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Li Jianqing and Mr. Jiang Jiancheng; the Non-executive Directors are Ms. Ho Wing Yan and Ms. Zhang Yujie; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.

* For identification purpose only