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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)

DISCLOSEABLE TRANSACTION: FORMATION OF JOINT VENTURE FOR DEVELOPMENT AND OPERATION OF LOGISTIC INDUSTRIAL PARK IN SHENZHEN

FORMATION OF JOINT VENTURE

On 22 December 2015, Shenzhen Pengda, an indirect wholly owned subsidiary of the Company, and Antonio entered into the JV Agreement, pursuant to which the parties agreed to establish the JV Company on a 49:51 basis for the Development and the Operation.

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the JV Company exceed 5% but all of them are less than 25%, the formation of the JV Company will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval under the Listing Rules.

FORMATION OF JOINT VENTURE

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THE JV AGREEMENT

Date

22 December 2015

JV Parties

- (1) Shenzhen Pengda; and
- (2) Antonio.

Antonio is a limited liability company incorporated in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Antonio and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter

The JV Company will be a limited liability company established in accordance with the company law of the PRC, any other relevant PRC laws and regulations, and the provisions of the JV Agreement.

The name of the JV Company has yet been determined as at the date of this announcement.

The term of the JV Company shall be 20 years from date of formation, subject to extension for such period if proposed by any one of the JV Parties and with unanimous approval of the board of directors of the JV Company.

Registered Capital

The JV Company shall have a registered capital of RMB210 million, which shall be contributed by Shenzhen Pengda as to RMB102.9 million in cash and Antonio as to RMB107.1 million by way of contribution of the Land into the JV Company respectively on or before 31 January 2016. The valuation of the Land has been determined after arm's length negotiations between the JV Parties with reference to the valuation report prepared by an independent valuer in the PRC appointed by the JV Parties. Based on the valuation report, the market value of the Land as at 22 December 2015 was RMB107.1 million.

The amount of the registered capital of the JV Company was determined with reference to the cost of the Development, prospective business development and working capital requirements of the JV Company. Save as mentioned above, there is no other capital commitment to be borne by the Group in respect of the formation of the JV Company under the JV Agreement.

Upon the formation of the JV Company, the JV Company will be an associate of the Company and the results of the JV Company will be included in the financial statements of the Group using the equity accounting method.

The JV Agreement contains restrictive provisions (such as pre-emption rights) in relation to the transfer of the equity interests by the parties.

The Company will finance its investment in the JV Company from its internal resources.

Board of Directors and Supervisor of the JV Company

The board of directors of the JV Company will comprise three directors, two of whom will be appointed by Antonio and the remaining one of whom will be appointed by Shenzhen Pengda.

The JV Company shall have one chairman and one supervisor, of which the chairman shall be appointed by Antonio and the supervisor shall be appointed by Shenzhen Pengda.

Conditions Precedent

Completion of the JV Agreement is conditional upon satisfaction of the following conditions:

- (i) the obtaining of all necessary approvals and consents in relation to the JV Agreement and the transactions contemplated thereunder by the Company and Shenzhen Pengda;
- (ii) the obtaining of all necessary approvals and consents in relation to the JV Agreement and the transactions contemplated thereunder by Antonio; and
- (iii) the JV Agreement and the articles of association of the JV Company having been approved by the relevant authorities.

In the event that the above conditions precedent to the JV Agreement are not fulfilled on or before 31 March 2016 (or such other date as may be agreed between Antonio and Shenzhen Pengda), the JV Agreement shall lapse and shall cease to have any force and effect and the parties will be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Information of the Land

The Land is situated at Baoan District of Shenzhen, the PRC and has a site area of approximately 26,000 square metres. As at the date of this announcement, the Land is wholly owned by Antonio.

Within 25 days from the formation of the JV Company, Antonio shall complete the transfer of the land use rights in respect of the Land to the JV Company.

The Development of the Land is expected to be completed within twenty four months from the date of the JV Agreement.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group has always been seeking investment opportunities with growth potential. The Board is of the view that there is great business potential in logistics service activities in Shenzhen, the PRC.

The establishment of the JV Company represents a significant step to extend the Group's business into the logistics service sector in the PRC. It is expected that the formation of the JV Company will complement and create synergy with the Group's existing business. The Directors believe that the formation of the JV Company with Antonio will effectively improve the Group's business model and enhance its financial performance in the long run.

The Board considers that the terms of the formation of the JV Company are fair and reasonable and the formation of the JV Company is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE JV PARTY

The Group is principally engaged in sale and distribution of wine, liquor and green food products and wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food, and the leasing of logistic facilities in Hong Kong.

Antonio is principally engaged in the leasing of industrial buildings in the PRC.

The JV Company will be principally engaged in the Development initially and then the full-scale of operation of logistic business in Shenzhen thereafter. Each of the JV Parties will utilize its own resources and professional skills in the operation and management of the JV Company.

IMPLICATION OF THE LISTING RULES

As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of the JV Company exceed 5% but all of them are less than 25%, the formation of the JV Company will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval under the Listing Rules.

DEFINITION

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

“Antonio”	Antonio Electronic (Shenzhen) Limited* (安東尼澳電子(深圳)有限公司), a company established in the PRC with limited liability
“Board”	the board of Directors
“Company”	China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Development”	the demolition and removal of all existing buildings and aboveground structures which are located on the Land by the JV Company under the supervision and management of Antonio, leaving only the ground and foundations of buildings or structures thereon for construction of new buildings suitable for developing and operating a logistics industrial park

“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	a joint venture agreement dated 22 December 2015 entered into between Antonio and Shenzhen Pengda in relation to the formation and management of the JV Company
“JV Company”	a joint venture company to be established in Shenzhen of the PRC with limited liability pursuant to the JV Agreement
“JV Parties”	Antonio and Shenzhen Pengda
“Land”	A parcel of industrial land situated at the East side of Baoan Avenue, Ma An Shan Cun, Shajing Road, Baoan District of Shenzhen, the PRC as described in the section headed “Information of the Land” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation”	the operating of logistics service activities by the JV Company using the logistic industrial park on the Land as the base
“PRC”	the People’s Republic of China, which for the purposes of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

“Shenzhen Pengda”	Shenzhen Pengda Rongtong Trading Limited* (深圳市鵬達融通商貿有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 22 December 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.*