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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 ACQUISITION OF LAND USE RIGHTS IN JIANGSU PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 5 December 2017, Company A, a direct wholly-owned subsidiary of the Company, made a successful bid for the land use rights of the Land Parcel through listing for sale process in the Auction held by the Vendor for transfer of state-owned land use rights at a consideration of RMB143,600,000 for the Land Parcel.

LISTING RULES IMPLICATIONS

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

SUCCESSFUL BIDDING OF THE LAND USE RIGHTS

Reference is made to the announcement of China Beidahuang Industry Group Holdings Limited (the “**Company**”) dated 28 September 2017 (the “**Announcement**”) in relation to (among others) the Food City Agreement. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 5 December 2017, Lianyungang Huajin Huahong Shiye Company Limited* (連雲港華金華鴻實業有限公司) (“**Company A**”), a direct wholly-owned subsidiary of the Company, made a successful bid for the land use rights of a land parcel with code no. 2017G23 (the “**Land Parcel**”) located at the east side of the 242 Provincial Highway, the north side of the Shawang River in the China Ganyu Marine and Technology City, Jiangsu Province, the People’s Republic of China (the “**PRC**”) through listing for sale process (the “**Acquisition**”) in the public auction (“**Auction**”) held by Bureau of Land and Resources of Lianyungang City Ganyu District* (連雲港市贛榆區國土資源局) (“**Vendor**”) for transfer of state-owned land use rights (“**Land Use Rights**”) at a consideration of RMB143,600,000. The consideration of the Acquisition was determined based on the Auction documents issued by the Vendor.

The Land Parcel has a total site area of approximately 62,820 square meters and permitted plot ratio of not more than 1.0. The Land Parcel is designated for the commercial use with the term of 40 years.

Following the successful bid at the Auction and the subsequent issue of the confirmation notice by the Vendor to Company A in respect of the Land Parcel on 5 December 2017, Company A and the Vendor have entered into Land Use Rights Grant Contract after the trading hours on 27 December 2017.

ACQUISITION OF LAND USE RIGHTS

Parties

- (1) Company A (as purchaser), and
- (2) The Vendor (as vendor).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Consideration

The purchase price for the Land Use Rights is RMB143,600,000 payable as follows:

- (1) RMB72,000,000 as the security deposit was paid to the Vendor in order to participate in the Auction;
- (2) RMB17,136,500 was paid to the Vendor on 25 December 2017; and
- (3) RMB54,463,500 was paid to the Vendor on 26 December 2017.

The purchase price was paid out of the Company's internal resources.

REASON FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in sale and distribution of wine, liquor and green food products; wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food; construction for municipal public project; flotation selection of non-ferrous metals mines and sales of mineral products; money lending and the rental of logistic warehouse in Hong Kong and office facilities in the PRC.

As stated in the Announcement, the Company will invest RMB300 million for the construction of the Seafood Food City and ancillary landscape facilities. The construction works will be completed on or before 19 March 2021.

The Acquisition enable the Group to implement the construction of the Seafood Food City on the Land Parcel according to the Food City Agreement. The Directors consider that the Acquisition and the Food City Agreement are transactions which will broaden the Group's revenue streams and facilitate the Group's further business diversification and expansion and widens its business prospects in the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”)) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the circular and shareholders’ approval under Chapter 14 of the Listing Rules.

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

Hong Kong, 27 December 2017

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Ke Xionghan, Mr. Zeng Fanxiong and Mr. Huang Wuguang; 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*