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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO
POSSIBLE ACQUISITION**

This announcement is made pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions.

The Board announces that on 27 April 2018 (after trading hours), the Company entered into a non-legally binding MOU with the Vendor pursuant to which the Company intended to acquire and the Vendor intended to sell 70% of the equity interests respectively in two Target Companies.

Shareholders of the Company should note that the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Beidahuang Industry Group Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (“**Board**”) of directors (“**Directors**”) of the Company announces that on 27 April 2018 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a third party (the “**Vendor**”) in relation to the possible acquisition (“**Possible Acquisition**”), pursuant to which the Company intended to acquire and the Vendor intended to sell 70% of the equity interests respectively in two companies (the “**Target Companies**”) established in the People’s Republic of China (the “**PRC**”). The Target Companies are each owned by the Vendor as to 95% and a PRC citizen as to 5%. As at the date of this announcement, the Target Companies own the land use rights in respect of a piece of land of 471 mu at 1112 Jiaotong Avenue, Zengdu Economic Development Zone, Suizhou City, Hubei Province, the PRC (中國湖北省隨州市曾都經濟開發區交通大道1112號), with total planned building area of 300,000 sq. m. (the “**Land**”), of which 210,000 sq. m. have been utilized for building land properties (“**Land Properties**”). The land use rights in respect of the Land and the Land Properties have been pledged by the Target Companies to secure loans borrowed by the Target Companies and the Vendor, and are presently seized by the lenders of the loans.

Pursuant to the MOU, the Vendor and the Company will negotiate in good faith the terms of the formal agreement (the “**Formal Agreement**”) for the Possible Acquisition within 6 month(s) after the date of the MOU (“**Relevant Period**”). The Company will conduct and the Vendor will provide assistance to the Company to conduct due diligence exercise on the Target Companies and their business and affairs. The Vendor has undertaken that during the Relevant Period, it will not (i) solicit, initiate, encourage or accept inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with any person or entity other than the Company with respect to the sale or other disposition of the equity interests or any business of the Target Companies directly or indirectly.

Save for the matters disclosed above, the entering into the MOU does not constitute the parties’ legally binding commitments as to the Possible Acquisition.

Prior to entering into the MOU, the Vendor in showing its earnest intention to sell its equity interests in the Target Companies, arranged to appoint Mr. Ke Xionghan, an executive Director, as a director and the legal representative of the Target Companies, to ensure that their internal business and affairs are transparent for the Company. In addition, 51% of the equity interests owned by the Vendor in each of the Target Companies have been pledged for a loan advanced by an associate company of the Group (comprising the Company and its subsidiaries) to a major shareholder of the Vendor. As a term of the security of the loan, the Vendor has arranged to register the associate company as a shareholder of the 51% equity interests in each of the Target Companies.

Save for the above, to the best knowledge of the Directors and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules). In the event that the Possible Acquisition proceeds, the Company will comply with the relevant disclosure and shareholder approval requirements of the Listing Rules as and when appropriate.

Shareholders of the Company should note that the Possible Acquisition may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 April 2018

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 Director is Ms. Ho Wing Yan; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.