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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 SUBSCRIPTION OF EQUITY INTEREST
IN TARGET COMPANY**

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

The Board is pleased to announce that on 8 June 2018 (after trading hours), the Company entered into a non-legally binding MOU with the Target Company and the Existing Shareholders, pursuant to which the Company intended to subscribe for the equity interest in the Target Company by way of capital injection into the Target Company. Subject to and upon the completion of the Capital Increase and Subscription Agreement, the Company will hold 51% of the enlarged registered capital of the Target 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 “**Inside Information Provisions**”).

The board (“**Board**”) of directors (“**Directors**”) of the Company announces that on 8 June 2018 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (“**MOU**”) with Phoenix (Dongguan) Animals Nutrition Limited* (菲尼氏(東莞)動物營養有限公司) (“**Target Company**”) and all of its shareholders (“**Existing Shareholders**”), pursuant to which the Company intended to subscribe for the equity interest in the Target Company by way of capital injection into the Target Company (“**Transaction**”). The Transaction is subject to the formal agreement (“**Capital Increase and Subscription Agreement**”) between the Company, the Target Company and the Existing Shareholders. If the Capital Increase and Subscription Agreement proceeds and may be completed according to the terms therein, the Company will hold 51% of the enlarged registered capital of the Target Company. The Existing Shareholders shall not participate in this capital increase in the Target Company.

The Target Company is an international leading producer of nutrition fodder. It possesses world-class animal nutrition core technologies and provides integrated customized solution for nurturing piglets to become fattening pigs for sales. The Target Company also has wide networks and contacts of various platforms relating to live-pig quality and safety supervision models and live-pig trading chains.

The Company has continuously been expanding its trading of food products business. The Company has also commenced commodity hog trading business in the People’s Republic of China last year to enrich its trading of food products business. The Directors believe that the Transaction provides an excellent opportunity for the Company to acquire the leading proven nutrition fodder technologies which can improve the quality and hence the market price of the commodity hog traded by the Company.

* *For identification purpose only*

The Directors also expect that the Company will benefit from the Target Company's wide networks and contacts of various platforms which can provide big data relating to live-pig quality and safety control and supply chain. The Directors consider that these big data can help accelerate the commodity hog trading business of the Company. The Target Company and the Existing Shareholders have indicated their willingness to assist the Company to acquire these platforms if requested by the Company, after the completion of the Capital Increase and Subscription Agreement.

Pursuant to the MOU, the Company, the Target Company and the Existing Shareholders shall negotiate in good faith the terms of the Capital Increase and Subscription Agreement for the Company's subscription of the equity interest in the Target Company by way of capital injection into the Target Company within 6 month(s) after the date of the MOU ("**Relevant Period**").

The Company will conduct and the Target Company and the Existing Shareholders shall provide assistance to the Company to conduct due diligence exercise on the Target Company and its business and affairs. The Target Company and the Existing Shareholders have undertaken that during the Relevant Period, they shall 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 share capital or any business of the Target Company 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 Transaction.

To the best knowledge of the Directors and having made all reasonable enquiries, the Target Company and the Existing Shareholders are third parties independent of and not connected with the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associates as defined in the Listing Rules. In the event that the Transaction 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 Transaction is subject to the Capital Increase and Subscription Agreement and 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, 8 June 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.