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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)**

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 21 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements separately with each of the Subscribers for the subscription of an aggregate of 624,867,599 Subscription Shares at the Subscription Price of HK\$0.185 per Subscription Share.

The Subscription Shares represent approximately 11.12% of the existing issued share capital of the Company and approximately 10.01% of the issued share capital of the Company as enlarged by the Subscription. The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The Subscription Agreements are not inter-conditional upon one another.

**Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 21 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements separately with each of the Subscribers for the subscription of an aggregate of 624,867,599 Subscription Shares at the Subscription Price of HK\$0.185 per Subscription Share.

## **THE SUBSCRIPTION AGREEMENTS**

### **Date**

21 March 2019

### **Parties**

- (1) the Company as the issuer; and
- (2) the Subscribers.

Not less than six Subscribers, comprising one corporate investor and five individual investors (two of whom are couple (“**Couple**”). One of the individual Subscribers is an existing Shareholder holding about 0.0017% of the existing issued share capital of the Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners (if any) is an Independent Third Party. It is expected that immediately upon completion of the Subscription, each of the Subscribers individually will not become a substantial shareholder (as defined in the Listing Rules) of the Company, save that the Couple together shall hold approximately 6.04% of the issued share capital of the Company.

### **Number of Subscription Shares**

An aggregate of 624,867,599 Subscription Shares, representing approximately 11.12% of the existing issued share capital of the Company and approximately 10.01% of the issued share capital of the Company as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares is HK\$62,486,759.90.

## **Ranking of Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

## **Subscription Price**

The Subscription Price of HK\$0.185 per Subscription Share represents:

- (i) a discount of approximately 19.57% to the closing price of HK\$0.23 per Share as quoted on the Stock Exchange on 21 March 2019, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 5.42% to the average closing price of HK\$0.1956 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20 March 2019, being the date immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiation between the Subscribers and the Company on the date of the Subscription Agreements with reference to the recent trading performance of the Shares and business prospects of the Group. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and its Shareholders as a whole.

The Subscription Shares have a market value of HK\$143.72 million, based on the closing price of HK\$0.23 per Share on 21 March 2019, being the date of the Subscription Agreements.

Based on the net proceeds of HK\$114.60 million, the net price per Subscription Share is approximately HK\$0.1834.

## **General Mandate**

The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has been utilised up to 200,000,000 Shares since it was granted and the number of new Shares that could be further issued by the Company under the General Mandate is 883,451,616 Shares. As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

## **Condition Precedent**

Completion of the Subscription is conditional upon the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition precedent to the Subscription is not fulfilled on or before the Long Stop Date, the Subscription Agreements and all rights and obligations thereunder will cease and terminate.

The Subscription Agreements are not inter-conditional upon one another.

## **Completion**

Completion of the Subscription will take place within two Business Days (or such other date as the Company and the Subscribers may agree in writing) immediately after the fulfillment of the condition precedent of the Subscription set out above.

**Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.**

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the completion of the Subscription, set out below is the table of the shareholdings in the Company before and upon completion of the Subscription:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Directors:</b>				
Mr. Jiang Jianjun ( <i>Note a</i> )	917,185,044	16.33%	917,185,044	14.69%
Mr. Li Jiehong ( <i>Note b</i> )	91,800,000	1.63%	91,800,000	1.47%
Mr. Gu Chunyang	9,372,000	0.17%	9,372,000	0.15%
Mr. Huang Wuguang	5,300,000	0.09%	5,300,000	0.08%
Mr. Ho Man Fai	2,000,000	0.04%	2,000,000	0.03%
Mr. Ke Xionghan	1,000,000	0.02%	1,000,000	0.02%
	1,026,657,044	18.28%	1,026,657,044	16.45%
<b>Substantial Shareholders:</b>				
Beidahuang (HK) International Trade Co., Limited ( <i>Note c</i> )	660,000,000	11.75%	660,000,000	10.57%
Able Turbo Enterprises Limited ( <i>Note d</i> )	409,500,000	7.29%	409,500,000	6.56%
<b>Public Shareholders:</b>				
Subscribers	96,000	0.00%	624,963,599	10.01%
Other	3,521,005,040	62.68%	3,521,005,040	56.41%
Total	5,617,258,084	100.00%	6,242,125,683	100.00%

*Notes:*

- a. These 917,185,044 Shares are held by Mr. Jiang Jianjun (“**Mr. Jiang**”) as to 480,660,000 Shares, Ms. Li Zhuoxun, the spouse of Mr. Jiang, as to 5,840,000 Shares, King Wei Group (China) Investment Development Limited (“**King Wei**”) as to 258,013,044 Shares and China Silver Investments Development Limited (“**China Silver**”) as to 172,672,000 Shares. As King Wei and China Silver are wholly-owned by Mr. Jiang, Mr. Jiang is deemed to be interested in the 258,013,044 Shares held by King Wei and the 172,672,000 Shares held by China Silver respectively by virtue of the SFO.
- b. These 91,800,000 Shares are held by Mr. Li Jiehong (“**Mr. Li**”) as to 224,000 Shares, Ms. Deng Xiaohe, the spouse of Mr. Li, as to 40,424,000 Shares and Sino Insight Holdings Limited (“**Sino Insight**”) as to 51,152,000 Shares. As Sino Insight is wholly-owned by Mr. Li, Mr. Li is deemed to be interested in the 40,424,000 Shares held by Sino Insight by virtue of the SFO.

- c. These 660,000,000 Shares are held by Beidahuang (HK) International Trade Co., Limited, which is wholly-owned by 黑龍江農墾北大荒商貿集團有限責任公司 which in turn is wholly-owned by 黑龍江北大荒農墾集團總公司. Accordingly, each of 黑龍江農墾北大荒商貿集團有限責任公司 and 黑龍江北大荒農墾集團總公司 is deemed to be interested in the 660,000,000 Shares held by Beidahuang (HK) International Trade Co., Limited by virtue of the SFO.
- d. These 409,500,000 Shares are held by Able Turbo Enterprises Limited (“**Able Turbo**”) as to 255,103,474 Shares and China Food and Beverage Group Limited (“**China Food**”) as to 154,396,526 Shares. As China Food is wholly-owned by Able Turbo, Able Turbo is deemed to be interested in the 154,396,526 Shares held by China Food by virtue of the SFO. As Able Turbo is 60.31% owned by Mr. Chen Hua and 39.69% owned by Mr. Li Xianggen, each of Mr. Chen Hua and Mr. Li Xianggen is deemed to be interested in the Shares held by Able Turbo and China Food by virtue of the SFO.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the equity fund raising activities conducted by the Company in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
27 August 2018	Subscription of 200,000,000 new Shares at a price of HK\$0.30 per subscription share	Approximately HK\$59.9 million	For business development, investments, acquisition, repayment of loans and general working capital	The proceeds of HK\$59.9 million were utilized approximately as to 40% for repayment of loan, 30% for investments, 20% for business development and 10% for general working capital

## INFORMATION ON THE COMPANY AND REASONS FOR THE SUBSCRIPTION AND USE OF THE PROCEEDS

The Company is an investment holding company. The Group is principally engaged in sale and distribution of wine, liquor; wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food; participation in public-private partnership projects in the PRC; 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.

The Directors consider that the Subscription represents an opportunity to raise additional funding for the Group's business operation, investment and acquisitions. The Subscription will also strengthen the capital base and financial position for the Group's future business developments and broaden the Shareholder base of the Company. Furthermore, the Directors consider that the Subscription is a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved.

Gross proceeds from the Subscription will be HK\$115.60 million. The net proceeds from the Subscription, after deducting the expenses payable by the Company, is expected to be HK\$114.60 million. It is expected that the net proceeds from the Subscription will be used by the Company for the Group's business development, investments, acquisition, repayment of loans and general working capital purposes.

The Directors (including the independent non-executive Directors) consider the terms of the Subscription Agreements, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the Subscription is in the interests of the Company and its Shareholders as a whole.

## **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday, Sunday and public holiday) on which banks are generally open for business in Hong Kong
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 8 June 2018 to issue and allot up to 1,083,451,616 new Shares, representing 20% of the total number of Shares in issue on the date of the said meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	11 April 2019 or such later date as the Company and the Subscribers may agree in writing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers who respectively entered into the Subscription Agreements with the Company in respect of the Subscription on 21 March 2019



“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	the conditional subscription agreements all dated 21 March 2019 entered into between the Company and each of the Subscribers in relation to the Subscription subject to the terms and conditions contained therein
“Subscription Price”	HK\$0.185 per Subscription Share
“Subscription Shares”	an aggregate of 624,867,599 new Shares to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

By Order of the Board  
**China Beidahuang Industry Group Holdings Limited**  
**Li Jiehong**  
*Chairman*

Hong Kong, 21 March 2019

*As at the date of this announcement, the Executive Directors are Mr. Li Jiehong (Chairman), Mr. Gu Chunyang (Vice Chairman), Mr. Jiang Jianjun, Mr. Ke Xionghan and Mr. Huang Wuguang; the Non-executive Director is Ms. Ho Wing Yan; and the Independent Non-executive Directors are Mr. Chong Cha Hwa, Mr. Ho Man Fai and Mr. Yang Yunguang.*