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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)

**VOLUNTARY ANNOUNCEMENT
POSSIBLE FORMATION OF JOINT VENTURE
WITH
GUANGDONG ACADEMY OF AGRICULTURAL SCIENCES**

This is a voluntary announcement made by China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to provide shareholders of the Company and potential investors on the Group’s latest business development.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 12 April 2019, the Company entered into a cooperation agreement (the “**Cooperation Agreement**”) with 廣東省農業科學院 (Guangdong Academy of Agricultural Sciences) (“**GDAAS**”, together with the Company, the “**Parties**”) in respect of, among other things, a possible formation of a joint venture enterprise (the “**JV Company**”) with the proposed name of 廣東省農科創新投資有限公司 (Guangdong Agricultural Science Innovation Investment Co., Ltd.*), subject to the approval of the company name by the relevant government department.

POSSIBLE FORMATION OF THE JV COMPANY

The business of the JV Company is expected to include, among other things, (i) cooperation with government authorities in the Guangdong province and outstanding agricultural enterprises, with a view to invest and engage in sustainable development of modern agricultural projects; (ii) investment and operation in modern agricultural tourism projects; (iii) packaging and sales of local agricultural specialty products; (iv) joint investment with local government in the construction of Guangdong “美麗鄉村” (Countryside Beauty) and “田園綜合體” (Pastoral Complex) project; and (v) formation of modern agricultural development funds and set up a “Brand + Technology + Financial” service platform with a view to utilise achievements of innovative technology in modern agriculture.

The roles and responsibilities of the Parties under the Cooperation Agreement include, among other things, the following:

- GDAAS shall be responsible for (i) providing technical achievements and human resources support to the JV Company; (ii) seeking cooperation project opportunities for the JV Company and obtain relevant government subsidies; and (iii) nominating relevant personnel to arrange for coordination work between the JV Company and relevant departments of GDAAS;
- the Company shall be responsible for (i) creating a joint force consisting of both foreign and local agricultural industrial and financial enterprises to provide market, business and financial support to the Guangdong agricultural industry; (ii) providing nationwide business project information to the JV Company and assist the JV Company in its participation; and (iii) connecting the JV Company with various financial, market and social institutions and local governments in the People’s Republic of China (the “**PRC**”), with a view to foster the business development of the JV Company; and
- both Parties shall be responsible for advertising, including organising and arranging for exhibitions and conferences, and enhancing the social status of the JV Company, and providing technical support, knowhow and information for technological advancement of the JV Company.

The proposed initial registered capital of the JV Company is RMB10 million, which shall be contributed by GDAAS as to 20% and the Company as to 80%.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, GDAAS and its ultimate beneficial owners are independent of, and not connected with, the Company and any of its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "Listing Rules").

REASONS AND BENEFITS OF THE POSSIBLE FORMATION OF THE JV COMPANY

The Company is an investment holding company. The Group is principally engaged in sale of green food products; wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food, commodity hog; construction and development; 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 possible formation of the JV Company symbolises the upgrade of the Group's reach in terms of agricultural business development and localisation of the Group's development opportunities. Leveraging on the Group's expertise and connections in the agricultural industry, the Group will cooperate with GDAAS with a view to develop its agricultural, financial and technology expertise and further the Group's bonding with leading institutions in the agricultural industry, which may create a new stream of revenue for the Group through future cooperation opportunities. The Company entered into the Cooperation Agreement with the intention of leveraging on the Parties' respective strength, resources and expertise, which in turn could enhance the Group's competitiveness.

GENERAL

According to GDAAS, it is an agricultural research organisation directly regulated by the People's Government of Guangdong Province. GDAAS was established in 1960 and the predecessor of GDAAS was a rice experimental station of Sun Yat-sen University and South China Institute of Chinese Academy of Agricultural Sciences. GDAAS owned over 500 patents and plays a leading role in agricultural research and technology innovation and modern agriculture development in Guangdong. GDAAS has over 1,800 staff members, 500 of which are senior scientists and there are over 350 staff who has a doctoral degree or above.

Pursuant to the Listing Rules, the formation of the JV Company contemplated under the Cooperation Agreement is exempt from the requirements of Chapter 14 of the Listing Rules as all applicable percentage ratios (as defined under the Listing Rules) under Rule 14.07 of the Listing Rules are below 5%.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 12 April 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.

* *The English transliteration of the Chinese name in this announcement, where indicated, is included for information only, and should not be regarded as the official English name of such Chinese name.*