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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)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



KGI Asia Limited

On 6 June 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to appoint the Placing Agent as placing agent for the purpose of procuring, as agent of the Company, on a best effort basis, the Placees to subscribe in cash for the Convertible Bonds on the terms and subject to the conditions set out in the Placing Agreement.

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.38 per Conversion Share, 526,315,789 Conversion Shares will be allotted and issued by the Company under the General Mandate upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 8.45% of the existing issued share capital of the Company; and (b) approximately 7.80% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The initial Conversion Price of HK\$0.38 per Conversion Share represents: (a) a premium of approximately 40.74% when compared with the closing price of HK\$0.27 per Share as quoted on the Stock Exchange's daily quotation sheets on the date of the Placing Agreement; and (b) a premium of approximately 58.33% over the average closing price of HK\$0.24 per Share as quoted on the Stock Exchange's daily quotation sheets for the last five trading days up to and including the date of the Placing Agreement.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the fee of the Placing Agent in the amount of approximately HK\$8,000,000 and other expenses, the gross and net proceeds from the Placing are estimated to be approximately HK\$200 million and HK\$192 million respectively. The Directors consider that the Placing represents an opportunity to raise additional funding for the Group's business operation and it 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 Placing provides the Company with funding without immediate dilution effect on the shareholding of the existing Shareholders. The Company intends to apply the net proceeds from the Placing for the Group's settlement of loans, business development, investments and general working capital purposes.

Shareholders and potential investors of the Company should note that the Placing is subject to the fulfillment of the conditions precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 6 June 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to appoint the Placing Agent as placing agent for the purpose of procuring, as agent of the Company, on a best effort basis, the Places to subscribe for the Convertible Bonds on the terms and subject to the conditions set out in the Placing Agreement.

Details of the Placing Agreement are summarised as follows:

Date

6 June 2019 (after trading hours)

Parties

- (1) the Company (as the issuer) and
- (2) the Placing Agent (as the placing agent).

As at the date of this announcement and to the best of the Directors' knowledge, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing of the Convertible Bonds

The Placing Agent undertakes during the Placing Period to use its best effort to procure either by itself or through its sub-placing agents, the Placees for the subscription of the Convertible Bonds. The Placing Agent will be liable for its obligations under the Placing Agreement.

The Placees

The choice of Placees for the Convertible Bonds will be determined solely by the Placing Agent, subject to the requirements of the Listing Rules (in particular, the Placing Agent shall not, as far as it is aware, place any of the Convertible Bonds to any placees who are connected persons of the Company) and other applicable laws, rules and regulations.

Placing Agent Fee

In consideration of the services of the Placing Agent in relation to the Placing, the amount of the agency fee payable by the Company at Completion is 4% of the aggregate subscription monies for the Convertible Bonds issued by the Company. The agency fee was determined after arm's length negotiations between the Company and the Placing Agent with reference to market rates.

Principal Terms of the Convertible Bonds

- Issuer : The Company
- Principal amount : Up to HK\$200,000,000
- Issue price : 100% of the principal amount of the Convertible Bonds
- Interest : The Convertible Bonds shall bear interest from the date of issue up to and including the day preceeding the Maturity Date at 10% per annum on the principal amount of the Convertible Bonds, payable in arrears on 30 June and 31 December each year respectively between the date of issue of the Convertible Bonds and the Maturity Date.
- Maturity Date : The date falling 24 months from the date of issue of the Convertible Bonds, if that is not a Business Day, the first Business Day thereafter.
- Status : The Convertible Bonds constitute general, unsubordinated, direct, unconditional and unsecured obligations of the Company and will at all times rank pari passu among Bondholders and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.
- Conversion Price : The initial Conversion Price is HK\$0.38 per Share and represents:
- (i) a premium of approximately 40.74% when compared with the closing price of HK\$0.27 per Share as quoted on the Stock Exchange's daily quotation sheets on the date of the Placing Agreement; and
 - (ii) a premium of approximately 58.33% over the average closing price of HK\$0.24 per Share as quoted on the Stock Exchange's daily quotation sheets for the last five trading days up to and including the date of the Placing Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent trading performance of the Shares and business prospects of the Group. The Directors consider that the Conversion Price is fair and reasonable under the current market conditions.

Upon full conversion of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds will be convertible into 526,315,789 Shares, representing approximately 8.45% of the existing issued share capital of the Company and approximately 7.80% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

- Adjustment events : The Conversion Price will be subject to adjustment from time to time upon occurrence of certain events:
- (i) consolidation, subdivision or reclassification of Shares;
 - (ii) capitalisation of profits or reserves;
 - (iii) capital distribution;
 - (iv) offer of new Shares for subscription by way of rights issue or grant of options or warrants to Shareholders, to subscribe for Shares at a price per Share which is less than 80% of the market price per Share at the relevant time;
 - (v) issue of any securities wholly for cash which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share receivable by the Company which is less than 80% of the market price per Share at the relevant time;

- (vi) issue being made by the Company of new Shares wholly for cash (other than those as mentioned in (iv) and (v) above) at a price per Share which is less than 80% of the market price per Share at the relevant time;
- (vii) issue of Shares for the acquisition of any asset at a consideration per Share receivable by the Company which is less than 80% of the market price per Share at the relevant time; or
- (viii) other events or circumstances not mentioned in (i) to (vii) above which the Company or the Bondholders may determine that a consequential adjustment should be made to the Conversion Price.

Conversion rights : Subject to the restrictions set out below, Bondholders shall have the right to convert in whole or in part the principal amount of the Convertible Bonds at any time from its date of issue up to and including the date which is 5 Business Days prior to the Maturity Date in amounts of HK\$5,000,000 (in principal amount or an integral multiple thereof) on each conversion, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK\$5,000,000, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted.

No Conversion Shares will be issued unless the Bondholder confirms that it/he will comply with the Takeovers Code in respect of any acquisition of voting rights in the Company upon the issue to it/him of the Conversion Shares.

- Conversion restriction : The exercise of the conversion rights attaching to the Convertible Bonds is subject to the following restriction: for so long as the Shares remaining listed on the Stock Exchange, the Company shall not be obliged to issue any Conversion Shares if, upon conversion, the public float of at least 25% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares cannot be maintained. In such event, the Bondholder shall be entitled to elect to convert such number of Convertible Bonds as it/he is entitled to convert, without such conversion resulting in the public float of the Shares of the Company falling below the requirements of the Listing Rules.
- Ranking : The Conversion Shares, when converted upon exercise of the conversion rights attaching to the Convertible Bonds by the Bondholders thereto, will be issued as fully paid up and rank pari passu in all respects with the Shares in issue at the time when such Conversion Shares are allotted and issued, including the right to receive all dividends and distributions which may be declared, made or paid after the allotment and issue of the Conversion Shares and will be issued free and clear of all liens, charges, encumbrances, pre-emptive rights, or other third party rights.
- Transferability : The Convertible Bonds (or any part thereof) may not be assigned or transferred to any connected person of the Company without the prior written consent of the Company which consent must not be unreasonably withheld. Any assignment or transfer shall be subject to all applicable laws and regulations (including but not limited to the Listing Rules) and approval of the Shareholders (if required).

Redemption : The Company may and at any time by not less than five (5) Business Days' notice in writing to a Bondholder to redeem the whole or part (being HK\$5,000,000 in principal amount or an integral multiple thereof) of the outstanding principal amount of the Bonds held by that Bondholder, at face value together with an accrued amount in relation to any part of the Convertible Bonds to be redeemed. The date of redemption shall be the date on which the payment of the principal amount of the Convertible Bonds so redeemed together with the accrued amount is received by the Bondholder. For the avoidance of doubt, the Company may at its sole discretion, but is not obliged to, redeem any other Convertible Bonds then in issue and outstanding.

Any principal amount of the Convertible Bonds which has not been converted or redeemed prior to the Maturity Date shall be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the outstanding Convertible Bonds and interest accrued and outstanding pursuant to the terms and conditions of the Convertible Bonds.

Event of default : If, amongst others, any of the following event occurs and if capable of being remedied, is not remedied within 30 Business Days after a default redemption notice is given by the Bondholder(s), the Convertible Bonds shall become immediately due and payable at 100% of the principal amount of the Convertible Bonds then outstanding together with interest accrued thereon:

- (i) the trading of the Shares on the Stock Exchange ceases other than resulting from (a) an offer made to the Shareholders to acquire all or any proportion of the Shares becoming unconditional or (b) a suspension at the request of either the Company or the Stock Exchange pending the release of an announcement and/or for the purpose of complying with any relevant requirements of the Listing Rules or the Takeovers Code;

- (ii) the Company defaults in performance or observance or compliance with any of its other obligations set out in the conditions of the Convertible Bonds;
- (iii) the Company fails to pay the principal amount or the interest of the Convertible Bonds when due unless non-payment is due solely to administrative or technical error and payment is made within 30 Business Days of due date or the Company fails to issue the Conversion Shares in accordance with the conditions of the Convertible Bonds;
- (iv) the occurrence of any event or any action taken or omission made by the Company so as to render unlawful the performance by the Company of any of its material obligations contained in the conditions of the Convertible Bonds;
- (v) any indebtedness of the Company, or any such indebtedness is not paid when due or, as the case may be, within any applicable grace period provided that the total of the above indebtedness equals or exceeds HK\$50,000,000;
- (vi) an encumbrancer takes possession or a receiver is appointed for the whole or any part of the undertaking or assets of the Company;
- (vii) the Company becomes insolvent or is unable to pay its debts as they mature or applies for or consent to or suffers the appointment of any administrator, liquidator or receiver;
- (viii) a court order is made or an effective resolution is passed for winding-up of the Company; and

(ix) a moratorium is agreed or declared in respect of any indebtedness (in the nature of bank loan exceeding in each case HK\$50,000,000) of the Company or any seizure is enforced upon all or a material part of the assets of the Company.

Voting : The Bondholders will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of it/him being the Bondholders.

Application for listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange in any jurisdiction.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conditions precedent to the Placing

Completion of the Placing Agreement is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares;
- (ii) all necessary consents and approvals in respect of the approval of the Placing Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares having been obtained by the Company;
- (iii) there shall not have occurred any material breach or any event which renders any of the representations, warranties or undertakings by the Company under the Placing Agreement is untrue, inaccurate or misleading; and
- (iv) the Placing Agreement not being rescinded or terminated by the Placing Agent.

If any of the foregoing conditions is not fulfilled on or before the Long Stop Date (or such other date as may be agreed between the Company and the Placing Agent in writing), the Placing Agreement shall terminate and cease to have any force and effect and the parties thereto will be released from all obligations there under, save for any liability arising out of any antecedent breaches thereof. The Placing Agent will provide to the Company all information concerning itself and the Placees as the Stock Exchange may reasonably require.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Completion of the Placing

Completion will take place on a date falling on the fifth Business Day following the condition precedent above being fulfilled or on such other date as the Company and the Placing Agent may agree in writing.

Termination of the Placing Agreement

The Placing Agent shall have the right to terminate the Placing Agreement if:

- (i) there shall be any change in the national, international, financial, political or economic conditions or currency conditions as would, in its reasonable view and opinion, be likely to prejudice materially the success of the Placing; or
- (ii) there shall have been any material breach of the provisions of the Placing Agreement; or
- (iii) for any reason, it will be impractical or inadvisable to proceed with the Placing; or
- (iv) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (v) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing or pending publication of this announcement).

The Company shall have the right to terminate the Placing Agreement in the event that the Placing Agent commits a material breach of the provisions of the Placing Agreement.

In the event that the Placing Agreement is terminated pursuant to the foregoing provisions, it is agreed that the provisions relating to the payment of the Placing Agent fee and the approved out-of-pocket expenses shall survive.

GENERAL MANDATE

The Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate. Accordingly, the issue of the Conversion Shares is not subject to Shareholders' approval. Under the General Mandate, the Company is authorised to allot and issue up to 1,245,025,136 Shares and no Shares have been issued under the General Mandate as at the date of this announcement. The aggregate number of Shares which may fall to be issued upon full conversion of the Convertible Bonds at the initial Conversion Price is 526,315,789 Shares representing approximately 8.45% of the existing issued share capital of the Company and approximately 7.80% of the Company's issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

REASONS FOR THE PLACING AND USE OF PROCEEDS

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; participation in construction for municipal public projects in the PRC; money lending and the rental of logistic warehouse in Hong Kong and office facilities in the PRC.

The Directors consider that the Placing represents an opportunity to raise additional funding for the Group's business operation and it 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 Placing provides the Company with funding without immediate dilution effect on the shareholding of the existing Shareholders.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the fee of the Placing Agent in the amount of approximately HK\$8,000,000 and other expenses, the gross and net proceeds from the Placing are estimated to be approximately HK\$200 million and HK\$192 million respectively. The net price for the Placing is approximately HK\$0.36 per Conversion Share. The Company intends to apply the net proceeds from the Placing for the Group's settlement of loans, business development, investments and general working capital purposes.

The Directors (including the independent non-executive Directors) consider the terms of the Convertible Bonds and the Placing are negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming (a) there is no change in the issued share capital of the Company from the date of this announcement and up to the date of full conversion of the conversion rights attaching to the Convertible Bonds at the initial Conversion Price (other than as a result of the allotment and issue of the Conversion Shares); and (b) all of the Convertible Bonds are placed in full, the shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after the allotment and issue of all the Conversion Shares are summarised as follows:

| Shareholders | Shareholding as at the date of this announcement | | Shareholding immediately after the allotment and issue of all the Conversion Shares | |
|---|---|-----------------------|---|-----------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| Directors: | | | | |
| Mr. Jiang Jianjun (<i>Note a</i>) | 917,185,044 | 14.73% | 917,185,044 | 13.58% |
| Mr. Li Jiehong (<i>Note b</i>) | 91,800,000 | 1.47% | 91,800,000 | 1.36% |
| Mr. Gu Chunyang | 9,372,000 | 0.15% | 9,372,000 | 0.14% |
| Mr. Huang Wuguang | 5,300,000 | 0.09% | 5,300,000 | 0.08% |
| Mr. Ho Man Fai | 2,000,000 | 0.03% | 2,000,000 | 0.03% |
| Mr. Ke Xionghan | 1,000,000 | 0.02% | 1,000,000 | 0.02% |
| | <u>1,026,657,044</u> | <u>16.49%</u> | <u>1,026,657,044</u> | <u>15.21%</u> |
| Substantial Shareholders: | | | | |
| Beidahuang (HK) International Trade Co., Limited (<i>Note c</i>) | 660,000,000 | 10.60% | 660,000,000 | 9.77% |
| Able Turbo Enterprises Limited (<i>Note d</i>) | 417,468,000 | 6.71% | 417,468,000 | 6.18% |
| Public Shareholders: | | | | |
| The Places | – | – | 526,315,789 | 7.80% |
| Other | <u>4,121,000,639</u> | <u>66.20%</u> | <u>4,121,000,639</u> | <u>61.04%</u> |
| Total | <u><u>6,225,125,683</u></u> | <u><u>100.00%</u></u> | <u><u>6,751,441,472</u></u> | <u><u>100.00%</u></u> |

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 417,468,000 Shares are held by Able Turbo Enterprises Limited (“**Able Turbo**”) as to 276,767,474 Shares and China Food and Beverage Group Limited (“**China Food**”) as to 140,700,526 Shares. As China Food is wholly-owned by Able Turbo, Able Turbo is deemed to be interested in the 140,700,526 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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the equity fund raising activity 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 |
|----------------------|---|----------------------------------|--|---|
| 21 March 2019 | Subscription of 624,867,599 new Shares at a price of HK\$0.185 per subscription share | Approximately HK\$114.60 million | For the Group's business development, investments, acquisition, repayment of loans and general working capital purposes. | The proceeds of HK\$114.6 million were utilized approximately as to 95% for repayment of loan and 5% for general working capital |
| 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 the Group's 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 |

Shareholders and potential investors of the Company should note that the Placing is subject to the fulfillment of the condition precedent set out in the Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

| | |
|-----------------|------------------------------------|
| “Board” | the board of the Directors |
| “Bondholder(s)” | holder(s) of the Convertible Bonds |

| | |
|-----------------------|---|
| “Business Day” | a day (other than a Saturday, Sunday, general holiday, or a day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours |
| “Company” | China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange |
| “Completion” | completion of the Placing pursuant to the provisions of the Placing Agreement |
| “Completion Date” | a date falling on the fifth Business Day following the conditions set out in the section headed “Condition precedents to the Placing” of this announcement being fulfilled or on such other date as the Company and the Placing Agent will agree |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Conversion Price” | the initial conversion price of HK\$0.38 per Conversion Share (subject to adjustment) |
| “Conversion Share(s)” | the Share(s) which may fall to be issued upon exercise of the conversion rights attaching to the Convertible Bonds |

| | |
|--------------------------------|--|
| “Convertible Bonds” | the convertible bonds in a maximum aggregate principal amount of up to HK\$200,000,000, to be issued by the Company to the Placees procured by the Placing Agent in accordance with the terms and conditions of the Placing Agreement |
| “Directors” | directors 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 6 June 2019 to allot, issue and deal with up to 1,245,025,136 Shares, representing 20% of the total number of Shares in issue on the date of the passing of such resolution |
| “Group” | the Company and its subsidiaries |
| “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 Committee” | the listing committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 6 August 2019 (or such other date as may be agreed between the Company and the Placing Agent in writing) |
| “Maturity Date” | the date falling 24 months from the date of first issue of the Convertible Bonds |

| | |
|---------------------|--|
| “Placee(s)” | any professional, institutional or other investor(s) procured by or on behalf of the Placing Agent to subscribe for of the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement |
| “Placing” | the placing of the Convertible Bonds procured by or on behalf of the Placing Agent to selected Placees on the terms and subject to the conditions set out in the Placing Agreement |
| “Placing Agent” | KGI Asia Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 6 June 2019 in relation to the Placing |
| “Placing Period” | the period of two months commencing from the execution of the Placing Agreement, unless terminated earlier pursuant to the terms of the Placing Agreement |
| “PRC” | the People’s Republic of China (which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the share capital of the Company |

| | |
|------------------|--|
| “Shareholders” | holders of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Repurchases |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 6 June 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 Nonexecutive Directors are Mr. Chong Cha Hwa, Mr. Ho Man Fai and Mr. Yang Yunguang.