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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**

#### **MEMORANDUM OF UNDERSTANDING WITH AHC**

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 17 June 2019, the Company, as investor, entered into a memorandum of understanding (the “**Memorandum**”) with Augusta Hemp Corp. (“**AHC**”, together with the Company, the “**Parties**”) in respect of, among other things, their intention to enter into a definitive legally binding subscription agreement (the “**Definitive Agreement**”) with respect to the Company’s possible investment in AHC. According to AHC, it is principally engaged in cultivation, production, harvesting and the pursuit of processing hemp in the province of Alberta, Canada.

## **THE POSSIBLE INVESTMENT IN AHC**

According to the Memorandum, the terms and conditions of the Definitive Agreement, which may or may not be entered into by the Parties, shall be subject to negotiation between the Parties.

According to the Memorandum, it is anticipated that the Definitive Agreement will be executed and closed on or before 15 September 2019, or such other date that is agreed between the Parties. The Company may carry out due diligence review on AHC prior to 15 September 2019, which may include, among other things, review of budget and use of proceeds.

The Memorandum is intended to outline the proposed terms of investment in AHC by the Company, and it is not intended to be legally binding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, AHC 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 FOR THE POSSIBLE INVESTMENT**

According to AHC, it is a private corporation based in Vancouver, British Columbia and focused in growing high quality medical grade cannabis and micropropagation of unique varieties for the medical market. AHC expects to become a licensed producer under the new Cannabis Tracking and Licensing System (CTLS) and have multiple international licenses to cultivate, transform, and export non-psychoactive and psychoactive medical marijuana to participating international markets.

Leveraging on the expertise and experience of AHC in the agricultural business, the Group is optimistic about the development and growth potential of AHC. The entering into of the Memorandum is in line with the business strategies of the Group to enhance its reach and experience in the agricultural industry.

The Directors consider that the Possible Investment presents an investment opportunity to broaden the income base of the Group and thus enhance its corporate development. The Directors are of the view that the terms and conditions of the Memorandum are on normal commercial terms and are fair and reasonable and that the Possible Investment is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

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; construction for municipal public project; 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.

In the event that the Possible Investment materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

**The Board wishes to emphasise that the implementation of the transaction contemplated under the Memorandum (if any) are subject to the definitive agreement(s) to be entered into between the Parties, and that the Company has not entered into any legally binding agreement in relation to the Possible Investment as at the date of this announcement. The Possible Investment may not necessarily materialise or be implemented as contemplated under the Memorandum or at all. 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, 17 June 2019

*As at the date of this announcement, the executive Directors are Mr. Li Jiehong (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.*