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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)**

### **LETTERS OF INTENT IN RELATION TO POSSIBLE ACQUISITIONS AND POSSIBLE INVESTMENT AND RESUMPTION OF TRADING**

The Board is pleased to announce that the Company entered into two letters of intent on 21 October 2015 in relation to the Possible Acquisitions and the Company entered into a letter of intent on 22 October 2015 in relation to the Possible Investment.

Trading in the shares of the Company on the Stock Exchange has been halted since 9:00 a.m. on 22 October 2015 pending the publication of this announcement. The Company has applied to the Stock Exchange for resumption of trading in the shares of the Company from 9:00 a.m. on 26 October 2015.

**The Board wishes to emphasise that the Possible Acquisitions and the Possible Investment may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Acquisitions and the Possible Investment as and when appropriate in accordance with the Listing Rules.**

This announcement is made by China Beidahuang Industry Group Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **LOI IN RELATION TO POSSIBLE ACQUISITIONS**

The board of directors (the “**Board**”) of the Company is pleased to announce that on 21 October 2015, the Company entered into two letters of intent (“**LOI 1**” and “**LOI 2**” and collectively as the “**LOI**”) separately with two parties (“**Vendors**”) which are third parties independent of the Company and its connected persons (as defined under the Listing Rules) in relation to the possible acquisitions (“**Possible Acquisitions**”) of certain equity interests in two companies (“**Target Company 1**” and “**Target Company 2**” and collectively as “**Target Companies**”).

The Target Company 1 is principally engaged in general construction contracting for housing and building project and general construction contracting for municipal public project. The Target Company 1 is an enterprise having qualifications such as “Grade One General Construction Contracting for Housing and Building Project”(房屋建築工程施工總承包壹級), “Grade One Professional Contracting for Fire Facilities Engineering”(消防設施工程專業承包一級) and “Grade One Professional Contracting for Mechanical and Electrical Equipment Installation Engineering”(機電設備安裝工程專業承包一級).

Under LOI 1, the equity interest in Target Company 1 which is under negotiation between the parties represents 51% of the equity interest of Target Company 1 and the parties will appoint professional accountants to review the financial information of Target Company 1 as at 31 August 2015 which will be used as a basis for determination of the consideration for the possible acquisition of Target Company 1.

The Target Company 2 is principally engaged in sales of lighting equipment and urban and road lighting engineering contracting. The Target Company 2 is an enterprise having qualifications such as “Grade One Special Contracting for Urban and Road Lighting Engineering”(城市及道路照明工程專項承包壹級) and “Grade A Special Design for Lighting Engineering”(照明工程設計專項甲級).

Under LOI 2, the equity interest in Target Company 2 which is under negotiation between the parties represents 100% of the equity interest of Target Company 2 and the parties will appoint professional accountants to review the financial information of Target Company 2 as at 30 September 2015 which will be used as a basis for determination of the consideration for the possible acquisition of Target Company 2.

Under the LOI, the Company will perform due diligence review on the Target Companies. If the Company is not satisfied with the results of the due diligence review and the relevant Vendor cannot resolve the issue to the satisfaction of the Company within 10 working days, the Company is entitled to terminate the relevant LOI by written notice.

The parties will sign sale and purchase agreements (“**Formal Agreements**”) in respect of the Possible Acquisitions within 5 working days after the fulfilment of the following conditions:

- (1) the Target Company 1 and Target Company 2 have won a bid for the PPP Project (details of the PPP Project are set out in the paragraph headed “Reasons for and Benefits of the Possible Acquisitions and the Possible Investment”);
- (2) the Company has completed the due diligence review on Target Company 1 and Target Company 2 without identifying any significant adverse matters (or the adverse matters have been resolved by the parties);
- (3) the parties have agreed on the contents and forms of the Formal Agreements; and
- (4) the shareholders of the Company have approved the Possible Acquisitions.

## **LOI (INVESTMENT) IN RELATION TO POSSIBLE INVESTMENT**

The Board is pleased to announce that on 22 October 2015, the Company entered into a letter of intent (“**LOI (Investment)**”) with AgriQual Fund Management (Shenzhen) Co., Ltd. (“**Fund Manager**”) in relation to possible investment (“**Possible Investment**”) in agricultural development fund (“**Fund**”) to be established by the Fund Manager in the People’s Republic of China (“**PRC**”) in form of limited partnership. The Fund Manager is a company established in the PRC and is principally engaged in asset management. A wholly owned subsidiary of the Company holds 30% equity interest in a company which is the holding company of a 60% shareholder of the Fund Manager. The other two shareholders of the Fund Manager are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Fund Manager will act as the general partner and is responsible for formation of the Fund and operations of the Fund. The Fund will invest in enterprises in the PRC in agricultural development. The target size of the Fund for the initial phase is RMB3,000,000,000. The Company will invest in the Fund as a limited partner and the intended investment amount will not be more than RMB300,000,000, representing 10% of the Fund for the initial phase.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITIONS AND THE POSSIBLE INVESTMENT**

The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the sale and distribution of wine, liquor and green food products.

A government-owned power grid company of a county in the PRC invites private enterprises to submit tender to provide and improve lighting and the municipal projects related with it in certain areas in that county (“**PPP Project**”). The Target Companies intend to submit the tender jointly in order to participate in the PPP Project.

In order to diversify the business of the Group for maximizing returns to the shareholders of the Company, the Group has been actively seeking various investment opportunities. By investing in the Target Companies, it is expected that the Group can derive steady revenue stream from participation in the PPP Project.

The Company is of the view that the shareholders and senior management of the Fund Manager has extensive experience and network in the agricultural sector in the PRC and the Company and its shareholders can benefit from the return of the Possible Investment.

## **RESUMPTION OF TRADING**

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## **GENERAL**

**The Board wishes to emphasise that the Possible Acquisitions and the Possible Investment may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Acquisitions and the Possible Investment as and when appropriate in accordance with the Listing Rules.**

By Order of the Board  
**China Beidahuang Industry Group Holdings Limited**  
**Jiang Jianjun**  
*Chairman*

Hong Kong, 23 October 2015

*As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Li Jianqing and Mr. Jiang Jiancheng; the Non-executive Directors are Ms. Ho Wing Yan and Ms. Zhang Yujie; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.*