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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 FORMATION OF JOINT VENTURE FOR OPERATION OF PPP PROJECTS

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 1 August 2016, GNS Energy, a joint venture company, was established in Guizhou of the PRC for the Operation by the JV Parties. The registered capital of GNS Energy is RMB39 million, out of which Fujian Fang Run and Shenzhen Tronsin, indirect non-wholly owned subsidiaries of the Company, and CSG Energy will contribute RMB11.70 million, RMB9.75 million and RMB17.55 million respectively.

None of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of GNS Energy exceeds 5% and the information disclosed in this announcement is voluntary.

FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 1 August 2016, GNS Energy, a joint venture company, was established in Guizhou of the PRC for the Operation by the JV Parties.

As all the JV Parties are companies established in the PRC, there is no legal requirement for the JV Parties to enter into a joint venture agreement before the establishment of GNS Energy. No joint venture agreement was or will be signed by the JV Parties for the formation of GNS Energy, and the operation and management of GNS Energy are governed by the Articles.

Establishment Date

1 August 2016

JV Parties

- (1) Fujian Fang Run, an indirect non-wholly owned subsidiary of the Company;
- (2) Shenzhen Tronsin, an indirect non-wholly owned subsidiary of the Company; and
- (3) CSG Energy.

CSG Energy is a company incorporated in the PRC with limited liability. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, CSG Energy and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Capital Contribution

Pursuant to the Articles, the registered capital of GNS Energy is RMB39 million which shall be contributed by the JV Parties in cash in proportion to their respective equity interest holdings in GNS Energy.

JV Parties	Amount of Capital Contribution	Full Payment of Capital Contribution
Fujian Fang Run	RMB11.70 million	on or before 15 August 2016
Shenzhen Tronsin	RMB9.75 million	on or before 15 August 2016
CSG Energy	RMB17.55 million	on or before 30 October 2016

The amount of capital contribution was determined upon the estimated total capital needed for the running of GNS Energy after considering, among others, the expenses in carrying out the activities under the Operation and the required working capital.

Board of Directors and Supervisors of GNS Energy

Pursuant to the Articles, the board of directors of GNS Energy shall consist of five directors including one chairman. CSG Energy shall nominate two directors, one of whom shall be the chairman. Fujian Fang Run and Shenzhen Tronsin shall each nominate two directors and one director respectively.

GNS Energy shall have two supervisors, one of whom shall be nominated by CSG Energy and the other shall be nominated jointly by Fujian Fang Run and Shenzhen Tronsin.

Transfer of Equity Interests

No transfer of equity interests in GNS Energy by any shareholders of GNS Energy to any non-existing shareholders shall be allowed unless such transfer is approved by the other shareholders unanimously. Upon the same terms and conditions, the existing shareholders shall have the right of first refusal before the equity interests approved for transfer are transferred to any non-existing shareholders.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The Group has always been seeking investment opportunities with growth potential. The Board is of the view that there is great business potential in the PPP projects in the PRC as PPP projects are supported by national policies. Local governments in the PRC have been encouraged to adopt the PPP model as the preferred method for new municipal/town projects recently.

The establishment of GNS Energy represents a significant step for the Group to participate, as joint venture partners, into the PPP projects led by CSG Energy as disclosed in the announcement of the Company dated 1 March 2016. By participating in the PPP projects through GNS Energy, the Directors believe that the execution of the Operation will be fully supported by government owned entity. The Group's participation in the PPP projects will also enhance the Group's experience in PPP projects where the Group will continue to seek other PPP projects opportunities in the future. Accordingly, it is expected that the formation of GNS Energy will complement and create favourable diversification of the Group's existing business and will effectively improve the Group's business model and enhance its financial performance in the long run.

The Board considers that the terms of the formation of GNS Energy are fair and reasonable and the formation of GNS Energy is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND CSG ENERGY

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 public-private partnership projects in the PRC; and the leasing of logistic facilities in Hong Kong.

CSG Energy is a government owned entity established in the PRC with limited liability and a subsidiary of China Southern Power Grid Co., Ltd. ("CSG"). CSG Energy is established to perform central enterprise social responsibility, and is a professional company jointly established by CSG together with Guangdong Yudean Group Co., Ltd. and Guangdong Guangye Assets Management Co., Ltd, which contributes on behalf of the People's Government of Guangdong Province for carrying out energy saving and emission reduction

business, with its headquarters based in Guangzhou. CSG Energy specializes in energy conservation and emission reduction, energy-saving services, energy comprehensive utilization, distributed energy and renewable energy.

IMPLICATION OF THE LISTING RULES

None of the applicable percentage ratios (as defined under the Listing Rules) in respect of the formation of GNS Energy exceeds 5% and the information disclosed in this announcement is voluntary.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Articles”	The articles of association of GNS Energy
“Board”	the board of Directors
“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
“CSG Energy”	China Southern Power Grid Synthesis Energy Company Limited* (南方電網綜合能源有限公司), a company established in the PRC with limited liability
“Directors”	directors of the Company
“Fujian Fang Run”	Fujian Fang Run Construction Group Company Limited* (福建省方潤建設集團有限公司), a company established in the PRC with limited liability and indirectly owned by the Company as to 51% and directly owned by Fujian Fangfang Investment Management Company Limited* (福建省方方投資管理有限公司) as to 49%

“GNS Energy”	Guizhou North-South Joint Energy Investment Company Limited* (貴州南北聯合能源投資有限公司), a joint venture company established in Guizhou with limited liability by the JV Parties
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Parties”	Fujian Fang Run, Shenzhen Tronsin and CSG Energy
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation”	the design, consultation, investments, constructions, reconstructions, operating, assessments, energy review, information services, scientific studies, development and transfers of technologies; research, productions, installation, maintenance and sales of equipments; construction and technology cooperation of national and overseas projects; and imports and exports of goods and knowhows
“PPP”	public-private partnership
“PRC”	the People’s Republic of China, which for the purposes of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company

“Shenzhen Tronsin”	Shenzhen Tronsin Illuminating Technique Ltd.* (深圳市創先照明科技有限公司), a company established in the PRC with limited liability and indirectly owned by the Company as to 51% and directly owned by Mr. Chen Yongkai (陳永凱) as to 49%
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 10 August 2016

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Jiang Jiancheng and Mr. Ke Xionghan; 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.

* For identification purpose only