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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

BUSINESS UPDATE

This announcement is made by China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 19 October 2016, the Company entered into an agreement (“**Agreement**”) with People’s Government of Minzhong Town of Zhongshan Municipal* (“**Minzhong Town Government**”) with the intent of developing a government owned land (“**Land**”) of the size of 1,500 acres located at Shoumei Village of Lingnan Water Village*, Minzhong Town, Zhongshan Municipal, PRC into an integrated village tourist scenic area (“**Project**”). According to the Agreement, the first phase of the Project will involve not less than an area of 50 acres (“**First Phase Land**”) out of the Land and will be restricted for village tourist project development purpose only (“**First Phase Project**”). The development of the First Phase Land will be subject to the following terms:

1. The successful conversion of the land use purpose of the First Phase Land into a village tourist scenic area with the approval of the supervising national land department, after which the sale of the land use rights of the First Phase Land will be carried out by way of open auction.

* *for identification purpose only*

2. On signing the Agreement, the Company will pay an earnest money of RMB1 million to Minzhong Town Government.
3. After negotiation and confirmation by the parties, the earnest money will be refunded to the Company if the land use right of the First Phase Land cannot be sold through open auction before 31 December 2017, with interest calculated by reference to the interest rate of saving accounts quoted by the People's Bank of China.
4. The earnest money will not be refunded to the Company if the Company has not participated in the open auction and called out its bids for the land use right of the First Phase Land.
5. Minzhong Town Government will undertake to form a steering committee to help promote the First Phase Land into an integrated village tourist scenic area and, by providing excellent investment environment and quality corporate services, to co-operate with the Company in its development works for the First Phase Project.
6. All the entities to be used by the Company to develop the First Phase Land into an integrated village tourist scenic area shall be duly registered with the Bureau of Industry and Commerce at Minzhong Town with business registration certificates, pay taxes as statutorily required and prioritize the employment of locals in Minzhong Town as the employees of these entities for the First Phase Project.

The signing of the Agreement indicates the commencement of the Group's participation in the development of tourist scenic area business in the Peoples's Republic of China ("PRC") and facilitates the Group's further diversification and expansion into the PRC.

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

Hong Kong, 20 October 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.