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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED PLACING OF CONVERTIBLE BONDS

This announcement is made by China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to announce that on 15 August 2019 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with an independent securities broker (the “**Placing Agent**”) pursuant to which the Company intends to appoint the Placing Agent to place, on a best effect effort, two tranches of convertible bonds in the total principal amounts of HK\$120,000,000 (“**Convertible Bonds**”). The aforesaid possible transaction is referred to as the “**Proposed Placing**”.

The proposed principal terms of the two tranches of the Convertible Bonds are as follows:

	First	Second
Principal amount (<i>HK\$</i>)	60,000,000	60,000,000
Interest rate	15% per annum	12% per annum
Term	24 months	24 months
Security	No security	Security on a property project and personal guarantee to be given by Mr. Jiang Jianjun

The obligations of the parties thereto with respect to the issue and subscription of the Convertible Bonds are conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the conversion shares of the Convertible Bonds;
- (ii) the Placing Agent having performed and completed to its satisfaction due diligence review of the rights of the property project; and
- (iii) Heilongjiang Nongken Beidahuang Business Trade Liability Group Co., Ltd. and Heilongjiang Beidahuang Agribusiness Group Corporation being the substantial shareholders of the Company.

Save for certain provisions such as the provisions on cost, confidentiality and governing law, the entering into the MOU does not constitute the parties' legally binding commitments as to the Proposed Placing.

In the event that the Proposed Placing proceeds, the Company will comply with the relevant disclosure and/or shareholders approval requirements of the Listing Rules as and when appropriate.

Shareholders of the Company should note that the Proposed Placing may or may not proceed. Shareholders of the Company and potential investors are advised to 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, 15 August 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 Nonexecutive Directors are Mr. Chong Cha Hwa, Mr. Ho Man Fai and Mr. Yang Yunguang.