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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)

**PROPOSED CHANGE OF DOMICILE;
PROPOSED ADOPTION OF MEMORANDUM OF
CONTINUANCE AND NEW BYE-LAWS;
PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT;
AND
PROPOSED CAPITAL REORGANISATION**

The Company proposes to implement the Corporate Actions which will involve the proposed Change of Domicile, the proposed Adoption of Memorandum of Continuance and New Bye-laws, the proposed Share Premium Reduction and the proposed Capital Reorganisation, details of which are as follows:

(1) Proposed Change of Domicile

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda.

(2) Proposed Adoption of Memorandum of Continuance and New Bye-laws

In connection with the Change of Domicile, the Company proposes to adopt the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the existing memorandum of association and articles of association of the Company.

(3) Proposed Share Premium Reduction

The Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such reduction to an account designated as the contributed surplus account of the Company. As at the date of this announcement, the Company has a credit balance of approximately HK\$1,669,298,000 standing in its share premium account.

(4) Proposed Capital Reorganisation

The Board proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective which involves the following:

- (i) every five (5) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.50 each and, where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;
- (ii) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01;
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.50 each will be sub-divided into fifty (50) New Shares of HK\$0.01 each;

- (iv) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (b) the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (v) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full and be applied in any other manner as may be permitted under the New Bye-laws and all applicable laws of Bermuda.

WARNING

Shareholders and potential investors should be aware of and take note that the Corporate Actions are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Change of Domicile”, “Conditions of the Adoption of Memorandum of Continuance and New Bye-laws”, “Conditions of the Share Premium Reduction” and “Conditions of the Capital Reorganisation”. Therefore, the Corporate Actions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Corporate Actions. A circular containing, amongst other things, further information on the Corporate Actions and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED CHANGE OF DOMICILE

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The Board also proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective, details of which are set out in the section headed “Proposed Capital Reorganisation” below.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon:

- (i) the passing of special resolutions by the Shareholders at the EGM to approve the Change of Domicile, and the Adoption of Memorandum of Continuance and New Bye-laws;
- (ii) the compliance with the relevant requirements under the Listing Rules and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda in respect of the Change of Domicile; and
- (iii) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile, if required.

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company’s legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, or the withdrawal of listing of the Existing Shares, any issue of new Existing Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect the listing status of the Company on the Stock Exchange.

Reasons for the Change of Domicile

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation under Cayman Islands laws, which includes, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required. The Board considers that such sanction may not be obtained in a commercially expedient time frame. If the Capital Reorganisation will be effected following a change of domicile of the Company from the Cayman Islands to Bermuda through deregistration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after deregistration of the Company in the Cayman Islands and its continuation in Bermuda. The Board considers that it would save the Company's time for carrying out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE AND NEW BYE-LAWS

In connection with the Change of Domicile, the Company proposes to adopt the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the existing memorandum of association and articles of association of the Company.

Conditions of the Adoption of Memorandum of Continuance and New Bye-laws

The Adoption of Memorandum of Continuance and New Bye-laws is conditional upon the passing of a special resolution by the Shareholders to approve the Adoption of Memorandum of Continuance and New Bye-laws at the EGM, and the registration of the Memorandum of Continuance by the Registrar of Companies in Bermuda.

PROPOSED SHARE PREMIUM REDUCTION

The Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such reduction to an account designated as the contributed surplus account of the Company. As at the date of this announcement, the Company has a credit balance of approximately HK\$1,669,298,000 standing in its share premium account.

Subject to the approval of the Shareholders at the EGM by way of a special resolution, the credits arising from the reduction of the entire amount standing to the credit of the share premium account of the Company can be transferred to an account designated as the contributed surplus account of the Company, and such account designated as the contributed surplus account of the Company shall become the contributed surplus account of the Company within the meaning of the Companies Act upon the Change of Domicile becoming effective.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Share Premium Reduction at the EGM; and
- (ii) the compliance with the relevant legal procedures and requirements under the laws of the Cayman Islands to effect the Share Premium Reduction.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective which involves the following:

(1) Proposed Share Consolidation

The Board proposes to effect the Share Consolidation pursuant to which every five (5) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.50 each (i.e. 3,200,000,000 issued and unissued Consolidated Shares) and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation (i.e. 1,245,025,136 Consolidated Shares).

(2) Proposed Capital Reduction and Share Sub-division

The Board proposes that:

- (i) immediately upon the Share Consolidation becoming effective, the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Share such that the nominal value of each issued Consolidated Share (i.e. 1,245,025,136 Consolidated Shares) will be reduced from HK\$0.50 to HK\$0.01;
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.50 each will be sub-divided into fifty (50) New Shares of HK\$0.01 each;

- (iii) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (b) the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (iv) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full and be applied in any other manner as may be permitted under the New Bye-laws and all applicable laws of Bermuda.

As at the date of this announcement, the authorised share capital of the Company was HK\$1,600,000,000 comprising 16,000,000,000 Existing Shares of HK\$0.10 each, of which 6,225,125,683 Existing Shares have been issued and fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,600,000,000 divided into 160,000,000,000 New Shares of HK\$0.01 each, of which 1,245,025,136 New Shares will be in issue (after Capital Reorganisation) and the aggregate nominal value of the issued share capital of the Company (after Capital Reorganisation) will be HK\$12,450,251.36 (assuming that no Existing Shares will be issued or repurchased from the date hereof until the effective date of the Capital Reorganisation). A credit of HK\$610,062,316.64 will arise as a result of the Capital Reduction. Such credit will be transferred to the contributed surplus account of the Company which, together with the amount already in the contributed surplus account as a result of the Share Premium Reduction and any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation (if any), will then be applied by the Board to set off against the accumulated losses of the Company in full on the date of the Capital Reorganisation becoming effective. The total accumulated losses of the Company was approximately HK\$1,276,808,000 as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2020.

Assuming no Existing Shares are issued or repurchased from the date hereof until the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation on the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective but before the Capital Reduction and Share Sub-division becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Existing Share	HK\$0.50 per Consolidated Share	HK\$0.01 per New Share
Amount of authorised share capital	HK\$1,600,000,000	HK\$1,600,000,000	HK\$1,600,000,000
Number of authorised shares	16,000,000,000 Existing Shares	3,200,000,000 Consolidated Shares	160,000,000,000 New Shares
Amount of issued share capital	HK\$622,512,568.30	HK\$622,512,568.00	HK\$12,450,251.36
Number of issued shares	6,225,125,683 Existing Shares	1,245,025,136 Consolidated Shares	1,245,025,136 New Shares
Amount of unissued share capital	HK\$977,487,431.70	HK\$977,487,432.00	HK\$1,587,549,748.64
Number of unissued shares	9,774,874,317 Existing Shares	1,954,974,864 Consolidated Shares	158,754,974,864 New Shares

The New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional Share arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the applicable laws of Bermuda and the New Bye-laws in effect from time to time.

Adjustments to outstanding Share Options and Convertible Bonds

As at the date of this announcement, there are outstanding share options for subscription of 509,640,400 Existing Shares under the Share Option Scheme and Convertible Bonds with conversion rights which entitle the holder(s) thereof to convert into a maximum of 1,111,000,000 Existing Shares. The Capital Reorganisation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon exercise of the outstanding options pursuant to the terms and conditions of the Share Option Scheme and upon exercise of conversion rights attached to the Convertible Bonds according to the terms and conditions of the bonds. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, as at the date of this announcement, the Company has no other derivatives, options, warrants or other securities in issue which are convertible or exchangeable into any Shares.

There will not be any changes in the board lot size upon completion of the Capital Reorganisation. The board lot size of the New Shares will remain at 8,000.

Fractional entitlement to the New Shares

Fractions of the New Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the Change of Domicile becoming effective;
- (ii) the Adoption of Memorandum of Continuance and New Bye-laws becoming effective;
- (iii) the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the EGM;
- (iv) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation is effected and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme(s) of the Company;
- (v) the compliance with the relevant legal procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (vi) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 with the latest update on 1 October 2020, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Capital Reorganisation with the view to complying with the trading requirements under the Listing Rules.

Based on the closing price of HK\$0.050 per Existing Share as at the date of this announcement, the value of each board lot of 8,000 Existing Shares is only HK\$400.00. It is expected that the Capital Reorganisation would bring about a corresponding upward adjustment in the market price of the New Shares. The Capital Reorganisation will reduce the overall transaction and handling costs of dealings in the New Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities transaction. The Board considers that the Capital Reorganisation would maintain the transaction amount for each board lot at a reasonable level in order to attract more investors and extend the base of the Shareholders, and thus provide flexibility for equity fund raising of the Company in the future.

Pursuant to the existing articles of association of the Company, the Company shall not issue shares at a price below par value. Since the Existing Shares are currently trading substantially below par value, the Board found it difficult to negotiate with any potential investors and financial institutions for possible subscription, offer or placing of the Existing Shares at or above the par value. As at 30 June 2021, the Group had current liabilities of approximately HK\$996.0 million, out of which approximately HK\$156.6 million was overdue. In order to reduce the current liabilities of the Company and to improve the financial position of the Company, the Company intends to explore equity fund raising opportunities (the “**Intended Fund-raising**”). In order to facilitate fund raising activities by way of equity issue or convertible securities issue, the Company considers that it is desirable and necessary to lower the par value of the Existing Shares through implementing the Capital Reorganisation.

As at the date of this announcement, the Company has yet to finalise any binding agreement regarding the Intended Fund-raising. Further announcement(s) will be made by the Company if a binding agreement is reached in respect of the Intended Fund-raising. Save and except the Intended Fund-raising, the Company has no current plans for other equity fund raising in the next twelve months.

Furthermore, the credits in the contributed surplus account within the meaning of the Companies Act arising from the Share Premium Reduction and Capital Reorganisation will enable the Company to set off against its accumulated losses (if any) in full upon the Capital Reorganisation becoming effective, and, if possible, it may be applied in the future for distribution to the Shareholders or in any manner permitted by the Companies Act and the New Bye-laws.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there will be no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme(s) of the Company.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal is being or is currently proposed to be sought.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Free exchange of share certificates and arrangement for matching service for odd lots

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Wednesday, 2 March 2022 until Friday, 8 April 2022 (both days inclusive), submit share certificates for the Existing Shares (in green colour) to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares (in red colour) (on the basis of five (5) Existing Shares for one (1) New Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:10 p.m. on Wednesday, 6 April 2022, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Details of the arrangement relating the matching service for odd lots will be announced by the Company in the circular as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Corporate Actions is set out below:

Event(s)	Date and time
Date of this announcement	Wednesday, 8 December 2021
Expected date of despatch of the circular, proxy form and the notice of the EGM	on or before Thursday, 23 December 2021
Latest date and time for lodging transfers documents in order to qualify for attendance and voting at the EGM	4:00 p.m. on Tuesday, 11 January 2022
Closure of the register of members for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Wednesday, 12 January 2022 to Monday, 17 January 2022
Latest date and time for lodging the proxy forms for the EGM	11:00 a.m. on Saturday, 15 January 2022
Record date for determining attendance and voting at the EGM	Monday, 17 January 2022
Expected date and time of the EGM	11:00 a.m. on Monday, 17 January 2022
Publication of the announcement of the poll results of the EGM.	Monday, 17 January 2022

The following events are conditional on the fulfilment of the conditions for the implementation of the Corporate Actions:

Event(s)	Date and time
Effective date of the Share Premium Reduction	Monday, 17 January 2022
Effective date of the Change of Domicile and the Adoption of Memorandum of Continuance and New Bye-laws.	on or after Monday, 7 February 2022 (Bermuda time)/ on or after Tuesday, 8 February 2022 (Hong Kong time)
Effective date and time of the Capital Reorganisation	9:00 a.m. on Wednesday, 2 March 2022
First day for free exchange of existing share certificates for share certificates of the New Shares	Wednesday, 2 March 2022
Dealings in the New Shares commence.	9:00 a.m. on Wednesday, 2 March 2022
Original counter for trading in the Existing Shares in board lots of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 2 March 2022

Event(s)	Date and time
Temporary counter for trading in the New Shares in board lots of 1,600 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 2 March 2022
Original counter for trading in the New Shares in board lots of 8,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 16 March 2022
Parallel trading in the New Shares (in the form of new share certificates in board lots of 8,000 New Shares and existing share certificates in board lots of 1,600 New Shares) commences.....	9:00 a.m. on Wednesday, 16 March 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares.....	9:00 a.m. on Wednesday, 16 March 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Wednesday, 6 April 2022

Event(s)	Date and time
Temporary counter for trading in the New Shares in board lots of 1,600 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 6 April 2022
Parallel trading in the New Shares (in the form of new share certificates in board lots of 8,000 New Shares and existing share certificates in board lots of 1,600 New Shares) ends	4:10 p.m. on Wednesday, 6 April 2022
Last day for free exchange of existing share certificates for the share certificates of the New Shares	Friday, 8 April 2022

All times and dates specified in this announcement refer to the Hong Kong times and dates unless otherwise specified. This timetable is for indicative purpose only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

WARNING

Shareholders and potential investors should be aware of and take note that the Corporate Actions are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Change of Domicile”, “Conditions of the Adoption of Memorandum of Continuance and New Bye-laws”, “Conditions of the Share Premium Reduction” and “Conditions of the Capital Reorganisation”. Therefore, the Corporate Actions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Corporate Actions. In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, amongst other things, further information on the Corporate Actions and a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Adoption of Memorandum of Continuance and New Bye-laws”	the proposed adoption of the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the memorandum of association and the articles of association of the Company
“Board”	the board of the Directors
“Business Day”	a day on which licensed banks are generally open for business in Hong Kong, excluding Saturdays, Sundays and public holidays
“Capital Reduction”	the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.49 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division

“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 00039)
“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$111,100,000 issued by the Company on 1 November 2020, details of which are set out in the announcements of the Company dated 9 October 2020, 14 October 2020 and 2 November 2020
“Corporate Actions”	the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction and the Capital Reorganisation
“Directors”	the directors of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Corporate Actions
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Continuance”	a memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Bye-laws”	a new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective

“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.50 each and the cancellation of any fraction in the issued share capital of the Company arising as a result of the Share Consolidation (if applicable)
“Share Option Scheme”	the share option scheme of the Company adopted on 9 June 2017
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company and the transfer of the credits arising from such reduction to an account designated as the contributed surplus account of the Company
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of par value of HK\$0.50 each into fifty (50) New Shares of par value of HK\$0.01 each
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Beidahuang Industry Group Holdings Limited
Li Jiehong
Chairman

Hong Kong, 8 December 2021

As at the date of this announcement, the Executive Directors are Mr. Li Jiehong (Chairman), Mr. Ke Xionghan, Mr. Zeng Jixiang, Mr. Yu Zicong and Mr. Chen Chen; the Non-executive Director is Ms. Ho Wing Yan; and the Independent Non-executive Directors are Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.