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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)

STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 26 January 2016, the Company, Party A and Party B entered into the Strategic Co-operation Framework Agreement, pursuant to which the parties shall co-operate and explore the possibility of expediting certain municipal projects and developing production industrial parks in Jishou, Hunan Province, the PRC by way of joint venture arrangements.

The Board wishes to emphasis that the parties have not yet commenced the formal negotiation about the terms of the above joint venture arrangements. Subject to negotiation, the joint venture arrangements may or may not be materialized eventually. Accordingly, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTRODUCTION

The Board is pleased to announce that on 26 January 2016, the Company, Party A and Party B entered into the strategic co-operation framework agreement (“**Strategic Co-operation Framework Agreement**”), pursuant to which the parties shall co-operate and explore the possibility of expediting certain municipal projects (including city infrastructure facility constructions, road and railway constructions, and lighting) and developing production industrial parks in Jishou, Hunan Province, the PRC (“**PPP Projects**”) by way of joint venture arrangements.

THE STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT

Date

26 January 2016

The Parties

- (1) The Company;
- (2) Party A; and
- (3) Party B.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Party A and Party B and their respective ultimate governing body and/or beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter

Pursuant to the Strategic Co-operation Framework Agreement, the parties agreed to establish long term strategic co-operating partner relationship with one another to venture into the PPP Projects using their respective scope of government authority, financial and human resources, business strengths, networks and platforms. Through the Strategic Co-operation Framework Agreement, the parties shall negotiate the terms of joint venture arrangements to register, establish and implement the PPP Projects in Jishou, Hunan Province, the PRC.

Information of the Group, Party A and Party B

The Group is principally engaged in sale and distribution of wine, liquor and green food products and wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food, and the leasing of logistic facilities in Hong Kong.

Party A is a municipal city government in Jishou, Hunan Province, the PRC.

Party B is a limited company incorporated in the PRC and principally engaged in integrated property development and investments.

REASONS FOR AND BENEFITS OF THE STRATEGIC CO-OPERATION FRAMEWORK AGREEMENT

In order to diversify the business of the Group for maximizing returns to the Shareholders, the Group has been actively seeking various investment opportunities. By developing and investing in the PPP Projects, which would have an estimated life span of 5 to 8 years, it is expected that the Group can derive steady, mid-term revenue stream from these projects. By virtue of the Strategic Co-operation Framework Agreement, Party A agrees that (subject to the joint venture arrangements being materialized and the PPP Projects being officially permitted by the relevant government offices and then commenced) it will not invite, review and permit the implementation of any other new projects in Jishou which are similar to the PPP Projects. In light of Party A's participation as one of the joint venture partners (subject to the relevant joint arrangements) as well as the exclusivity nature of the PPP Projects in Jishou, it is expected that the Group's investment return from participating in the PPP Projects in Jishou would be relatively secured and promising.

The Directors are of the view that subject to the joint venture arrangements between the Group, Party A and Party B being materialized, the Company and its Shareholders can benefit from the return of the PPP Projects initiated by the Strategic Co-operation Framework Agreement.

GENERAL

The Board wishes to emphasize that the parties have not yet commenced the formal negotiation about the terms of the above joint venture arrangements. Subject to negotiation, the joint venture arrangements may or may not be materialized eventually. Accordingly, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

Further announcement in respect of the above possible joint venture arrangements will be made by the Company in accordance with applicable requirements of the Listing Rules as and when appropriate.

DEFINITION

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

“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
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party A”	The People’s Government of Jishou

“Party B”	湖南鑫成置業發展集團有限責任公司 (Hunan Xincheng Real Estate Development Group Co., Ltd.*), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 26 January 2016

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.

* *For identification purpose only*