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BEAUTIFUL CHINA HOLDINGS COMPANY LIMITED
美麗中國控股有限公司
(incorporated in Bermuda with limited liability)
(Stock code: 706)

**COOPERATIVE FRAMEWORK AGREEMENT
RELATING TO THE PROPOSED INVESTMENT**

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 3 April 2018, the Company and Yikesida (Qingdao), a subsidiary of Shuangxing, entered into the Cooperative Framework Agreement, pursuant to which the parties thereto shall enter into Formal Agreement(s) and other documentation and matters in relation to the Proposed Investment.

THE COOPERATIVE FRAMEWORK AGREEMENT

Date: 3 April 2018

Parties:

- (1) the Company; and
- (2) Yikesida (Qingdao).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Yikesida (Qingdao), its ultimate equity holder(s) and their respective associates were Independent Third Parties as at the date of this announcement.

Principal terms

The Group proposed to invest in Yikesida Equipment and Yikesida Renewable, the wholly-owned subsidiaries of Yikesida (Qingdao), by way of injection of certain registered capital into Yikesida Renewable and acquisition of certain equity interests in Yikesida Equipment. The amount of capital to be injected or the price of the acquisition of certain equity interests shall be determined with reference to the valuation of each of Yikesida Equipment and Yikesida Renewable to be conducted by an independent valuer, and the amount of capital required for, to the best of the Directors' knowledge and belief, the implementation of the business plans of each of Yikesida Equipment and Yikesida Renewable for the research and development, manufacturing and sale of production lines and supporting equipments for waste tyre (rubber) pyrolysis, and the operation of and investment in the production of waste tyre (rubber) pyrolysis. Shuangxing is one of the leading enterprises principally engaged in the manufacturing of tyres and smart equipments in the PRC.

Non legally-binding effect

The Cooperative Framework Agreement is a non-binding framework agreement setting out the general principles of the Proposed Investment. The Proposed Investment will be subject to the execution and completion of the Formal Agreement(s).

REASONS FOR THE PROPOSED INVESTMENT

Since 2013, the Group has been seeking business and investment opportunities to develop its business operations into the ecological and environmental industry.

The Board believes that as Yikesida (Qingdao) is a company that possesses capabilities in the research and development, manufacturing and sale of production lines and supporting equipments for waste tyre (rubber) pyrolysis, and the management of the operation of waste tyre (rubber) pyrolysis, the Proposed Investment can enable the Group to further expand its business in the environmental protection related industry by engaging in different segments in the solid waste recycling chain, in particular waste tyre (rubber) pyrolysis and resource re-utilisation and recycling. The Board considers that the Proposed Investment can (i) expand the Group's scale of operation in its environmental protection related businesses; and (ii) enhance the Group's overall competitiveness in the environmental protection related industry in the PRC to achieve better financial performance; and which, in turn, the Board considers would be beneficial and in the interests of the Company and its shareholders as a whole.

GENERAL

As the Cooperative Framework Agreement may or may not lead to the entering into any formal agreement(s), the Proposed Investment may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Beautiful China Holdings Company Limited (美麗中國控股有限公司), a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Cooperative Framework Agreement”	the cooperative framework agreement dated 3 April 2018 and entered into between the Company and Yikesida (Qingdao) in relation to the Proposed Investment
“Director(s)”	the director(s) of the Company
“Formal Agreement(s)”	formal legally-binding implementation agreement(s) to be entered into between, among others, the Company and Yikesida (Qingdao) in the event that the parties proceed with the Proposed Investment
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party which is not a connected person of the Company and independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Investment”	the proposed investment in each of Yikesida Equipment and Yikesida Renewable by way of capital injections by the Company into Yikesida Renewable and acquisition of equity interests in Yikesida Equipment by the Company

“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shuangxing”	雙星集團有限責任公司 (Shuangxing Group Company Limited*), a company established in the PRC that is, in the best of the Director’s knowledge, together with its subsidiaries are principally engaged in manufacturing of tyres and smart equipments as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yikesida Equipment”	青島伊克斯達智能裝備有限公司 (Qingdao Yikesida Smart Equipment Company Limited*), a company established in the PRC that is, in the best of the Directors’ knowledge, a wholly-owned subsidiary of Yikesida (Qingdao) and principally engaged in research and development, manufacturing and sale of production lines and supporting equipments for waste tyre (rubber) pyrolysis as at the date of this announcement
“Yikesida Renewable”	青島伊克斯達再生資源有限公司 (Qingdao Yikesida (Qingdao) Renewable Resources Company Limited*), a company established in the PRC that is, in the best of the Directors’ knowledge, a wholly-owned subsidiary of Yikesida (Qingdao) and principally engaged in the investment and operation of the business of waste tyre (rubber) pyrolysis processing as at the date of this announcement
“Yikesida (Qingdao)”	伊克斯達 (青島) 控股有限公司 (Yikesida (Qingdao) Holdings Limited*), a company established in the PRC that is, in the best of the Directors’ knowledge, a subsidiary of Shuangxing and principally engaged in research and development, manufacturing and sale of production lines and supporting equipments for waste tyre (rubber) pyrolysis and the investment and operation of the business of waste tyre (rubber) pyrolysis processing as at the date of this announcement

By Order of the Board
Beautiful China Holdings Company Limited
Sze Wai, Marco
Chairman

Hong Kong, 3 April 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Sze Wai, Marco (Chairman), Mr. Zhou Wei Feng (Chief Executive Officer) and Mr. Tan Shu Jiang; and three independent non-executive Directors, namely Mr. Lum Pak Sum, Mr. Chong Yiu Kan, Sherman and Mr. Liu Liyang.