

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

**DISCLOSEABLE TRANSACTION IN RELATION TO  
WITHDRAWAL AND ASSUMPTION OF PROJECT**

**THE AGREEMENT**

The Board is pleased to announce that on 1 April 2019 (after trading hours), the Company entered into the Agreement with Weifang Zhongti in relation to the withdrawal and assumption the Weifang Wetland Development Project.

Pursuant to the Agreement, the Company shall pay a sum of RMB40,000,000 (equivalent to approximately HK\$46,800,000) as refundable deposit to Weifang Zhongti within 3 business days from the date of the Agreement.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as defined in the Listing Rules exceed 5% but less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Agreement are subject to the reporting and announcement requirements under the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 1 April 2019 (after trading hours), the Company entered into the Agreement with Weifang Zhongti in relation to the withdrawal and assumption of the Weifang Wetland Development Project.

## **THE AGREEMENT**

Date: 1 April 2019

Parties: (1) the Company; and  
(2) Weifang Zhongti.

To the best of the Directors' knowledge and belief having made all reasonable enquiries, Weifang Zhongti, its ultimate beneficial owner(s) and their respective associates were Independent Third Parties as at the date of this announcement.

### **Background and the subject matters**

On 8 December 2009, Weifang Zhongti, 濰坊市規劃局 (Weifang Planning Bureau) and 濰坊市三河投資經營公司 (Weifang Sanhe Investment Management Co.\*) entered into the Framework Agreement in relation to the Weifang Wetland Development Project, which included the development of the Phase I Land. Subsequently, pursuant to the Framework Agreement, Weifang Zhongti is currently operating the Phase I Land at an annual rent of RMB1.5 million. By entering to the Agreement, Weifang Zhongti intends to withdraw from and the Group intends to assume and enter into, the Weifang Wetland Development Project and the leasing with the relevant authorities of the Phase I Land.

## **Deposit**

Pursuant to the Agreement, the Company shall pay a sum of RMB40,000,000 (equivalent to approximately HK\$46,800,000) as refundable deposit to Weifang Zhongti within 3 business days from the date of the Agreement, which shall be applied as consideration in its entirety on the same day when all conditions precedent pursuant to the Agreement are fulfilled.

## **Conditions precedent**

Completion will be conditional upon the satisfaction of the following conditions:

- (i) the Company and Weifang Zhongti obtaining all necessary consents and approval in accordance with the applicable laws and/or articles of association of each of the Company and Weifang Zhongti (including but not limited to the approval by each of their board resolutions and/or shareholders' resolutions (if necessary)) regarding the Agreement and the transactions contemplated thereunder;
- (ii) the Company obtaining the approval from the Shareholders regarding the Agreement and the transactions contemplated thereunder (if required); and
- (iii) Weifang Zhongti agreeing to (a) terminate the development and construction of the Weifang Wetland Development Project; and (b) enter into a written termination agreement to terminate the Framework Agreement.

The conditions are not capable of being waived by any party to the Agreement. In the event where any of the conditions is not satisfied within 3 months from the date of the Agreement or such later date as agreed by the parties to the Agreement in writing, the Agreement will cease to be effective, and neither party may bring a claim in any form against the other party, save for antecedent breaches of the Agreement. In the event where the Agreement ceases to be effective, Weifang Zhongti shall immediately refund the deposit of RMB40,000,000 to the Company.

## **Consideration and payment**

The consideration to be paid by the Company to Weifang Zhongti pursuant to the Agreement shall be RMB40,000,000 (equivalent to approximately HK\$46,800,000). On the same day when all conditions precedent pursuant to the Agreement are fulfilled, the deposit of RMB40,000,000 shall be applied as consideration in its entirety.

The consideration was determined after arm's length negotiations between the parties to the Agreement with reference to, among others, (i) the preliminary appraised value of the current infrastructures and constructions regarding the Phase I Land, taking into account the construction costs of the existing facilities on the Phase I Land, the expected service life of comparable construction projects, the macroeconomic prospects of the Weifang Wetland Development Project in the PRC, the nature and history of the Weifang Wetland Development Project, the current status of the Phase I Land and the development plan of the Phase I Land; and (ii) the undertaking by Weifang Zhongti under the Agreement to procure that the annual rent of the Phase I Land would not be higher than RMB1.5 million and the estimated market rent of the Phase I Land. The Directors consider the consideration to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Undertaking by Weifang Zhongti**

Weifang Zhongti undertakes to terminate the Framework Agreement in relation to the Phase I Land, withdraw from the Weifang Wetland Development Project and, within 12 months from the date of the completion of the transactions contemplated under the Agreement:

- (1) to procure the Company and the relevant government authority(ies) and/or authorised person(s) to enter into agreement(s) with respect to a lease in relation to the Phase I Land at an annual rent of not higher than RMB1.5 million;
- (2) to complete all registration procedures in relation to the leasing of the Phase I Land in accordance with the applicable laws; and
- (3) to ensure that there shall be no matter adversely affecting the Company's use of the Phase I Land, to the extent that the PRC legal advisers to the Company would issue a legal opinion with respect to the leasing of the Phase I Land by the Company, in the form and substance to the satisfaction of the Company.

In the event where (i) any of the above undertaking by Weifang Zhongti is not satisfied within twelve months from the date of the Agreement; (ii) the lease in relation to the Phase I Land is terminated due to breach by lessor or Weifang Zhongti; or (iii) any term of the lease in relation to the Phase I Land becomes invalid or void, Weifang Zhongti shall immediately return the consideration of RMB40,000,000 to the Company.

### **Exclusivity**

Upon the entering to the Agreement, unless having obtained written consent from the Company, Weifang Zhongti shall not by any means, directly or indirectly, engage in any negotiation or enter into any agreement which affects its rights and interests with respect to the Weifang Wetland Development Project.

### **INFORMATION ON THE GROUP**

The Company is an investment holding company and its subsidiaries are principally engaged in the ecological garden and landscape business and ecological environmental protection business.

### **INFORMATION ON WEIFANG ZHONGTI**

To the best of the Directors' knowledge, information and belief, Weifang Zhongti is a Sino-foreign venture company established in the PRC with limited liability. As at the date of this announcement, Weifang Zhongti is principally engaged in real estate development and management (limited the Phase I Land), property management and leasing of owned properties in the PRC.

## **REASONS FOR AND BENEFITS OF THE AGREEMENT**

As disclosed in the 2018 interim report of the Company, as a result of reduction of the expenses by the governments at all levels in the PRC on the construction of municipal landscape facilities, coupled with intense market competition, there were few opportunities for quality landscape projects. Having considered various factors including the preliminary appraised value of the current infrastructures and constructions regarding the Phase I Land, the macroeconomic prospects of the Weifang Wetland Development Project in the PRC, the nature and history of the Weifang Wetland Development Project, the current status and the development plan of the Phase I Land, the Board considers that the Weifang Wetland Development Project is a quality landscape project and hence it is a valuable opportunity for the Company to invest in the Weifang Wetland Development Project. Based on the information available to the Company, taken into account the nature of the Weifang Wetland Development Project and the involvement of the relevant government authorities in the Weifang Wetland Development Project, the Group's participation in the Weifang Wetland Development Project aligns with the ecological environment construction business of the Group and is expected to offer a reliable and sustainable source of income for the Group in long run.

In view of the above, the Directors considered that the terms of the Agreement were on normal commercial terms, fair and reasonable and the transactions contemplated under the Agreement are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as defined in the Listing Rules exceed 5% but less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Agreement are subject to the reporting and announcement requirements under the Listing Rules.

## DEFINITION

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

“Agreement”	the agreement dated 1 April 2019 and entered into between the Company and Weifang Zhongti in relation to the termination and assumption of the Lease and the Weifang Wetland Development Project.
“Bailang River Upstream Wetland Park”	白浪河上游濕地公園, the wetland park to be constructed on a site of approximately 4,000 mu comprising the Phase I Land and certain parcels of land situated at Weifang, the PRC, pursuant to the Framework Agreement
“Board”	the board of Directors
“Company”	Beautiful China Holdings Company Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange (stock code: 706)
“connected persons”	have the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the framework agreement dated 8 December 2009 and entered into between Weifang Zhongti, 濰坊市規劃局 (Weifang Planning Bureau) and 濰坊市三河投資經營公司 (Weifang Sanhe Investment Management Co.*) in relation to, among others, the Weifang Wetland Development Project
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“mu”	mu (畝), a Chinese unit of measurement, equivalent to 666 2/3 square meter
“Phase I Land”	land parcel of approximately 3,000 mu situated in Weifang, the PRC, designated for the construction of phase I of Bailang River Upstream Wetland Park
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weifang Wetland Development Project”	the construction of the Bailang River Upstream Wetland Park
“Weifang Zhongti”	Weifang Zhongti Development Co., Ltd.* (濰坊中體發展有限公司), a Sino-foreign joint venture company established in the PRC with limited liability, which is principally engaged in real estate development and management (limited to the Phase I Land), property management and leasing of owned properties, and an Independent Third Party



“%”

per cent.

For and on behalf of  
**Beautiful China Holdings Company Limited**  
**Sze Wai, Marco**  
*Chairman*

Hong Kong, 1 April 2019

*As at the date of this announcement, the Board comprises Mr. Sze Wai Marco, Mr. Zhou Wei Feng and Mr. Tan Shu Jiang as executive Directors, Ms. Chai Lin as a non-executive Director, and Mr. Chong Yiu Kan, Sherman, Mr. Xie Jun and Mr. Liu Liyang as independent non-executive Directors.*

*Unless other specified, amounts denominated in RMB have been converted into Hong Kong dollars in this announcement for the purpose of illustration only and at the rate of RMB1 = HK\$1.17.*

\* *For identification purposes only*