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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)

QUARTERLY UPDATE ON PROGRESS OF RESUMPTION AND BUSINESS OPERATIONS

This announcement is made by Beautiful China Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to (i) the announcements of the Company dated 31 March 2020, 6 May 2020, 2 June 2020, 30 June 2020, 15 July 2020, 20 August 2020 and 1 September 2020 in relation to the delay in publication of 2019 Annual Results, delay in despatch of 2019 Annual Report, delay on 2020 Annual General Meeting, delay in publication of 2020 Interim Results and suspension of trading in shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 1 September 2020; and (ii) the announcements of the Company dated 9 September 2020 and 30 November 2020 in relation to the Resumption Guidance (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context requires otherwise.

Resumption Guidance

As disclosed in the Announcements dated 9 September 2020 and 30 November 2020, the Company has been notified by the Stock Exchange of the following Resumption Guidance:

- (i) publish all outstanding financial results and address any audit modifications;
- (ii) inform the market of all material information for shareholders and investors to appraise the Company’s position; and
- (iii) demonstrate compliance with Rule 13.24 of the Listing Rules.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the shareholders and potential investors of the Company that, as at the date of this announcement, the latest development on the progress of the Company's efforts to fulfil the Resumption Guidance and the development of its principal businesses are as follows:

Update on business operations

The Group has two major segments of operations, namely (i) tree plantation – cultivation and trading of tree seedlings; and (ii) waste pyrolysis – production and trading of pyrolysis oils and other materials. The Group has continued its normal business operations since the suspension of trading in the Company's shares. In respect of the waste pyrolysis business segment, the Group has been (i) developing plans to improve the standards of production and to optimize the quality of products in order to meet the customers requirements and increase the selling price of products; (ii) liaising with business partners in order to expand the marketing channels of products of the Group; and (iii) considering further financing for expansion in production capacity. In respect of tree plantation business segment, the Group has been (i) studying and developing plans to improve the quality of trees; (ii) actively expanding sales channels for trees in order to diversify customer base; and (iii) exploring opportunities in diversifying tree seedling business, including but not limited to fruit trees growing so as to enhance the revenue sources and cash flow position of the Group.

In addition, the social distancing measures taken by the local government of Anhui Province in the PRC, including the districts where the nurseries of the Group's tree seedlings are located ("**Nurseries**"), have been gradually lifted. As a result of the implementation of social distancing measures in Anhui Province in the PRC during the year ended 31 December 2020, there were minimal irrigation and fertilisation given to the Group's tree seedlings in the Nurseries. Thus, the Directors are exploring possible ways to cure the tree seedlings to prevent their death, damages or death of the tree seedlings may affect the carrying amount of the Group's biological assets. The Group is in the progress of assessing the impact of the COVID-19 outbreak on the tree seedlings of the Group as at the date of this announcement. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

Update on convertible bonds ("NSCB**") issued to New Silkroad Investment Holdings Limited ("**Subscriber**") in the aggregate principal amount of HK\$118,000,000**

Reference is made to the announcement ("**NSCB Announcement**") of the Company dated 11 June 2020 regarding alterations of the terms of the NSCB.

As set out in the NSCB Announcement, upon expiry of both tranches of the NSCB, the Company has been negotiating the terms of extension and amendments of the NSCB with the Subscriber. As at the date of NSCB Announcement, the Subscriber and the Company entered into the Supplemental Deed (as defined in the NSCB Announcement) pursuant to which, among others, the relevant maturity date be extended. Pursuant to the Supplemental Deed, the effectiveness of the amendments to the terms of the NSCB is subject to the fulfillment of all the conditions precedent set out in the Supplemental Deed on or before 31 July 2020 (or such later date as may be agreed by the parties thereto in writing) (“**Long Stop Date**”). As at the date of this announcement, none of the conditions precedent has been fulfilled. The Company has been negotiating with the Subscriber regarding the postponement of the Long Stop Date. In the event that the Company and the Subscriber do not agree on the postponement of the Long Stop Date, the Company may need to redeem pursuant to the conditions of the NSCB. The Company will publish further announcement(s) to inform Shareholders and potential investors of the Company of any material developments in connection with the NSCB as and when appropriate.

Update on progress of resumption

Pursuant to Rule 13.46(2), Rule 13.49(1), Rule 13.49(6) and Rule 13.48(1) of the Listing Rules, the Company is required to publish the 2019 Annual Results on or before 31 March 2020, despatch the 2019 Annual Report to the Shareholders on or before 30 April 2020, publish the 2020 Interim Results on or before 31 August 2020 and despatch the 2020 Interim Report to the Shareholders on or before 30 September 2020. As a result of the delay in publication of the 2019 Annual Results, (i) the despatch of 2019 Annual Report; (ii) the publication of the 2020 Interim Results; and (iii) the despatch of the 2020 Interim Report were delayed. The Board acknowledges that the delay in publication of the 2019 Annual Results, the 2019 Annual Report, the 2020 Interim Results and the 2020 Interim Report will constitute non-compliance with Rule 13.46(2), Rule 13.49(1), Rule 13.49(6) and Rule 13.48(1) of the Listing Rules.

As disclosed in the Announcements dated 20 August 2020 and 30 November 2020, the Company was in the process of negotiating with the Auditor regarding the provision of audit works. As at the date of this announcement, the Company continued to negotiate with the Auditors and intended to issue the 2019 Annual Results, the 2019 Annual Report, the 2020 Interim Results and the 2020 Interim Report as soon as practicable. The Company will publish further announcement(s) to inform Shareholders and potential investors of the Company of any material developments in connection with the 2019 Annual Results and the 2020 Interim Results as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Company’s shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 September 2020 and will remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 February 2021

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.