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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)

**(1) QUARTERLY UPDATE ON PROGRESS OF RESUMPTION
AND BUSINESS OPERATIONS; AND
(2) SUPPLEMENTAL ANNOUNCEMENT REGARDING
INFORMATION OF A DIRECTOR**

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; (ii) the announcements of the Company dated 9 September 2020, 30 November 2020, 26 February 2021, 25 May 2021 and 26 August 2021 in relation to the Resumption Guidance; (iii) the announcement of the Company dated 5 November 2021 in relation to unsatisfied judgement of Mr. Sze; and (iv) the announcement of the Company dated 23 November 2021 in relation to the Statutory Demand (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements, unless the context requires otherwise.

QUARTERLY UPDATE ON PROGRESS OF RESUMPTION AND BUSINESS OPERATIONS

Resumption Guidance

As disclosed in the Announcements dated 9 September 2020, 30 November 2020, 26 February 2021, 25 May 2021 and 26 August 2021, 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 in the PRC since the suspension of trading in the Company's shares.

In respect of the tree plantation segment, as disclosed in the announcement of the Company dated 30 November 2020, 26 February 2021, 25 May 2021 and 26 August 2021, 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 and the Group has been in the progress of assessing the impact of the COVID-19 outbreak on the tree seedlings of the Group. Up to the date of this announcement, the assessment of the tree seedlings has not been completed. 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. During the ten months ended 31 October 2021, the Group has been negotiating with customers from Sichuan province, Shandong province, Shijiazhuang city, Chongqing city and Dangshan city of Anhui province in relation to the sales of maple trees and tree plantation services.

In respect of the waste pyrolysis business segment, the production of the factory of Shandong Kaiyuan Runfeng Environmental Protection Technology Co., Ltd.* (山東開元潤豐環保科技有限公司, “**Shandong Kaiyuan**”), a non-wholly-owned subsidiary of the Company, remained stable. Based on the unaudited management account of Shandong Kaiyuan for the ten months ended 31 October 2021, Shandong Kaiyuan recorded revenue of approximately RMB59.00 million for the ten months ended 31 October 2021, which represented a growth of approximately 19.67% as compared to that for the same period last year. Shandong Kaiyuan recorded a profit of approximately RMB725,000 for the ten months ended 31 October 2021, which represented a growth of approximately 112.91% as compared to that of the same period last year. The increase in both revenue and profit, as compared with that of the last year, was mainly attributable to (i) the increase in pyrolysis oil price caused by global energy constraint and rising crude oil price; and (ii) a technological breakthrough in the application of pyrolysis carbon black in rubber and plastic industry and an independent third party, being the largest radial tire manufacturer of South China, has started to purchase pyrolysis carbon black from Shandong Kaiyuan steadily since August 2021 and the selling price of pyrolysis carbon black has been very stable. Currently, the Group has been actively seeking cooperation opportunities with the top 14 global radial tire manufacturers. At the same time, the Group has been strengthening its internal control such that the repayment period of accounts receivable is maintained within one month. As a result of the strengthened internal control of the Company, there was no default in receivables and the Group has adopted cash on delivery settlement policy to all other customers.

In June 2021, the Group established a high-value pyrolysis carbon black joint research and development center with a university in Beijing for the technological development and product application of high-value pyrolysis carbon black generated from waste tires. In October 2021, the Company entered into a tire recycling cooperation agreement with an independent third party, being one of the largest vehicle maintenance e-commerce platforms in the PRC. Pursuant to such cooperation agreement, the Company would collect waste tires from the vehicle maintenance outlets of such independent third party for production of pyrolysis oils and other materials at the plants of the Group.

In mid-October 2021, all staff of the Group’s Hong Kong office has tendered their resignation. The Group has experienced difficulties in following up the operations at its Hong Kong office due to the travel restrictions imposed between Hong Kong and the PRC. As at the date of this announcement, the Group has designated staff of the PRC office to takeover the Hong Kong office and is planning to recruit new staff member to fill up the vacancies in the Hong Kong office. As at the date of this announcement, the Company received a Form of Claim (“**Labour Claim**”) dated 19 November 2021 filed by certain Hong Kong staff (“**Hong Kong Staff**”) with the Labour Tribunal of Hong Kong. According to the said Form of Claim, the Hong Kong Staff alleged that the Company owed them a total sum of HK\$2,429,267.43. The Company is currently seeking legal advice in respect of the Labour Claim and is exploring possible ways to resolve the Labour Claim. The Company will keep its Shareholders and potential investors informed of any significant development in relation to the Labour Claim by way of further announcement(s) as and when appropriate or as required under the Listing Rules.

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, despatch the 2020 Interim Report to the Shareholders on or before 30 September 2020, publish the 2020 Annual Results on or before 30 March 2021, despatch the 2020 Annual Report to the Shareholders on or before 30 April 2021, publish the 2021 interim result (the “**2021 Interim Results**”) on or before 31 August 2021 and dispatch the 2021 interim report (the “**2021 Interim Report**”) to the Shareholders on or before 30 September 2021. 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; (iii) the despatch of the 2020 Interim Report; (iv) the publication of the 2020 Annual Results; (v) the despatch of the 2020 Annual Report; (vi) the publication of the 2021 Interim Results; and (vi) the despatch of the 2021 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, the 2020 Interim Report, the 2020 Annual Results, the 2020 Annual Report, the 2021 Interim Results and the 2021 Interim Report will constitute non-compliance with Rules 13.46(2), 13.49(1), 13.49(6) and 13.48(1) of the Listing Rules.

As disclosed in the Announcements dated 20 August 2020, 30 November 2020, 26 February 2021, 25 May 2021 and 26 August 2021, the Company was in the progress of negotiating with the Auditor regarding the provision of audit works. Due to the resignation of Mr. Chang Kwan Yip Quillan, the former company secretary and the former authorised representative of the Company, the negotiation with Auditor has been delayed. As at the date of this announcement, the audit fees and audit timetable are still subject to negotiation with the Auditor. As at the date of this announcement, the Company has assigned other staff to follow up with the outstanding audit issues and resumed the negotiation with the Auditors. The Company intended to issue the 2019 Annual Results, the 2019 Annual Report, the 2020 Interim Results, the 2020 Interim Report, the 2020 Annual Results, the 2020 Annual Report, the 2021 Interim Results and the 2021 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, the 2020 Interim Results, the 2020 Annual Results and the 2021 Interim Results as and when appropriate.

SUPPLEMENTAL INFORMATION REGARDING INFORMATION OF A DIRECTOR

As disclosed in the announcement of the Company dated 5 November 2021, Mr. Sze, the chairman of the Board and an executive Director is subject to an unsatisfied judgement made in favour of Quick Run Limited. The Directors are of the view that such unsatisfied judgement did not bring material adverse effect on the daily operation of the Company based on the following reasons:

- (i) the Company is not a party to the relevant litigation and the subject judgement is only against Mr. Sze personally. Thus, the Company is not liable to the judgement sum;
- (ii) up to the date of this announcement and so far the Directors are aware of, no enforcement action has been taken by Quick Run Limited in respect of Leading Value's shares in the Company held by Leading Value and there has been no change in Leading Value's shareholding in the Company; and
- (iii) up to the date of this announcement, the Directors are not aware of any other orders against Mr. Sze or any issues in relation to his suitability to be a director of the Company.

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, 30 November 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 and Mr. Chong Yiu Kan, Sherman, Mr. Xie Jun and Mr. Liu Liyang as independent non-executive Directors.

* *For identification purpose*