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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY

THE PROPOSED ACQUISITION

On 24 January 2025 (after trading hours), the Purchaser (an indirect subsidiary of the Company) and the Seller entered into the Agreement, pursuant to which, among others, the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell, the Sale Shares, representing approximately 51% of the entire issued share capital of the Target Company at Completion, for the Consideration of RMB14,280,000 payable in cash, subject to the terms and conditions of the Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceeds 5% and all applicable percentage ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 January 2025 (after trading hours), the Purchaser (an indirect subsidiary of the Company) and the Seller entered into the Agreement, pursuant to which, among others, the Purchaser agreed to purchase, and the Seller agreed to sell, the Sale Shares, representing approximately 51% of the entire issued share capital of the Target Company at Completion, for the Consideration of RMB14,280,000 payable in cash, subject to the terms and conditions of the Agreement.

PRINCIPAL TERMS OF THE AGREEMENT

Date

24 January 2025 (after trading hours)

Parties

(1) the Purchaser; and

(2) the Seller.

Sale Shares

Pursuant to the Agreement, the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell the Sale Shares, representing approximately 51% of the entire issued share capital of the Target Company at Completion.

Consideration and Payment Terms

The Consideration for the Proposed Acquisition is RMB14,280,000, of which RMB2,000,000 shall be payable within one month from the date of the Agreement and the remaining RMB12,280,000 shall be payable upon the Seller and the Target Company have completed the equity transfer procedures and within two months from the date of the Agreement by the Purchaser to the Seller.

Basis of Consideration

The Consideration was determined after arm's-length negotiations between the Seller and the Purchaser taking into account, among others, (i) the unaudited net assets of the Target Company as at 31 October 2024; (ii) the amount of registered capital of the Target Company attributable to the Sale Shares; and (iii) the prevailing business environment, market situation and prospects in connection with the operation of the Target Company as discussed in the section headed "Reasons for and Benefits of the Proposed Acquisition" in this announcement.

Conditions precedent

Completion of the Proposed Acquisition is subject to satisfaction of the following conditions precedent:

(a) the Company has been satisfied with and accepted the due diligence results for the Target Company and there has been no material adverse change from the date of the Agreement up to and including the Completion Date;

(b) the Seller has obtained all necessary consents and approvals related to the disposal of the Sale Shares from all shareholders;

(c) all consents and approvals have been obtained from the Board for the Proposed Acquisition; and

(d) the Seller has paid all amount of registered capital of the Target Company.

Completion

Subject to the fulfilment of the Conditions Precedent, Completion shall take place on the Completion Date. As at the date of this Announcement, the Target Company held subsidiaries, which all the issued share capital held by the Target Company will be transferred to the Previous Shareholders before the Completion.

Upon Completion, the Target Company will become an indirect subsidiary of the Company and the results and net assets of the Target Company will be consolidated into the financial statements of the Group.

Long Stop Date

In the event that any of the Conditions Precedent is not fulfilled on or prior to the Long Stop Date, the Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the Purchaser and the Seller thereunder shall cease and determine.

INFORMATION OF THE SELLER AND THE TARGET COMPANY

The Seller

The Seller is a company incorporated in Mainland China with limited liability and is principally engaged in investment holding which is directly held as to 51% and 49% by Mr. Liu Xiangrong and Mr. Liu Chi respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Seller and its ultimate beneficial owners is an Independent Third Party.

The Target Company

The Target Company is a company established in Mainland China with limited liability on 3 November 2008, and has a registered and paid-up capital of RMB20,000,000 as at the date of this announcement. Before the Completion of the Proposed Acquisition, the Target Company is directly held as to 70% and 30% by the Seller and the Partnership respectively.

The Target Company is principally engaged in (i) processing and sales of agricultural and sideline products, meat products (marinated meat products) and vegetable products (pickles); and (ii) procurement, planting, storage and sale of fresh vegetables, grain, oil crop and edible oil, etc. As at the date of signing the Agreement, the Target Company held the land use rights in relation to a piece of industrial land in Yueyang, Hunan Province with an aggregate site area of 16,388 square metres.

Set forth below is the shareholding structure of the Target Company (i) as at the date of the Agreement; and (ii) immediately after the Completion.

Shareholders	**As at the date of the Agreement**		**Immediately after the Completion**	
	Registered capital held	**Equity interest held**	**Registered capital held**	**Equity interest held**
	RMB'000	*(%)*	*RMB'000*	*(%)*
Seller	14,000	70	3,800	19
Partnership	6,000	30	6,000	30
Purchaser	–	–	10,200	51
	20,000	100	20,000	100

Financial Information of Target Company

The unaudited total assets and net assets of the Target Company as at 31 October 2024 were approximately RMB92,000,000 and RMB28,000,000 respectively. The following information is a summary of the unaudited financial information of the Target Company:

	For the ten months ended 31 October 2024	**For the year ended 31 December 2023**	**For the year ended 31 December 2022**
	RMB'000	*RMB'000*	*RMB'000*
Net loss before taxation	(2,809)	(1,029)	(1,263)
Net loss after taxation	(2,809)	(1,029)	(1,263)

REASONS FOR AND BENEFIT OF THE PROPOSED ACQUISITION

The Group is principally engaged in (i) sale of green food products; (ii) wholesaling and retailing of grains, cooking oil, alcohol and beverage, fruits, frozen foods and fresh meat; (iii) the whole industry chain of konjac products; and (iv) the rental of logistic warehouse in Hong Kong and office facilities in the Mainland China.

It is expected that the Target Company can generate a stable and recurrent source of income to the Group. It also strengthens the assets of the Group and enables the Group to explore and widen its business prospect in Mainland China.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement including the Consideration for the Proposed Acquisition are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

GENERAL

Shareholders and potential investors of the Company should note that Completion is subject to the satisfaction of the Conditions Precedent under the Agreement. Accordingly, the Proposed Acquisition may or may not complete. Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.

DEFINITIONS

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

"Agreement"	the equity transfer agreement dated 24 January 2025 entered into between the Purchaser and the Seller in relation to the Proposed Acquisition
"Board"	the board of the Directors
"Company"	China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
"Completion"	completion of the Proposed Acquisition
"Completion Date"	the date on which the Completion takes place
"Consideration"	the consideration of RMB14,280,000 for the Proposed Acquisition

"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party"	third party who is/are 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
"Long Stop Date"	three (3) months after the date of signing the Agreement or such later date as the Purchaser and the Seller may agree in writing
"Partnership"	岳陽博裕企業管理合夥企業(有限合夥)(Yueyang Boyu Enterprise Management Partnership (Limited Partnership)*), a limited partnership established in the People's Republic of China
"Purchaser"	深圳市天裕魔味食品科技有限公司 (Shenzhen Tianyu Magic Food Technology Co., Ltd*), a company established in the People's Republic of China with limited liability
"Previous Shareholders"	the Seller and the Partnership collectively
"Proposed Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Seller pursuant to the Agreement
"RMB"	Renminbi, the lawful currency of the People's Republic of China

"Sale Shares"	51% of the entire issued share capital of the Target Company immediately prior to the Completion
"Shareholders"	holders of the ordinary shares of HK$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Seller"	岳陽華玉源商貿有限公司 (Yueyang Huayuyuan Trading Co., Ltd*), a company established in the People's Republic of China with limited liability
"Target Company"	湖南天裕生態農業發展有限公司 (Hunan Tianyu Ecological Agriculture Development Co., Ltd*), a company established in the People's Republic of China with limited liability
"%"	per cent.

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

Hong Kong, 27 January 2025

As at the date of this announcement, the Executive Directors are Mr. Jiang Jiancheng (Chairman), Mr. Liu Xiaopeng (Vice-chairman), Mr. Ke Xionghan and Mr. Chen Chen, the Non-executive Directors are Mr. Li Jin (Vice-chairman), Ms. Ho Wing Yan and Mr. Li Dawei, and the Independent Non-executive Directors are Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.

* *For identification purpose only*