

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 17 July 2017 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements separately with each of the Subscribers for the subscription of an aggregate of 308,662,450 Subscription Shares at the Subscription Price of HK\$0.42 per Subscription Share.

The Subscription Shares represent approximately 6.06% of the existing issued share capital of the Company and approximately 5.71% of the Company's issued share capital as enlarged by the Subscription. The Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The Subscription Agreements are not inter-conditional upon one another.

Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 17 July 2017 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements separately with each of the Subscribers for the subscription of an aggregate of 308,662,450 Subscription Shares at the Subscription Price of HK\$0.42 per Subscription Share.

THE SUBSCRIPTION AGREEMENTS

Date

17 July 2017

Parties

- (1) the Company as the issuer; and
- (2) the Subscribers.

One of the Subscribers is an existing Shareholder holding approximately 0.86% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and its ultimate beneficial owners (if any) is an Independent Third Party. It is expected that none of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscription.

Number of Subscription Shares

An aggregate of 308,662,450 Subscription Shares, representing approximately 6.06% of the existing issued share capital of the Company and approximately 5.71% of the issued share capital of the Company as enlarged by the Subscription. The aggregate nominal value of the Subscription Shares is HK\$30,866,245.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

Subscription Price

The Subscription Price of HK\$0.42 per Subscription Share represents:

- (i) a premium of approximately 18.31% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 17 July 2017, being the date of the Subscription Agreements; and
- (ii) a premium of approximately 13.82% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange for the last five trading days up to and including 14 July 2017, being the date immediately preceding the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiation between the Subscribers and the Company on the date of the Subscription Agreements with reference to the recent trading performance of the Shares and business prospects of the Group. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and its Shareholders as a whole.

The Subscription Shares have a market value of approximately HK\$109.58 million, based on the closing price of HK\$0.355 per Share on 17 July 2017, being the date of the Subscription Agreements.

Based on the net proceeds of HK\$129.50 million, the net price per Subscription Share is approximately HK\$0.4196.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the Company has not utilised any of the General Mandate and the General Mandate will entitle the Company to issue up to 1,019,411,126 new Shares. The issue of the Subscription Shares is not subject to the approval of the Shareholders.

Condition Precedent

Completion of the Subscription is conditional upon the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition precedent to the Subscription is not fulfilled on or before the Long Stop Date, the Subscription Agreements and all rights and obligations thereunder will cease and terminate.

The Subscription Agreements are not inter-conditional upon one another.

Completion

Completion of the Subscription will take place within two Business Days (or such other date as the Company and the Subscribers may agree in writing) immediately after the fulfillment of the condition precedent of the Subscription set out above.

Lock-up Period

Under the terms of the Subscription Agreements, the Subscribers and their respective nominee shall neither (i) dispose of, (ii) enter into any agreement to dispose of, nor (iii) otherwise create any encumbrances in respect of any direct or indirect interest in the Subscription Shares at any time within the period of 6 months from the date of completion of the Subscription.

Shareholders and potential investors who wish to deal in the securities of the Company should note that the Subscription may or may not proceed and therefore are advised to exercise caution when dealing in the securities of the Company.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the completion of the Subscription, set out below is the table of the shareholdings in the Company before and upon completion of the Subscription:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Directors:				
Mr. Jiang Jianjun (<i>Note a</i>)	608,679,044	11.94	608,679,044	11.26
Mr. Ho Man Fai	2,000,000	0.04	2,000,000	0.04
Mr. Ke Xionghan	1,000,000	0.02	1,000,000	0.02
Mr. Jiang Jiancheng	500,000	0.01	500,000	0.01
Mr. Li Xiaofeng	500,000	0.01	500,000	0.01
	612,679,044	12.02	612,679,044	11.34
Substantial Shareholders:				
Beidahuang (HK) International Trade Co., Limited (<i>Note b</i>)	660,000,000	12.95	660,000,000	12.20
Able Turbo Enterprises Limited (<i>Note c</i>)	409,500,000	8.03	409,500,000	7.58
Public Shareholders:				
Subscribers				
– Li Zhixiong	–	–	65,844,921	1.22
– Li Xuehui	–	–	154,666,983	2.86
– Li Ziren	43,879,693	0.86	66,553,413	2.04
– Li Liyong	–	–	8,428,150	0.16
– Luo Honghui	–	–	13,168,983	0.24
Other public shareholders	3,370,996,897	66.14	3,370,996,897	62.36
Total	5,097,055,634	100.00	5,405,718,084	100.00

Notes:

- a. These 608,679,044 Shares are held by Mr. Jiang Jianjun (“**Mr. Jiang**”) as to 256,380,000 Shares, Ms. Li Zhuoxun, the spouse of Mr. Jiang, as to 5,840,000 Shares, King Wei Group (China) Investment Development Limited (“**King Wei**”) as to 253,259,044 Shares and China Silver Investments Development Limited (“**China Silver**”) as to 93,200,000 Shares. As King Wei and China Silver are wholly-owned by Mr. Jiang, Mr. Jiang is deemed to be interested in the 253,259,044 Shares held by King Wei and the 93,200,000 Shares held by China Silver respectively by virtue of the SFO.

- b. These 660,000,000 Shares are held by Beidahuang (HK) International Trade Co., Limited, which is wholly-owned by 黑龍江農墾北大荒商貿集團有限責任公司 which in turn is wholly-owned by 黑龍江北大荒農墾集團總公司. Accordingly, each of 黑龍江農墾北大荒商貿集團有限責任公司 and 黑龍江北大荒農墾集團總公司 is deemed to be interested in the 660,000,000 Shares held by Beidahuang (HK) International Trade Co., Limited by virtue of the SFO.
- c. These 409,500,000 Shares are held by Able Turbo Enterprises Limited (“**Able Turbo**”) as to 255,103,474 Shares and China Food and Beverage Group Limited (“**China Food**”) as to 154,396,526 Shares. As China Food is wholly-owned by Able Turbo, Able Turbo is deemed to be interested in the 154,396,526 Shares held by China Food by virtue of the SFO. As Able Turbo is 60.31% owned by Mr. Chen Hua and 39.69% owned by Mr. Li Xianggen, each of Mr. Chen Hua and Mr. Li Xianggen is deemed to be interested in the Shares held by Able Turbo and China Food by virtue of the SFO.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below is the equity fund raising activities conducted by the Company in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds up to the date of this announcement
1 November 2016	Subscription of 351,599,550 new Shares at a price of HK\$0.48 per subscription share	Approximately HK\$168.70 million	To finance business development, investments, acquisition, repayment of loans and general working capital of the Group	The net proceeds were fully utilised for the Group’s business development, investments and acquisition
7 April 2017	Placing of convertible bonds in the principal amount of HK\$200,000,000 bearing interest at 10% per annum, entitling the bondholders the right to convert their bonds into new Shares at the initial conversion price of HK\$0.40 per Share	Approximately HK\$195 million	To finance business development, investments, settlement of loans and general working capital of the Group	Approximately HK\$30 million was applied to the rental of logistics business in Hong Kong and general working capital of the Group, and the balance amount has been deposited into and remains in bank account

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AND USE OF THE PROCEEDS

The Directors consider that the Subscription represents an opportunity to raise additional funding for the Group's business operation, investment, acquisitions and settlement of debts. The Subscription will also strengthen the capital base and financial position for the Group's future business developments and broaden the Shareholder base of the Company. Furthermore, the Directors consider that the Subscription is a preferred method of fund raising as compared with other equity fund raising exercises based on time and costs involved.

Gross proceeds from the Subscription will be approximately HK\$129.64 million. The net proceeds from the Subscription, after deducting the expenses payable by the Company, is expected to be HK\$129.50 million. It is expected that the net proceeds from the Subscription will be used by the Company for the Group's business development, investments, acquisition, repayment of loans and general working capital purposes.

The Directors (including the independent non-executive Directors) consider the terms of the Subscription Agreements, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the Subscription is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE SUBSCRIBERS

The Company

The Company is an investment holding company. The Group is principally engaged in sale and distribution of wine, liquor and green food products; wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food; participation in public-private partnership projects in the PRC; money lending and the rental of logistic warehouse in Hong Kong and office facilities in the PRC.

The Subscribers

The Subscribers are:

- (i) Li Zhixiong, a PRC citizen;
- (ii) Li Xuehui, a PRC citizen;
- (iii) Li Ziren, a PRC citizen;
- (iv) Li Liyong, a PRC citizen; and
- (v) Luo Honghui, a PRC citizen.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday, Sunday and public holiday) on which banks are generally open for business in Hong Kong
“Company”	China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 9 June 2017 to issue and allot up to 1,019,411,126 new Shares, representing 20% of the total number of Shares in issue on the date of the said meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) 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”	4 August 2017 or such later date as the Company and the Subscribers may agree in writing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”	the subscribers who respectively entered into the Subscription Agreements with the Company in respect of the Subscription on 17 July 2017, being Li Zhixiong, Li Xuehui, Li Ziren, Li Liyong and Luo Honghui
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	the conditional subscription agreements all dated 17 July 2017 entered into between the Company and each of the Subscribers in relation to the Subscription subject to the terms and conditions contained therein
“Subscription Price”	HK\$0.42 per Subscription Share
“Subscription Shares”	an aggregate of 308,662,450 new Shares to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

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

Hong Kong, 17 July 2017

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Jiang Jiancheng, Mr. Ke Xionghan and Mr. Huangfu Mingsheng; the Non-executive Directors are Ms. Ho Wing Yan and Ms. Zhang Yujie; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.