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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)

### **KUNMING COOPERATION AGREEMENT**

The Board is pleased to announce that on 17 June 2014, the Kunming Management Committee, the Kunming Development Company and Beauty China Investment entered into the Kunming Cooperation Agreement in relation to the parties' cooperation in the primary land development and the ecological development of Dian Lake Wetland of the Kunming Dian Lake Vacation Zone.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Reference is made to the announcement of the Company dated 9 April 2014 ("**MOU Announcement**") in relation to, among others, a memorandum of understanding ("**Memorandum of Understanding**") dated 9 April 2014 entered into between the Kunming Management Committee, the Company and two other parties regarding a proposed investment project in the construction of the landscape ecosystem and related infrastructure in the Kunming Dian Lake Vacation Zone.

The Board is pleased to announce that on 17 June 2014, the Kunming Management Committee, the Kunming Development Company and Beauty China Investment, a wholly-owned subsidiary of the Company, entered into the Kunming Cooperation Agreement pursuant to which the parties agreed to cooperate in the primary land development (which involves, among others, the clearance, relocation and resettlement of existing establishments and the construction and installation of basic infrastructure) and the ecological development (which involves, among others, the plantation and other landscape improvement work on the ecosystem) of Dian Lake Wetland of the Kunming Dian Lake Vacation Zone ("**Development Project**"). The provisions of the Kunming Cooperation Agreement shall form the basis for the preparation of the Implementation Agreement, which shall be entered into between the parties to the Kunming Cooperation Agreement, 昆明市土地礦產儲備中心 (Kunming City Land and Minerals Reserve Centre\*) and the local people's government for the relevant land under the Development Project and shall set out further implementation details of the Development Project.

## THE KUNMING COOPERATION AGREEMENT

**Date:** 17 June 2014

**Parties:**

- (a) Kunming Management Committee, the working committee for the overall management of the land planning and economic development of the Kunming Dian Lake Vacation Zone;
- (b) Kunming Development Company, the company entrusted by the Kunming Management Committee for the organisation of the primary land development of the Kunming Dian Lake Vacation Zone; and
- (c) Beauty China Investment, an indirectly wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Kunming Management Committee and the Kunming Development Company, its controlling shareholder and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

### **Principal terms**

#### ***Principal obligations of the parties under the Development Project***

Pursuant to the Kunming Cooperation Agreement, the Kunming Management Committee is responsible for, among others, (i) the coordination with the relevant land reserve centres regarding the primary land development, land resumption and land transactions under the Development Project and the return of investment to Beauty China Investment; (ii) the coordination with the relevant local government for the land resumption, clearance, relocation and resettlement of existing establishments and land use arrangements under the Development Project; and (iii) the land use planning of the Dian Lake Wetland and the applications for relevant approvals for the Development Project.

Pursuant to the Kunming Cooperation Agreement, the Kunming Development Company is responsible for, among others, the organisation and implementation of the primary land development of the Dian Lake Wetland.

Pursuant to the Kunming Cooperation Agreement, Beauty China Investment is responsible for, among others, (i) funding the primary land development under the Development Project; and (ii) the implementation work of the ecological development under the Development Project. Within 20 days after signing of the Kunming Cooperation Agreement, a project company ("**Project Company**") shall be established by Beauty China Investment for the implementation of its obligations under the Development Project pursuant to the Kunming Cooperation Agreement.

### ***Investment in the Development Project***

The investment amount of the first stage of the Development Project is approximately RMB1,000 million, which shall cover the costs relating to, among others, land resumption, clearance, relocation and resettlement of existing establishments, utility pipeline relocation, ecological improvement and construction and installation of other supporting infrastructure under the Development Project. Implementation details of each phase of the investment plan of Beauty China Investment in the Development Project shall be agreed upon signing of further agreement(s).

The Kunming Cooperation Agreement shall terminate in the event that the people's government of Kunming City does not award the Development Project to Beauty China Investment or the Project Company or does not grant approval for them to undertake the Development Project due to force majeure events or policy reasons.

### **REASONS FOR ENTERING INTO THE KUNMING COOPERATION AGREEMENT**

With a view to further expand its business and investment in eco-environment construction, the Group (through Beauty China Investment) entered into the Kunming Cooperation Agreement in furtherance to the entering into of the Memorandum of Understanding. As stated in the MOU Announcement, the comprehensive development and construction project in the Kunming Dian Lake Vacation Zone has been prioritised by the Kunming Municipal Government in its planning and future implementation. The Board considers that the Group's investment and participation in the Development Project in the Dian Lake Wetland will broaden its income source and to enhance its reputation in the eco-environment industry in the PRC. The Board also believes that there is a growing demand for ecological development of wetlands and the ecological landscape improvement projects in the PRC. Taking into account the factors set out above, the Directors expect that the Group's participation in the Development Project will diversify the business of the Group and enhance financial performance of the Group and its competitiveness in the eco-environment industry in the PRC.

### **GENERAL**

As the Kunming Cooperation Agreement may or may not lead to the entering into of the Implementation Agreement, Shareholders and potential investors are advised to exercise caution when trading in the Shares.

## DEFINITIONS

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

“Beauty China Investment”	Beauty China Investment Company Limited (美麗中國投資有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Beautiful China Holdings Company Limited (美麗中國控股有限公司), a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules and the word “connected” shall be construed accordingly
“Dian Lake Wetland”	昆明滇池西岸生態濕地 (Kunming Dian Lake West Coast Ecological Wetland*)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implementation Agreement”	the agreement proposed to be entered into between the parties to the Kunming Cooperation Agreement, 昆明市土地礦產儲備中心 (Kunming City Land and Minerals Reserve Centre*) and the local people’s government for the land under the Development Project, which shall contain, among others, further implementation details of the Development Project, subject to, among others, the people’s government of Kunming City awarding the Development Project to Beauty China Investment or the Project Company and granting approval for them to undertake the Development Project
“Independent Third Party(ies)”	party which is not a connected person of the Company and independent of the Company and its connected person

“Kunming Cooperation Agreement”	the cooperation framework agreement (as amended by the supplemental agreement thereto) dated 17 June 2014 entered into between the Kunming Management Committee, the Kunming Development Company and Beauty China Investment in relation to the Development Project
“Kunming Development Company”	昆明市保障性住房建設開發有限公司 (Kunming City Security Housing Construction and Development Company Limited*)
“Kunming Dian Lake Vacation Zone”	昆明滇池西岸度假休閒區 (Kunming Dian Lake West Coast Vacation Zone*)
“Kunming Management Committee”	昆明滇池西岸開發建設管理委員會 (Kunming Dian Lake West Coast Development and Construction Management Committee*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By the order of the Board  
**Beautiful China Holdings Company Limited**  
**Sze Wai, Marco**  
*Chairman*

Hong Kong, 17 June 2014

*As at the date of this announcement, the Board comprises Mr. Sze Wai, Marco, Mr. Tan Shu Jiang and Mr. Zhou Wei Feng and as executive Directors, Mr. Law Fei Shing as non-executive Director, and Mr. Chong Yiu Kan, Sherman, Mr. Lum Pak Sum and Mr. Liu Liyang as independent non-executive Directors.*

\* *For identification purposes only*