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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)

PROPOSED PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



CNI Securities Group Limited

PROPOSED PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

On 20 June 2014 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 426,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

A maximum of 426,000,000 Placing Shares under the Placing represent approximately 10.29% of the existing issued share capital of the Company of 4,138,084,922 Shares as at the date of this announcement, and approximately 9.33% of the then issued share capital of 4,564,084,922 Shares as enlarged by the Placing.

The Placing Price of HK\$0.4 represents a discount of approximately 10.11% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.415 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of

HK\$0.445 for the last five trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.4 also represents a discount of approximately 10.41% to the average closing price of HK\$0.4465 per Share for the last 10 trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be approximately HK\$170.4 million. The maximum net proceeds from the Placing will amount to approximately HK\$164 million which is intended to be applied as to (i) approximately 90% for the development of the eco-environment construction, ecology rehabilitation and related business of the Group; and (ii) approximately 10% as general working capital of the Group. The maximum net price raised per Share upon the completion of the Placing will be approximately HK\$0.385 per Share.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

20 June 2014 (after trading hours)

Parties

- (1) Issuer: the Company
- (2) Placing Agent: CNI Securities Group Limited

The Placing Agent has conditionally agreed to place a maximum of 426,000,000 Placing Shares on a best effort basis and will receive a placing commission of 3.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent (i.e. gross proceeds from the Placing). Having considered the Placing Price and the terms of the Placing Agreement, the Directors are of the view that the placing commission of 3.5% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Number of Placing Shares

The maximum of 426,000,000 Placing Shares under the Placing represent approximately 10.29% of the existing issued share capital of the Company of 4,138,084,922 Shares as at the date of this announcement and approximately 9.33% of the then issued share capital of 4,564,084,922 Shares as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$42,600,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.4 represents a discount of approximately 10.11% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.415 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.445 for the last five trading days prior to the date of the Placing Agreement. The Placing Price of HK\$0.4 also represents a discount of approximately 10.41% to the average closing price of HK\$0.4465 per Share for the last 10 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 427,616,984 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate.

Condition to the Placing Agreement

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in all of the Placing Shares.

If the above condition is not satisfied on or before 11 July 2014 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others.

Termination of the Placing

Pursuant to the Placing Agreement:

- (1) the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the completion date of the Placing Agreement (i.e. the fourth Business Day after the fulfillment of the condition set out in the Placing Agreement (“**Completion Date**”) if:
 - (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
 - (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
 - (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
 - (d) any statement contained in all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 December 2013 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; and
- (2) the Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above paragraphs, all liabilities of the parties under the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place within four Business Days after the fulfillment of the condition set out in the Placing Agreement or such later date as may be agreed between the Company and the Placing Agent.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of automatic teller machines and eco-environment construction in the PRC.

In view of the current market, the Directors (including the independent non-executive Directors) consider that the Placing represents a good opportunity for the Company to raise additional capital to enhance its capital base and broaden its shareholders' base.

The Directors consider that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Company and the Placing Agent, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be approximately HK\$170.4 million. The maximum net proceeds from the Placing will amount to approximately HK\$164 million which is intended to be applied as to (i) approximately 90% for the development of the eco-environment construction, ecology rehabilitation and related business of the Group; and (ii) approximately 10% as general working capital of the Group. The maximum net proceeds raised per Share upon the completion of the Placing will be approximately HK\$0.385 per Share.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past twelve months from the date of this announcement:

Date of announcement	Fund raising activities	Net proceeds	Intended use of proceeds as announced	Actual use of Proceeds
22 October 2013	Issue of 2,000,000,000 Shares at the price of HK\$0.1 per Share (“Subscription”)	Approximately HK\$198.9 million	<p>(a) Approximately 75% to be used to capture opportunities in the eco-environment construction business by (i) funding our newly setup business on gardening and landscape construction; or (ii) potential acquisitions of companies related to the business of gardening and landscape construction for the purposes of broadening the spectrum of business the Company provide; and</p> <p>(b) approximately 25% as general working capital of the Group</p>	As at the date of this announcement, the Company has applied approximately \$50 million of the proceeds from the Subscription in purchasing nursery plants and leasing of land for planting purpose, whereas the remaining proceeds have not yet been utilised.

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

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing is set out as below:

	As at the date of this announcement and before completion of the Placing		Immediately after completion of the Placing (Note 3)	
	No. of Shares	%	No. of Shares	%
Directors and parties acting in concert with Directors				
Leading Value Industrial Limited (Note 1)	2,474,869,906	59.81	2,474,869,906	54.22
Global Prize Limited (Note 1)	2,040,000	0.05	2,040,000	0.04
Chong Yiu Kan, Sherman (Note 2)	650,000	0.02	650,000	0.01
Public Shareholders				
Places	–	–	426,000,000	9.33
Other public Shareholders	<u>1,660,525,016</u>	<u>40.12</u>	<u>1,660,525,016</u>	<u>36.40</u>
Total	<u>4,138,084,922</u>	<u>100.00</u>	<u>4,564,084,922</u>	<u>100.00</u>

Notes:

1. Each of Leading Value Industrial Limited and Global Prize Limited is a company wholly owned by Sze Wai, Marco, who is an executive Director.
2. Chong Yiu Kan, Sherman is an independent non-executive Director.
3. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Placing, and the Placing Agent has placed a total of 426,000,000 Placing Shares to not less than six independent Places.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 18 June 2013
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 426,000,000 Placing Shares pursuant to the terms of the Placing Agreement

“Placing Agent”	CNI Securities Group Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 20 June 2014 in relation to the Placing
“Placing Price”	HK\$0.4 per Placing Share
“Placing Share(s)”	a maximum of 426,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 20 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.