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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)

MEMORANDUM OF UNDERSTANDING
RELATING TO A PROPOSED ACQUISITION

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This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 26 November 2015 (after trading hours), the Company, Mr. Long and Mr. Shi entered into the Memorandum of Understanding in relation to the Proposed Acquisition.

The Memorandum of Understanding is a non-binding framework agreement (other than clauses relating to confidentiality, exclusivity, disclosure obligations, fees and governing law, which are legally binding) setting out the general principles of the Proposed Acquisition.

As the Memorandum of Understanding may or may not lead to the entering into any formal agreement(s), the Proposed Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

In the event that the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

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The Board is pleased to announce that on 26 November 2015 (after trading hours), the Company, Mr. Long and Mr. Shi entered into the Memorandum of Understanding in relation to the Proposed Acquisition. After signing the Memorandum of Understanding, the parties thereto shall enter into good faith negotiation for the Formal Agreement(s) and other documentation and matters relating to the Proposed Acquisition and the provisions of the Memorandum of Understanding shall form the basis for the preparation of the said documents.

THE MEMORANDUM OF UNDERSTANDING

Date: 26 November 2015 (after trading hours)

Parties:

- (1) the Company;
- (2) Mr. Long; and
- (3) Mr. Shi.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mr. Long and Mr. Shi and their respective associates are Independent Third Parties of the Company and its connected persons.

Principal terms

The Group proposed to acquire the entire equity interests in the Target from Mr. Long, Mr. Shi and other equity holders of the Target.

Pursuant to the Memorandum of Understanding, due diligence shall be performed on the Target within three months after the signing of the Memorandum of Understanding (“**Due Diligence Period**”) or, subject to agreement between the parties to the Memorandum of Understanding, a further three months (or such longer period to be mutually agreed between the parties to the Memorandum of Understanding) after the expiry of the Due Diligence Period.

Upon the Company being satisfied with the results of due diligence on the Target, the parties to the Memorandum of Understanding shall further negotiate on the relevant terms and conditions of the Proposed Acquisition with the aim of entering into the Formal Agreement(s).

Pursuant to the Memorandum of Understanding, Mr. Long and Mr. Shi have undertaken to the Company that they will not enter into any discussion or negotiation with any third party in relation to the Proposed Acquisition (i) during a period of three months after the signing of the Memorandum of Understanding; and (ii) subject to agreement between the parties to the Memorandum of Understanding, during a further period of three months (or such longer period to be mutually agreed between the parties to the Memorandum of Understanding) from the issuance of written notice from the Company regarding the satisfactory results of due diligence (if any) to seek to finalise the terms of the Formal Agreement(s) for the Proposed Acquisition.

Non legally-binding effect

The Memorandum of Understanding is a non-binding framework agreement (other than clauses relating to confidentiality, exclusivity, disclosure obligations, fees and governing law, which are legally binding) setting out the general principles of the Proposed Acquisition. The Proposed Acquisition will be subject to the execution and completion of the Formal Agreement(s).

REASONS FOR THE PROPOSED ACQUISITION

Starting in 2003, the Group has been seeking business and investment opportunities to diversify its business operations into the ecological garden and landscape industry; and has been developing its ecological garden and landscape and environmental protection related businesses since then.

The Board believes that as the Target is a landscape design and construction engineering company which is principally engaged in planting, landscape design and construction, the Proposed Acquisition can enable the Group to further expand its business in the ecological garden and landscape industry. It is believed that under the support of the government, the ecological garden and landscape industry in the PRC would be undergoing continuous growth in the near future. The Board considers that the Proposed Acquisition can (i) expand the Group's scale of operation in its ecological garden and landscape business; and (ii) enhance the Group's overall competitiveness in the ecological garden and landscape industry in the PRC to achieve better financial performance; and which, in turn, the Board considers would be beneficial and in the interests of the Company and its shareholders as a whole.

GENERAL

As the Memorandum of Understanding may or may not lead to the entering into any formal agreement(s), the Proposed Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

In the event that the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

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

“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
“Director(s)”	the director(s) of the Company
“Formal Agreement(s)”	formal legally-binding implementation agreement(s) to be entered into between, among others, the Company, Mr. Long and Mr. Shi in the event that the parties proceed with the Proposed Acquisition
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party which is not a connected person of the Company and independent of the Company and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 26 November 2015 and entered into between the Company, Mr. Long and Mr. Shi in relation to the Proposed Acquisition
“Mr. Long”	龍俊 (Long Jun*), one of the substantial equity holders of the Target
“Mr. Shi”	石成華 (Shi Chenghua*), one of the substantial equity holders of the Target
“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

“Proposed Acquisition”	the proposed acquisition of the entire equity interests in the Target from Mr. Long, Mr. Shi and other equity holders of the Target
“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
“Target”	a landscape design and construction engineering company established in the PRC that is principally engaged in planting, landscape design and construction, which is owned by Mr. Long and Mr. Shi as to approximately 14.53% and 13.19%, respectively, as at the date of this announcement

By Order of the Board
Beautiful China Holdings Company Limited
Tan Shu Jiang
Executive Director

Hong Kong, 26 November 2015

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

* *For identification purpose only*