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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
IN RESPECT OF POSSIBLE FORMATION OF
JOINT VENTURE**

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 30 April 2016, the Company and China Development Ronghua entered into the Memorandum of Understanding in relation to the Proposed JV Formation. 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 JV Formation and the provisions of the Memorandum of Understanding shall form the basis for the preparation of the said documents.

THE MEMORANDUM OF UNDERSTANDING

Date: 30 April 2016

Parties:

- (1) the Company; and
- (2) China Development Ronghua.

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

* *For identification purpose only*

Principal terms

In accordance with the Memorandum of Understanding, the Company and China Development Ronghua intend to set up the JV Company which is intended to be principally engaged in nationwide domestic waste disposal and recycling use of renewable resources business in the PRC in the form of environmental performance contract services, including collection and transportation and disposal of domestic waste, operation and management of domestic waste landfills and utilization of waste plastics for energy regeneration. The JV Company shall focus on comprehensive treatment of domestic waste and ultimate consumption of white waste like waste plastic by way of recycling and energy regeneration. Upon forming the JV Company, China Development Ronghua shall provide continuous financing and industrial resources support to the JV Company, while the Company shall inject its environmental protection related assets and businesses to the JV Company and offer support for the operation and management to the JV Company.

The Memorandum of Understanding shall be effective for a year from the date of the Memorandum of Understanding. The parties agree that if there was no progress to the subject matter of the Memorandum of Understanding, it shall automatically terminate at the expiry of such one year period. The Proposed JV Formation will be subject to the execution and completion of the Formal Agreement(s).

REASONS FOR THE PROPOSED JV FORMATION

Starting in 2013, the Group has been seeking business and investment opportunities to develop its business operations into the ecological and environmental industry.

To the best of the Directors' knowledge and belief, China Development Ronghua, being a subsidiary of China Development Bank Capital Corporation Limited (國開金融有限責任公司), which is a wholly-owned subsidiary of China Development Bank ("CDB"), is principally engaged in the investment in energy-saving and environmental protection, new energy and other emerging industries. The Board believes that the Proposed JV Formation can enable the Group to further expand its business in the environmental protection related industry such as domestic waste disposal and recycling use of renewable resources with strong financial support. The Board considers that the Proposed JV Formation can (i) expand the Group's scale of operation in its environmental protection related businesses; and (ii) enhance the Group's overall competitiveness in the environmental protection related 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 JV Formation 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 JV Formation 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
“China Development Ronghua”	國開熔華產業投資基金管理有限責任公司 (China Development Ronghua Industry Investment Fund Management Company Limited*), a company established in the PRC that is principally engaged in the investment in energy-saving and environmental protection, new energy and other emerging industries
“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 the Company and China Development Ronghua in the event that the parties proceed with the Proposed JV Formation
“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
“JV Company”	a joint venture company to be formed under the Formal Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Memorandum of Understanding”	the memorandum of understanding dated 30 April 2016 and entered into between the Company and China Development Ronghu in relation to the Proposed JV Formation
“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 JV Formation”	the proposed formation of the JV Company under the Formal Agreement(s) for the purpose of establishing a corporation to be principally engaged in nationwide domestic waste disposal and recycling of renewable resources business in 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 Order of the Board
Beautiful China Holdings Company Limited
Tan Shu Jiang
Executive Director

Hong Kong, 4 May 2016

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.