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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)

**UPDATE IN RELATION TO
THE DEVELOPMENT PROJECT**

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 Beautiful China Holdings Company Limited (the “**Company**”) dated 17 June 2014 in relation to, among other things, the Kunming Cooperation Agreement (the “**June 2014 Announcement**”). Unless otherwise defined herein, capitalised terms in this announcement shall have the same meanings as those defined in the June 2014 Announcement.

UPDATE ON THE DEVELOPMENT PROJECT

Pursuant to the Kunming Cooperation Agreement referred to in the June 2014 Announcement, on 25 July 2014, two wholly-owned subsidiaries of the Company and an Independent Third Party established a company, namely 昆明盛邦生態科技有限公司(Kunming Shengbang Eco-Technology Company Limited*), as the Project Company. The Project Company was owned by such two wholly-owned subsidiaries of the Company as to 85% and by an Independent Third Party as to 15%.

The Board is pleased to announce that on 19 July 2016, the Project Company received a tender confirmation dated 11 July 2016 from Kunming Management Committee that a tender offer in relation to the investment and construction of the landscape of the Dian Lake Wetland of the Kunming Dian Lake Vacation Zone (the “**Development Project**”) was duly awarded to the Project Company. The Development Project shall include, among others, ecological landscape construction, wetland ecological improvement and water ecological restoration. The estimated total investment amount is approximately RMB1 billion. The investment cycle of the Development Project shall be 36

* *For identification purpose only*

months. As at the date of this announcement, the Project Company was in course of accelerating the execution of the cooperation agreement(s) regarding the Development Project as well as preparing for the implementation of the Development Project.

Starting in 2013, the Group has been seeking business and investing opportunities to develop business operations into the ecological and environmental industry. As such, the Board considers that the award of tender and implementation of the Development Project marked the breakthrough in the transition to the ecological and environmental protection business by the Group, and the Group's investment in the Development Project can (i) expand the Group's operation in its ecological and environmental protection related businesses; and (ii) enhance the Group's competitiveness in the ecological and 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 best interests of the Company and its shareholders as a whole.

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

Hong Kong, 19 July 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. Chong Yiu Kan, Sherman, Mr. Lum Pak Sum and Mr. Liu Liyang as independent non-executive Directors.