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**China Beidahuang Industry Group Holdings Limited**  
**中國北大荒產業集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00039)**

**ANNOUNCEMENT OF INTERIM RESULTS FOR 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) together with comparative figures. The results for the Period are unaudited, but have been reviewed by the audit committee of the Company.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
<b>REVENUE</b>	4	<b>424,135</b>	404,966
Cost of sales		<b>(382,527)</b>	(352,322)
Gross profit		<b>41,608</b>	52,644
Other income, gains or (losses)	4	<b>1,504</b>	2,183
Selling and distribution expenses		<b>(8,437)</b>	(9,512)
Administrative expenses		<b>(42,959)</b>	(46,536)
Finance costs	5	<b>(48,554)</b>	(36,844)
Share of loss of associates		<b>(689)</b>	(556)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LOSS BEFORE TAX</b>	6	<b>(57,527)</b>	(38,621)
Income tax expense	7	<u>(5)</u>	<u>(3)</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(57,532)</u></b>	<b><u>(38,624)</u></b>
<b>Attributable to:</b>			
Owners of the parent		<b>(60,449)</b>	(42,207)
Non-controlling interests		<u>2,917</u>	<u>3,583</u>
		<b><u>(57,532)</u></b>	<b><u>(38,624)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted ( <i>in HK cents</i> )	9	<b><u>(0.96)</u></b>	<b><u>(0.67)</u></b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>LOSS FOR THE PERIOD</b>	<b>(57,532)</b>	<b>(38,624)</b>
<b>Other comprehensive expense</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations and associates	<b>(18,835)</b>	<b>(65,214)</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD</b>	<b>(76,367)</b>	<b>(103,838)</b>
<b>Attributable to:</b>		
Owners of the parent	<b>(79,205)</b>	<b>(107,058)</b>
Non-controlling interests	<b>2,838</b>	<b>3,220</b>
	<b>(76,367)</b>	<b>(103,838)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>30,863</b>	36,756
Investment properties		<b>390,846</b>	403,448
Right-of-use assets		<b>49,722</b>	65,051
Goodwill		<b>3,492</b>	3,605
Other intangible assets		–	–
Interests in associates	<i>10</i>	<b>153,294</b>	169,772
		<b>628,217</b>	678,632
<b>CURRENT ASSETS</b>			
Inventories		<b>188,992</b>	163,782
Properties for sale		<b>387,967</b>	398,388
Trade receivables	<i>11</i>	<b>141,708</b>	126,787
Loan receivables		<b>195,670</b>	194,597
Prepayments, deposits and other receivables	<i>12</i>	<b>297,944</b>	287,050
Cash and cash equivalents		<b>9,365</b>	12,996
		<b>1,221,646</b>	1,183,600
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>13</i>	<b>78,674</b>	146,821
Other payables and accruals	<i>14</i>	<b>443,491</b>	406,318
Contract liabilities		<b>165,258</b>	110,573
Bank and other borrowings	<i>15</i>	<b>498,103</b>	441,653
Amounts due to related parties		<b>3,900</b>	3,900
Tax payable		<b>5,769</b>	5,953
Lease liabilities		<b>24,501</b>	32,408
		<b>1,219,696</b>	1,147,626
<b>NET CURRENT ASSETS</b>		<b>1,950</b>	35,974
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>630,167</b>	714,606

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	<b>24,298</b>	24,073
Lease liabilities	<b>70,999</b>	79,296
	<hr/>	<hr/>
Total non-current liabilities	<b>95,297</b>	103,369
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Net assets	<b>534,870</b>	611,237
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>633,231</b>	633,231
Reserves	<b>(92,425)</b>	(13,220)
	<hr/>	<hr/>
<b>Non-controlling interests</b>	<b>540,806</b>	620,011
	<b>(5,936)</b>	(8,774)
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Total equity	<b>534,870</b>	611,237
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The financial information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Going concern basis**

As at 30 June 2024, the Group had defaulted in repayments of its debts, including: i) secured bonds of principal amount of HK\$109,000,000 and interests thereon of approximately HK\$163,555,000 (the “**Defaulted Secured Bonds**”); ii) unsecured bonds of principal amount of HK\$249,414,000 and interests thereon of approximately HK\$96,555,000 (the “**Default Unsecured Bonds**”); iii) other loans of principal amount of HK\$20,189,000 and interest thereon of approximately HK\$4,551,000 (the “**Defaulted Other Loans**”); and iv) default in settlement of construction payables which, including additional penalties thereon, amounted to approximately HK\$129,088,000 (the “**Defaulted Construction Payables**”), in respect of which the Group had received a notice from the contractor of the event of default and demand for payment. In addition, the Group had outstanding bank and other borrowings other than the Defaulted Secured Bonds and Defaulted Unsecured Bonds of approximately HK\$119,500,000 as at 30 June 2024 which were due for repayment or renewal in the next twelve months after 30 June 2024 and incurred a loss for the period ended 30 June 2024 of approximately HK\$57,532,000.

However, the Group's cash and cash equivalents amounted to approximately HK\$9,365,000 as at 30 June 2024 and the financial resources available to the Group as at 30 June 2024 may not be sufficient to repay the Defaulted Secured Bonds, the Defaulted Unsecured Bonds, the Defaulted Other Loans, and the Defaulted Construction Payables and other liabilities of the Group. The events and conditions described above indicate that material uncertainties existed that cast significant doubts on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In the preparation of the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors have adopted the going concern basis of accounting in the preparation of the consolidated financial statements and are of the view that the Group is able to continue as a going concern, after taking into account the plans and measures being implemented in order to improve the working capital and liquidity and cash flow position of the Group, as follows:

**1) Existing business**

Management is endeavoring to improve the Group's operating results and cash flows through various cost control measures and will focus on the existing business.

**2) New funding**

The Company is negotiating with investors for obtaining further financing when necessary including but not limited to equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

**3) Entering into agreement with investor for proposed restructuring**

On 29 March 2023, the Company and the Investor entered into the legally binding Term Sheet and pursuant to which, inter alia, the Investor has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 850,000,000 Subscription Shares for an aggregate subscription price of HK\$85,000,000. On the same date, the Company and the Investor entered into the legally binding Term Sheet and pursuant to which, inter alia, the Company will initiate a Creditors' Scheme between the Company and the Scheme Creditors.

On 20 November 2023, a Scheme Meeting was convened and a total of 30 Scheme Creditors holding Voting Claims attended and voted, in person or by proxy, at the Scheme Meeting, with a total of 26 Scheme Creditors holding Voting Claims voting in favour of the Creditors' Scheme. As such, the Creditors' Scheme was approved by the requisite majorities of Scheme Creditors.

On 25 January 2024, the Company and an investor has entered into a conditional restructuring agreement and for in respect of the conditional subscription by the investor of 850,000,000 subscription shares at the total subscription price of HK\$85,000,000, representing a subscription price of HK\$0.10 per subscription share. Moreover, a creditors' scheme has been proposed by the Company to its scheme creditors whereby in consideration for the full and final settlement of their respective admitted claims, the Company will allot and issue the scheme shares to the scheme creditors, or pay cash dividends in the case of scheme creditors who have validly elected to receive cash in lieu of the scheme shares that they would otherwise be entitled to receive under the creditors' scheme which will involve the disposal of certain subsidiaries at nil or nominal consideration.

In the opinion of the Directors, in light of the various measures or arrangements being implemented during and after the end of the reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, the validity of the preparation of the consolidated financial statements on going concern basis depends on the successful eventual outcome of the above mentioned plans and measures, which are inherently uncertain and as at the date of approval of the consolidated financial statements cannot be ascertained with reasonable certainty and are still subject to multiple uncertainties. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Application of amendments to HKFRSs

In the current interim period, the Group has applied for the following amendments to HKFRSs issued by the HKICPA for the first time which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

- (a) the wine and liquor segment is engaged in the sale and distribution of wine and liquor;
- (b) the trading of food products segment is engaged in wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food, commodity hog;
- (c) the construction and development segment is engaged in construction and land development;
- (d) the financial leasing segment is engaged in the provision of financial leasing services;
- (e) the mineral products segment is engaged in the flotation selection of non-ferrous metals mines and sales of mineral products; and
- (f) the rental segment is engaged in the leasing of logistic facilities in Hong Kong and office facilities in PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results. Segment results are measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

No intersegment sale and transfer was transacted for the six months ended 30 June 2024 and 2023.

	Wine and liquor (Unaudited) HK\$'000	Trading of food products (Unaudited) HK\$'000	Construction and development (Unaudited) HK\$'000	Mineral products (Unaudited) HK\$'000	Rental (Unaudited) HK\$'000	Financial leasing (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Six months ended 30 June 2024</b>							
<b>Segment revenue:</b>							
Sales to external customers	-	239,890	-	87,403	-	-	327,293
Timing of revenue recognition							
At a point in time	-	239,890	-	87,403	-	-	327,293
Revenue from other sources	-	-	-	-	93,582	3,260	96,842
Other income, gain or (losses)	-	453	-	5	838	4	1,300
	<u>-</u>	<u>240,343</u>	<u>-</u>	<u>87,408</u>	<u>94,420</u>	<u>3,264</u>	<u>425,435</u>
<b>Segment results</b>	<u>(4)</u>	<u>10,764</u>	<u>(5,486)</u>	<u>1,873</u>	<u>7,799</u>	<u>795</u>	<u>15,741</u>
<b>Reconciliation:</b>							
Interest income							17
Unallocated other operating income							187
Finance costs							(48,554)
Corporate and other unallocated expenses							(24,918)
Loss before tax							<u>(57,527)</u>
<b>Six months ended 30 June 2023</b>							
<b>Segment revenue:</b>							
Sales to external customers	-	205,491	-	101,340	-	-	306,831
Timing of revenue recognition							
At a point in time	-	205,491	-	101,340	-	-	306,831
Revenue from other sources	-	-	-	-	87,847	10,288	98,135
Other income, gain or (losses)	-	278	-	17	1,510	9	1,814
	<u>-</u>	<u>205,769</u>	<u>-</u>	<u>101,357</u>	<u>89,357</u>	<u>10,297</u>	<u>406,780</u>
<b>Segment results</b>	<u>-</u>	<u>1,429</u>	<u>(2,097)</u>	<u>4,037</u>	<u>5,501</u>	<u>3,792</u>	<u>12,662</u>
<b>Reconciliation:</b>							
Interest income							24
Unallocated other operating income							345
Finance costs							(36,844)
Corporate and other unallocated expenses							(14,811)
Loss before tax							<u>(38,624)</u>

#### 4. REVENUE AND OTHER INCOME, GAINS OR (LOSSES)

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts; the gross rental income from logistic warehouse and subleasing fee income, net of business tax and income from loan receivable during the Period.

An analysis of revenue and other income, gains or (losses) is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Revenue from contracts with Customers</b>		
Trading of food products	<b>239,890</b>	205,491
Mineral products	<b>87,403</b>	101,340
	<hr/>	<hr/>
Total revenue recognised at point in time	<b>327,293</b>	306,831
<b>Revenue from other sources</b>		
Rental	<b>93,582</b>	87,847
Financial leasing	<b>3,260</b>	10,288
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	<b>424,135</b>	404,966
	<hr/> <hr/>	<hr/> <hr/>
<b>Other income, gains or (losses)</b>		
Bank interest income	<b>17</b>	24
Interest income	<b>730</b>	1,172
Government grants ( <i>Note</i> )	<b>161</b>	273
Others	<b>596</b>	714
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	<b>1,504</b>	2,183
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*Note:*

Government grants were mainly granted to the Group as subsidies to support the operation of the PRC subsidiaries. There are no special conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

## 5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank and other borrowings wholly repayable within five years	43,896	32,075
Interest on lease liabilities	4,658	4,769
	<u>48,554</u>	<u>36,844</u>

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories recognised as an expenses	223,766	206,734
Depreciation of property, plant and equipment	5,747	5,845
Depreciation of right-of-use assets	14,890	15,791
	<u>244,403</u>	<u>228,370</u>

## 7. INCOME TAX EXPENSE

During the Period, no Hong Kong profits tax has been provided as there was no assessable profit arising from Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the PRC in which the Group operates.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	(5)	(3)
Deferred	—	—
	<u>(5)</u>	<u>(3)</u>

## 8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Period:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss attributable to the equity holders of the Company ( <i>HK\$'000</i> )	<u>(60,449)</u>	<u>(42,207)</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>6,327,838</u>	<u>6,316,544</u>
Basic and diluted loss per share ( <i>HK cents</i> )	<u>(0.96)</u>	<u>(0.67)</u>

The basic and diluted loss per share are the same for the periods ended 30 June 2023 and 2024 as the effect of the Group's share options were anti-dilutive.

## 10. INTERESTS IN ASSOCIATES

	30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
	Share of net assets	95,392
Advances to associates, net of allowance for expected credit losses	<u>57,902</u>	<u>62,651</u>
	<u>153,294</u>	<u>169,772</u>

## 11. TRADE RECEIVABLES

Other than the cash sales, the Group allows a credit period which is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit.

None of the trade receivables is impaired. Receivables over 3 months were mainly related to a number of independent customers from the sales of mineral products. The Directors are of the opinion that no provision for impairment is necessary as the credit quality of these customers are strong and the balances are still considered fully recoverable. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Within 1 month	52,546	46,371
1 to 2 months	19,737	5,550
2 to 3 months	45,880	43,828
Over 3 months	<u>49,705</u>	<u>57,198</u>
	<b>167,868</b>	152,947
<i>Less: Allowance for expected credit losses</i>	<u>(26,160)</u>	<u>(26,160)</u>
	<b><u>141,708</u></b>	<b><u>126,787</u></b>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Prepayments	149,789	146,235
Deposits and other receivables	<u>196,720</u>	<u>189,380</u>
	<b>346,509</b>	335,615
<i>Less: Allowance for expected credit losses</i>	<u>(48,565)</u>	<u>(48,565)</u>
	<b><u>297,944</u></b>	<b><u>287,050</u></b>

As at 30 June 2024, approximately HK\$220,659,000 (31 December 2023: HK\$241,180,000) was paid as trade deposits and prepayments on trading of food and minerals products.

Rental deposits and construction deposits for the warehouse amounting to HK\$26,842,000 (31 December 2023: HK\$24,177,000) were paid for the warehouse logistic business.

### 13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Within 1 month	9,762	10,768
1 to 2 months	4,381	5,207
2 to 3 months	3,094	2,733
Over 3 months	<u>61,437</u>	<u>64,439</u>
	<b>78,674</b>	83,147
Bills payables	<u>-</u>	<u>63,674</u>
	<b><u>78,674</u></b>	<b><u>146,821</u></b>

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

Included in trade payables are HK\$70,964,000 (31 December 2023: HK\$71,861,000) construction payables in which approximately HK\$60,414,000 (31 December 2023: HK\$62,362,000) are defaulted.

As at 30 June 2023, bills payables of approximately HK\$63,674,000 were secured by the investment property with fair value of approximately HK\$290,857,000 and personal guarantee by shareholder of the Company and related parties.

All the trade payables are denominated in Renminbi.

#### 14. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2024 (Unaudited) <i>HK\$'000</i></b>	31 December 2023 (Audited) <i>HK\$'000</i>
Other payables	<b>67,801</b>	56,978
Accruals	<b>375,690</b>	349,340
	<b><u>443,491</u></b>	<b><u>406,318</u></b>

Other payables are non-interest-bearing and have an average term of three months.

As included in other payables, there are HK\$22,746,000 (31 December 2023: HK\$23,387,000) rental deposits received from the tenants of logistic warehouse and office in PRC.

Included in the accruals, there are default interest of approximately HK\$264,693,000 (31 December 2023: HK\$223,790,000) and the penalties from default construction payables of approximately HK\$68,674,000 (31 December 2023: HK\$69,486,000).

**15. BANK AND OTHER BORROWINGS**

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Secured bank loans	<b>82,925</b>	24,686
Unsecured other loans	<b>56,763</b>	58,553
Secured bonds	<b>109,000</b>	109,000
Unsecured bonds	<b>249,415</b>	249,414
	<b>498,103</b>	441,653
Carrying amounts repayable within one year based on scheduled payment dates set out in the agreement	<b>496,099</b>	439,585
Carrying amounts not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities)	<b>2,004</b>	2,068
	<b>498,103</b>	441,653
<i>Less:</i> amounts due within one year shown under current liabilities	<b>(498,103)</b>	(441,653)
Amounts shown under non-current liabilities	<b>—</b>	—

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

For the Period, the Group's revenue amounted to approximately HK\$424.14 million (2023: HK\$404.97 million), representing an increase of 4.73% over the corresponding period in 2023 (the “**Corresponding Period**”). Gross profit of the Group was approximately HK\$41.61 million (2023: HK\$52.64 million). The loss (net of tax) was approximately HK\$57.53 million (2023: HK\$38.62 million). The increase in loss for the Period was mainly due to the combined effect of (i) the decrease in gross profit from HK\$52.64 million for the Corresponding Period to HK\$41.61 million and (ii) the increase in finance costs from HK\$36.84 million to HK\$48.55 million.

Loss attributable to owners of the parent was approximately HK\$60.45 million (2023: HK\$42.21 million). Loss per share for the Period was HK0.96 cents (2023: HK0.67 cents).

The Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's business both organically and through acquisitions when appropriate opportunities arise. The Group considered the business mix was diversified during the past few years. The Group will focus on the existing businesses and will expand by self-development and investing in similar businesses. Investments would be carefully selected among all the choices we have explored and would be operated with experienced business partners.

### Segmental Information

#### *Wine and Liquor Business*

The Group's wine and liquor business was principally engaged in the sale and distribution of wine and liquor in the People's Republic of China (“**PRC**”).

During the Period, there was no revenue generated from the wine and liquor business (2023: HK\$Nil) as our sale points and delivery services have not fully resumed operation after the lifting of anti-coronavirus measures in the PRC. The Group will continue to review the development of this business segment.

### ***Trading of Food Products Business***

Trading of food products business recorded a revenue of approximately HK\$239.89 million (2023: HK\$205.49 million), accounted for 56.56% (2023: 50.74%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$3.09 million (2023: HK\$4.61 million). The increase in revenue was due to the increase in trading of staple food and cooking oil.

### ***Construction and Development Business***

Following the successful bid for the land use rights of a land parcel in Lianyungang, Jiangsu in the PRC on 5 December 2017, the Group already obtained the Land Planning Permit and the Construction Planning Permit for the “Seafood Food City” during the year 2018. The commercial housing presale permit of phase one of the Seafood Food City was also obtained and sales started in the second half of 2019. However, the outbreak of coronavirus affected the sales plan and construction plan during the 3 years ended 31 December 2022. The whole construction of the Seafood Food City on the land parcel has been fully completed, and currently in the process of obtaining the property title certificate. It is expected to rent and sell the property in the second half of 2024.

### ***Mineral Products Business***

The mineral products business includes the flotation selection of non-ferrous metals mines and sales of mineral products. This business segment recorded a revenue of approximately HK\$87.40 million (2023: HK\$101.34 million) and accounted for 20.61% (2023: 25.03%) of the total revenue. The Group acquired this business in 2017 and expects the market of this business will remain fine and the revenue contributed by this segment will represent a larger portion of the Group’s revenue. Gross profit of this business segment for the Period was approximately HK\$15.76 million (2023: HK\$21.11 million).

### ***Rental Business***

The logistic facilities and office facilities renting business recorded a revenue of approximately HK\$93.58 million (2023: HK\$87.85 million), accounted for 22.06% (2023: 21.69%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$20.18 million (2023: HK\$23.85 million). After a few years of development, this segment has become one of the core businesses of the Group. The Group has rental business in Hong Kong and will keep on exploring and investing in potential renting facilities.

### ***Financial Leasing Business***

The financial leasing business recorded a revenue of HK\$3.26 million (2023: HK\$10.29 million), accounted for 0.77% (2023: 2.54%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$2.57 million (2023: HK\$3.07 million).

The Company's financial leasing services business is principally conducted through its wholly-owned subsidiary in the PRC, 深圳市前海大荒緣融資租賃有限公司 (Shenzhen Qianhai Dahuangyuan Finance Lease Co., Ltd.) ("**Dahuangyuan**"). Its business model principally focuses on the grant of loans to personal and corporate borrowers by way of finance leasing of property, plant and equipment ("**PPE**"), trade financing or otherwise. Under the Group's business model of finance leasing, it either grants loans to its customers, charges them interest and takes PPE as collateral, or acquires PPE and leases them back to the customers. The Group's borrowers are normally reached by the Group's staff and management, and/or referred by existing or potential customers or business acquaintances of the Group's staff and management.

The credit risk assessment policy of Dahuangyuan's lending business contemplates the performing of the following credit risk assessment procedures, namely: (a) the conducting of background search (such as company and litigation search) on the customers and their affiliated entities, the security providers (if any) and their assets; (b) the request for and the review of documents and financial information to indicate the financial position of the customers or the security providers (if any); (c) the checking and reviewing of documents in respect of the collaterals (if any); and (d) for loan renewal applications, the past repayment history of the customers. The credit risk assessment procedures are performed by the loan approval team of Dahuangyuan who are experienced in financial and accounting. It is through the conducting of credit assessment (including an assessment of the asset collaterals) at the time of granting the loan and the request for asset collaterals so that the Board endeavours to safeguard the Company's assets to their best. The Company will only consider making a loan offer to the loan applicant if the Company is satisfied with the credit assessment result.

After the background checking, the loan officer will prepare a credit assessment report on the customer and submit the proposed terms of the loan application (including the loan amount, loan period, interest rate, repayment schedule and the provision of collaterals) for the approval of the directors of Dahuangyuan. The loan terms are decided following arm's length negotiations with the customers after taking into account factors such as the terms requested by the loan applicants, the Group's assessment of the financial capabilities of the applicants, the macro-economy including the latest trend of interest rates and the availability of guarantees and/or collaterals. In order to maintain competitiveness as compared to banks, Dahuangyuan adopts a pragmatic approach and is prepared to offer more flexible terms of loan to customers.

After the grant of loans, regular updates on the credit status of borrowers, valuation of collaterals and loan repayment status will be provided by the loan officer of Dahuangyuan to the Company's management, who will in turn report the situation to the Directors of the Company from time to time. Under the credit policy of the Group, the loan officer will prepare half-yearly reports on the update status of the borrowers and the collaterals, normally after face-to-face meetings with the borrowers and physical visits to the premises where the PPE collaterals are situated. If any loan is overdue or the credit status of a borrower is found to have deteriorated, Dahuangyuan would normally contact the customers to understand the reason and if the customers can come up with reasonable explanations and can offer feasible solutions with a positive attitude, Dahuangyuan would normally be more prepared to accommodate an amicable solution, including the extension of the repayment schedule. If the Company is unsatisfied with the safety margin between the value of the collateral and the outstanding loan, it will normally demand additional asset collateral from the customer. If an overdue customer takes an evasive attitude or if his financial deterioration is drastic and irreversible, Dahuangyuan would consider taking legal action as the last resort.

## **Business Prospects**

The Group will continue to expand its existing businesses by developing its core business and look for other potential businesses and related profitable businesses. The Group will also deploy appropriate measures to control its operating and finance costs in order to deliver better financial performance going forward. With the completion of the Possible Debt Restructuring as more particularly described from pages 29 to 32 of this announcement, it is expected that the finance costs would be considerably reduced to contribute to the Group's performance positively.

## **Financial Review**

### ***Revenue***

During the Period, the Group achieved a revenue of approximately HK\$424.14 million (2023: HK\$404.97 million), representing an increase of 4.73% when compared with the Corresponding Period. Gross profit of the Group was approximately HK\$41.61 million (2023: HK\$52.64 million). The loss (net of tax) was approximately HK\$57.53 million (2023: HK\$38.62 million).

### ***Selling and Distribution Expenses***

Selling and distribution expenses were approximately HK\$8.44 million (2023: HK\$9.51 million), representing a decrease of 11.25% when compared with the Corresponding Period and 1.99% (2023: 2.35%) of the Group's revenue. It was relatively the same as last year.

### ***Administrative Expenses***

Administrative expenses were approximately HK\$42.96 million (2023: HK\$46.54 million), representing a decrease of 7.69% when compared with the Corresponding Period. The decrease was mainly due to the decrease in activity levels of certain loss-making subsidiaries. The Group continued to control the cost through simplifying and combining the structure of the subsidiaries of similar business.

### ***Finance Costs***

Finance costs were approximately HK\$48.55 million (2023: HK\$36.84 million). The increase was mainly because of the increase of default interest expense.

### ***Prepayments, Deposits and Other Receivables***

Included in prepayments, deposits and other receivables, there were trade deposits of HK\$220.66 million (31 December 2023: HK\$241.18 million) paid for food products and mineral products. HK\$26.84 million (31 December 2023: HK\$24.18 million) was paid as rental deposits for the rental business.

### ***Capital Structure, Liquidity and Financial Resources***

As at 30 June 2024, the total number of issued shares of the Company was 6,332,312,083 shares. There was no change in the number of issued shares of the Company during the Period.

As at 30 June 2024, the Group had net assets to owners of the parent of approximately HK\$540.81 million (31 December 2023: HK\$620.01 million). Net current assets of the Group as at 30 June 2024 amounted to approximately HK\$1.95 million (31 December 2023: HK\$35.97 million). The current ratio (calculated as current assets to current liabilities) for the Period was 1.00 (31 December 2023: 1.03).

The Group's cash and cash equivalents as at 30 June 2024 amounted to approximately HK\$9.37 million (31 December 2023: HK\$13.00 million), which were denominated in Hong Kong dollars and Renminbi.

As at 30 June 2024, the Group's total bank and other borrowings amounted to approximately HK\$498.10 million (31 December 2023: HK\$441.65 million). The bank and other borrowings are charged at fixed interest rates. All of the Group's bank and other borrowings were denominated in Renminbi and Hong Kong dollars.

The gearing ratio of the Group as at 30 June 2024 (calculated as net debt divided by equity attributable to owners of the parent plus net debt) was 66.13% (31 December 2023: 63.20%). The ratio was at reasonably adequate level as at 30 June 2024. Having considered the Group's current cash and cash equivalents, bank and other borrowings, and banking facilities, the management believes that the Group's financial resources are sufficient for its day-to-day operations. The Group did not use financial instruments for financial hedging purposes during the Period.

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi may impact the Group's results and net assets value as the Group's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

### ***Charge on Assets and Contingent Liabilities***

The shares of two subsidiaries of the Company with net assets of HK\$25.84 million (31 December 2023: HK\$30.75 million) were pledged for a secured bond since August 2017. As the secured bond has matured, the bondholder has the right to take over the control of the two subsidiaries. The Company is in negotiation with the bondholder for extension of repayment of the bond and as at the date of this announcement, the two subsidiaries are still under the control of the Company.

Investment properties with fair value of approximately HK\$279.18 million (31 December 2023: HK\$294.83 million) has been pledged to the bank for the Group's borrowings.

## **Employees and Remuneration Policy**

As at 30 June 2024, the Group had approximately 141 (30 June 2023: 151) employees in Hong Kong and the PRC with total staff costs amounting to approximately HK\$2.76 million (30 June 2023: HK\$3.85 million). Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications. The Company has adopted the share option scheme aiming to provide incentives to participants for their contributions to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

## **Litigations**

### ***(i) HCA 1867 of 2015***

On 18 August 2015, the Company received a writ of summons issued from the High Court of Hong Kong (the “**Writ**”) relating to a claim by Mr. Qu Shuncai (“**Mr. Qu**”), a former Director of the Company. Pursuant to the Writ, Mr. Qu claims against the Company for the sum of HK\$6,069,000 being damages for the Company’s wrongful refusal of the issue of 2,500,000 shares of the Company to him upon his exercise of the share options. The trial was heard before Judge from 8 December 2022 to 14 December 2022, and on 10 February 2023, it was adjudicated by the Court that the Company shall pay damages to the Plaintiff, assessed at HK\$4,394,000, and costs. The Company has decided to appeal against the said judgment, and thus the Company filed a Notice of Appeal on 6 March 2023.

### ***(ii) CACV 71 of 2023***

On 6 March 2023, the Company filed a Notice of Appeal to the Court to appeal against the Judgment of HCA 1867 of 2015 that the quantum of damages be HK\$2,944,000.00 only.

***(iii) HCA 1948 of 2019***

On 24 October 2019, the Company received a writ of summons (under HCA 1948 of 2019) issued on behalf of Gemini Funds Limited for an order to direct the Company to deliver up the share certificate of 5,000,000 (Bonus) Shares issued in January 2016 and damages to be assessed. The said Gemini Funds Limited has also taken out an application for summary judgment against the Company returnable before a Master of the High Court on 9 April 2020. The legal representative of the Company filed an Acknowledgment of Service on 6 November 2019, and the Company has filed a notice to the Court to oppose the application by the said Plaintiff to enter judgment against the Company. The hearing was heard before a Judge on 21 January 2021 and pursuant to the Judgement, the Company delivered up the said share certificate to the Plaintiff on 24 March 2021. At the same time, the Company filed a Notice to Appeal on 18 February 2021.

***(iv) HCCW 3 of 2023***

On 9 January 2023, the Company received a petition (“**Mr. Zhang’s Petition**”) filed by Mr. Zhang Zhiguang (“**Mr. Zhang**”) for an order that the Company may be wound up by the High Court under the Ordinance pursuant to a Statutory Demand (for being unable to repay a debt of an amount of HK\$7,197,841.10). Details of Mr. Zhang’s Petition were disclosed in the announcement of the Company dated 10 January 2023. On 11 March 2024, the Company and Mr. Zhang have signed and filed a consent summons to the High Court of the withdrawal of the Petition.

**(v) (2023) Su 0706 Minchu No. 1584, (2023) Su 07 Minchuzhong No. 4275 and (2024) Su 0706 Zhi 379**

On 21 February 2023, the Company's subsidiary, Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) (“**Huajin Huahong**”) received a civil ruling (民事判決書) issued on behalf of Sun Jie (孫傑) (“**Sun**”) under (2023) Su 0706 Minchu No. 1584 ((2023)蘇0706 民初1584號). According to the civil ruling (民事判決書), Sun being the plaintiff, requested (i) an order for repayment of the principal amount of borrowings amounting to RMB10,000,000 and interests thereon (with interest to be calculated at 4 times of the LPR from 19 August 2022 to the date of actual payment); (ii) an order for legal fees of RMB340,000, as well as costs of litigation and preservation expense of the case. The case has been appealed to the Lianyungang Intermediate People's Court of Jiangsu Province and on 22 November 2023, Huajin Huahong received a civil judgment under (2023) Su 07 Minchuzhong No. 4275 ((2023)蘇07民初終4275號). Pursuant to the civil judgment, (a) in respect of (i) above, Huajin Huahong shall repay to Sun the principal amount of the borrowing of RMB9,735,518.35 and interest of RMB47,071.22; (b) in respect of (ii) above, Huajin Huahong shall pay to Sun the attorney's fee of RMB340,000; (c) dismissed other litigation claims filed by Sun.

Pursuant to (2024) Su 0706 Zhi 379, on 9 January 2024, Sun applied to the People's Court of Haizhou District, Lianyungang City for enforcement, and the People's Court of Haizhou District, Lianyungang City ordered Huajin Huahong to pay approximately RMB10.2 million together with interest on general debts, interest on the debts during the period of delay in fulfillment, and the enforcement fee on 11 January 2024. At the same time, the People's Court of Haizhou District, Lianyungang City issued a property reporting order (報告財產令) to Huajin Huahong, requiring Huajin Huahong to provide information about its property in the year prior to the enforcement notice.

On 19 June 2024, Huajin Huahong agreed to pay the remaining balance as specified in the effective legal instrument within six months from the date of obtaining the real estate certificates for the first batch of inspected properties to Sun Jie. Huajin Huahong has pledged the real estate of Joyful Coast Gourmet Town Project (歡樂海岸美食城項目) No. 82190056-10, 3#110 as guarantee.

**(vi) (2023) Su 0707 Minchu No. 2761 and (2023) Su 0707 Zhi No. 4259**

On 23 April 2023, the Company's subsidiary, Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) (“**Huajin Huahong**”) received a civil mediation (民事調解書) issued on behalf of Lianyungang Wushun Communication Engineering Co., Ltd. (連雲港吾順通信工程有限公司) (“**Wushun**”) under (2023) Su 0707 Minchu No. 2761 ((2023)蘇0707民初2761號). According to the civil mediation (民事調解書), Wushun being the plaintiff, after the trial and mediation by the court, the parties voluntarily reached the following mediation: (i) Huajin Huahong shall pay the construction payables of RMB786,518 to Wushun in three installments, and in the case of late payment, it shall be subject to interest, which shall be calculated from 7 January 2022 to the date of actual payment with maximum amount not exceeding RMB157,303; (ii) the dispute over the construction payables between both parties shall be settled in one lump sum and there shall be no other disputes.

Pursuant to (2023) Su 0707 Zhi No. 4259, on 13 November 2023, Huajin Huahong failed to fulfill the obligations determined in the effective legal instrument in accordance with (2023) Su 0707 Minchu No. 2761, and therefore, Wushun applied to the People's Court of Gan Yu District, Lianyungang City, Jiangsu Province for the execution of the seizure of the motor vehicles of Huajin Huahong, totaling seven units. On 7 April 2024, the People's Court of Ganyu District, Lianyungang City, Jiangsu Province, in the execution of the case of construction contract dispute between Wushun and Huajin Huahong, after investigation, it is found that Huajin Huahong had not fulfilled its obligations as determined in the effective legal instrument, and therefore, the court seized two stores of Huajin Huahong at 10th floor, Joyful Gourmet Town, Ocean Development Zone, Ganyu District, Lianyungang City.

On 19 August 2024, Huajin Huahong and Wushun entered into an agreement to use five vehicles to offset the amount owed to Wushun for the works. In return, Wushun agreed to unseal and release all vehicles seized by the court on the agreement's effective date.

## **Possible Debt Restructuring**

In light of the current liquidity constraints and financial challenges of the Company, including the Petition dated on 10 January 2023, 27 January 2023 and 15 March 2023, the Company has been working closely with its professional advisers and is using its best endeavours to explore various options available for restructuring the Company's debts (the "**Proposed Restructuring**"), including but not limited to the restructuring of debts by engaging with its creditors, other stakeholders and potential investors and by way of a scheme of arrangement in Hong Kong (the "**Creditors' Scheme**"). The Company strived to engage in dialogues with creditors of the Company (the "**Creditors**") in order to facilitate the implementation of a value preserving solution with all relevant stakeholders.

The Creditors' Scheme involves, among others, (i) the Scheme Share Issue (under which the Company will allot and issue the Scheme Shares to the Scheme Creditors, or in the case of any Scheme Creditor who has validly elected to receive cash in lieu of the Scheme Shares that they would otherwise be entitled to receive under the Creditors' Scheme, to the Scheme Company for the benefit of such Scheme Creditor); and (ii) the Disposal (under which Interests in Scheme Subsidiaries will be disposed to the Scheme Company).

On 14 February 2024, Alpha Financial Group Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), was appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, the Disposal and the transactions contemplated thereunder.

The Company announced on 23 March 2023 that the convening hearing in respect of the Creditors' Scheme, at which an order will be sought to convene the scheme meeting for the purpose of considering and, if thought fit, approving (with or without modification) the Creditors' Scheme, was scheduled to be heard before the High Court on 16 June 2023 (Hong Kong time). On 16 June 2023, it was ordered that the convening hearing in respect of the Creditors' Scheme be adjourned before the Companies Judge to a date to be fixed no later than 5 July 2023. On 20 June 2023, the High Court directed that the convening hearing in respect of the Creditors' Scheme be adjourned to be heard before the Companies Judge on 31 July 2023. On 31 July 2023, it was ordered that the convening hearing in respect of the Creditors' Scheme be further adjourned to 18 August 2023.

At the hearing on 18 August 2023, the High Court granted leave for the Company to convene a meeting of the Creditors under the Creditors' Scheme, with any adjournments as may be appropriate, for the purpose of considering and, if thought fit, approving (with or without modification) the Creditors' Scheme proposed to be made between the Company and the Creditors pursuant to Sections 670, 671, 673 and 674 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("**Companies Ordinance**"). A hearing of the High Court for the purpose of sanctioning the Creditors' Scheme was scheduled on 29 November 2023.

On 20 November 2023, the Scheme Meeting was convened and held for the purpose of considering and, if thought fit, approving (with or without modification) the Creditors' Scheme proposed to be made between the Company and the Creditors pursuant to Sections 670, 671, 673 and 674 of the Companies Ordinance.

A total of 30 Scheme Creditors holding Voting Claims (as defined in the Explanatory Statement of the Scheme Document) in the aggregate principal amount together with accrued and unpaid interest of HK\$1,009,153,816.42 (representing 98.46% of the total value of outstanding Voting Claims) attended and voted, in person or by proxy, at the Scheme Meeting, with a total of 26 Scheme Creditors holding Voting Claims in the aggregate principal amount together with accrued and unpaid interest of HK\$946,353,267.75 (representing 92.33% of the total value of outstanding Voting Claims voting at the meeting) voting in favour of the Creditors' Scheme. As such, the Creditors' Scheme was approved by the requisite majorities of Scheme Creditors.

On 29 November 2023, the Creditors' Scheme was sanctioned without modification by the High Court at the Sanction Hearing. The Creditors' Scheme has not become effective, and the Company has yet to enter into the Restructuring Agreement to supersede and replace the legally-binding Term Sheet. The Creditors' Scheme will not become effective until (1) an office copy of the order of the High Court sanctioning the Creditors' Scheme (without modification) is registered by the Registrar of Companies in Hong Kong under Part 2 of the Companies Ordinance and (2) the Initial Cash Payment in the amount of HK\$45,000,000 is received by the Scheme Company.

### ***The Restructuring Agreement and the Subscription***

On 25 January 2024, the Company and the Investor entered into the Restructuring Agreement in respect of the conditional Subscription by the Investor of 850,000,000 Subscription Shares at the Total Subscription Price of HK\$85,000,000, representing a Subscription Price of HK\$0.10 per Subscription Share. Upon the allotment and issue of the Subscription Shares to the Investor, the Subscription Shares shall in aggregate represent approximately 11.24% of the Enlarged Issued Share Capital.

The Subscription is subject to, among other things, the Independent Shareholders' approval at an extraordinary general meeting to be convened and held for considering and approving, among other things, transactions contemplated by the Proposed Restructuring which requires shareholders' approval (the "**Restructuring EGM**"). The Subscription Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the Restructuring EGM.

On 24 July 2024, the Company dispatched the circular related to Proposed Restructuring involving connected transaction in relation to the subscription under Specific Mandate; Creditors' Scheme; issue of Scheme Shares under Specific Mandate; connected transaction and very substantial disposal in relation to the Disposal.

The Restructuring EGM was held on 9 August 2024. All proposed resolutions as set out in the notice of the Restructuring EGM were duly passed by the Independent Shareholders at the meeting.

Further details of the Proposed Restructuring are disclosed in the Company's announcements dated 25 January 2024, 14 February 2024, 31 May 2024, 31 July 2024 and 9 August 2024 of the Company (the "**Announcements**") and the Company's circular dated 24 July 2024 (the "**Restructuring Circular**"). Unless the context otherwise requires, capitalized terms herein shall have the same meanings as defined in the Restructuring Circular.

As disclosed in the Restructuring Circular and the Announcements, Completion is subject to the Conditions Precedent being satisfied (or waived, if applicable) on or before 5:00 p.m. on 31 August 2024, or such later date as the Company and the Investor may agree in writing (the "**Long Stop Date**"). As of the date of this announcement, Conditions Precedent (a), (b), (c) and (d) have been fulfilled.

On 30 August 2024, the Company and the Investor entered into an agreement pursuant to which the parties have agreed to further extend the Long Stop Date to 30 September 2024, or such later date as the Company and the Investor may agree in writing (the "**Extended Long Stop Date**"), and Completion shall be subject to the Conditions Precedent being satisfied (or waived, if applicable) on or before 5:00 p.m. on the Extended Long Stop Date. Save as disclosed above, all other terms and conditions of the Restructuring Agreement shall remain unchanged and in full force and effect in all respects.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Period (six months ended 30 June 2023: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Period.

## **REVIEW OF INTERIM RESULTS**

The interim results of the Group for the Period have been reviewed by the audit committee of the Company, which comprises three independent non-executive Directors, namely Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code on ethics and securities transactions (the “**Code**”), which incorporates a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited. Specified employees who are likely to be in possession of unpublished inside information of the Company are also subject to the compliance with the Code. Having made specific enquiry of all Directors, the Company confirms that the Directors have complied with the required standard set out in the Code and the Model Code throughout the Period.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules throughout the Period and up to the date of this announcement, save as disclosed as follows:

### **Deviation from Code Provision C.2.1 of the CG Code**

In respect of code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company did not officially have a position of chief executive officer since 24 June 2016. Mr. Jiang Jiancheng, the Chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed and dealt with in a timely manner. The Board will continue to review the effectiveness of the Group’s structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

## **Non-compliance with Rule 3.10A of the Listing Rules**

As from 1 July 2024, the Company has failed to meet the requirement of Rule 3.10A of the Listing Rules following the appointment of Mr. Liu Xiaopeng as an executive Director and a Vice-chairman of the Board. The Board comprises a total of ten (10) Directors, of which four (4) are executive Directors, three (3) are non-executive Directors and three (3) are independent non-executive Directors. As such, the ratio of the number of independent non-executive Directors falls short of the minimum one-third of the Board as required under Rule 3.10A of the Listing Rules.

The Company is in the process of identifying a suitable candidate for appointment as additional independent non-executive Director to ensure re-compliance with the relevant rule as soon as possible and in any event no later than 31 October 2024. Further announcement(s) will be made by the Company as and when appropriate.

## **EVENTS AFTER THE REPORTING PERIOD**

Other than as disclosed in the Management Discussion and Analysis of this announcement, there is no material event after the reporting period and up to the date of this announcement.

By Order of the Board  
**China Beidahuang Industry Group Holdings Limited**  
**Jiang Jiancheng**  
*Chairman*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Executive Directors are Mr. Jiang Jiancheng (Chairman), Mr. Liu Xiaopeng (Vice-chairman), Mr. Ke Xionghan and Mr. Chen Chen; the Non-executive Directors are Mr. Li Jin (Vice-chairman), Ms. Ho Wing Yan and Mr. Li Dawei; and the Independent Non-executive Directors are Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.*