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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)**

**SUPPLEMENTAL ANNOUNCEMENT**  
**UPDATE ON THE ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcement of China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2022 in relation to the unaudited annual results of the Group for the year ended 31 December 2021 (the “**2021 Unaudited Results Announcement**”). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2021 Unaudited Results Announcement.

The Board is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2021 has been completed. As certain adjustments have been made to the unaudited annual results of the Group as contained in the 2021 Unaudited Results Announcement published on 30 March 2022, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed “Material Differences between the Unaudited and Audited Annual Results” in this announcement in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

## **EXTRACT FROM THE INDEPENDENT AUDITORS' REPORT**

The following is an extract of the independent auditors' report on the Group's annual financial statements for the year ended 31 December 2021:

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Material uncertainties relating to the going concern basis**

As stated in Note 2.2 to the consolidated financial statements, as of 31 December 2021, the Group had defaulted in repayments of its debts, including: i) default in repayment of principal amount of secured bonds of HK\$109,000,000 and interests thereon of approximately HK\$32,700,000 (the “**Defaulted Secured Bonds**”); ii) default in repayment of principal amount of unsecured bonds of HK\$127,600,000 and interests thereon of approximately HK\$14,982,000 (the “**Defaulted Unsecured Bonds**”), of which a holder claims the aggregate amount of approximately HK\$5,252,000 including interest thereon, has filed a petition against the Company; and iii) default in settlement of construction payables which, including additional penalties thereon, amounted to approximately HK\$101,814,000 (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\$224,449,000 as at 31 December 2021 which were due for repayment or renewal in the next twelve months after 31 December 2021 and incurred a loss for the year ended 31 December 2021 of approximately HK\$177,290,000. These events and conditions, along with other matters as set forth in Note 2.2, that existed as at 31 December 2021 cast significant doubt on the Group's ability to continue as a going concern.

The Directors have assessed the Group's ability to continue as a going concern and are undertaking measures to improve the Group's liquidity and financial position and enable the Group to meet its liabilities as and when they fall due. These plans for future actions in relation to the going concern assessment, which are set out in Note 2.2 to the consolidated financial statements, include: (i) management is endeavoring to improve the Group's operating results and cash flows through cost control measures and will focus on the existing business of the Group; (ii) the Group is negotiating with its secured and unsecured bondholders to extend the repayment dates for the principal and interest amounts of the Defaulted Secured Bonds and the Defaulted Unsecured Bonds. In the opinion of the Directors, the majority of the holders of the Defaulted Secured Bonds and the Defaulted Unsecured Bonds will not proceed with legal actions against the Group and instead will agree upon new repayment terms to be agreed between the Group and the secured bondholder and the unsecured bondholders; (iii) the Group is considering the disposals of its non-financial assets and properties; (iv) a substantial shareholder of the Company has agreed to continuously provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of its operations in the twelve months from the date of approval of consolidated financial statement; and (v) the Company is negotiating with investors for obtaining further financing including but not limited to equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

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 this report cannot be ascertained with reasonable certainty and are still subject to multiple uncertainties, particularly in respect of whether the bondholders would agree to extend further the dates of repayment of the Defaulted Secured Bonds and the Defaulted Unsecured Bonds.

Should the Group fail to achieve successful outcomes from the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of detailed analyses provided by management in relation to its plans and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and measures and how variability in outcome would affect the future cash flows of the Group. Any adjustments found to be required may have consequential significant effects on the consolidated net assets of the Group as at 31 December 2021 and the consolidated loss and other comprehensive income or loss and cash flows of the Group for the year ended 31 December 2021, and the related elements and disclosures thereof presented or disclosed in the consolidated financial statements.

## MATERIAL DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS

Take into account that the financial information contained in the 2021 Unaudited Results Announcement (the “**Unaudited Annual Results**”) was unaudited as at the date of its publication and subsequent adjustments have been made to such information, the shareholders and potential investors of the Company are advised to pay attention to the material differences between the Unaudited Annual Results and audited annual results (the “**Audited Annual Results**”) of the Group for the year ended 31 December 2021. Set forth below are the principal details and reasons for the material differences:

	<b>Audited Annual Results</b> <i>(HK\$'000)</i>	<b>Unaudited Annual Results</b> <i>(HK\$'000)</i>	<b>Differences</b> <i>(HK\$'000)</i>	<i>Notes</i>
<b>Consolidated Statement of Financial Position</b>				
Trade and bills payables	140,738	69,750	70,988	2
Other payables and accruals	147,986	218,974	(70,988)	2
<b>Consolidated Statement of Profit or Loss</b>				
Administrative expenses	(108,467)	(104,735)	(3,732)	1
Net allowance of expected credit losses	(58,937)	(50,463)	(8,474)	3
Share of (loss)/profit of associates	(20,963)	(29,437)	8,474	3
Loss for the year	(177,290)	(173,558)	(3,732)	1
<b>Loss per share</b>				
Basis and diluted <i>(in HK cents)</i>	(2.75)	(2.69)	(0.06)	

*Notes:*

1. The change resulted from recording of share option expenses of approximately HK\$3,732,000 during the year.
2. The change resulted from reclassification of approximately HK\$70,988,000 construction payables from other payables to trade payables.
3. The change resulted from reclassification of approximately HK\$8,474,000 expected credit losses from share of (loss)/profit of associates to net allowance of expected credit losses.

## **EVENTS AFTER THE PUBLICATION OF 2021 UNAUDITED RESULTS ANNOUNCEMENT**

### **Litigation**

#### ***HCCW 115 of 2022***

On 25 April 2022, the Company received a petition (“**Petition**”) filed by Ms. Yan Huijuan (“**Petitioner**”) for an order that the Company may be wound up by the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). The Petition was filed against the Company for being unable to repay a debt of amount HK\$5,251,773.03. The Petition will be heard before the High Court at 9:30 am on 6 July 2022. Details of the Petition were disclosed in the announcement of the Company dated 25 April 2022.

## **SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED**

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in the 2021 Unaudited Results Announcement, together with the adjustments described in this announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the 2021 Unaudited Results Announcement or this announcement.

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

Hong Kong, 29 April 2022

*As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun (Chairman), Mr. Ke Xionghan and Mr. Chen Chen; the Non-executive Directors are Mr. Zhao Wanjiang (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.*