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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
ON 2019 ANNUAL REPORT

Reference is made to the audited annual results for the year ended 31 December 2019 contained in the 2019 annual report (“**2019 Annual Report**”) published by China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on 28 May 2020.

In the paragraph headed “Impairment loss and amount recovered recognised on trade receivables, loan receivables and other receivables” on page 17 of 2019 Annual Report, it was stated that:

“During the Year, the management performed an impairment assessment and recover amount on (i) trade receivables resulting in net amount impaired of HK\$19.7 million (2018: Net reversal of HK\$0.8 million) being recognised for the Group’s trading of food products business, rental business and mineral products business, (ii) loan receivables resulting in net amount impaired of HK\$19.6 million (2018: Net impaired of HK\$2.4 million) being recognised for the Group’s financial leasing business, (iii) other receivables resulting in net amount impaired of HK\$138.7 million (2018: Net impaired of HK\$2.8 million) being recognised for the Group due to the debtors’ financial difficulty, for which collection letters were issued by the Group’s legal adviser in the PRC, and (iv) intangible asset resulting in net amount impaired of HK\$42.4 million being recognised for a trademark of tourism business due to the adverse change in the market.”

The Company would like to provide further information about the impairment loss of HK\$138.7 million relating to other receivables. Such impairment loss included the following items:

	<i>HK\$ million</i>	<i>Note</i>
Earnest money for an investment project	67.1	<i>(a)</i>
Payment to an associate for a property development project	67.1	<i>(b)</i>
Expected credit loss for the year	<u>4.5</u>	
 Total	 <u><u>138.7</u></u>	

Note:

- (a) On about 27 June 2019, a wholly-owned subsidiary of the Company (“**Investor Company 1**”) paid a sum of RMB60 million (equivalent to about HK\$67.1 million) to an independent third party company (“**Investee Company 1**”) as earnest money (“**Earnest Money**”) for an investment project pursuant to an investment agreement signed by the relevant parties. Under the investment agreement, the project should be completed within six months after the date of payment of Earnest Money. As the project could not be completed before the stipulated date, the Investor Company 1 terminated the investment agreement and demanded the Investee Company 1 to return the Earnest Money. On about 21 March 2020, the lawyer of Investor Company 1 issued a letter to Investee Company 1 to recover the Earnest Money. For prudent sake, a full impairment loss provision was made in the audited financial statements of the Group as at 31 December 2019 (“**Audited Financial Statements**”) for the Earnest Money. The Group finally received the Earnest Money in September 2020.

- (b) On around 16 January 2019, a wholly-owned subsidiary of the Group (“**Investor Company 2**”) entered into a co-operation agreement with an associate (“**Investee Company 2**”) for a property development project, pursuant to which Investor Company 2 paid a sum of RMB60 million (equivalent to about HK\$67.1 million) (“**Payment**”) and allowed 9 months for the Investee Company 2 to resolve issues for the development of the project. As the issues could not be resolved in the agreed timeline, Investor Company 2 terminated the co-operation agreement and demanded the Investee Company 2 to return Payment. On about 7 March 2020, the lawyer of Investor Company 2 issued a letter to Investee Company 2 to recover the Payment. For prudent sake, a full impairment loss provision was made in the Audited Financial Statements for the Payment.

By Order of the Board
China Beidahuang Industry Group Holdings Limited
Li Jiehong
Chairman

Hong Kong, 18 December 2020

As at the date of this announcement, the Executive Directors are Mr. Li Jiehong (Chairman), Mr. Ke Xionghan, Mr. Zeng Jixiang and Mr. Yu Zicong; the Non-executive Director is Ms. Ho Wing Yan; and the Independent Non-executive Directors are Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Liu Tao.