

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
THE 2021 ANNUAL REPORT**

Reference is made to the annual report (the “**2021 Annual Report**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”, which together with its subsidiaries are collectively referred to as the “**Group**”) for the year ended 31 December 2021. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the 2021 Annual Report.

In addition to the information disclosed in section headed “Corporate Governance Report – Action plan to address the Disclaimer” on pages 36 to 37 of the 2021 Annual Report, the Company wishes to provide shareholders and potential investors of the Company with the following supplemental information on the measures to be implemented by the Company (the “**Measures**”) to mitigate the liquidity pressure and to improve cash flows with the view to removing the Disclaimer on the Group’s ability to continue as a going concern:

- (a) In May 2022, the Company engaged an independent professional adviser to assist the Company in negotiating with the creditors of the Company, assessing the financial position of the Group and formulating a holistic proposal (the “**Proposal**”) with the creditors, containing proposals targeted to improve the Group’s liquidity and financial position such as revised repayment schedule, finance cost saving measures and/or re-financing by new or renewed loans and/or equity. The Company will take into account the interest of the relevant stakeholders and ensure compliance with the Listing Rules and all applicable laws as regards the implementation of such Proposal. It is currently expected that the Proposal will be available for negotiation with the Company’s creditors in June to July 2022 and subject to the initial feedback of the creditors, be submitted to the Court having jurisdiction (where applicable), shareholders and creditors’ approval in the second half of 2022. In particular, the Company has been in ongoing negotiation with representatives of the bondholders in default and is cautiously optimistic with the outcome of such negotiations and proposals. If the Company succeeds in such negotiations and proposals, it is hoped that the Company’s creditors should be prepared to withhold or postpone the demand of immediate payment and/or the taking of legal actions against the Group.
- (b) The Company had plans to implement other cost-cutting measures on operating level in the second half of 2022, when the COVID-19 pandemic situation and economic sentiment in the PRC are expected to improve or stabilize.
- (c) The Company’s management had plans to launch more proactive marketing strategies to accelerate the disposals of its properties for sale, such as the offer of discounts to buyers and commissions to agencies. Apart from the properties for sale, the Company may also consider re-assessing its holding strategy and intention of its investment properties. These measures are planned to be implemented in the second half of 2022, when the COVID-19 pandemic situation and economic sentiment in the PRC are expected to improve or stabilize.
- (d) While the Company has received indication of financial support from its substantial shareholder, it intends to adopt other measures, such as the Proposal mentioned above and the Equity Fund-raising and the Loan Application as mentioned below, to reduce the Company’s reliance on shareholders’ financial support in the longer run.

- (e) The Company has been in negotiation with an investor and a financial institution who indicated preliminary interest in conducting best-effort share placing and/or underwriting a rights issue of the Company (collectively, the “**Equity Fund-raising**”) with an indicative fund-raising size of HK\$120 million or above. The Company is hopeful for the materialization of its equity fund-raising efforts in the fourth quarter of 2022 or the first quarter of 2023.
- (f) In addition, the Company currently has plans to apply for loan facility(ies) from bank(s) in the amount of RMB100 million or above (the “**Loan Application**”).

If the Measures are successfully implemented, the cash flow and financial position of the Group are expected to improve significantly before the issue of audit report for the Company’s financial statements for the year ending 31 December 2022 (“**2022 FS**”). The Board and the Audit Committee are therefore of the view that the successful implementation of the Measures will help to improve the Group’s going concern and address the reasons leading to the Disclaimer to a material extent, barring unforeseen circumstances.

The Company’s auditors are aware of the Company’s plans to improve its going concern, and have not expressed any objection to the views of the Board and the Audit Committee. If the Measures can result in the reduction of liabilities, an extended repayment timetable and the strengthening of the Company’s asset base, it is possible that the Disclaimer on going concern may be removed for the 2022 FS, barring unforeseen circumstances.

The above additional information does not affect other information contained in the 2021 Annual Report and save as disclosed in this announcement, the remaining contents of the 2021 Annual Report remain unchanged.

The Company emphasizes that the Proposal, the Equity Fund-raising and the Loan Application are merely in negotiation, and no binding agreement has been reached with any creditor, investor and/or financier up to now. Further announcements will be made on any material development in relation to the Proposal and/or the Equity Fund-raising if any disclosure obligations are triggered under the Listing Rules or otherwise.

The Proposal and the Equity Fund-raising may or may not materialize. Holders of securities and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 June 2022

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