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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "**Board**") of directors (the "**Directors**") of China Beidahuang Industry Group Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 together with the comparative amounts for 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Continuing operations			
Revenue	*3*	**785,700**	80,004
Cost of sales		**(775,079)**	(68,901)
Gross profit		**10,621**	11,103
Other income and gains		**99,612**	4,957
Selling and distribution expenses		**(14,236)**	(16,714)
Administrative expenses		**(108,057)**	(25,433)
Loss from operation		**(12,060)**	(26,087)
Finance costs	*5*	**(10,115)**	(8,700)
Share of profit of associates		**2,113**	5,138
Loss on fair value change on derivative financial assets		**–**	(12,147)
Gain/(loss) on disposal of subsidiaries		**624**	(40)
Loss before tax	*4*	**(19,438)**	(41,836)
Income tax (expenses)/credit	*6*	**(22,421)**	16
Loss from continuing operations		**(41,859)**	(41,820)
Discontinued operations			
Profit from discontinued operations, net of tax	*7*	**56,751**	142,879

	Notes	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR		**14,892**	101,059
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange differences upon disposal of subsidiaries		**(5,339)**	(38,124)
Exchange differences arising on translation of foreign operations		**(44,643)**	555
Total comprehensive (loss)/income for the year		**(35,090)**	63,490
Profit/(loss) attributable to:			
Owners of the parent		**19,412**	117,810
Non-controlling interests		**(4,520)**	(16,751)
		14,892	101,059
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(30,170)**	80,530
Non-controlling interests		**(4,920)**	(17,040)
		(35,090)	63,490
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(Restated)
Basic and diluted	*9*		
From continuing and discontinued operations		**HK0.51 cents**	HK3.87 cents
From continuing operations		**HK(0.98) cents**	HK(1.32) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**66,761**	15,715
Investment property		**88,370**	–
Available-for-sale investments		**76,252**	–
Loan receivable		**13,700**	–
Goodwill		**3,169**	–
Other intangible assets		**2,271**	2,522
Interests in associates		**276,276**	84,577
Total non-current assets		**526,799**	102,814
CURRENT ASSETS			
Inventories		**28,676**	35,389
Trade receivables	*10*	**11,835**	8,925
Prepayments, deposits and other receivables		**205,852**	238,994
Due from non-controlling shareholders of subsidiaries		**14,100**	–
Due from related parties		**41,346**	15,271
Loan receivables		**23,305**	–
Derivative financial instruments		**–**	7,745
Cash and cash equivalents		**363,300**	79,150
		688,414	385,474
Assets of disposal groups classified as held for sale	*7*	**–**	17,191
Total current assets		**688,414**	402,665
CURRENT LIABILITIES			
Trade payables	*11*	**5,708**	9,211
Other payables and accruals		**57,500**	9,248
Interest-bearing bank and other borrowings		**105,643**	61,216
Due to related parties		**12,781**	11,136
Tax payable		**288**	5,371
		181,920	96,182
Liabilities directly associated with the assets classified as held for sale	*7*	**–**	18,899
Total current liabilities		**181,920**	115,081

	Notes	2015 *HK$'000*	2014 *HK$'000*
NET CURRENT ASSETS		**506,494**	287,584
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,033,293**	390,398
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**21,495**	89
Convertible bonds	*12*	**–**	92,406
Total non-current liabilities		**21,495**	92,495
Net assets		**1,011,798**	297,903
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**233,664**	162,669
Reserves		**773,188**	131,119
		1,006,852	293,788
Non-controlling interests		**4,946**	4,115
Total equity		**1,011,798**	297,903

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments are stated at their fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied a number of new and revised HKFRSs issued by the HKICPA that are mandatorily effective for an accounting period that begins on or after 1 January 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of these new and revised HKFRSs and new interpretation of HK (IFRIC) has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these 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 ethanol segment is engaged in the production and sale of ethanol products and ethanol by-products (this segment was classified as discontinued operations);

(b) the wine and liquor segment is engaged in the sale and distribution of wine and liquor; and

(c) the sales of green food products segment is engaged in wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food manufactured by Heilongjiang Beidahuang Agribusiness Group Corporation;

(d) the animal feed segment is engaged in the production and sale of forages;

(e) the logistic warehouse segment is engaged in the leasing of logistic facilities in Hong Kong; and

(f) the money lending segment is engaged in the provision of money leading services.

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.

Segment assets exclude pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, amounts due to related parties and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Wine and liqour *HK$'000*	Sales of green food products *HK$'000*	Animal feed *HK$'000*	Logistic warehouse *HK$'000*	Money lending *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Total *HK$'000*
Year ended 31 December 2015								
Segment revenue:								
Sales to external customers	46,690	727,291	–	9,526	2,193	785,700	–	785,700
Other revenue	48,759	48,795	–	–	1,108	98,662	256	98,918
	95,449	776,086	–	9,526	3,301	884,362	256	884,618
Segment results	26,585	58,730	–	(5,689)	1,480	81,106	(105)	81,001
Reconciliation:								
Interest income						105	–	105
Unallocated other operating income						845	–	845
Corporate and other unallocated expenses						(92,003)	–	(92,003)
Finance costs						(10,115)	–	(10,115)
Gain on disposal of subsidiaries *(note 13)*						624	56,856	57,480
(Loss)/profit before tax						(19,438)	56,751	37,313
Income tax expenses						(22,421)	–	(22,421)
(Loss)/profit for the year						(41,859)	56,751	14,892
Segment assets	400,060	433,846	–	52,715	228,310	1,114,931	–	1,114,931
Reconciliation:								
Elimination of intersegment receivables						(68,201)	–	(68,201)
Corporate and other unallocated assets						168,483	–	168,483
Total assets						1,215,213	–	1,215,213
Segment liabilities	110,488	149,533	–	7,198	463	267,682	–	267,682
Reconciliation:								
Elimination of intersegment payables						(68,201)	–	(68,201)
Corporate and other unallocated liabilities						3,934	–	3,934
Total liabilties						203,415	–	203,415
Other segment information								
Share of profit of assoicates						2,113	–	2,113
Gain on disposal of subsidiaries						624	56,856	57,480
Reversal of provision for inventories						315	–	315
Depreciation and amortisation						4,942	–	4,942
Interests in associates						276,276	–	276,276
Capital expenditure*						93,968	–	93,968

	Wine and liquor *HK$'000*	Animal feed *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*	Total *HK$'000*
Year ended 31 December 2014					
Segment revenue:					
Sales to external customers	80,004	–	80,004	115,256	195,260
Other revenue	4,891	–	4,891	12,525	17,416
	84,895	–	84,895	127,781	212,676
Segment results	(9,816)	(72)	(9,888)	(47,858)	(57,746)
Reconciliation:					
Interest income			66	3	69
Corporate and other unallocated expenses			(23,274)	–	(23,274)
Finance costs			(8,700)	(13,816)	(22,516)
(Loss)/gain on disposal of subsidiaries *(note 13)*			(40)	204,550	204,510
(Loss)/profit before tax			(41,836)	142,879	101,043
Income tax credit			16	–	16
(Loss)/profit for the year			(41,820)	142,879	101,059
Segment assets	500,501	14,253	514,754	17,191	531,945
Reconciliation:					
Elimination of intersegment receivables			(35,775)	–	(35,775)
Corporate and other unallocated assets			9,309	–	9,309
Total assets			488,288	17,191	505,479
Segment liabilities	128,560	56	128,616	18,899	147,515
Reconciliation:					
Elimination of intersegment payables			(35,775)	–	(35,775)
Corporate and other unallocated liabilities			95,836	–	95,836
Total liabilities			188,677	18,899	207,576
Other segment information					
Share of profit of associates			5,138	–	5,138
(Loss)/gain on disposal of subsidiaries			(40)	204,550	204,510
Provision for inventories			1,077	–	1,077
Depreciation and amortisation			1,772	16,946	18,718
Interests in associates			84,577	–	84,577
Capital expenditure*			301	33	334

* Capital expenditure consists of additions to property, plant and equipment and investment property.

Geographical information

Over 90% of the Group's customers are located in Mainland China and revenue of the Group is mainly derived from operations in Mainland China. The management considers that it is impracticable to allocate the assets, revenue and segment results to geographical locations.

Information about a major customer

During the year, there was no external customer accounted for 10% or more of the Group's total revenue of continuing operations (2014: Nil). No revenue from discontinued operations during the year (2014: HK$30,700,000) was derived from sales to a single customer.

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Cost of inventories sold	**763,119**	67,824
Depreciation	**4,797**	1,625
Amortisation of other intangible assets	**145**	147
Minimum lease payments under operating leases in respect of land and buildings	**7,409**	6,151
Auditor's remuneration	**1,070**	1,120
Employee benefit expense (including directors' emoluments):		
Wages and salaries	**11,804**	12,597
Equity-settled share option expense	**80,287**	2,602
Pension scheme contributions	**1,071**	933
	93,162	16,132
Other expenses:		
Loss on fair value change on derivative financial assets	**–**	12,147
Foreign exchange differences, net	**(1,108)**	–
Provision for inventories*	**–**	1,077
Reversal of provision for inventories	**(315)**	–
Loss on disposal of items of property, plant and equipment	**18**	14
(Gain)/loss on disposal of subsidiaries	**(624)**	40
Interest income	**(105)**	(66)
Fair value gain on available-for-sale investments	**(34,592)**	–
Valuation gain on investment properties	**(53,299)**	–

	2015	2014
	HK$'000	*HK$'000*
Discontinued operations		
Cost of inventories sold	**–**	147,850
Depreciation	**–**	15,856
Amortisation of prepaid land lease payments	**195**	896
Amortisation of other intangible assets	**–**	194
Employee benefit expense (including directors' emoluments):		
Wages and salaries	**–**	4,073
Pension scheme contributions	**–**	1,132
	–	5,205
Loss on disposal of items of property, plant and equipment	**–**	47
Gain on disposal of subsidiaries	**(56,856)**	(204,550)
Interest income	**–**	(3)

* The provision for inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans and other loans wholly repayable within five years	**7,091**	5,818
Imputed financial cost on convertible bond	**3,024**	2,882
	10,115	8,700
Discontinued operations		
Interest on bank loans and other loans wholly repayable within five years	**–**	3,429
Interest on trade payables	**–**	10,387
	–	13,816

6. INCOME TAX

During the year, no Hong Kong profits tax has been provided as there was no assessable profit arising from Hong Kong (2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the Mainland China in which the Group operates.

	2015	2014
	HK$'000	*HK$'000*
Current	**93**	–
Deferred	**22,328**	(16)
Total tax expenses/(credit) for the year	**22,421**	(16)

7. DISCONTINUED OPERATIONS

(i) On 24 February 2014, a wholly-owned subsidiary of the Company (the "**Vendor**"), entered into the Agreement with the Zhaodong Beidahuang Biotechnology Limited and Linxiang Huayin Changjiang Small and Medium Enterprises Guarantee Limited (the "**Purchasers**"), whereby the Purchasers have conditionally agreed to purchase and the Vendor has conditionally agreed to sell the 75% equity interest in Harbin China Distillery Company Limited held by the subsidiary at the consideration of RMB40 million. The ordinary resolution to approve the disposal of Harbin China Distillery Company Limited was duly passed by the shareholders by way of poll at the adjourned EGM held on 6 June 2014 and after that date, Harbin China Distillery Company Limited ceased to be the subsidiary of the Group. All the conditions precedent to completion have been satisfied and completion took place on 18 June 2014. Details of the completion of the disposal could be referred to the announcement published on the same date.

(ii) On 26 March 2014, BAPP Ethanol Holdings Limited (the "**BAPP**"), a wholly-owned subsidiary of the Group, entered into the Agreement with an independent third party (the "**Purchaser**"), the BAPP has conditionally agreed to sell all 100% equity interest in the BAPP (Northwest) Limited held by the BAPP, which hold 100% equity interest of Ningxia West Bright New Resource Technology Company Limited at the consideration of RMB40 million (the "**Disposal of BAPP**"). All the conditions precedent to completion have been satisfied and completion took place on 15 June 2015. Details of the completion of the disposal could be referred to the announcement published on the same date.

The results of the discontinued operations for the year are presented below:

	2015	2014
	HK$'000	*HK$'000*
Revenue	**256**	127,784
Expenses	**(361)**	(175,639)
Finance costs	**–**	(13,816)
Loss before tax from the discontinued operations	**(105)**	(61,671)
Income tax	**–**	–
Loss for the year from the discontinued operations	**(105)**	(61,671)
Add: Gain on disposal of discontinued operations *(note 13)*	**56,856**	204,550
Profit from discontinued operations, net of tax	**56,751**	142,879

The major classes of assets and liabilities of the discontinued operations classified as held for sale as at 31 December are as follows:

	2015	2014
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	–	615
Prepaid land lease payments	–	15,831
Inventories	–	38
Prepayments, deposit and other receivables	–	615
Due from related parties	–	75
Cash and cash equivalents	–	17
Assets of disposal groups classified as held for sale	–	17,191
Liabilities		
Other payables and accruals	–	7,762
	–	7,762
Non-current Liabilities		
Deferred income	–	11,137
Liabilities directly associated with the assets classified as held for sale	–	18,899
Net liabilities directly associated with the disposal groups	–	1,708

At 31 December 2015, the Group does not have any discontinued operations.

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares for both years are adjusted for bonus issue completed on 7 January 2016.

For continuing and discontinued operations

	2015	2014 (Restated)
Profit attributable to the equity holders of the Company *(HK$'000)*	**19,412**	117,810
Weighted average number of ordinary shares in issue *('000)*	**3,801,032**	3,046,970
Basic earnings per share *(HK cents)*	**0.51**	3.87

For continuing operations

	2015	2014 (Restated)
Profit attributable to the equity holders of the Company *(HK$'000)*	**19,412**	117,810
Add: Profit attributable to the equity holders of the Company from discontinued operations *(HK$'000)*	**(56,751)**	(158,057)
Loss attributable to the equity holders of the Company from continuing operations *(HK$'000)*	**(37,339)**	(40,247)
Weighted average number of ordinary shares in issue *('000)*	**3,801,032**	3,046,970
Basic loss per share *(HK cents)*	**(0.98)**	(1.32)

For discontinued operations

Basic earnings per share

	2015	2014 (Restated)
Profit attributable to the equity holders of the Company from discontinued operations *(HK$'000)*	**56,751**	158,057
Weighted average number of ordinary shares in issue *('000)*	**3,801,032**	3,046,970
Basic earnings per share *(HK cents)*	**1.49**	5.19

No diluted earnings/(loss) per share has been presented for the years ended 31 December 2015 and 31 December 2014 as there was no dilutive potential ordinary share outstanding during the year and the exercise price of the Company's outstanding share options was higher than the average market price for the Company's share during the year.

10. TRADE RECEIVABLES

Other than the cash and credit card 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. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

None of the trade receivables is impaired. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**3,962**	8,087
1 to 2 months	**1,299**	178
2 to 3 months	**1,288**	498
Over 3 months	**5,286**	162
	11,835	8,925

11. TRADE PAYABLES

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**2,016**	8,469
1 to 2 months	**546**	–
2 to 3 months	**83**	–
Over 3 months	**3,063**	742
	5,708	9,211

The trade payables are non-interest-bearing and are normally settled on 30-day terms (2014: 30-day terms).

All the trade payables are denominated in Renminbi.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

Convertible bonds

The Group issued convertible bonds with a coupon rate of 8% per annum at a total principal value of HK$89,600,000 on 7 August 2014 to an independent third party (the "**bondholder**"). The convertible bonds will mature at 6 February 2016 at its principal amount or can be converted into 128,000,000 shares at the bondholder's option at rate of HK$0.7 per share.

The convertible bonds comprise liability component, conversion component and early redemption option. The effective interest rate of the liability component on initial recognition is 8.2% per annum. Conversion may occur at any time between 7 August 2014 and 6 February 2016. If the bonds have not been converted, they will be redeemed on 6 February 2016. The Company may at any time redeem the outstanding principal amount of the bonds at face value together with the accrued and unpaid coupon on the principal amount to be redeemed. Coupon of 8% per annum will be paid semi-annually to the bondholder.

The convertible bonds recognised in the consolidated statement of financial position are as follows:

	HK$'000
Proceed of issue	89,600
Less: Equity conversion component	(19,968)
Add: Derivative financial assets	19,892
Liability component on initial recognition at 7 August 2014	89,524

The movement of liability component of convertible bonds is as follows:

	HK$'000
Liability component on initial recognition at 7 August 2014	89,524
Add: Imputed finance cost	2,882
Liability component at 31 December 2014	92,406
Liability component at 1 January 2015	92,406
Add: Imputed finance cost	3,024
Less: Interest paid/payable	(5,906)
Conversion of shares	(89,524)
Liability component at 31 December 2015	–

13. DISPOSAL OF SUBSIDIARIES

(i) The Group disposed the entire issued capital held of BAPP (Northwest) Limited ("**BAPP Northwest**") to an independent third party for a cash consideration of RMB40,000,000. On 15 June 2015, BAPP completed the disposal of BAPP Northwest and the Group lost the control of BAPP Northwest and its wholly owned subsidiary Ningxia West Bright New Resource Technology Company Limited. The two disposed companies were the discontinued operations of the Group (Note 7).

	2015
	HK$'000
Total consideration	**49,659**
Less: Net liabilities including in assets of disposed groups of:	
Property, plant and equipment	**613**
Prepaid land lease payments	**15,655**
Inventories	**38**
Prepayments, deposits and other receivables	**615**
Due from related parties	**75**
Cash and cash equivalents	**13**
Other payables and accruals	**(7,931)**
Deferred income	**(10,895)**
	(1,817)
Add: Release of exchange difference upon disposal	**5,380**
Gain on disposal of subsidiaries	**56,856**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

	2015
	HK$'000
Cash consideration	**49,659**
Cash and cash equivalents disposed of	**(13)**
Net inflow of cash and cash equivalents in respect of the disposal	**49,646**

(ii) On 12 June 2015, the Company entered into an agreement with an independent third party, pursuant to which the Company agreed to sell all its 100% equity interest in Bio-Dynamic China Limited for a cash consideration of HK$1,000,000. Upon the completion of the disposal, the Group lost the control of Bio-Dynamic China Limited and its wholly owned subsidiary Harbin Niu Wang Muye Management Company Limited.

	2015
	HK$'000
Total consideration	**1,000**
Less: Net liabilities including in assets of disposed groups of:	
Property, plant and equipment	**293**
Prepayments, deposits and other receivables	**92**
Cash and cash equivalents	**6**
Other payables and accruals	**(56)**
	335
Add: Release of exchange difference upon disposal	**(41)**
Gain on disposal of subsidiaries	**624**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

	2015
	HK$'000
Cash consideration	**1,000**
Cash and cash equivalents disposed of	**(6)**
Net inflow of cash and cash equivalents in respect of the disposal	**994**

(iii) In 2014, the Group disposed the entire issued capital held of Harbin China Distillery Company Limited ("**Harbin China**") to independent third parties for a cash consideration of RMB40,000,000. The ordinary resolution to approve the disposal was duly passed by the shareholders by way of poll at the adjourned EGM held on 6 June 2014 and after that date, Harbin China ceased to be the subsidiary of the Group.

	2014
	HK$'000
Total consideration	**50,352**
Less: Net liabilities including in assets of disposed groups of:	
Property, plant and equipment	**180,275**
Prepaid land lease payments	**15,679**
Other intangible assets	**8,876**
Inventories	**18,152**
Trade and bills receivables	**3,330**
Prepayments, deposits and other receivables	**11,519**
Cash and cash equivalents	**3,036**
Trade and bills payables	**(125,068)**
Other payables and accruals	**(97,272)**
Due to related parties	**(53,684)**
Due to a non-controlling shareholder of a subsidiary	**(31,638)**
Interest-bearing bank and other borrowings	**(92,006)**
	(158,801)
Add: Release of exchange difference upon disposal	**38,101**
Add: Non-controlling interests upon disposal	**(42,704)**
Gain on disposal of the subsidiary	**204,550**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

	2014
	HK$'000
Cash consideration	**50,352**
Cash and cash equivalents disposed of	**(3,036)**
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	**47,316**

(iv) On 16 December 2014, the Group disposed off the entire issued share capital of Ningxia Kelong Industrial Company Limited to an independent third party for a cash consideration of RMB6,000,000.

	2014
	HK$'000
Total consideration	**7,496**
Less: Net assets of the subsidiary upon disposal	
Property, plant and equipment	**1,614**
Inventories	**5,307**
Prepayment, deposits and other receivables	**4,490**
Cash and cash equivalents	**8**
Other payables and accruals	**(31)**
	11,388
Add: Release of exchange difference upon disposal	**23**
Add: Non-controlling interests upon disposal	**4,296**
Less: Goodwill eliminated upon disposal	**(467)**
Loss on disposal of the subsidiary	**(40)**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	2014
	HK$'000
Cash consideration	**7,496**
Cash and bank balances disposed of	**(8)**
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	**7,488**

14. ACQUISITION OF A SUBSIDIARY

On 25 August 2014, Shenzhen Meiming Wenshi Trading Limited ("**SZMM**"), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with independent third parties whereby the Company has agreed to acquire 50% equity interest in Shenzhen Beidahuang Green Food Distribution Limited ("**SZBDH**") from the vendors at an aggregate consideration of RMB2.5 million. The transaction has completed on 4 March 2015 and after that day, the SZBDH becomes a subsidiary of the Group.

It is principally engaged in the wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food manufactured by Heilongjiang Beidahuang Agribusiness Group Corporation.

The fair value of the identifiable assets and liabilities of SZBDH as at date of acquisition were as follows:

	2015
	HK$'000
Property, plant and equipment	**38**
Inventories	**937**
Trade and bills receivable	**275**
Prepayment, deposits and other receivables	**10,955**
Cash and cash equivalents	**688**
Trade and bills payable	**(38)**
Other payables and accruals	**(13,244)**
Total identifiable net liabilities	**(389)**
Add: Non-controlling interest upon acquisition	**194**
Total identifiable net liabilities subject to acquisition	**(195)**
Goodwill on acquisition	**3,322**
Satisfied by cash consideration	**3,127**

An analysis of the cash flows in respect of the acquisitions of SZBDH is as follows:

	2015
	HK$'000
Cash consideration	**3,127**
Cash and bank balances acquired	**(688)**
Net outflow of cash and cash equivalents included in cash flows used in investing activities	**2,439**

Impact of acquisition on the results of the Group

SZBDH contributed turnover of approximately HK$704,185,000 and net profit of approximately of HK$922,000 respectively to the Group for the period from the acquisition date to 31 December 2015.

If the acquisition had been completed on 1 January 2015, SZBDH would have contributed turnover of approximately HK$796,519,000 and net profit of approximately HK$1,071,000 respectively to the Group for the year ended 31 December 2015.

The unaudited pro-forma financial information set out above is for illustrative purpose only on the effect of the acquisition of SZBDH having been completed at the beginning of the year ended 31 December 2015. The unaudited pro-forma financial information set out above is not necessarily an indication of turnover and results of the continuing operations of the Group nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended 31 December 2015 ("**Year**"), the Group's revenue from the continuing operations amounted to approximately HK$785.70 million (2014: HK$80.00 million), representing an increase of 882.13% over last year. Gross profit for the continuing operations of the Group was approximately HK$10.62 million (2014: HK$11.10 million). The loss (net of tax) from continuing operations was approximately HK$41.86 million (2014: 41.82 million) and the gain from discontinued operations (net of tax) was approximately HK$56.75 million (2014: 142.88 million). Profit attributable to owners of the parent was approximately HK$19.41 million (2014: HK$117.81 million). Profit per share from continuing operations and discontinued operations for the Year was HK0.51 cents (2014 restated: HK3.87 cents).

The Group will continue to implement cost control and focus on utilising existing resources to further strengthen and grow its businesses, both organically and through acquisitions when appropriate opportunities arise. The Group also plans to diversify its business portfolio and will explore any good investment opportunity with major focus in the People's Republic of China (the "**PRC**") and Hong Kong. The Group will carefully select suitable investments, which will be operated with experienced business partners.

Segment Information

Wine and Liquor Business

The Group's wine and liquor business is principally engaged in the sale and distribution of wine and liquor in the PRC. Currently, the Group operates a retail and distribution network for wine and liquor in Guangzhou, Harbin and Hunan Provinces of the PRC. The Group has 7 wine and liquor specialty stores and 19 franchise stores in Guangzhou.

The Group is the exclusive distributor of Diancang Jiugui and Meiming Wenshi in the PRC until May 2020.

This business segment has been hit by the PRC government's crackdown on anti-corruption and limitation on extravagant spending in government departments and state-owned institutions and enterprises and the plasticizer contamination scandal since 2012. The operating environment of the liquor industry in the PRC remained difficult during the Year. The Group will closely monitor the market conditions and trends and adopt corresponding measures of risk management to mitigate the negative impacts. Meanwhile, the Group will continue to optimise the product mix and focus on higher margin products to drive its business growth. Apart from strengthening the existing markets, the Group will endeavour to expand its retail and distribution network to other parts of the PRC.

Owing to the PRC government's policy, revenue of the wine and liquor business declined by 41.64% to approximately HK$46.69 million (2014: HK$80.00 million) during the Year, accounting for 5.94% (2014: 40.97%) of the total revenue. Gross profit of this business segment was approximately HK$6.71 million (2014: HK$11.10 million), representing a decrease of 39.54% from last year.

Sales of Green Food Products Business

On 25 August 2014, 深圳市美名問世商貿有限公司 (Shenzhen Meiming Wenshi Trading Limited*, "**SZMM**"), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with 北大荒營銷股份有限公司 (Beidahuang Marketing Co. Ltd.*, "**Beidahuang Marketing Co.**") and Mr. Hu Guang Sheng (as vendors) whereby (i) the Company has conditionally agreed to acquire 10% equity interest in 深圳北大荒綠色食品配送有限公司 (Shenzhen Beidahuang Green Food Distribution Limited*, "**SZBDH**") from Beidahuang Marketing Co. and (ii) the Company has conditionally agreed to acquire 40% equity interest in SZBDH from Mr. Hu Guang Sheng at an aggregate consideration of RMB2.5 million. The transaction was completed on 4 March 2015 and accordingly, SZBDH has become a subsidiary of the Company.

The sales of green food products business recorded a revenue of approximately HK$727.29 million, accounting for 92.57% of the total revenue. Gross profit of this business segment for the Year was approximately HK$4.5 million.

Logistic Warehouse Business

On 13 May 2015, China Silver Group Holdings Limited, a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with other independent third parties to form a joint venture company in Hong Kong to engage in leasing of logistics warehousing facilities in Hong Kong.

* *For identification purposes only*

The logistic warehouse business recorded a revenue of approximately HK$9.53 million, accounting for 1.2% of the total revenue. Gross loss of this business segment for the Year was approximately HK$2.43 million since some of the facilities are still under construction.

Money Lending Business

The wholly-owned subsidiary of the Company incorporated in PRC has engaged in the money lending business in PRC. The money lending business recorded a revenue of HK$2.20 million, accounting for 0.28% of the total revenue. Gross profit of this business segment for the year was approximately HK$2.19 million.

Ethanol and Animal Feed Business

On 26 March 2014, BAPP Ethanol Holdings Limited ("**BAPP**"), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which BAPP has conditionally agreed to sell all its 100% equity interest in BAPP (Northwest) Limited ("**BAPP Northwest**"), which held 100% equity interest of 寧夏西部光彩新能源高新技術有限公司 (Ningxia West Bright New Resource Technology Co., Ltd.*, "**Ningxia West**") at a consideration of RMB40 million ("**BAPP Disposal**"). As BAPP Northwest represented the entire ethanol business segment of the Group, the Group reclassified the entire ethanol business segment as assets held for sale as at 31 December 2014. The revenue, cost of sales and various expenses related to the entire ethanol business segment for the year ended 31 December 2014 was included in the profit/(loss) from discontinued operations (net of tax) in the consolidated statement of profit or loss and other comprehensive income for the Year. The BAPP Disposal was completed on 15 June 2015.

On 12 June 2015, the Company entered into an agreement with an independent third party, pursuant to which the Company has agreed to sell all its 100% equity interest in Bio-Dynamic China Limited, which held 100% equity interest of 哈爾濱牛旺牧業管理有限公司 (Harbin Niu Wang Muye Management Company Limited*), at a consideration of HK$1 million ("**Bio-Dynamic Disposal**"). The Bio-Dynamic Disposal was completed on 12 June 2015.

Following the BAPP Disposal and the Bio-Dynamic Disposal, the ethanol and animal feed business segments were officially terminated during the Year.

* *For identification purposes only*

Change of Company Name and Company Website

Since 6 May 2015, the Company's English and Chinese names have been changed to "China Beidahuang Industry Group Holdings Limited" and "中國北大荒產業集團控股有限公司" respectively. Since 11 May 2015, the website of the Company has been changed to http://www.irasia.com/listco/hk/chinabeidahuang.

Change of Hong Kong Branch Share Registrar and Transfer Office

Since 3 June 2015, the Hong Kong Branch Share Registrar and Transfer Office of the Company has been changed to Union Registrars Limited.

Change of Head Office and Principal Place of Business in Hong Kong

Since 17 January 2015, the head office and principal place of business of the Company in Hong Kong has been changed to Unit 1001E, 10/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong and subsequently changed to Unit 1302B, 13/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong on 15 February 2016.

Acquisition and Disposals of Subsidiaries

Acquisition

On 25 August 2014, SZMM entered into a share transfer agreement with Beidahuang Marketing Co. and Mr. Hu Guang Sheng (as vendors) whereby (i) the Company has conditionally agreed to acquire 10% equity interest in SZBDH from Beidahuang Marketing Co. and (ii) the Company has conditionally agreed to acquire 40% equity interest in SZBDH from Mr. Hu Guang Sheng at an aggregate consideration of RMB2.5 million. The transaction was completed on 4 March 2015 and accordingly, SZBDH has become a subsidiary of the Company. Following the completion, the registered capital of SZBDH was increased from RMB0.5 million to RMB10 million.

Disposals

(i) On 26 March 2014, BAPP entered into an agreement with an independent third party, pursuant to which BAPP has conditionally agreed to sell all its 100% equity interest in BAPP Northwest, which held 100% equity interest of Ningxia West at a consideration of RMB40 million. The BAPP Disposal was completed on 15 June 2015. After that day, BAPP Northwest ceased to be a subsidiary of the Company.

(ii) On 12 June 2015, the Company entered into an agreement with an independent third party, pursuant to which the Company has agreed to sell all its 100% equity interest in Bio-Dynamic China Limited, which held 100% equity interest of 哈爾濱牛旺牧業管理有限公司 (Harbin Niu Wang Muye Management Company Limited*), at a consideration of HK$1 million. The Bio-Dynamic Disposal was completed on 12 June 2015.

Business Prospects

The Group will continue to explore new markets and step up promotion and marketing efforts to expand the existing business. The Group will also look for other potential businesses and related profitable businesses for acquisition.

Memorandum of Understanding

(i) On 12 August 2013, the Company entered into a non-legally binding memorandum of understanding ("**MOU**") with an independent third party ("**Vendor**") pursuant to which the Company intended to acquire and the Vendor intended to sell 100% of the issued share capital of a company (the "**Target**") ("**Possible Acquisition**"). The Target and its subsidiary ("**Target Group**") are in the process of acquiring a company incorporated in the PRC which is holding a piece of multi-purpose agricultural land (the "**Land**") in the Yinchuan City of Ningxia Province, the PRC. The Company intended to acquire the Land for the development of an Eco pasture base.

Pursuant to the MOU (as extended by three extension agreements dated 24 February 2014, 22 August 2014 and 23 February 2015), the Vendor and the Company would negotiate in good faith the terms of a formal agreement for the Possible Acquisition on or before 22 August 2015 (the "**Relevant Period**"). The MOU would terminate upon expiry of the Relevant Period or the execution of the formal agreement. As announced on 21 August 2015, the parties intended not to enter into the formal agreement on or before 22 August 2015 and would not further extend the MOU. The MOU lapsed on 23 August 2015.

(ii) The Company entered into two letters of intent on 21 October 2015 ("**LOI 1**" and "**LOI 2**" and collectively as the "**LOI**") separately with two parties ("**Vendors**") which are third parties independent of the Company and its connected persons (as defined under the Listing Rules) in relation to the possible acquisitions ("**Possible Acquisitions**") of certain equity interests in two companies ("**Target Company 1**" and "**Target Company 2**" and collectively as "**Target Companies**").

The Company also entered into a letter of intent on 22 October 2015 in relation to the possible investment ("**Possible Investment**').

Target Company 1 is principally engaged in general construction contracting for housing and building projects and general construction contracting for municipal public projects.

Target Company 2 is principally engaged in sales of lighting equipment and urban and road lighting engineering contracting.

The Possible Acquisitions were subject to certain conditions, one of which was that Target Company 1 and Target Company 2 could win a bid for the PPP Projects.

On 17 December 2015, the Target Companies won the bid for the PPP Projects.

On 1 March 2016, the Company entered into the First Share Transfer Agreement with the owner of Target Company 1 whereby the Company has conditionally agreed to acquire and the owner of Target Company 1 has conditionally agreed to sell 51% equity interest in Target Company 1 at a consideration of RMB35 million.

On 1 March 2016, the Company entered into the Second Share Transfer Agreement with the owner of Target Company 2 whereby the Company has conditionally agreed to acquire and the owner of Target Company 2 has conditionally agreed to sell 51% equity interest in Target Company 2 at a consideration of RMB50 million.

The First Share Transfer Agreement and the Second Share Transfer Agreement are not interconditional upon one another.

Subsequent to the end of the reporting year, the precedent conditions to the First and Second Transfer Agreements were fulfilled and the completion of the two agreements took place on 24 March 2016. As the Target Companies have become the subsidiaries of the Group, the Group can become eligible to participate in the PPP Projects.

(iii) On 22 December 2015, subjected to the fulfilment of the conditions precedent, an indirect wholly owned subsidiary of the Company has signed a joint venture agreement ("**JV Agreement**") with an independent third party to establish a joint venture company on a 49:51 basis for the development and the operation of a logistic industrial park in Shenzhen, the PRC. In the event that the conditions precedent to the JV Agreement are not fulfilled on or before 31 March 2016 (or such other date as may be agreed between both parties), the JV Agreement shall lapse and shall cease to have any force and effect and the parties will be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Details of the above JV Agreement were disclosed in the announcement of the Company dated 22 December 2015.

(iv) On 30 December 2015, the Company and Zhongfa Junrong Technology Joint Stock Company*（中發軍融科技股份公司）entered into a strategic co-operation framework agreement, pursuant to which the parties shall cooperate and explore the possibility of developing production industrial parks and logistic industrial parks in the PRC by way of joint venture arrangements. As at the date of this announcement, there is no joint venture agreement signed.

(v) On 26 January 2016, the Company signed a strategic co-operation framework agreement with Party A and Party B. Party A is a municipal city government in Jishou, Hunan Province, the PRC and Party B is a limited company incorporated in the PRC and principally engaged in integrated property development and investments. Pursuant to the said agreement, the parties shall co-operate and explore the possibility of expediting certain municipal projects (including city infrastructure facility constructions, road and railway constructions, and lighting) and developing production industrial parks in Jishou, Hunan Province, the PRC ("**PPP Projects**") by way of joint venture arrangements. It is expected that the Group's investment return from participating in the PPP Projects in Jishou would be relatively secured and promising. As at the date of this announcement, there is no formal agreement signed.

Business Co-operation

As announced on 28 January 2014, the Group has started to explore co-operation opportunity with 中電華通通信有限公司 (CECT-Chinacomm Communications Co., Limited*, "**CECT-Chinacomm**"), a company incorporated in the PRC with limited liability. CECT-Chinacomm and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons. CECT-Chinacomm has the development right in respect of a parcel of land in the Beijing Economic and Technological Development Area and will construct a project known as Beijing Wireless Broadband Industrial Park (the "**Project**") on the parcel of land. An indirect subsidiary of CECT-Chinacomm is appointed as the operating company of the Project, and has legally obtained the Land Use Right Certificate, the Planning Permit and the Construction Land Use Permit.

* *For identification purposes only*

The co-operation is still in the discussion stage and no formal agreement has been entered into by the parties at the date of this announcement. The Board expects that the Company will be able to join CECT-Chinacomm and its subsidiary to develop the Project for commercial benefits.

Formation of Joint Venture Company

(i) On 22 January 2015, SZMM entered into a joint venture agreement (the "**JV Agreement 1**") with 深圳市深達恒業貿易有限公司 (Shenzhen Shenda Hengye Trading Company Limited*, "**Hengye**"), pursuant to which SZMM and Hengye agreed to form a joint venture company, namely 深圳市大荒緣電子商務有限公司 (Shenzhen Dahuangyuan E-Commerce Company Limited*, "**Shenzhen Dahuangyuan**"). Shenzhen Dahuangyuan will be principally engaged in the E-commerce business in Qianhai area in the PRC, which principally includes food trading and electrical and mechanical equipment business. Pursuant to the JV Agreement 1, the total registered capital of Shenzhen Dahuangyuan will be RMB200 million and SZMM has already contributed RMB60 million, representing 30% of total registered capital of Shenzhen Dahuangyuan.

The PRC policy became favorable to E-commerce business, together with various favorable policies in the Qianhai area. Through the establishment of Shenzhen Dahuangyuan, the Company is able to diversify its existing business into the E-commerce business.

(ii) On 13 May 2015, China Silver Group Holdings Limited (a wholly-owned subsidiary of the Company) entered into a shareholders' agreement ("**JV Agreement 2**") with other independent third parties to form a joint venture company in Hong Kong to engage in leasing of logistics warehousing facilities in Hong Kong. By entering into the JV Agreement 2, the Company is able to diversify its existing business to include leasing of logistics facilities and the related businesses.

* *For identification purposes only*

(iii) On 18 August 2015, a joint venture company named 寧夏大荒園新能源農業科技發展有限公司 (Ningxia Dahuangyuan New Energy Agricultural Science and Technology Development Co., Ltd.*, "**Ningxia Dahuangyuan**") was established by SZMM, 寧夏聖地商貿有限公司 (Ningxia Shengdi Trading Co., Ltd.*, "**Ningxia Shengdi**") and Ningxia West. Ningxia Dahuangyuan will be principally engaged in agricultural cultivation, and processing, development and sales of agricultural products. Each of the joint venture parties will utilize its own resources and professional skills in the operation and management of Ningxia Dahuangyuan. Ningxia Shengdi has a multi-purpose agriculture land and substantial experience in operating farm and agricultural cultivation, Ningxia West has its own processing factory and the Group has fund and distribution and sales channels. The establishment of Ningxia Dahuangyuan represents a significant step for the Group to extend its business into the agricultural cultivation. Ningxia Dahuangyuan is expected to complement and create synergy with the Group's existing business. The Directors believe that the formation of strategic alliance by establishing Ningxia Dahuangyuan with Ningxia Shengdi and Ningxia West will effectively optimise the Group's business model and further enhance its competitiveness in the food industry. Based on the capital contribution by each of the joint venture parties, SZMM, Ningxia West and Ningxia Shengdi hold approximately 97.82%, 1.09% and 1.09% of the equity interest of Ningxia Dahuangyuan respectively. Accordingly, Ningxia Dahuangyuan is a non-wholly owned subsidiary of the Company.

SZMM intends to contribute all the required capital to Ningxia Dahuangyuan within 5 years after the establishment of Ningxia Dahuangyuan. As informed by Ningxia West and Ningxia Shengdi, each of them intends to complete its full contribution in kind to Ningxia Dahuangyuan within 1 year after the establishment of Ningxia Dahuangyuan.

* *For identification purposes only*

Other Information

Subscription of New Shares under General Mandate

(i) On 10 April 2015, the Company entered into subscription agreements separately with each of the 14 independent subscribers for the subscription of an aggregate of 150,000,000 new shares in the Company at the subscription price of HK$0.73 per share ("**April Subscription**").

The April Subscription was completed on 30 April 2015 and the Company issued 150,000,000 shares to 14 independent subscribers. The net proceeds from the April Subscription were approximately HK$109.45 million. As at the date of this announcement, approximately HK$30 million was applied to the logistics business and the balance were used by the Company for the Group's business development, investments and general working capital purposes. Details of the April Subscription are set out in the announcements of the Company dated 10 April 2015 and 30 April 2015.

(ii) On 17 June 2015, the Company entered into subscription agreements separately with each of the 13 independent subscribers for the subscription of an aggregate of 39,800,000 new shares in the Company at the subscription price of HK$2.43 per share ("**June Subscription**").

The June Subscription was completed on 30 July 2015 and the Company issued 39,800,000 shares to 13 independent subscribers. The net proceeds from the June Subscription were approximately HK$96.6 million. As at the date of this announcement, the proceeds were used by the Company for the Group's business development, investments, acquisition, repayment of loans and general working capital purposes. Details of the June Subscription are set out in the announcements of the Company dated 17 June 2015 and 30 July 2015.

Subscription of Shares under Specific Mandate

On 14 May 2015, the Company entered into a subscription agreement (as supplemented and amended by three supplemental agreements dated 18 May 2015, 16 July 2015 and 17 August 2015) with Beidahuang (HK) International Trade Co., Limited ("**HK Beidahuang**"), pursuant to which HK Beidahuang agreed to conditionally subscribe for a total of 150,000,000 new shares at the subscription price of HK$1.3365 per share in the Company ("**Beidahuang Subscription**") with a lock-up period of 18 months from the date of completion of the Beidahuang Subscription.

The Beidahuang Subsciption was completed on 11 September 2015 and the Company issued 150,000,000 subscription shares to HK Beidahuang.

The aggregate proceeds from the Beidahuang Subscription amounted to approximately HK$200.475 million and the net proceeds was approximately HK$200.30 million, after deducting all the professional fees incurred in the Beidahuang Subscription. The Company will use the net proceeds for the Group's business development, investments and general working capital purposes. Details of the Beidahuang Subscription are set out in the announcements of the Company dated 17 May 2015, 18 May 2015, 16 July 2015 and 17 August 2015 and the circular of the Company dated 19 August 2015.

Conversion of Convertible Bonds

On 24 June 2014, the Company announced that it entered into a subscription agreement (as supplemented by the supplemental subscription agreement dated 31 July 2014) with an independent subscriber for the subscription of the convertible bonds in an aggregate principal amount of HK$89.6 million in cash ("**CB Subscription**"). The CB Subscription was completed on 7 August 2014 and the Company issued the convertible bonds in the aggregate principal amount of HK$89.6 million to the subscriber. As at the date of this announcement, approximately RMB15 million was used to settle bank loan and approximately RMB20 million was used as working capital of the Shenzhen Dahuangyuan and the remaining was used as working capital of the Group.

On 4 June 2015, the bondholders fully converted of the convertible bonds at the conversion price of HK$0.70 per conversion share and the Company issued 128,000,000 new shares to the bondholders accordingly.

Subscription of Unlisted Warrants under Specific Mandate

On 7 July 2014, the Company entered into a subscription agreement with HK Beidahuang for the subscription of an aggregate of 180,000,000 non-listed warrants at an issue price of HK$0.01 per warrant ("**Warrants Subscription**"). The Warrants Subscription was completed on 31 March 2015 and the Company issued 180,000,000 non-listed warrants to HK Beidahuang at the issue price of HK$0.01 per warrant. As at the date of this announcement, the net proceeds of the Warrants Subscription of approximately HK$1.5 million have been deposited into and remain in the bank account.

The warrants entitle the holder to subscribe in cash up to an aggregate amount of HK$126 million for the subscription shares at an initial subscription price of HK$0.70 per share in the Company, for a period of 2 years commencing from the date of the issue of the warrants. After the exercise in full of the subscription rights attaching to the warrants in December 2015, the Company intends to use the net proceeds of HK$126 million for the Group's settlement of loans, business development, investments and general working capital purposes. As at the date of this announcement, the net proceeds have been deposited into and remain in the bank account.

Grant of Share Options

On 24 July 2015, the Company granted share options (the "**Options**") to certain eligible persons (including Directors, employees and consultants of the Group) to subscribe at the exercise price of HK$2.06 per share for a total of 192,930,000 shares in the Company pursuant to the share option scheme adopted by the Company on 23 May 2007 ("**Share Option Scheme**"). Among the total of 192,930,000 Options granted, 18,830,000 Options were granted to the Directors and the chief executive officer of the Company. Further details of the grant of the Options are set out in the announcement of the Company dated 24 July 2015.

Bonus Issue of Shares, Change of Board Lot Size and Increase in Authorised Share Capital

On 7 September 2015, the Board proposed a bonus issue of new shares of the Company on the basis of one bonus share for every one existing share held by the qualifying shareholders whose names appeared on the register of members of the Company on 5 January 2016 ("**Bonus Issue**"). The bonus shares will be credited as fully paid at par by way of capitalization of an appropriate amount in the share premium account of the Company and the board lot size for trading in the shares will be changed from 2,000 shares to 8,000 shares.

The Board also proposed to increase the authorised share capital of the Company from HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each to HK$800,000,000 divided into 8,000,000,000 shares of HK$0.10 each by the creation of an additional 4,000,000,000 unissued shares of HK$0.10 each, which shall rank *pari passu* in all respects with the existing shares.

The Bonus Issue and increase in the authorised share capital were approved by the shareholders at the extraordinary general meeting of the Company held on 22 December 2015.

As at 5 January 2016, the Company had a total of 2,336,644,876 shares in issue and therefore, an aggregate of 2,336,644,876 bonus shares were issued by the Company on 7 January 2016.

Details of the Bonus Issue and increase in authorised share capital were disclosed in the announcements of the Company dated 7 September 2015, 2 December 2015 and 28 December 2015, and the circular of the Company dated 4 December 2015.

Adjustments to Outstanding Share Options

On 7 January 2016, according to the terms of the Share Option Scheme, the exercise price of the share options granted under the Share Option Scheme and the number of shares to be allotted and issued upon full exercise of the subscription rights attaching to the 217,730,000 outstanding share options are adjusted in the following manner as a result of the Bonus Issue:

	Before Bonus Issue		After Bonus Issue	
Date of grant	**Number of Share Options outstanding**	**Exercise price of each Share Option**	**Adjusted number of Share Options outstanding**	**Adjusted exercise price of each Share Option**
23 July 2014	24,800,000	HK$0.754	49,600,000	HK$0.377
24 July 2015	192,930,000	HK$2.060	385,860,000	HK$1.030

Save for the above adjustments, all other terms and conditions of the outstanding share options granted under the Share Option Scheme remain unchanged. Cheng & Cheng Limited, the auditor of the Company, has reviewed and agreed with the adjustments to the outstanding share options granted under the Share Option Scheme as disclosed above and the announcement of the Company dated 7 January 2016.

Litigation

On 18 August 2015, the Company received a writ of summons issued by Mr. Qu Shuncai (“**Mr. Qu**”), a former Director and the plaintiff of the claim, and issued from the Registry of the High Court of Hong Kong (the “**Writ**”).

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 exercise of the share options of the Company by Mr. Qu. On this announcement date, the Company is still seeking legal advice in relation to the Writ.

Financial Review

Continuing Operations

The continuing operations of the Group achieved a revenue of approximately HK$785.70 million (2014: HK$80.00 million), representing an increase of 882.13% over last year. Gross profit from the continuing operations of the Group was approximately HK$10.62 million (2014: HK$11.10 million). The loss (net of tax) from continuing operations was HK$41.86 million and the gain from discontinued operations (net of tax) was HK$56.75 million. Profit attributable to owners of the parent was approximately HK$19.41 million (2014: HK$117.81 million). Profit was recorded in 2014 was mainly due to the disposal gain from the disposal of 哈爾濱中國釀酒有限公司(Harbin China Distillery Company Limited*) on 18 June 2014 ("**Harbin Disposal**"). Profit per share from continuing operations and discontinued operations for the Year was HK0.51 cents (2014 restated: HK3.87 cents).

Selling and Distribution Expenses

Selling and distribution expenses were approximately HK$14.24 million (2014: HK$16.71 million), representing a decrease of 14.78% from last year and 1.8% (2014: 20.89%) of the Group's revenue.

Administrative Expenses

Administrative expenses were approximately HK$108.06 million (2014: HK$25.43 million), representing an increase of 324.93% over last year. The significant increase of the expenses was due to the equity-settled share option expense for the grant of share option in 2015, which amounted to HK$80.29 million.

Finance Cost

Finance cost was approximately HK$10.12 million (2014: HK$8.7 million), representing an increase of 16.26% over last year. The increase was due to the increase in the loan interest.

* *For identification purposes only*

Prepayments, Deposits and Other Receivables

Included in prepayments, deposits and other receivables, there are HK$116.8 million trade deposits paid to suppliers for the purchase of green food products. Approximately HK$62 million were the progress payment for the investment targets disclosed in the section headed “Business Prospects” of this preliminary results announcement. Rental deposit amounted to HK$4.3 million was paid for the logistic warehouse.

Discontinued Operations

Since the Group has signed the sales and purchase agreements with independent third parties for the Harbin Disposal and the BAPP Disposal on 24 February 2014 and 26 March 2014 respectively, the Group reclassified the entire ethanol and animal feed business segments of the Group from subsidiaries to assets held for sale in 2014. The net liabilities directly associated with the BAPP Disposal were classified as held for sale and were amounted to approximately HK$17 million in 2014. The gain on disposal from Harbin Disposal amounting to approximately HK$204.55 million was stated in this announcement. The Group had realized the gain from the BAPP Disposal during the period ended 30 June 2015.

Liquidity, Financial Resources and Capital Structure

During the Year, the issued share capital of the Company increased by 709,950,000 shares to 2,336,644,876 shares due to allotment and issue of subscription shares, conversion of convertible bonds, exercise of the subscription rights attaching to the unlisted warrants and exercise of share options by Directors, employees and consultants of the Group.

As at 31 December 2015, the Group had net assets to owners of the parent of approximately HK$1,006.85 million (2014: HK$293.79 million). The significant increase of the total assets was due to the increase of the investment in the associates, investment property, available-for-sale investments, financial asset and the loan receivable in the money lending business. Net current assets of the Group as at 31 December 2015 amounted to approximately HK$506.46 million (2014: HK$287.58 million). The current ratio (calculated as current assets to current liabilities) for the Year was 3.78 (2014: 3.50).

The Group's unpledged cash and cash equivalents as at 31 December 2015 amounted to approximately HK$363.3 million (2014: HK$79.15 million), which were denominated in Hong Kong dollars and Renminbi.

As at 31 December 2015, the Group's total borrowings amounted to approximately HK$118.42 million (2014: HK$72.36 million). The Group's borrowings included bank loans of approximately HK$105.64 million (2014: HK$61.22 million). Amounts due to related parties of approximately HK$12.78 million (2014: HK$11.14 million). All of the Group's borrowings were denominated in Renminbi with the rest in Hong Kong dollars. The bank loans, other borrowings and amounts due to related parties of approximately HK$12.78 million (2014: HK$11.14 million) are charged at fixed interest rates. The gearing ratio of the Group as at 31 December 2015, calculated as net debt divided by equity attributable to owners of the parent plus net debt, was 0% (2014: 26.2%).

These ratios were at reasonably adequate levels as at 31 December 2015. Having considered the Group's current unpledged 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 Year. 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, utilize hedging tools, if available, to manage its foreign currency exposure.

Charge on Assets and Contingent Liabilities

As at 31 December 2015, the Group did not pledge any assets to secure bank loans and bills payable and had no material contingent liabilities (2014: Nil).

Employees and Remuneration Policy

As at 31 December 2015, the Group had approximately 94 (2014: 142) employees in Hong Kong and the PRC with total staff costs amounting to approximately HK$23.04 million (2014: HK$21.34 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 and the purpose of which is to provide incentives to participants for their contribution to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

SCOPE OF WORK OF CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, Cheng & Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Cheng & 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 Cheng & Cheng Limited on this preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual audited financial statements for the year ended 31 December 2015:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

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 Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2015, save as disclosed as follows.

In respect of code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Year, certain regular Board meetings were convened with less than 14 days' notice to enable the Directors to react timely and make expeditious decision making in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with no objection by the Directors. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future.

In respect of code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide a record of the training they received to the issuer. Mr. Huang Qingxi resigned as Non-executive Director with effect from 27 March 2015 and Mr. Qu Shuncai retired as Executive Director with effect from 23 June 2015. The Company had not received the training record from these two former Directors.

In respect of code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Qu Shuncai, Mr. Jiang Jiancheng, Mr. Huang Qingxi, Dr. Loke Yu and Mr. Li Xiaofeng were unable to attend the extraordinary general meeting of the Company held on 17 February 2015 due to their other business engagements. Mr. Li Jianqing, Mr. Qu Shuncai, Mr. Jiang Jiancheng, Dr. Loke Yu, Mr. Li Xiaofeng and Mr. Ho Man Fai were unable to attend the extraordinary general meeting of the Company held on 10 April 2015 due to their other business engagements. Mr. Li Jianqing, Mr. Qu Shuncai, Mr. Jiang Jiancheng and Mr. Li Xiaofeng were unable to attend the annual general meeting of the Company held on 23 June 2015 due to their other business engagements. Mr. Li Jianqing, Mr. Jiang Jiancheng, Ms. Zhang Yujie, Dr. Loke Yu and Mr. Li Xiaofeng were unable to attend the extraordinary general meeting of the Company held on 22 December 2015 due to their other business engagements.

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

Hong Kong, 24 March 2016

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Li Jianqing and Mr. Jiang Jiancheng; the Non-executive Directors are Ms. Ho Wing Yan and Ms. Zhang Yujie; and the Independent Non-executive Directors are Dr. Loke Yu alias Loke Hoi Lam, Mr. Li Xiaofeng and Mr. Ho Man Fai.