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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

ANNOUNCEMENT OF INTERIM RESULTS FOR 2016

The board of directors (the "**Board**") of China Beidahuang Industry Group Holdings Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016 (the "**Period**") together with comparative figures. The results for the Period are unaudited, but have been reviewed by the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
REVENUE	*4*	**351,280**	207,049
Cost of sales		**(296,288)**	(202,748)
Gross profit		**54,992**	4,301
Other income	*4*	**24,699**	5,595
Selling and distribution expenses		**(3,689)**	(7,977)
Administrative expenses		**(40,693)**	(12,674)
Finance costs	*5*	**(3,527)**	(6,258)
Share of loss of associates		**(819)**	(295)
Gain on disposal of subsidiaries		**–**	624

	Notes	Six months ended 30 June **2016** **(Unaudited)** ***HK$'000***	 2015 (Unaudited) *HK$'000*
PROFIT/(LOSS) BEFORE TAX	*6*	**30,963**	(16,684)
Income tax (expenses)/credit	*7*	**(100)**	8
Profit/(loss) from continuing operations		**30,863**	(16,676)
Discontinued operations			
Profit from discontinued operations, net of tax	*13*	**–**	56,751
PROFIT FOR THE PERIOD		**30,863**	40,075
Attributable to:			
Owners of the parent		**13,369**	42,002
Non-controlling interests		**17,494**	(1,927)
		30,863	40,075
			(Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
From continuing and discontinued operations		**HK0.29 cents**	HK1.23 cents
From continuing operations		**HK0.29 cents**	HK(0.43) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**30,863**	40,075
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Release of exchange difference upon the disposal of subsidiaries	**–**	(5,380)
Exchange differences arising on translation of foreign operations	**(22,272)**	149
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(22,272)**	(5,231)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8,591**	34,844
Attributable to:		
Owners of the parent	**(8,135)**	36,759
Non-controlling interests	**16,726**	(1,915)
	8,591	34,844

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**85,185**	66,761
Investment property		**86,430**	88,370
Financial assets at fair value through profit or loss		**76,185**	76,252
Loan receivable		**53,472**	13,700
Goodwill		**90,723**	3,169
Other intangible assets		**2,153**	2,271
Interests in associates	*10*	**352,774**	276,276
Total non-current assets		**746,922**	526,799
CURRENT ASSETS			
Inventories		**57,499**	28,676
Trade and bills receivables	*11*	**62,433**	11,835
Prepayments, deposits and other receivables	*12*	**211,449**	205,852
Due from non-controlling shareholders of subsidiaries		**193**	14,100
Due from related parties		**263**	41,346
Loan receivables		**75,259**	23,305
Pledged deposits		**17,513**	–
Cash and cash equivalents		**96,579**	363,300
Total current assets		**521,188**	688,414
CURRENT LIABILITIES			
Trade and bills payables	*14*	**21,570**	5,708
Other payables and accruals		**111,534**	57,500
Interest-bearing bank and other borrowings		**90,297**	105,643
Due to related parties		**1,146**	12,781
Tax payable		**474**	288
Total current liabilities		**225,021**	181,920
NET CURRENT ASSETS		**296,167**	506,494
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,043,089**	1,033,293

	30 June 2016 (Unaudited)	31 December 2015 (Audited)
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**21,016**	21,495
Total non-current liabilities	**21,016**	21,495
Net assets	**1,022,073**	1,011,798
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**466,060**	233,664
Reserves	**523,116**	773,188
	989,176	1,006,852
Non-controlling interests	**32,897**	4,946
Total equity	**1,022,073**	1,011,798

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

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

2. IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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 2016:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exemption
Amendments HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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.

The Group has not early adopted the following new and revised HKFRSs that have been issued but not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of amendments to HKFRS 10 and HKAS 28 are finalised*

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

The adoption of these new and revised standards has had no significant financial effect on the interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

(a) the ethanol segment, which was regarded as discontinued operations, is engaged in the production and sale of ethanol products and ethanol by-products;

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

(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 PPP construction segment is engaged in the construction for municipal public project;

(e) the rental of 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 lending 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 loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

No intersegment sale and transfer was transacted for the six months ended 30 June 2016 and 2015.

	Wine and liquor (Unaudited) *HK$'000*	Sales of green food products (Unaudited) *HK$'000*	PPP construction (Unaudited) *HK$'000*	Rental of logistic warehouse (Unaudited) *HK$'000*	Money Lending (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Continuing operations (Unaudited) *HK$'000*	Discontinued operations (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Six months ended 30 June 2016									
Segment revenue:									
Sales to external customers	16,768	254,758	50,349	15,150	2,690	11,565	351,280	–	351,280
Other revenue	1,366	–	–	–	112	–	1,478	–	1,478
	18,134	254,758	50,349	15,150	2,802	11,565	352,758	–	352,758
Segment results	(778)	252	37,384	(573)	1,082		37,367	–	37,367
Reconciliation:									
Interest income							908	–	908
Unallocated other operating income							22,313	–	22,313
Finance costs							(3,527)	–	(3,527)
Corporate and other unallocated expenses							(26,098)	–	(26,098)
Gain on disposal of subsidiaries							–	–	–
Profit before tax							30,963	–	30,963

	Wine and liquor (Unaudited) *HK$'000*	Sales of green food products (Unaudited) *HK$'000*	Rental of Logistic warehouse (Unaudited) *HK$'000*	Continuing operations (Unaudited) *HK$'000*	Discontinued operations (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Six months ended 30 June 2015						
Segment revenue:						
Sales to external customers	26,125	178,543	2,381	207,049	–	207,049
Other revenue	5,552	–	–	5,552	256	5,808
	31,677	178,543	2,381	212,601	256	212,857
Segment results	(2,351)	52	(1,759)	(4,058)	(105)	(4,163)
Reconciliation:						
Interest income				43	–	43
Finance costs				(6,258)	–	(6,258)
Corporate and other unallocated expenses				(7,035)	–	(7,035)
Gain on disposal of subsidiaries				624	56,856	57,480
(Loss)/profit before tax				(16,684)	56,751	40,067

4. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Construction income	**50,349**	–
Sale of goods	**281,010**	204,668
Rental income	**17,231**	2,381
Interest income	**2,690**	–
	351,280	207,049
Other income		
Interest income	**908**	43
Lapse of share options	**22,239**	–
Others	**1,552**	5,552
	24,699	5,595
Discontinued operations		
Revenue		
Sale of goods	**–**	–
Other income		
Amortisation of deferred income	**–**	256

5. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank loans and other loans wholly repayable within five years	**3,527**	3,234
Imputed financial cost on convertible bonds	**–**	3,024
	3,527	6,258
Discontinued operations		
Interest on bank loans and other loans wholly repayable within five years	**–**	–

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Cost of inventories sold	**276,212**	199,753
Depreciation	**2,838**	1,285
Equity-settled share option expense	**18,558**	–
Amortisation of other intangible assets	**70**	75
Discontinued operations		
Amortisation of prepaid land lease payments	**–**	195

7. INCOME TAX

During the period, no Hong Kong profits tax has been provided as there was no assessable profit arising from Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the People's Republic of China ("PRC") in which the Group operates.

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current	**108**	–
Deferred	**(8)**	(8)
Total tax expenses/(credit) for the period	**100**	(8)

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the six months ended 30 June 2016 (2015: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

For continuing and discontinued operations

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company *(HK$'000)*	**13,369**	42,002
		(Restated)
Weighted average number of ordinary shares in issue *('000)*	**4,668,444**	3,403,848
		(Restated)
Basic earnings per share *(HK cents)*	**0.29**	1.23

For continuing operations

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company *(HK$'000)*	**13,369**	42,002
Less: Profit attributable to the equity holders of the Company from discontinued operations *(HK$'000)*	**–**	56,751
Profit/(loss) attributable to the equity holders of the Company from continuing operations *(HK$'000)*	**13,369**	(14,749)
		(Restated)
Weighted average number of ordinary shares in issue *('000)*	**4,668,444**	3,403,848
		(Restated)
Basic earnings/(loss) per share *(HK cents)*	**0.29**	(0.43)

For discontinued operations

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Profit attributable to the equity holders of the Company from discontinued operations *(HK$'000)*	**–**	56,751
		(Restated)
Weighted average number of ordinary shares in issue *('000)*	**4,668,444**	3,403,848
		(Restated)
Basic earnings per share *(HK cents)*	**–**	1.66

(b) Diluted

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2016
	'000
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**4,668,444**
Effect of dilutive potential ordinary shares	**8,979**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,677,423**

	2016	2015
Earnings per share – diluted *(HK cents)*	**0.29**	N/A

The diluted earnings per share was the same as the basic earnings per share for the period ended 30 June 2015, as the share options and warrants had an anti-dilutive effect on the earnings per share. The computation of diluted earnings per share for 2015 did not assume the exercise of share options and warrants as their assumed exercise would decrease the loss per share in the period.

10. INTERESTS IN ASSOCIATES

	30 June 2016	31 December 2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Share of net assets	**293,898**	247,587
Advances to associates	**58,876**	28,689
	352,774	276,276

On 22 January 2015, a wholly-owned subsidiary of the Company entered into the JV Agreement with a limited company incorporated in the PRC to form a new company, Shenzhen Qianhai Dahuangyuan E-Commerce Company Limited ("**Shenzhen E-Commerce**"), formerly known as Shenzhen Dahuangyuan E-Commerce Company Limited, to be principally engaged in E-commerce business in Qianhai area in the PRC. The wholly-owned subsidiary contributed RMB60,000,000, representing 30% of the total registered capital of Shenzhen E-Commerce. Shenzhen E-Commerce became an associate of the Group.

Shenzhen E-Commerce has acquired the interests of Shenzhen Dahuangyuan International Trading Company Limited ("**Shenzhen Dahuangyuan**"), Shenzhen Qianhai Dahuangyuan Non-Financing Guarantee Company Limited ("**Shenzhen Non-Financing**") and Heilongjiang Dahuangyuan E-Commerce Company Limited ("**Heilongjiang E-Commerce**") which were newly set up. All the above companies are owned by Shenzhen E-Commerce as at 31 December 2015.

On 22 December 2015, an indirect wholly owned subsidiary of the Company entered into the JV Agreement with a limited company incorporated in the PRC to form a new company on a 49:51 basis, Shenzhen Pengrongan Logistics Industrial Park Company Limited ("**Shenzhen Pengrongan**"), to be principally engaged in logistic business in Shenzhen. The indirect wholly-owned subsidiary contributed RMB102,900,000, representing 49% of the total registered capital of Shenzhen Pengrongan. Shenzhen Pengrongan became an associate of the Group.

On 6 June 2016, Shenzhen Penda Rongtong Trading Limited ("**SZPRT**"), an indirect wholly owned subsidiary of the Company entered into the sales and purchases agreement with an independent third party to acquire 30% of equity interest of 深圳市聖思銘商貿有限公司 ("**SZSSM**"). SZSSM is principle engaged in general trading in the PRC. SZPRT contributed RMB45,000,000, representing 30% of the total registered capital of SZSSM. SZSSM became an associate of the Group.

11. TRADE AND BILLS 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.

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

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within 1 month	**51,598**	3,962
1 to 2 months	**3,535**	1,299
2 to 3 months	**143**	1,288
Over 3 months	**7,157**	5,286
	62,433	11,835

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2016, approximately HK$91,816,000 (2015: HK$116,771,000) was paid as trade deposit for trading goods of wine and liquor business and green food products.

Rental deposit for the warehouse amounting to approximately HK$4,591,000 (2015: HK$4,264,000) for the warehouse logistic business were paid during the period ended 30 June 2016.

Guarantee deposit for the PPP projects amounting to approximately HK$14,520,000 were paid as at the period ended 30 June 2016.

Approximately HK$71 million (2015: HK$62 million) were the progress payment for the investment targets.

13. DISCONTINUED OPERATIONS

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 period are presented below:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	**–**	256
Expenses	**–**	(361)
Finance costs	**–**	–
Loss before tax from the discontinued operations	**–**	(105)
Income tax	**–**	–
	–	(105)
Gain on disposal of discontinued operations	**–**	56,856
Profit for the period from the discontinued operations	**–**	56,751

At 30 June 2016, the Group does not have any discontinued operations.

14. TRADE AND BILLS PAYABLES

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

	30 June	31 December
	2016	2015
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 1 month	**1,576**	2,016
1 to 2 months	**1,397**	546
2 to 3 months	**246**	83
Over 3 months	**18,351**	3,063
	21,570	5,708

The trade payables are non-interest-bearing and are normally settled on 30-day terms and 180-day terms.

As at 30 June 2016, bills payable of approximately HK$17,513,000 (2015: Nil) were secured by the pledged deposits of the Group.

All the trade payable are denominated in Renminbi.

15. ACQUISITION OF A SUBSIDIARY

On 1 March 2016, Shenzhen Penda Rongtong Trading Limited, an indirect wholly-owned subsidiary of the Company entered into the First Share Transfer Agreement and the Second Share Transfer Agreement with the owner of Shenzhen Tronsin Illuminating Technique Limited ("**SZTI**") and Fujian Fang Run Construction Group Company Limited ("**FJFR**") respectively. The Company has conditionally agreed to acquire from both of the vendors 51% equity interest in SZTI and FJFR at a consideration of RMB35 million and RMB50 million respectively.

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.

The fair value of the identifiable assets and liabilities of SZTI and FJFR as the date of acquisition were as follows:

		2016	
	SZTI	**FJFR**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Property, plant and equipment	281	3,696	3,977
Inventories	225	23,967	24,192
Trade receivables	2,950	–	2,950
Prepayment, deposits and other receivables	1,924	24,784	26,708
Cash and cash equivalents	98	36	134
Trade payables	–	–	–
Other payables and accruals	(10,339)	(24,713)	(35,052)
Total identifiable net assets	(4,861)	27,770	22,909
Less: Non-controlling interest upon acquisition	2,382	(13,607)	(11,225)
Total identifiable net assets subject to acquisition	(2,479)	14,163	11,684
Goodwill on acquisition	43,342	44,212	87,554
Satisfied by cash consideration	40,863	58,375	99,238

As analysis of the cash flows in respect of the acquisitions of SZTI and FJFR are as follows:

		2016	
	SZTI	**FJFR**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Cash consideration	40,863	58,375	99,238
Cash and bank balance acquired	(98)	(36)	(134)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	40,765	58,339	99,104

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 was completed on 4 March 2015 and after that day, SZBDH became a subsidiary of the Group.

SZBDH 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
	(Unaudited)
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
	(Unaudited)
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

SZTI contributed turnover of approximately HK$9,848,000 and net loss of approximately of HK$353,000 respectively to the Group for the period from the acquisition date to 30 June 2016.

If the acquisition had been completed on 1 January 2016, SZTI would have contributed turnover of approximately HK$9,848,000 and net loss of approximately HK$2,592,000 to the Group for the period ended 30 June 2016.

FJFR contributed turnover of approximately HK$50,349,000 and net profit of approximately of HK$37,999,000 respectively to the Group for the period from the acquisition date to 30 June 2016.

If the acquisition had been completed on 1 January 2016, FJER would have contributed turnover of approximately HK$54,391,000 and net profit of approximately HK$36,223,000 to the Group for the period ended 30 June 2016.

The unaudited pro-forma financial information set out above is for illustrative purpose only on the effect of the acquisition of SZTI and FJFR having been completed at the beginning of the period ended 30 June 2016. 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.

SZBDH contributed turnover of approximately HK$178,543,000 and net loss of approximately of HK$358,000 respectively to the Group for the period from the acquisition date to 30 June 2015.

If the acquisition had been completed on 1 January 2015, SZBDH would have contributed turnover of approximately HK$272,235,000 and net loss of approximately HK$91,000 respectively to the Group for the period ended 30 June 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 period ended 30 June 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.

16. 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 13)*.

	2015
	HK$'000
	(Unaudited)
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
	(Unaudited)
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
	(Unaudited)
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 a subsidiary	624

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

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

17. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation or restated to disclose the impact of bonus issue. These reclassifications have no impact on the Group's profit for the six months ended 30 June 2015 and the Group's total equity as at 30 June 2015.

18. EVENTS AFTER THE REPORTING PERIOD

On 1 August 2016, a subsidiary of the Group, Guizhou North-South Joint Energy Investment Company Limited*（貴州南北聯合能源投資有限公司）("**GNS Energy**"), was established in Guizhou of the PRC. The registered capital of GNS Energy is RMB39 million, out of which FJFR, SZTI and China Southern Power Grid Synthesis Energy Company Limited*（南方電網綜合能源有限公司）agreed to contribute RMB11.70 million, RMB9.75 million and RMB17.55 million respectively.

On 10 August 2016, the Company and Shanxi Construction Development Co., Ltd.*（山西建設發展有限公司）entered into the strategic co-operation framework agreement pursuant to which the parties shall mainly co-operate and explore the PPP projects in the PRC by way of joint venture arrangements.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the Period, the continuing operations of the Group achieved a revenue of approximately HK$351.3 million (2015: HK$207.0 million), representing an increase of 69.7% when compared with the corresponding period last year. Gross profit for the continuing operations of the Group was approximately HK$55.0 million (2015: HK$4.3 million). The profit (net of taxation) from continuing operations was HK$30.9 million (2015: loss from continuing operations was HK$16.7 million) and the profit from discontinued operations (net of tax) was nil (2015: HK$56.8 million).

Profit attributable to owners of the parent was approximately HK$13.4 million (2015: HK$42.0 million). The profit for the Period was mainly due to the completion of the acquisition of the PPP construction business in March 2016 and the profit in 2015 was mainly due to the gain arose from the disposal of BAPP (Northwest) Limited. Earnings per share from continuing operations and discontinued operations for the Period was HK0.29 cents (2015 (restated): HK1.23 cents).

The Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's businesses, both organically and through acquisitions when appropriate opportunities arise. The Group also plans to diversify the business mix and will seek for good investment opportunity with major focus in the People's Republic of China (the "**PRC**") and Hong Kong. Diversifications would be carefully selected among all the choices we explored and would be operated with experienced business partners.

SEGMENTAL 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 selling wine and liquor in Guangzhou, Harbin and Hunan Province of the PRC. The Group has 10 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.

Since 2012, the revenue of this business segment has been hit by the PRC government's calls for cracking down on extravagance in government departments and state-owned institutions and enterprises as well as the plasticiser contamination scandal. The operating environment of the liquor industry in the PRC remained difficult during the Period. The Group will closely monitor the market situations and trends and adopt corresponding measures of risk management to alleviate the negative impacts. Meanwhile, the Group will continue to improve the product mix and focus on higher margin products to grow its business. Apart from strengthening the established markets, the Group will strive to expand its retail and distribution network to other parts of the PRC.

Due to the government policy, during the Period, the wine and liquor business recorded a revenue of approximately HK$16.8 million (2015: HK$26.1 million), down 35.6% when compared with the corresponding period last year and accounted for 4.8% (2015: 12.6%) of the total revenue.

Sales of Green Food Products Business

The sales of green food products business recorded a revenue of approximately HK$254.8 million (2015: HK$178.5 million) and accounted for 72.5% (2015: 86.2%) of the total revenue.

Rental of Logistic Warehouse Business

The logistic warehouse business recorded a revenue of approximately HK$15.2 million (2015: HK$2.4 million) and accounted for 4.3% (2015: 1.2%) of the total revenue.

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$2.69 million, accounting for 0.77% of the total revenue. Gross profit of this business segment for the period was approximately HK$2.69 million.

PPP Construction Business

On 1 March 2016, the Company entered into the First Share Transfer Agreement with the owner of Target Company 1 which is principally engaged in general construction contracting for housing and building projects and general construction contracting for municipal public projects. The owner of Target Company 1 has conditionally agreed to sell 51% equity interest in Target Company 1 to the Group at the consideration of RMB35 million.

On 1 March 2016, the Company entered into the Second Share Transfer Agreement with the owner of Target Company 2 which is principally engaged in sales of lighting equipment and urban and road lighting engineering contracting. The owner of Target Company 2 has conditionally agreed to sell 51% equity interest in Target Company 2 to the Group at the consideration of RMB50 million.

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

On 24 March 2016, the completion of the First Share Transfer Agreement and the Second Share Transfer Agreement took place and the Target Companies have become the subsidiaries of the Group, and henceforth the Group becomes eligible to participate in the PPP projects.

Details of the above transactions were disclosed in the announcements of the Company dated 23 October 2015, 17 December 2015 and 1 March 2016.

Through participating in the PPP projects, the Group derived a revenue of approximately HK$50.3 million (2015: nil) and accounted for 14.3% (2015: nil) of the total revenue from the execution of the contractual works contemplated under the PPP projects and the provision of on-going maintenance services in relation to the PPP projects during the Period.

FINANCIAL REVIEW

For the Period, the continuing operations of the Group achieved a revenue of approximately HK$351.3 million (2015: HK$207.0 million), representing an increase of 69.7% when compared with the corresponding period last year.

Gross profit for the continuing operations of the Group was approximately HK$55.0 million (2015: HK$4.3 million). The profit (net of taxation) from continuing operations was HK$30.9 million (2015: loss from continuing operations was HK$16.7 million) and the profit from discontinued operations (net of tax) was nil (2015: HK$56.8 million). Profits attributable to owners of the parent was approximately HK$13.4 million (2015: HK$42.0 million). Earnings per share from continuing operations and discontinued operations for the Period was HK0.29 cents (2015 (restated): HK1.23 cents).

Selling and distribution expenses were approximately HK$3.7 million (2015: HK$8.0 million), representing a decrease of 53.8% when compared with the corresponding period last year and 1.1% (2015: 3.9%) of the Group's revenue.

Administrative expenses were approximately HK$40.7 million (2015: HK$12.7 million), representing an increase of 221.1% when compared with the corresponding period last year. The increase was due to the equity settled share option expenses amounting to HK$18.6 million and the relevant costs incurred for acquisition of the subsidiaries (2015: Nil).

Finance cost was approximately HK$3.5 million (2015: HK$6.3 million), representing a decrease of 44.4% when compared with the corresponding period last year. The decrease was because no convertible bonds interest was incurred for the Period.

ACQUISITION OF SUBSIDIARIES

On 1 March 2016, Shenzhen Penda Rongtong Trading Limited*（深圳市鵬達融通商貿有限公司）, an indirect wholly-owned subsidiary of the Company, entered into the First Share Transfer Agreement and the Second Share Transfer Agreement with the owner of Shenzhen Tronsin Illuminating Technique Limited*（深圳市創先照明科技有限公司, "**SZTI**"）and Fujian Fang Run Construction Group Company Limited*（福建省方潤建設集團有限公司, "**FJFR**"）respectively. The Group has conditionally agreed to acquire from both of the vendors 51% equity interest in SZTI and FJFR at a consideration of RMB35 million and RMB50 million respectively.

The precedent conditions to the First and Second Share Transfer Agreements were fulfilled and the completion of the two agreements took place on 24 March 2016.

Details of the above transactions were disclosed in the announcements of the Company dated 23 October 2015, 17 December 2015 and 1 March 2016.

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.

Joint Venture and Memorandum of Understanding

(i) On 22 December 2015, subject to the fulfilment of the conditions precedent, an indirect wholly-owned subsidiary of the Company entered into 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.

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

The joint venture company was set up on 24 February 2016 and is preparing detailed construction plan and business plan for submission to the relevant PRC government departments. It may take some time to discuss and negotiate with these government departments before construction can be started.

(ii) 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 cooperation 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, no joint venture agreement has been signed.

(iii) On 26 January 2016, the Company entered into a strategic co-operation framework agreement with the People's Government of Jishou and Hunan Xincheng Real Estate Development Group Co., Ltd.*（湖南鑫成置業發展集團有限責任公司）. 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 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, no formal agreement has been 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.

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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the Company increased its issued share capital to 4,660,601,752 shares by the issue of 2,336,644,876 bonus shares. As at 30 June 2016, the Group had net asset to owners of the parent of approximately HK$1,022.1 million (31 December 2015: HK$1,011.8 million). Net current assets of the Group as at 30 June 2016 amounted to approximately HK$296.2 million (31 December 2015: HK$506.5 million).

The Group's unpledged cash and cash equivalents as at 30 June 2016 amounted to approximately HK$96.6 million (2015: HK$363.3 million), which were denominated in both Hong Kong dollars and Renminbi, and the Group's pledged deposit as at 30 June 2016 amounted to approximately HK$17.5 million (2015: Nil). The decrease in cash and cash equivalents was mainly due to the acquisition and operation of new businesses.

As at 30 June 2016, the Group had current assets of approximately HK$521.2 million (31 December 2015: approximately HK$688.4 million) and current liabilities of approximately HK$225.0 million (31 December 2015: HK$181.9 million). The current ratio (calculated as current assets to current liabilities) decreased from 3.78 as at 31 December 2015 to 2.32 as at 30 June 2016. As cash and cash equivalents were used in acquisition and operation, the asset structure was changed. More non-current assets are owned by the Group so that the current ratio decreased.

As at 30 June 2016, the Group's total borrowings amounted to approximately HK$91.4 million (2015: HK$118.4 million). The Group's borrowings included bank loans of approximately HK$90.3 million (2015: HK$105.6 million). The other borrowings or amounts due to related parties of approximately HK$1.1 million (2015: HK$12.8 million) was charged at fixed interest rates. The gearing ratio of the Group as at 30 June 2016, calculated as net debt divided by equity attributable to owners of the parent plus net debt, was 0% (2015: 0%).

These ratios were at reasonably adequate levels as at 30 June 2016. Having considered the Group's current cash and cash equivalents, bank and other borrowings and banking facilities, the management believes that the Group's financial resources are sufficient for its day-to-day operations. The Group did not use financial instruments for financial hedging purposes during the Period. The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi may impact the Group's results and net asset 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 30 June 2016, the Group did not pledge any assets to secure the Group's bank loans and bills payable and had no material contingent liabilities (31 December 2015: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had approximately 153 (2015: 143) employees in Hong Kong and the PRC with total staff costs amounted to approximately HK$15.39 million (2015: HK$6.66 million). Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications.

The Company has adopted a share option scheme and the purpose of which is to provide incentives to participants for their contribution to the Group and thus, to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

LITIGATION

On 18 August 2015, the Company received a writ of summons issued by the Registry of the High Court of Hong Kong (the "**Writ**") relating to the claim by Mr. Qu Shuncai ("**Mr. Qu**"), a former director of the Company. Pursuant to the Writ, Mr. Qu, as the plaintiff of the claim, 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.

As at the date of this announcement, the Company is still seeking legal advice in relation to the Writ.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, the Company repurchased a total of 12,688,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at an aggregate consideration of approximately HK$5,858,920. All the repurchased shares were cancelled subsequently during the Period and the number of issued shares of the Company was reduced accordingly. The details of the repurchased shares are as follows:

Month	Total number of shares repurchased	Purchase price per share		Aggregate consideration
		Highest	Lowest	
		HK$	*HK$*	*HK$*
January 2016	5,000,000	0.590	0.445	2,429,680
February 2016	2,488,000	0.490	0.485	1,217,840
March 2016	1,000,000	0.465	0.460	463,240
May 2016	4,200,000	0.420	0.405	1,748,160
Total	12,688,000			5,858,920

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the listed securities of the Company during the six months ended 30 June 2016.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2016 have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors, namely Dr. Loke Yu, Mr. Li Xiaofeng and Mr. Ho Man Fai.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code on ethics and securities transactions (the “**Code**”), which incorporates a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Specified employees who are likely to be in possession of unpublished price-sensitive information of the Company are also subject to the compliance with the Code. Having made specific enquiry of all directors, the Company confirms that the directors have complied with the required standard set out in the Code and the Model Code throughout the six months ended 30 June 2016.

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 Listing Rules throughout the six months ended 30 June 2016, save as disclosed as follows.

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

EVENTS AFTER THE REPORTING PERIOD

On 1 August 2016, a subsidiary of the Group, Guizhou North-South Joint Energy Investment Company Limited*（貴州南北聯合能源投資有限公司）("**GNS Energy**"), was established in Guizhou of the PRC. The registered capital of GNS Energy is RMB39 million, of which FJFR, SZTI and China Southern Power Grid Synthesis Energy Company Limited*（南方電網綜合能源有限公司）agreed to contribute RMB11.70 million, RMB9.75 million and RMB17.55 million respectively.

On 10 August 2016, the Company and Shanxi Construction Development Co., Ltd.*（山西建設發展有限公司）entered into a strategic co-operation framework agreement pursuant to which the parties shall co-operate and explore the PPP projects in the PRC by way of joint venture arrangements. The discussion on the joint venture arrangements is still underway as at the date of this announcement.

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

Hong Kong, 30 August 2016

As at the date of this announcement, the Executive Directors are Mr. Jiang Jianjun, Mr. Jiang Jiancheng and Mr. Ke Xionghan; 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.

* *For identification purposes only*