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China Beidahuang Industry Group Holdings Limited

中國北大荒產業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

INSIDE INFORMATION AND DISCLOSURE PURSUANT TO RULE 13.19 OF THE LISTING RULES

This announcement is made by China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BUSINESS UPDATE IN RELATION TO OUTBREAK OF COVID-19

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Group’s latest business update of impact of the COVID-19 pandemic (the “**Epidemic**”).

Since January 2020, the Epidemic has impacted the global business environment. Up to the date of this announcement, the Epidemic has resulted in material adverse impact to the Group's turnover due to human resources bottlenecks arising from the Epidemic and public health measures, and the downtrend is expected to be carried forward to certain extent for the rest of the first half of 2020 due to the pressure on worldwide supply chain. Pending the development and spread of the Epidemic subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of the Epidemic and react actively to its impact on the financial position and operating results of the Group.

DISCLOSURE UNDER RULE 13.19 OF THE LISTING RULES

As set out in the announcement of the Company dated 31 March 2020 on the unaudited annual results for the year ended 31 December 2019, there is default payment ("**Default Payment**") for other borrowings of approximately HK\$438.2 million (including principal, additional interest and penalty) which is included in the Group's total bank and other borrowings. The Default Payment included (i) default convertible bond of approximately HK\$201,897,000 (the "**Default Convertible Bond**") to convertible bondholders; (ii) default secured bond of approximately HK\$139,810,000 (the "**Default Secured Bond**") to secured bondholder; (iii) default unsecured bonds HK\$86,416,000 to six unsecured bondholders; and (iv) default loan of approximately HK\$10,056,000 to a loan holder.

Following the successful bid for the land use rights of a land parcel in Lianyungang, Jiangsu in PRC on 5 December 2017, the Group has obtained the Land Planning Permit and the Construction Planning Permit for the "Seafood Food City" during the year 2018. The commercial housing pre-sale permit of phase one of the Seafood Food City was also obtained and start selling in the second half of 2019. However, the outbreak of Epidemic affected the sales plan and construction plan. It is expected that the whole construction of the Seafood Food City on the Land Parcel will be delayed to late 2020 or early 2021.

As set out in the announcement of the Company dated 15 May 2020 on the update of the annual results of the Group for the year ended 31 December 2019, the Group has implemented the following measures to resolve the above repayment issues:

- (i) The Group intends to improve its operating results and cash flows through various cost control measures and will focus on the existing business.
- (ii) The Group successfully obtained new bank facilities of RMB40,000,000 (approximately HK\$44,700,000) from a bank in the PRC.
- (iii) The Group has recently entered into an extension agreement with an agent of convertible bondholders of the Default Convertible Bond pursuant to which the maturity date of the Default Convertible Bond was extended to 31 December 2020. The Group is negotiating with secured bondholder to extend the Default Secured Bond.
- (iv) The Group had budgeted and laid out its business plan for pre-sale of the properties for sale on Seafood Phase One Houses included in consolidated statement of financial position in the second half of 2020. These business plans are expected to generate operating cash inflows to the Group.
- (v) The Group endeavours to identify investors and arrange fund raising activities.

The Company will disclose material developments on the above matter by way of further announcement(s) in accordance with the requirements of the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

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

Hong Kong, 22 May 2020

As at the date of this announcement, the executive Directors are Mr. Li Jiehong (Chairman) and Mr. Ke Xionghan; the non-executive Director is Ms. Ho Wing Yan; and the independent non-executive Directors are Mr. Chong Cha Hwa, Mr. Ho Man Fai and Mr. Yang Yunguang.