

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 INTERIM RESULTS FOR 2023

The board (the “**Board**”) of directors (the “**Directors**”) 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 2023 (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	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	4	404,966	418,706
Cost of sales		(352,322)	(365,594)
Gross profit		52,644	53,112
Other income, gains or (losses)	4	2,183	2,065
Selling and distribution expenses		(9,512)	(10,609)
Administrative expenses		(46,536)	(48,610)
Finance costs	5	(36,844)	(44,018)
Share of loss of associates		(556)	(114)

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
LOSS BEFORE TAX	6	(38,621)	(48,174)
Income tax expense	7	<u>(3)</u>	<u>(60)</u>
LOSS FOR THE PERIOD		<u>(38,624)</u>	<u>(48,234)</u>
Attributable to:			
Owners of the parent		(42,207)	(40,203)
Non-controlling interests		<u>3,583</u>	<u>(8,031)</u>
		<u>(38,624)</u>	<u>(48,234)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (<i>in HK cents</i>)	9	<u>(0.67)</u>	<u>(0.65)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(38,624)	(48,234)
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations and associates	(65,214)	(95,382)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(103,838)	(143,616)
Attributable to:		
Owners of the parent	(107,058)	(133,564)
Non-controlling interests	3,220	(10,052)
	(103,838)	(143,616)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		37,434	44,004
Investment properties		399,563	412,381
Right-of-use assets		80,713	96,522
Goodwill		3,561	3,675
Other intangible assets		–	–
Interests in associates	10	217,781	204,738
		739,052	761,320
CURRENT ASSETS			
Inventories		149,905	149,351
Properties for sale		392,419	383,980
Trade receivables	11	128,299	145,567
Loan receivables		188,450	199,358
Prepayments, deposits and other receivables	12	280,009	290,518
Cash and cash equivalents		17,652	14,880
		1,156,734	1,183,654
CURRENT LIABILITIES			
Trade and bills payables	13	161,497	157,291
Other payables and accruals	14	291,957	247,566
Contract liabilities		145,812	132,835
Bank and other borrowings	15	454,212	440,044
Amounts due to related parties		691	691
Tax payable		5,477	5,461
Lease liabilities		39,387	38,569
		1,099,033	1,022,457
NET CURRENT ASSETS		57,701	161,197
TOTAL ASSETS LESS CURRENT LIABILITIES		796,753	922,517

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Deferred tax liabilities	23,686	24,446
Lease liabilities	91,271	112,437
	<hr/>	<hr/>
Total non-current liabilities	114,957	136,883
	<hr/>	<hr/>
Net assets	681,796	785,634
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	633,231	631,337
Reserves	61,523	170,475
	<hr/>	<hr/>
	694,754	801,812
Non-controlling interests	(12,958)	(16,178)
	<hr/>	<hr/>
Total equity	681,796	785,634
	<hr/> <hr/>	<hr/> <hr/>

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 2023 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 consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

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.

Going concern basis

As at 30 June 2023, the Group had defaulted in repayments of its debts, including: i) secured bonds of principal amount of HK\$109,000,000 and interests thereon of approximately HK\$95,319,000 (the “**Defaulted Secured Bonds**”); ii) unsecured bonds of principal amount of HK\$248,414,000 and interests thereon of approximately HK\$65,981,000 (the “**Default Unsecured Bonds**”); iii) other loans of principal amount of HK\$17,331,000 and interest thereon of approximately HK\$1,708,000 (the “**Defaulted Other Loans**”); and iv) default in settlement of construction payables which, including additional penalties thereon, amounted to approximately HK\$95,493,000 (the “**Defaulted Construction Payables**”), in respect of which the Group had received a notice from the contractor of the event of default and demand for payment. In addition, the Group had outstanding bank and other borrowings other than the Defaulted Secured Bonds and Defaulted Unsecured Bonds of approximately HK\$79,467,000 as at 30 June 2023 which were due for repayment or renewal in the next twelve months after 30 June 2023 and incurred a loss for the period ended 30 June 2023 of approximately HK\$38,624,000.

However, the Group's cash and cash equivalents amounted to approximately HK\$17,652,000 as at 30 June 2023 and the financial resources available to the Group as at 30 June 2023 may not be sufficient to repay the Defaulted Secured Bonds, the Defaulted Unsecured Bonds, the Defaulted Other Loans, and the Defaulted Construction Payables and other liabilities of the Group. The events and conditions described above indicate that material uncertainties existed that cast significant doubts on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In the preparation of the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors have adopted the going concern basis of accounting in the preparation of the consolidated financial statements and are of the view that the Group is able to continue as a going concern, after taking into account the plans and measures being implemented in order to improve the working capital and liquidity and cash flow position of the Group, as follows:

1) Existing business

Management is endeavoring to improve the Group's operating results and cash flows through various cost control measures and will focus on the existing business.

2) Financial support

A shareholder of the Company has agreed to continuously provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities when they fall due and carry on its business without a significant curtailment of operations in the twelve months from the date of approval of the 2023 Interim Report.

3) New funding

The Company is negotiating with investors for obtaining further financing when necessary including but not limited to equity financing, bank borrowing and issuance of new convertible bonds to improve the liquidity of the Group.

4) Appointment of financial advisers in Hong Kong

In November 2022 and March 2023, the Company engaged two independent professional advisers to assist the Company in negotiating with the creditors of the Company, assessing the financial position of the Group and formulating a holistic proposal (the "**Proposal**") with the creditors, containing proposals targeted to improve the Group's liquidity and financial position such as revised repayment schedule, finance cost saving measures and/or re-financing by new or renewed loans and/or equity. It is currently expected that the Proposal negotiations with the Company's creditors will be held within half year from the date of this report and subject to the initial feedback of the creditors, be submitted to the Court having jurisdiction (where applicable), shareholders and creditors' approval in the second half of 2023. In particular, the Company has been in ongoing negotiation with representatives of the bondholders in default and is cautiously optimistic with the outcome of such negotiations and proposals. If the Company succeeds in such negotiations and proposals, it is hoped that the Company's creditors should be prepared to withhold or postpone the demand of immediate payment and/or the taking of legal actions against the Group.

5) *Entering agreement with investor for proposed restructuring*

On 29 March 2023, the Company and the investor which is independent third party entered into the legally binding term sheet (“**Term Sheet**”) in connection with a proposed restructuring (the “Proposed Restructuring”), including but not limited to restructure the Group’s debt by initiating a credit scheme with the Group’s creditors.

In the opinion of the Directors, in light of the various measures or arrangements being implemented during and after the end of the reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, the validity of the preparation of the consolidated financial statements on going concern basis depends on the successful eventual outcome of the above mentioned plans and measures, which are inherently uncertain and as at the date of approval of the consolidated financial statements cannot be ascertained with reasonable certainty and are still subject to multiple uncertainties. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of amendments to HKFRSs

In the current interim period, the Group has applied for the following amendments to HKFRSs issued by the HKICPA for the first time which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 17	Insurance Contracts
Amendment to HKAS 8	Definition of Accounting Estimates
Amendment to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these 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 six reportable operating segments as follows:

- (a) the wine and liquor segment is engaged in the sale and distribution of wine and liquor;
- (b) the trading of food products segment is engaged in wholesaling and retailing of staple food, cooking oil, alcohol and beverage, frozen and fresh food, commodity hog;
- (c) the construction and development segment is engaged in construction and land development;
- (d) the financial leasing segment is engaged in the provision of financial leasing services;
- (e) the mineral products segment is engaged in the flotation selection of non-ferrous metals mines and sales of mineral products; and
- (f) the rental segment is engaged in the leasing of logistic facilities in Hong Kong and office facilities in PRC.

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.

No intersegment sale and transfer was transacted for the six months ended 30 June 2023 and 2022.

	Wine and liquor (Unaudited) HK\$'000	Trading of food products (Unaudited) HK\$'000	Construction and development (Unaudited) HK\$'000	Mineral products (Unaudited) HK\$'000	Rental (Unaudited) HK\$'000	Financial leasing (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Six months ended 30 June 2023							
Segment revenue:							
Sales to external customers	-	205,491	-	101,340	-	-	306,831
Timing of revenue recognition							
At a point in time	-	205,491	-	101,340	-	-	306,831
Revenue from other sources	-	-	-	-	87,847	10,288	98,135
Other income, gain or (losses)	-	278	-	17	1,510	9	1,814
	-	205,769	-	101,357	89,357	10,297	406,780
Segment results	-	1,429	(2,097)	4,037	5,501	3,792	12,662
Reconciliation:							
Interest income							24
Unallocated other operating income							345
Finance costs							(36,844)
Corporate and other unallocated expenses							(14,811)
Loss before tax							(38,624)
Six months ended 30 June 2022							
Segment revenue:							
Sales to external customers	-	181,431	-	105,345	119,124	12,806	418,706
Timing of revenue recognition							
At a point in time	-	181,431	-	105,345	-	-	286,776
Revenue from other sources	-	-	-	-	119,124	12,806	131,930
Other income, gain or (losses)	-	314	-	-	1,334	4	1,652
	-	181,745	-	105,345	120,458	12,810	420,358
Segment results	-	932	(2,816)	2,554	8,402	4,904	13,976
Reconciliation:							
Interest income							14
Unallocated other operating income							399
Finance costs							(44,018)
Corporate and other unallocated expenses							(18,545)
Loss before tax							(48,174)

4. REVENUE AND OTHER INCOME, GAINS OR (LOSSES)

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, gains or (losses) is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contracts with Customers		
Trading of food products	205,491	181,431
Mineral products	101,340	105,345
	<hr/>	<hr/>
Total revenue recognised at point in time	306,831	286,776
Revenue from other sources		
Rental	87,847	119,124
Financial leasing	10,288	12,806
	<hr/>	<hr/>
	404,966	418,706
	<hr/> <hr/>	<hr/> <hr/>
Other income, gains or (losses)		
Bank interest income	24	14
Interest income	1,172	1,132
Government grants (<i>Note</i>)	273	285
Others	714	634
	<hr/>	<hr/>
	2,183	2,065
	<hr/> <hr/>	<hr/> <hr/>

Note:

Government grants were mainly granted to the Group as subsidies to support the operation of the PRC subsidiaries. There are no special conditions or contingencies that are needed to be fulfilled and they were non-recurring in nature.

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank and other borrowings wholly repayable within five years	32,075	22,119
Interest on lease liabilities	4,769	21,899
	<u>36,844</u>	<u>44,018</u>

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories recognised as an expenses	206,734	251,821
Depreciation of property, plant and equipment	5,845	6,090
Depreciation of right-of-use assets	15,791	92,423
	<u>228,370</u>	<u>350,334</u>

7. INCOME TAX EXPENSE

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 PRC in which the Group operates.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	(3)	(51)
Deferred	–	(9)
	<u>(3)</u>	<u>(60)</u>

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2023 (2022: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted loss per share is calculated by dividing the loss 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	
	2023 (Unaudited)	2022 (Unaudited)
Loss attributable to the equity holders of the Company (<i>HK\$'000</i>)	<u>(42,207)</u>	<u>(40,203)</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>6,316,544</u>	<u>6,225,126</u>
Basic and diluted loss per share (<i>HK cents</i>)	<u>(0.67)</u>	<u>(0.65)</u>

The basic and diluted loss per share are the same for the periods ended 30 June 2022 and 2023 as the effect of the Group's share options were anti-dilutive.

10. INTERESTS IN ASSOCIATES

	30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
	Share of net assets	112,984
Advances to associates, net of allowance for expected credit losses	<u>104,797</u>	<u>77,809</u>
	<u>217,781</u>	<u>204,738</u>

11. TRADE RECEIVABLES

Other than the cash 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 receivables is impaired. Receivables over 3 months were mainly related to a number of independent customers from the sales of mineral products. The Directors are of the opinion that no provision for impairment is necessary as the credit quality of these customers are strong and the balances are still considered fully recoverable. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Within 1 month	59,977	47,402
1 to 2 months	34,867	30,965
2 to 3 months	23,540	42,357
Over 3 months	<u>28,791</u>	<u>43,719</u>
	147,175	164,443
<i>Less: Allowance for expected credit losses</i>	<u>(18,876)</u>	<u>(18,876)</u>
	<u>128,299</u>	<u>145,567</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Prepayments	127,981	152,370
Deposits and other receivables	<u>211,743</u>	<u>197,863</u>
	339,724	350,233
<i>Less: Allowance for expected credit losses</i>	<u>(59,715)</u>	<u>(59,715)</u>
	<u>280,009</u>	<u>290,518</u>

As at 30 June 2023, approximately HK\$242,879,000 (31 December 2022: HK\$244,666,000) was paid as trade deposits and prepayments on trading of food and minerals products.

Rental deposits and construction deposits for the warehouse amounting to HK\$27,953,000 (31 December 2022: HK\$28,297,000) were paid for the warehouse logistic business.

13. TRADE AND BILLS PAYABLES

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

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Within 1 month	5,750	5,579
1 to 2 months	3,286	4,583
2 to 3 months	2,253	2,761
Over 3 months	<u>72,692</u>	<u>72,417</u>
	83,981	85,340
Bills payable	<u>77,516</u>	<u>71,951</u>
	<u>161,497</u>	<u>157,291</u>

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

Included in trade payables are HK\$71,861,000 (31 December 2022: HK\$72,834,000) construction payables in which approximately HK\$66,600,000 (31 December 2022: HK\$66,105,000) are defaulted.

As at 30 June 2023, bills payables of approximately HK\$77,516,000 (31 December 2022: HK\$71,951,000) were secured by the investment property with fair value of approximately HK\$290,857,000 (31 December 2022: HK\$300,188,000) and personal guarantee by shareholder of the Company and related parties.

All the trade payables are denominated in Renminbi.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited) <i>HK\$'000</i>	31 December 2022 (Audited) <i>HK\$'000</i>
Other payables	56,999	45,442
Accruals	234,958	202,124
	<u>291,957</u>	<u>247,566</u>

Other payables are non-interest-bearing and have an average term of three months.

As included in other payables, there are HK\$23,387,000 (31 December 2022: HK\$25,280,000) rental deposits received from the tenants of logistic warehouse and office in PRC.

Included in the accruals, there are default interest of approximately HK\$151,181,000 (31 December 2022: HK\$142,046,000) and the penalties from default construction payables of approximately HK\$28,893,000 (31 December 2022: HK\$29,892,000).

15. BANK AND OTHER BORROWINGS

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Secured bank loans	12,492	20,944
Unsecured other loans	83,306	58,686
Secured bonds	109,000	109,000
Unsecured bonds	<u>249,414</u>	<u>251,414</u>
	<u>454,212</u>	<u>440,044</u>
Carrying amounts repayable within one year based on scheduled payment dates set out in the agreement	454,212	381,230
Carrying amounts not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>–</u>	<u>58,814</u>
	454,212	440,044
<i>Less:</i> amounts due within one year shown under current liabilities	<u>(454,212)</u>	<u>(440,044)</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the Period, the Group's revenue amounted to approximately HK\$404.97 million (2022: HK\$418.71 million), representing a decrease of 3.27% over the corresponding period in 2022 (the "**Corresponding Period**"). Gross profit of the Group was approximately HK\$52.64 million (2022: HK\$53.11 million). The loss (net of tax) was approximately HK\$38,624,000 (2022: HK\$48,234,000). The decrease in loss for the Period was mainly due to the combined effect of (i) the decrease in administrative expenses from HK\$48,610,000 for the Corresponding Period to HK\$46,536,000 for the Period due to disposal of subsidiaries in last financial year, and (ii) the decrease in finance costs from HK\$44,018,000 to HK\$36,844,000 due to decrease in interest of lease liabilities as the result of disposal of subsidiaries in last financial year.

Loss attributable to owners of the parent was approximately HK\$42,207,000 (2022: HK\$40,203,000). Loss per share for the Period was HK0.67 cents (2022: HK0.65 cents).

The Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's business both organically and through acquisitions when appropriate opportunities arise. The Group considered the business mix has been diversified during the past few years. The Group will focus on the existing business and will expand by self-development and investing in similar business. Investments 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 was principally engaged in the sale and distribution of wine and liquor in the People's Republic of China ("**PRC**").

During the Period, there was no revenue generated from the wine and liquor business (2022: HK\$Nil) as our sale points and delivery services have not fully resumed operation after the lifting of anti-coronavirus measures in the PRC. The Group will continue to review the development of this business segment.

Trading of Food Products Business

Trading of food products business recorded a revenue of approximately HK\$205.49 million (2022: HK\$181.43 million), accounted for 50.74% (2022: 43.33%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$4.61 million (2022: HK\$3.47 million). The increase in revenue was due to the increase in trading of staple food and cooking oil.

Construction and Development Business

Following the successful bid for the land use rights of a land parcel in Lianyungang, Jiangsu in PRC on 5 December 2017, the Group already obtained the Land Planning Permit and the Construction Planning Permit for the “Seafood Food City” during the year 2018. The commercial housing presale permit of phase one of the Seafood Food City was also obtained and started selling in the second half of 2019. However, the outbreak of coronavirus affected the sales plan and construction plan during the 3 years ended 31 December 2022. It is expected that the whole construction of the Seafood Food City on the land parcel will be delayed to late 2023.

Rental Business

The logistic facilities and office facilities renting business recorded a revenue of approximately HK\$87.85 million (2022: HK\$119.12 million), accounted for 21.69% (2022: 28.45%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$23.85 million (2022: HK\$32.79 million). After a few years of development, this segment has become one of the core businesses of the Group. The Group has rental business in Hong Kong and will keep on exploring and investing in potential renting facilities.

Financial Leasing Business

The financial leasing business recorded a revenue of HK\$10.29 million (2022: HK\$12.81 million), accounted for 2.54% (2022: 3.06%) of the total revenue. Gross profit of this business segment for the Period was approximately HK\$3.07 million (2022: HK\$3.48 million).

The Company's financial leasing services business is principally conducted through its wholly-owned subsidiary in the PRC, 深圳市前海大荒緣融資租賃有限公司 (Shenzhen Qianhai Dahuangyuan Finance Lease Co., Ltd.) ("**Dahuangyuan**"). Its business model principally focuses on the grant of loans to personal and corporate borrowers whether by way of finance leasing on property, plant and equipment ("**PPE**"), trade financing or otherwise. Under the Group's business model of finance leasing, it either grants loans to its customers, charges them interest and takes PPE as collateral, or acquires PPE and leases them back to the customers. The Group's borrowers are normally sourced by the Group's staff and management, and/or from referrals by existing or potential customers or business acquaintances of the Group's staff and management.

The credit risk assessment policy of Dahuangyuan's lending business contemplates the performing of the following credit risk assessment procedures, namely: (a) the conducting of background searches (such as company and litigation searches) on the customers and their affiliated entities, the security providers (if any) and their assets; (b) the request for and the reviewing of documents and financial information to demonstrate the financial position of the customers or the security providers (if any); (c) the checking and reviewing of documents in respect of the collaterals (if any); and (d) for loan renewal applications, the past repayment behaviour of the customers. The credit risk assessment procedures were performed by the loan approval team of Dahuangyuan who are experienced in financial and accounting. It is through the conducting of credit assessment (including an assessment on the asset collateral) at the time of granting the loan and the request for asset collateral that the Board endeavours to safeguard the Company's assets to the best we can. The Company will only consider making a loan offer to the loan applying customer if the Company is satisfied with the credit assessment outcome.

After the background checking, the loan officer will prepare a credit assessment report on the customer and submit the proposed terms of the loan application (including the loan amount, loan period, interest rate, repayment schedule and the provision of collaterals) for the approval of the directors of Dahuangyuan. The loan terms are decided following arm's length negotiations with the customers after taking into account factors such as the terms requested by the loan applicants, the Group's assessment on the financial means of the applicants, the macro-economy including the latest trend of interest rate and the availability of guarantees and/or collaterals. In order to maintain competitiveness as compared to banks, Dahuangyuan adopts a pragmatic approach and is prepared to offer more flexible terms of loan to customers.

After the grant of loans, regular updates on the credit status of borrowers, valuation of collaterals and loan repayment status will be provided by the loan officer of Dahuangyuan to the Company's management, who will in turn report the situation to the Directors of the Company from time to time. Under the credit policy of the Group, the loan officer will prepare half-yearly reports on the update status of the borrowers and the collaterals, normally after face-to-face meetings with the borrowers and conducting physical visits at the premises at which the PPE collaterals are situated. However, as a result of the COVID-19 outbreak, alternative procedures such as video meetings and video site visits were encouraged to minimize inter-city traveling and to protect staff health and safety. If any loan is overdue or the credit status of a borrower is found to have deteriorated, Dahuangyuan would normally contact the customers to understand the reason and if the customers can come up with credible explanations and can offer feasible solution in positive attitude, Dahuangyuan would normally be more prepared to accommodate an amicable solution, including the extension of the repayment schedule. If the Company is unsatisfied with the safety margin between the value of the collateral and the outstanding loan, it will normally demand additional asset collateral from the customer. If an overdue customer takes an evasive attitude or if his financial deterioration is drastic and irreversible, Dahuangyuan would consider the taking of legal action by way of last resort.

Mineral Products Business

The mineral products business includes the flotation selection of non-ferrous metals mines and sales of mineral products. This business segment recorded a revenue of approximately HK\$101.34 million (2022: HK\$105.35 million) and accounted for 25.03% (2022: 25.16%) of the total revenue. The Group acquired this business in 2017 and expects the market of this business will remain fine and the revenue contributed by this segment will represent a larger portion of the Group's revenue. Gross profit of this business segment for the Period was approximately HK\$21.11 million (2022: HK\$13.37 million).

Business Prospects

The Group will continue to expand its existing businesses by developing its core business segments. The Group will also look for other potential businesses and related profitable business.

Financial Review

Revenue

During the Period, the Group achieved a revenue of approximately HK\$404.97 million (2022: HK\$418.71 million), representing a decrease of 3.27% when compared with the Corresponding Period. Gross profit of the Group was approximately HK\$52.64 million (2022: HK\$53.11 million). The loss (net of tax) was approximately HK\$38,624,000 (2022: HK\$48,234,000).

Selling and Distribution Expenses

Selling and distribution expenses were approximately HK\$9.51 million (2022: HK\$10.61 million), representing a decrease of 10.46% when compared with the Corresponding Period and 2.35% (2022: 2.53%) of the Group's revenue. The decrease in selling and distribution expenses was mainly due to the the disposal of Beijing Mumian Shangyuan Investment Management Co., Ltd. (北京木棉上元投資管理有限公司).

Administrative Expenses

Administrative expenses were approximately HK\$46.54 million (2022: HK\$48.61 million), representing a decrease of 4.23% when compared with the Corresponding Period. The decrease was mainly because of the disposal of Beijing Mumian Shangyuan Investment Management Co., Ltd (北京木棉上元投資管理有限公司). The Group continued to control the cost through simplifying and combining the structure of the subsidiaries of similar business.

Finance Costs

Finance costs were approximately HK\$36.84 million (2022: HK\$44.02 million). The decrease was mainly because the interest on lease liabilities were dropping from HK\$21.9 million to HK\$4.8 million, which due to the disposal of Beijing Mumian Shangyuan Investment Management Co., Ltd (北京木棉上元投資管理有限公司).

Prepayments, Deposits and Other Receivables

Included in prepayments, deposits and other receivables, there were trade deposits of HK\$242.88 million (31 December 2022: HK\$244.67 million) paid for food products and mineral products. HK\$27.95 million (31 December 2022: HK\$28.3 million) was paid as rental deposits for the rental business.

Capital Structure, Liquidity and Financial Resources

As at 30 June 2023, the total number of issued shares of the Company was 6,332,312,083 shares. 18,946,000 shares options were exercised during the Period and as a result of which 18,946,000 shares were issued.

As at 30 June 2023, the Group had net assets to owners of the parent of approximately HK\$694.75 million (31 December 2022: HK\$801.81 million). Net current assets of the Group as at 30 June 2023 amounted to approximately HK\$57.70 million (31 December 2022: HK\$161.20 million). The current ratio (calculated as current assets to current liabilities) for the Period was 1.05 (31 December 2022: 1.15).

The Group's cash and cash equivalents as at 30 June 2023 amounted to approximately HK\$17.65 million (31 December 2022: HK\$14.88 million), which were denominated in Hong Kong dollars and Renminbi.

As at 30 June 2023, the Group's total bank and other borrowings amounted to approximately HK\$454.21 million (31 December 2022: HK\$440.04 million). The bank and other borrowings are charged at fixed interest rates. All of the Group's bank and other borrowings were denominated in Renminbi and Hong Kong dollars.

The gearing ratio of the Group as at 30 June 2023 (calculated as net debt divided by equity attributable to owners of the parent plus net debt) was 45.20% (31 December 2022: 45.31%). The ratio was at reasonably adequate level as at 30 June 2023. 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 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, utilise hedging tools, if available, to manage its foreign currency exposure.

Charge on Assets and Contingent Liabilities

The shares of two subsidiaries of the Company with net assets of HK\$42.54 million (31 December 2022: HK\$31.83 million) were pledged for a secured bond since August 2017. As the secured bond was matured, the bondholder has the right to take over the control of the two subsidiaries. The Company is in negotiation with the bondholder for extension of repayment of the bond and as at the date of this announcement, the two subsidiaries are still under the control of the Company.

Investment properties with fair value of approximately HK\$290.86 million (31 December 2022: HK\$300.19 million) was pledged to the bank for the Group's borrowings.

Employees and Remuneration Policy

As at 30 June 2023, the Group had approximately 151 (30 June 2022: 167) employees in Hong Kong and the PRC with total staff costs amounting to approximately HK\$3.85 million (30 June 2022: HK\$5.66 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 aiming to provide incentives to participants for their contributions to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

Litigations

(i) HCA 1867 of 2015

On 18 August 2015, the Company received a writ of summons issued from the High Court of Hong Kong (the “**Writ**”) relating to a claim by Mr. Qu Shuncaï (“**Mr. Qu**”), a former Director of the Company. 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 his exercise of the share options. The trial was heard before Judge from 8 December 2022 to 14 December 2022, and on 10 February 2023, it was adjudicated by the Court that the Company shall pay damages to the Plaintiff, assessed at HK\$4,394,000, and costs. The Company has decided to appeal against the said judgment, and thus the Company filed a Notice of Appeal on 6 March 2023.

(ii) HCA 1948 of 2019

On 24 October 2019, the Company received a writ of summons (under HCA 1948 of 2019) issued on behalf of Gemini Funds Limited for an order to direct the Company to deliver up the share certificate of 5,000,000 (Bonus) Shares issued in January 2016 and damages to be assessed. The said Gemini Funds Limited has also taken out an application for summary judgment against the Company returnable before a Master of the High Court on 9 April 2020. The legal representative of the Company filed an Acknowledgment of Service on 6 November 2019, and the Company has filed a notice to the Court to oppose the application by the said Plaintiff to enter judgment against the Company. The hearing was heard before a Judge on 21 January 2021 and pursuant to the Judgement, the Company delivered up the said share certificate to the Plaintiff on 24 March 2021. At the same time, the Company filed a Notice to Appeal on 18 February 2021.

(iii) (2022) Su 0706 Minchu No.4506, (2022) Su 07 Minzhong No. 4403, (2023) Su 0706 Zhi No.1236

On 22 August 2022, the Company's subsidiary, Lianyungang Huajin Huahong Industrial Co., Ltd (連雲港華金華鴻實業有限公司) received a civil judgement (民事裁定書) issued on behalf of Wang Pengcheng (王鵬程) (“Wang”) under (2022) Su 0706 Minchu No.4506 ((2022)蘇0706民初4506號). According to the civil judgement (民事裁定書), Wang being the plaintiff, request the repayment on the loan principle in RMB5,000,000 and interest in 2% per month. Jiangsu Province Lianyungang Shi Haizhiu Qu Intermediate Court judged Lianyungang Huajin Huahong Industrial Co., Ltd (連雲港華金華鴻實業有限公司) had to repayment the loan principle in RMB5,000,000 and interest in four times for the Prime rate of National Interbank Funding Center authorized by People's Bank of China.

On 28 January 2023, Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) submitted an appeal withdrawal application to the Lianyungang Intermediate People's Court of Jiangsu Province under (2022) Su 07 Minzhong No. 4403 ((2022)蘇07民終4403號).

On 21 February 2023, Wang applied to the People's Court of Haizhou District, Lianyungang City for enforcement of the legal document under (2022) Su 0706 Minchu No. 4506 ((2022)蘇0706民初4506號) issued by the People's Court of Haizhou District, Lianyungang City regarding Wang and Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) which has become legally effective under (2023) Su 0706 Zhi No. 1236 ((2023)蘇0706執1236號). The principal and interest involved in the enforcement amounted to RMB6,166,863.66.

On 17 May 2023, in the case of the dispute over the loan contract between Wang, the applicant for enforcement, and Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司), the defendant, the People's Court of Haizhou District, Lianyungang City ordered the defendant to fulfill its obligations under the (2022) Su 0706 Minchu No. 4506 ((2022)蘇0706民初4506) judgment in force within a specified time limit, which were overdue and remained unfulfilled by the defendant. On 10 June 2022, the People's Court of Haizhou District, Lianyungang City sealed up the N.2117G23# real estate (Real Estate Ownership Certificate No.: Su (2018) Ganyu District Real Estate Ownership No. 0002297 (蘇(2018)贛榆區不動產權第0002297號)) located on the east of No. 242 provincial highway and the north of Shawang River in Ganyu Ocean Development Zone under the name of Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司), the defendant under (2022) Su 0706 Minchu ((2022)蘇0706民初). The case concerned the same affair as the (2022) Su 0706 Minchu No. 4506 case. The People's Court of Haizhou District, Lianyungang City sealed up assets for the first time in this case with the right of disposal.

On 17 May 2023, the People's Court of Haizhou District, Lianyungang City has ruled to auction and sell off the N.2117G23# real estate (Real Estate Ownership Certificate No.: Su (2018) Ganyu District Real Estate Ownership No. 0002297 (蘇(2018)贛榆區不動產權第0002297號)) located on the east of No. 242 provincial highway and the north of Shawang River in Ganyu Ocean Development Zone under the name of Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司), the defendant.

On 25 July 2023, a representative from Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) was invited to meet with a representative from the People's Court of Haizhou District, Lianyungang City. The representative of the People's Court of Haizhou District, Lianyungang City indicated that it would only sealed up Building No. 12 of the N.2117G23# real estate (Real Estate Ownership Certificate No.: Su (2018) Ganyu District Real Estate Ownership No. 0002297 (蘇(2018)贛榆區不動產權第0002297號)) located on the east of No. 242 provincial highway and the north of Shawang River in Ganyu Ocean Development Zone under the name of Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司).

On 5 August 2023, Lianyungang Huajin Huahong Industrial Co., Ltd. (連雲港華金華鴻實業有限公司) applied to of the People's Court of Haizhou District, Lianyungang City, for deferral of execution of the auction of Building No. 12 of the N.2117G23# real estate (Real Estate Ownership Certificate No.: Su (2018) Ganyu District Real Estate Ownership No. 0002297 (蘇(2018)贛榆區不動產權第0002297號)) located on the east of No. 242 provincial highway and the north of Shawang River in Ganyu Ocean Development Zone.

(iv) HCCW 3 of 2023

On 9 January 2023, the Company received a petition (“**Mr. Zhang’s Petition**”) filed by Mr. Zhang Zhiguang (“**Mr. Zhang**”) for an order that the Company may be wound up by the High Court under the Ordinance pursuant to a Statutory Demand (for being unable to repay a debt of an amount of HK\$7,197,841.10). Details of Mr. Zhang’s Petition were disclosed in the announcement of the Company dated 10 January 2023. Mr. Zhang’s Petition was heard before Master on 15 March 2023 and was adjourned to 5 July 2023.

A consent summons has been filed by the Mr. Zhang and the Company to the High court seek an order to adjourn the hearing of the Petition scheduled for 5 July 2023 to a date no later than 15 September 2023, and the High Court ordered that hearing of the Mr. Zhang’s Petition be adjourned to 13 September 2023.

(v) CACV 71 of 2023

On 6 March 2023, the Company filed a Notice of Appeal to the Court to appeal against the Judgment of HCA 1867 of 2015 that the quantum of damages be HK\$2,944,000.00 only.

(vi) HCCW 144 of 2023

On 30 March 2023, the Company received a winding up petition filed by Mr. Qu Shuncaï (under HCCW 144 of 2023) for an order that the Company may be wound up by the High Court of the Hong Kong Special Administrative Region pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) for being unable to pay a debt of an amount of HK\$4,291,684.55, being the Reduced Amount together with its accrued interest of HK\$1,347,684.55 as at 7 March 2023.

The Company and Mr. Qu Shuncaï have signed and filed a consent summons to the High Court for withdrawn of the Petition. On 7 June 2023, the Company received the order of the High Court dated 6 June 2023 which ordered, among other things, that leave be given to the Petitioner to withdraw the Petition, and the hearing scheduled on 7 June 2023 be vacated.

(vii) FSD 146 of 2023

On 13 June 2023, the Company received a petition (“**Cayman Petition**”) filed by Mr. Qiu Zhen (the “**Petitioner**”) from its Cayman corporate service provider which had received the Cayman Petition on 5 June 2023, for an order that the Company be wound up by the Grand Court of the Cayman Islands (“**Cayman Grand Court**”) in accordance with the Companies Act (as revised) of the Cayman Islands.

The Cayman Petition was filed against the Company for failing to satisfy a statutory demand issued on 25 August 2022 in a principal amount of HK\$16,673,418.00 with accrued interest of HK\$738,826.56 as at 12 May 2023.

On 20 July 2023, the Petitioner and the Company agreed to, and the Cayman Grand Court made, consent orders adjourning the hearing of the Cayman Petition to 18 October 2023 (Cayman Islands time) for a hearing of no more than 2 hours.

(viii) Application for Validation Order

Pursuant to a summons dated 14 July 2023 filed by the Company with the Cayman Grand Court, on 20 July 2023, the Cayman Grand Court made a validation order in the following terms:

“That the trading of the Company’s shares and any transfers of shares or alterations in the status of the Company’s members made between the date of the presentation of the Cayman Petition and the date of any winding-up of the Company, shall not be void pursuant to section 99 of the Companies Act in the event that an order for the winding-up of the Company is made on the Cayman Petition.”

This complements the validation orders made on 16 May 2023 by the High Court in respect of two winding-up petitions filed in Hong Kong (one of which petitions has since been withdrawn), as described in the announcement of the Company dated 19 May 2023.

(ix) (2023) Su 0706 Minchu No. 1584

On 31 July 2023, the Company’s subsidiary, Lianyungang Huajin Huahong Industrial Co., Ltd (“**Huajin Huahong**”) received a civil ruling issued on behalf of Sun Jie 孫杰 under (2023) Su 0706 Minchu No. 1584. According to the civil ruling, Sun Jie (孫杰) being the plaintiff, requested the loan principal repayment for RMB10,000,000 and the interest.

The Court entered judgment that Huajin Huahong repay the principal RMB9,735,518.35 and interest RMB47,071.22 to Sun Jie (孫杰).

Possible Debt Restructuring

In light of the current liquidity constraints and financial challenges of the Company, including the Petition dated on 10 January 2023, 27 January 2023 and 15 March 2023, the Company has been working closely with its professional advisers and is using its best endeavours to explore various options available for restructuring the Company's debts (the "**Proposed Restructuring**"), including but not limited to the restructuring of debts by engaging with its creditors, other stakeholders and potential investors and by way of a scheme of arrangement in Hong Kong (the "**Scheme**"). The Company will strive to engage in dialogues with creditors of the Company (the "**Creditors**") in order to facilitate the implementation of a value preserving solution with all relevant stakeholders.

The Company announced on 23 March 2023 that the convening hearing in respect of the Scheme, at which an order will be sought to convene the scheme meeting for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme, is scheduled to be heard before the High Court on 16 June 2023 (Hong Kong time).

On 16 June 2023, it was ordered that the convening hearing in respect of the Creditors' Scheme be adjourned before the Companies Judge to a date to be fixed no later than 5 July 2023.

On 20 June 2023, the High Court directed that the convening hearing in respect of the Creditors' Scheme be adjourned to be heard before the Companies Judge on 31 July 2023.

On 31 July 2023, it was ordered that the convening hearing in respect of the Creditors' Scheme be further adjourned to 18 August 2023.

At the hearing on 18 August 2023, the High Court granted leave for the Company to convene a meeting of the Creditors under the Creditors' Scheme, with any adjournments as may be appropriate, for the purpose of considering and, if thought fit, approving (with or without modification) the Creditors' Scheme proposed to be made between the Company and the Creditors pursuant to Sections 670, 671, 673 and 674 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong). A hearing of the High Court for the purpose of sanctioning the Creditors' Scheme is scheduled on 29 November 2023.

Entering Agreement with Investor for Proposed Restructuring

On 29 March 2023, the Company and the investor which is independent third party entered into the legally binding term sheet in connection with a Proposed Restructuring.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (six months ended 30 June 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have been reviewed by the audit committee of the Company, which comprises three independent non-executive Directors, namely Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.

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**”) in Appendix 10 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited. Specified employees who are likely to be in possession of unpublished inside 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 Period.

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 Part 2 of Appendix 14 to the Listing Rules throughout the Period, except for the deviation disclosed as follows:

In respect of code provision C.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 since 24 June 2016. The Chairman of the Board 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. During the period from 1 January 2023 to 13 June 2023, Mr. Jiang Jianjun was the Chairman of the Board. Mr. Jiang Jiancheng was appointed as the Chairman with effect from 14 June 2023. 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

Other than as disclosed in the Management Discussion and Analysis of this announcement, there is no material event after the reporting period and up to the date of this announcement.

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

Hong Kong, 31 August 2023

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