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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000 (restated)
Continuing operations:			
Revenue	5	182,085	219,729
Cost of sales		(139,426)	(159,686)
Gross profit		42,659	60,043
Other income, gains or losses	6	(4,828)	1,901
Selling and distribution expenses		(7,760)	(8,033)
Administrative expenses		(41,553)	(42,455)

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)
Loss from operation		(11,482)	11,456
Net allowance of expected credit losses		(1,873)	(22)
Finance costs	7	(7,314)	(15,956)
Share of loss of associates		(10,230)	(17,593)
Loss before taxation	8	(30,899)	(22,115)
Income tax credit/(expense)	10	2,802	(1,003)
Loss for the year from continuing operations		(28,097)	(23,118)
Discontinued operations:			
Loss for the period/year from discontinued operations	9	(271,645)	(122,470)
LOSS FOR THE YEAR		(299,742)	(145,588)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Release of exchange differences upon disposal of subsidiaries		(205,031)	—
Exchange differences arising on translation of foreign operations and associates		(16,695)	(28,809)
Total comprehensive expense for the year		(521,468)	(174,397)

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000 (restated)
Loss for the year attributable to:			
Owners of the Company			
– Loss from continuing operations		(25,548)	(31,525)
– Loss from discontinued operations		<u>(270,260)</u>	<u>(121,792)</u>
		(295,808)	(153,317)
Non-controlling interests			
– (Loss)/profit from continuing operations		(2,549)	8,407
– Loss from discontinued operations		<u>(1,385)</u>	<u>(678)</u>
		<u>(299,742)</u>	<u>(145,588)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company			
– Loss from continuing operations		(33,674)	(41,450)
– Loss from discontinued operations		<u>(483,042)</u>	<u>(140,351)</u>
		(516,716)	(181,801)
Non-controlling interests			
– (Loss)/profit from continuing operations		(3,333)	8,319
– Loss from discontinued operations		<u>(1,419)</u>	<u>(915)</u>
		<u>(521,468)</u>	<u>(174,397)</u>
Loss per share for loss from continuing operations attributable to the owners of the Company			
Basic and diluted (in HK cents)	12	<u>(0.40)</u>	<u>(0.50)</u>
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company			
Basic and diluted (in HK cents)	12	<u>(4.60)</u>	<u>(2.42)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		22,811	36,756
Investment properties		284,840	403,448
Right-of-use assets		41,601	65,051
Goodwill		–	3,605
Interests in associates		–	169,772
		<u>349,252</u>	<u>678,632</u>
CURRENT ASSETS			
Inventories		6,551	163,782
Properties for sale		–	398,388
Trade receivables	13	12,209	126,787
Loan receivables		–	194,597
Prepayments, deposits and other receivables		64,291	287,050
Cash and cash equivalents		10,644	12,996
		<u>93,695</u>	<u>1,183,600</u>
CURRENT LIABILITIES			
Trade and bills payables	14	17,860	146,821
Other payables and accruals		51,052	406,318
Contract liabilities		7,278	110,573
Bank and other borrowings		28,774	441,653
Amounts due to related parties		10,290	3,900
Tax payable		272	5,953
Lease liabilities		16,636	32,408
		<u>132,162</u>	<u>1,147,626</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NET CURRENT (LIABILITIES)/ASSETS	<u>(38,467)</u>	<u>35,974</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>310,785</u>	<u>714,606</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	9,197	24,073
Lease liabilities	<u>62,683</u>	<u>79,296</u>
Total non-current liabilities	<u>71,880</u>	<u>103,369</u>
Net assets	<u>238,905</u>	<u>611,237</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	756,019	633,231
Reserves	<u>(529,936)</u>	<u>(13,220)</u>
	226,083	620,011
Non-controlling interests	<u>12,822</u>	<u>(8,774)</u>
Total equity	<u>238,905</u>	<u>611,237</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2024

1. CORPORATE INFORMATION

China Beidahuang Industry Group Holdings Limited is a public limited liability company incorporated in the Cayman Islands. Its shares are listed on The Stock Exchange of Hong Kong Limited. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Room 225, 2/F., Mega Cube, 8 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Beidahuang (HK) International Trade Co., Limited, which is incorporated in Hong Kong and the ultimate controlling parties are Mr. Jiang Jianjun and Ms. Li Zhuoxun.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

Going concern basis

During the year ended 31 December 2024, the Group incurred a loss for the year from continuing operation of approximately HK\$28,097,000 and as of that date, the Group had net current liabilities of HK\$38,467,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors are of the opinion that the Group will be able to meet its financial obligations as and when they fall due within the next twelve months, after taking into account the following plans and measures:

- (a) The Group has classified bank borrowings amounting to approximately HK\$22,093,000 with scheduled repayment dates that were more than 12 months from the end of the reporting period but contain a repayment on demand clause as current liabilities at 31 December 2024. Based on the latest communication with the banks and taking into account the security provided to the bank, the Directors are not aware of any intention of the banks to require early repayment of the borrowings. Moreover, the Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.
- (b) We have obtained a waiver of amount due to related party amounting to approximately HK\$10,291,000 in which the related party has agreed not to repay the amount due to within the next 12 months from the date of this report; and
- (c) The Group continues to monitor capital expenditure to balance and relieve cash resource to support the operations and take action to tighten cost controls over various operating expenses and is actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

The directors of the Company have reviewed the Group's cash flow projections which cover a period of twelve months from 31 December 2024. The directors are of the opinion that, taking into account the plans and measures as stated above, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatory effective for the current year

In the current year, the Group has applied the followings amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 And HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instrument ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. OPERATING SEGMENT INFORMATION

The chief operating decision maker (the “**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources.

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 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;
- (b) the rental segment is engaged in the leasing of logistic facilities in Hong Kong and office facilities in the People’s Republic of China (“**PRC**”);

An operation segments regarding wine and liquor, construction and development, financing leasing, mining products and trading of food products were discontinued in the current year. The segment information reported on the next pages does not include any amounts for these discontinued operation, which are described in more detail in note 9.

The CODM 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 taxation except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

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

Continuing operations

	Trading of food products <i>HK\$'000</i>	Rental <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024				
Segment revenue:				
Sales to external customers	110,363	71,722	–	182,085
Revenue from contracts with customers				
Timing of revenue recognition				
At a point in time	110,363	–	–	110,363
Revenue from other sources	–	71,722	–	71,722
Other loss	–	(1,750)	–	(1,750)
	<u>110,363</u>	<u>69,972</u>	<u>–</u>	<u>180,335</u>
Segment results	2,725	7,646	–	10,371
<i>Reconciliation:</i>				
Bank interest income				21
Unallocated other operating income or loss				(3,099)
Corporate and other unallocated expenses				(30,878)
Finance costs				<u>(7,314)</u>
Loss before taxation				(30,899)
Taxation				<u>2,802</u>
Loss for the year from continuing operations				<u><u>(28,097)</u></u>

	Trading of food products <i>HK\$'000</i>	Rental <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	79,310	434,197	–	513,507
Continuing operations				
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(253,144)
Corporate and other unallocated assets				<u>182,584</u>
Total assets				<u><u>442,947</u></u>
Segment liabilities	61,388	201,179	–	262,567
Continuing operations				
<i>Reconciliation:</i>				
Elimination of intersegment payables				(253,144)
Corporate and other unallocated liabilities				<u>194,619</u>
Total liabilities				<u><u>204,042</u></u>
Other segment information				
Share of loss of associates	–	–	(10,230)	(10,230)
Depreciation and amortisation	759	33,933	777	35,469
Interests in associates	–	–	42,083	42,083
Capital expenditure*	7,892	1,947	–	9,839
Fair value loss on investment properties	–	(1,750)	–	<u><u>(1,750)</u></u>

	Trading of food products <i>HK\$'000</i>	Rental <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023 (Restated)				
Segment revenue:				
Sales to external customers	123,000	96,729	–	219,729
Revenue from contracts with customers				
Timing of revenue recognition				
At a point in time	123,000	–	–	123,000
Revenue from other sources	–	96,729	–	96,729
Other gain	217	324	–	541
Other operating expenses	–	(392)	–	(392)
	<u>123,217</u>	<u>96,661</u>	<u>–</u>	<u>219,878</u>
Segment results	2,350	7,085	–	9,435
<i>Reconciliation:</i>				
Bank interest income				45
Unallocated other operating income or loss				1,215
Corporate and other unallocated expenses				(16,854)
Finance costs				<u>(15,956)</u>
Loss before taxation				(22,115)
Taxation				<u>(1,003)</u>
Loss for the year				<u><u>(23,118)</u></u>

	Trading of food products <i>HK\$'000</i>	Rental <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	197,345	248,661	–	446,006
<i>Reconciliation:</i>				
Assets relating to discontinued operations				1,457,001
Elimination of intersegment receivables				(759,045)
Corporate and other unallocated assets				<u>718,270</u>
Total assets				<u><u>1,862,232</u></u>
Segment liabilities	175,366	75,043	–	250,409
<i>Reconciliation:</i>				
Liabilities relating to discontinued operations				814,023
Elimination of intersegment payables				(759,045)
Corporate and other unallocated liabilities				<u>945,608</u>
Total liabilities				<u><u>1,250,995</u></u>
Other segment information				
Share of loss of associates	–	–	(17,593)	(17,593)
Depreciation and amortisation	1,172	41,391	–	42,563
Interests in associates	–	–	169,772	169,772
Capital expenditure*	–	6,300	–	6,300
Fair value gain on investment properties	–	339	–	<u><u>339</u></u>

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

Geographical information

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

5. REVENUE

The Group's revenue generated from wine and liquor, trading of food products and mineral products business segments are revenue from contracts with customers under HKFRS 15. Except for rental and finance leasing, all contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Disaggregation of revenue from contracts with customers

An analysis of revenue by types of goods and services as follows:

	2024 HK\$'000	2023 HK\$'000 (restated)
Continuing operations:		
Revenue from contracts with customers		
Trading of food products	<u>110,363</u>	<u>123,000</u>
Total revenue recognised at a point in time	<u><u>110,363</u></u>	<u><u>123,000</u></u>
Revenue from other sources		
Rental	<u>71,722</u>	<u>96,729</u>
	<u><u>182,085</u></u>	<u><u>219,729</u></u>
Continuing operations:		
Revenue from geographic market:		
The PRC	135,626	158,398
Hong Kong	<u>46,459</u>	<u>61,331</u>
	<u><u>182,085</u></u>	<u><u>219,729</u></u>

6. OTHER INCOME, GAINS OR (LOSSES)

An analysis of other income, gains or (losses) is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Continuing operations:		
Interest income	643	543
Bank interest income	21	45
Government grants (<i>Note</i>)	17	53
Loss on disposal of property, plant and equipment	(3,803)	—
Fair value (loss)/gain on investment properties	(1,750)	339
Others	44	921
	<u>44</u>	<u>921</u>
	<u>(4,828)</u>	<u>1,901</u>

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.

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Continuing operations:		
Interest expenses on bank and other borrowings		
– wholly repayable within five years	947	7,082
Interest expenses on lease liabilities	6,367	8,874
	<u>6,367</u>	<u>8,874</u>
	<u>7,314</u>	<u>15,956</u>

8. LOSS BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (restated)
Continuing operations		
Cost of inventories recognised as an expenses	105,297	176,831
Depreciation of property, plant and equipment	12,274	11,183
Depreciation of right-of-use assets	24,545	31,380
Expenses related to short term lease and low value assets	1,053	782
Gross rental income	(71,722)	(96,729)
Less: Direct operating expenses that generated rental income during the year	50,512	49,583
	(21,210)	(47,146)
Auditors' remuneration	1,600	1,600
Employee benefit expenses (including directors' emoluments):		
Wages and salaries	5,612	5,374
Pension scheme contributions	154	401

9. DISCONTINUED OPERATIONS

The debt restructuring of the Group (the “**Debt Restructuring**”) by way of a creditor scheme (the “**Creditors' Scheme**”) was completed on 4 December 2024 (the “**Date of Completion**”) included the followings steps:

- (i) The Company had issued 850,000,000 subscription shares at HK\$0.10 per share to an investor on the Date of Completion, of which HK\$45,000,000 of the subscription price has been paid to a scheme company namely Gain North Limited (the “Scheme Company”) for settlement of creditors which they have preferential claims against the Company;
- (ii) On the Date of Completion, the Company has allotted and issued 377,879,793 shares (the “Scheme Shares”) to the creditors under the Creditors' Scheme who are entitled to and have validly elected to receive Scheme Shares under the Creditors' Scheme; and

(iii) the Scheme Company and the Group entered into separate transfer agreements for each of wholly-owned subsidiaries of the Company in the PRC, being (1) Shenzhen Qianhai Dahuangyuan Financing Lease Co., Ltd, (2) Linxiang Qiangsheng Mining Industry Company Limited, (3) Lianyungang Huajin Huahong Industrial Co., Ltd, and (4) Shenzhen Meiming Wenshi Trading Limited (the “**Scheme Subsidiaries**”) (collectively the “**Disposal Agreements**”), pursuant to which the Group agreed to transfer 100% equity interest in the Scheme Subsidiaries to the Scheme Company at nil consideration (the “**Disposal**”).

Upon completion of the Debt Restructuring, the Group’s liabilities of approximately HK\$713,070,000 would be discharged and released. For details, please refer to the Company’s announcement dated 4 December 2024. The Disposal discontinued the operation of the Scheme Subsidiaries.

The loss for the period/year from the discontinued operations of the Scheme Subsidiaries are set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Scheme Subsidiaries as discontinued operations.

Loss for the period/year from discontinued operations was as follows:

	1 January 2024 to 4 December 2024 HK\$’000	2023 HK\$’000 (Restated)
Loss for the period/year of the Scheme Subsidiaries (<i>note a</i>)	(120,295)	(122,470)
Loss on disposal of the Scheme Subsidiaries (<i>note b</i>)	(151,350)	–
Loss for the period/year from discontinued operations	<u>(271,645)</u>	<u>(122,470)</u>
Loss for the period/year attributable to		
– owners of the Company	(270,260)	(121,792)
– non-controlling interests	<u>(1,385)</u>	<u>(678)</u>
Loss for the period/year from discontinued operations	<u>(271,645)</u>	<u>(122,470)</u>

Note:

- (a) The results of the Scheme Subsidiaries for the period from 1 January 2024 to 4 December 2024 (date of completion of the Disposal), which have been included in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss of the Group were as follows:

	1 January 2024 to 4 December 2024 HK\$'000	2023 HK\$'000 (restated)
Revenue	374,856	625,270
Cost of Sales	(362,857)	(577,022)
Other income, gains and losses	1,214	521
Net allowance of expected credit losses	–	(392)
Selling and distribution expenses	(6,350)	(9,982)
Administrative expenses	(45,145)	(71,670)
Share of loss of associates	(507)	(4,875)
Finance costs	(81,506)	(84,597)
Taxation	–	277
Loss for the period/year	(120,295)	(122,470)

Loss for the period/year from discontinued operations has been arrived at after charging:

	1 January 2024 to 4 December 2024 HK\$'000	2023 HK\$'000 (restated)
Cost of inventories recognised as expenses	230,387	380,678
Depreciation of property, plant and equipment	1,003	3,249
Depreciation of right-of-use assets	348	318
Employee benefit expenses	3,037	2,619

Analysis of the cash flow of discontinued operations is as follows:

	1 January 2024 to 4 December 2024 HK\$'000	2023 HK\$'000 (restated)
Net cash generated from operating activities	47,904	9,987
Net cash generated from investing activities	2	7
Net cash used in financing activities	(47,421)	(11,809)
Net cash inflow/(outflow)	485	(1,815)

(b) Summary of the loss on the disposal of the Scheme Subsidiaries is as follows:

HK\$'000

Analysis of asset and liabilities over which control was lost:

Non-current assets

Property, plant and equipment	6,111
Investment properties	106,945
Goodwill	3,550
Interests in associates	183,329

Current assets

Inventories	154,066
Properties for sales	384,176
Trade receivables	171,300
Other receivables	192,200
Loan receivables	249,378
Tax receivables	945
Cash and cash equivalent	1,856

HK\$'000

Current liabilities

Trade and bill payables	(148,781)
Other payables and accruals	(117,096)
Contract liabilities	(108,754)
Bank and other borrowings	(92,141)
Amount due to the Group	(582,648)

Non-current liabilities

Deferred tax liabilities	<u>(13,916)</u>
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390,520

Waiver of amount due to related parties	582,648
Release of translation reserve upon disposal	(205,031)
Release of non-controlling interest upon disposal	<u>(22,108)</u>

Net assets disposal of	<u>746,029</u>
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Subscription price paid to the Scheme Company	45,000
Issue of the Scheme Shares	37,787
Total expenses related to the Debt Restructuring	<u>35,604</u>

864,420

Less: liabilities discharged upon completion	<u>(713,070)</u>
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Loss on disposal of the Scheme Subsidiaries	<u><u>151,350</u></u>
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10. INCOME TAX (CREDIT)/EXPENSE

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continued to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000.

	2024 HK\$'000	2023 HK\$'000 (restated)
Continuing operations		
Current tax:		
– Hong Kong	58	589
– PRC Enterprise Income Tax	<u>52</u>	<u>56</u>
	110	645
Over provision in prior years	(2,474)	–
Deferred tax	<u>(438)</u>	<u>358</u>
Total tax (credit)/expense for the year	<u><u>(2,802)</u></u>	<u><u>1,003</u></u>

11. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2024 (2023: HK\$nil).

12. LOSS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2024 HK\$'000	2023 HK\$'000 (restated)
Loss from continuing operations:		
Loss for the year attributable to the owners of the Company	(295,808)	(153,317)
Add: Loss for the year from discontinued operations	<u>270,260</u>	<u>121,792</u>
Loss for the year from continuing operations attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u>(25,548)</u>	<u>(31,525)</u>
	2024 '000	2023 '000
Number of shares:		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>6,426,506</u>	<u>6,327,838</u>
	HK\$	HK\$ (restated)
Loss per share for loss from continuing operations attributable to the owners of the Company		
Basic and diluted (in HK cents)	<u>(0.40)</u>	<u>(0.50)</u>
Loss per share for loss from continuing and discontinued operations attributable to the owners of the Company		
Basic and diluted (in HK cents)	<u>(4.60)</u>	<u>(2.42)</u>

For the year ended 31 December 2024 and 2023, the computation of diluted loss per share from continuing and discontinued operations were the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

13. TRADE RECEIVABLES

Trade receivables are mainly arisen from sale of goods, and rental income derived from rental business.

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

	2024 HK\$'000	2023 HK\$'000
Within 1 month	11,848	46,371
1 to 2 months	474	5,550
2 to 3 months	–	43,828
Over 3 months	–	57,198
	12,322	152,947
Less: Allowance for expected credit losses	(113)	(26,160)
	12,209	126,787

Included in the trade receivables consist of rental receivables. The aging analysis of the Group's rental receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
Up to 30 days	2,310	7,479

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, are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	8,831	10,768
1 to 2 months	5,674	5,207
2 to 3 months	2,976	2,733
Over 3 months	379	64,439
	17,860	83,147
Bills payables	–	63,674
	17,860	146,821

The trade payables are non-interest-bearing and are normally settled on 30-day terms (2023: 30-day terms).

Included in trade payables are construction payables amounted to approximately HK\$105,709,000 as at 31 December 2023 in which approximately HK\$62,362,000 are defaulted. During 31 December 2024, the defaulted construction payables were released by completion of restructuring.

As at 31 December 2023, bills payables of approximately HK\$63,674,000 were secured by investment properties with fair value of approximately HK\$294,831,000 and personal guarantee by shareholder of the Company and related parties.

All the trade payables and bills payables are denominated in Renminbi.

EXTRACT FROM THE INDEPENDENT AUDITORS' REPORT

The following is an extract of the auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and consolidated cash flow for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the consolidated financial statements, which indicates that the Group incurred a loss for the year from continuing operation of approximately HK\$28,097,000 and as of that date, the Group had net current liabilities of HK\$38,467,000. These conditions, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the year ended 31 December 2024 (“**Year**”), the Group’s revenue amounted to approximately HK\$182.09 million (2023 (restated): approximately HK\$219.73 million), representing a decrease of 17.13% from last year. Gross profit of the Group was approximately HK\$42.66 million (2023 (restated): approximately HK\$60.04 million). The loss (net of tax) from continuing operation for the Year was approximately HK\$28.10 million (2023 (restated): loss (net of tax) from continuing operation was approximately HK\$23.12 million). The increase in loss (net of tax) from continuing operation was mainly due to the decrease in revenue and gross profit.

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 businesses and will expand by self-development and investing in similar business. Investments would be carefully selected among all the choices we explore and would be operated with experienced business partners.

Segmental Information

Trading of Food Products Business

Trading of food products business recorded a revenue of approximately HK\$110.36 million (2023 (restated): approximately HK\$123.00 million) and accounted for approximately 60.61% (2023 (restated): approximately 55.97%) of the total revenue. Gross profit of this business segment for the Year was approximately HK\$2.73 million (2023 (restated): approximately HK\$2.35 million).

Rental Business

The rental business was engaged in the leasing of logistic facilities in Hong Kong and office facilities in the PRC. This business recorded a revenue of approximately HK\$71.72 million (2023 (restated): approximately HK\$96.73 million) and accounted for approximately 39.39% (2023 (restated): approximately 44.02%) of the total revenue. Gross profit of this business segment for the Year was approximately HK\$7.65 million (2023 (restated): approximately HK\$7.09 million). The decrease in revenue from rental business was mainly because part of the tenancy agreements lapsed during the Year. The Group has rental business in Hong Kong and will keep on exploring and investing in potential renting facilities.

Financial Review

Revenue

The Group achieved a revenue of approximately HK\$182.09 million (2023 (restated): approximately HK\$219.73 million), representing a decrease of 17.13% over last year. Gross profit of the Group was approximately HK\$42.66 million (2023 (restated): approximately HK\$60.04 million). The loss (net of tax) from continuing operation for the Year was approximately HK\$28.10 million (2023 (restated): loss (net of tax) from continuing operation was approximately HK\$23.12 million.)

Selling and Distribution Expenses

Selling and distribution expenses were approximately HK\$7.76 million (2023 (restated): approximately HK\$8.03 million), representing a decrease of approximately 3.40% from last year and approximately 4.26% (2023 (restated): approximately 3.66%) of the Group's revenue. It was relatively the same as last year.

Administrative Expenses

Administrative expenses were approximately HK\$41.55 million (2023 (restated): approximately HK\$42.46 million), representing a decrease of approximately 2.12% from last year and approximately 22.82% (2023 (restated): approximately 19.32%) of the Group's revenue. It was relatively the same as last year.

Finance Costs

Finance costs were approximately HK\$7.31 million (2023 (restated): approximately HK\$15.96 million), representing a decrease of approximately 54.16% from last year and approximately 4.02% (2023 (restated): approximately 7.26%) of the Group's total revenue.

Prepayments, Deposits and Other Receivables

Included in prepayments, deposits and other receivables, there were trade deposits of approximately HK\$26.03 million (31 December 2023: approximately HK\$241.18 million) paid for food products and mineral products and approximately HK\$22.18 million (31 December 2023: approximately HK\$24.18 million) was paid as rental deposit for the rental business as at 31 December 2024.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2024, the total number of issued shares of the Company was 7,560,191,876 shares. No share options were exercised during the Year.

As at 31 December 2024, the Group had net assets to owners of the Company of approximately HK\$226.08 million (31 December 2023: approximately HK\$620.01 million). Net current liabilities of the Group as at 31 December 2024 amounted to approximately HK\$38.47 million (31 December 2023: net current asset of approximately HK\$35.97 million). The current ratio (calculated as current assets to current liabilities) for the Year was approximately 0.71 (31 December 2023: approximately 1.03).

The Group's cash and cash equivalents as at 31 December 2024 amounted to approximately HK\$10.64 million (31 December 2023: approximately HK\$13.00 million), which were denominated in Hong Kong dollars and Renminbi.

As at 31 December 2024, the Group's total bank and other borrowings amounted to approximately HK\$28.77 million (31 December 2023: approximately HK\$441.65 million). All of the Group's bank and other borrowings were denominated in Renminbi and Hong Kong dollars. As at 31 December 2023, included in bank and other borrowings approximately HK\$379.21 million was default payment for other borrowings.

The bank loans, other borrowings and amounts due to related parties are charged at fixed interest rates. The gearing ratio of the Group as at 31 December 2024 (calculated as net debt divided by equity attributable to owners of the Company) was approximately 85.54% (31 December 2023: approximately 199.67%). The ratio was at reasonably adequate level as at 31 December 2024. Having considered the Group's various measures, arrangements and current unpledged cash and cash equivalents, bank and other borrowings, banking facilities, possible fund raising and the business operation income, the management believes that the Group's financial resources are sufficient for its day-to-day operations. The Group did not use financial instruments for financial hedging purposes during the Year.

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi may impact the Group's results and net assets value as the Group's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilize hedging tools, if available, to manage its foreign currency exposure.

Charge on Assets and Contingent Liabilities

As at 31 December 2024, investment properties with fair value of approximately HK\$284.84 million (31 December 2023: approximately HK\$294.83 million) and personal guarantee by a shareholder of the Company (the “**Shareholder**”) and related parties were used to secure the Group's bank borrowings and bills payable.

Business Prospects

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

Investment Cooperation Agreement

During the Year, a wholly-owned subsidiary of the Company has entered into an investment cooperation agreement with Yueyang Huamo Enterprise Management Partnership (Limited Partnership)* (岳陽華魔企業管理合夥企業(有限合夥)), Hunan Tianyufu Trading Co., Ltd.* (湖南天裕福商貿有限公司), Hunan Taste Good Food Co., Ltd.* (湖南味到舌足食品有限公司), and Changsha Chenye Enterprise Management Co., Ltd.* (長沙宸曄企業管理有限公司), collectively referred to as (the “**Business Partners**”), in relation to the establishment of a company, Hunan Magic Foods Technology Company Limited* (湖南魔法食品科技有限公司) (“**Magic Foods**”) to manufacture and sales of 100,000 tons of konjac semi-finished products and 10,000 tons of konjac snack foods and ready-made foods per annum. The Business Partners have extensive experience in the manufacturing and sales of snack foods and ready-made foods sector.

Initially the main target market of Magic Foods is China, and it may further expand into other countries in the future. The Company believes that the konjac foods market has good development prospects.

Further details about the above investment cooperation agreement were disclosed in the announcement of the Company dated 10 December 2024.

* *For identification purposes only*

Cooperation Framework Agreement

In view that the konjac foods market has good development prospects and the manufacturing and sales of konjac powder, konjac semi-finished products and konjac foods might develop a continuing source of profit for the Group, on 13 December 2024, the Company entered into a cooperation framework agreement (the “**Agreement**”) with Jiangcheng Hani and Yi Autonomous County People’s Government (the “**Jiangcheng County Government**”), in relation to the intensive processing project for imported konjac based on equality, win-win cooperation, honesty and trustworthiness. A subsidiary of the Group, Hunan Magic Foods Technology Company Limited* (湖南魔法食品科技有限公司) (“**Magic Foods**”), currently it is principally engaged in the manufacturing of konjac semi-finished products and konjac foods. The upstream is the processing industry of agricultural and sideline products, and the downstream is food manufacturers, brand operators and direct consumers. Magic Foods purchases konjac powder for intensive processing and manufactures konjac semi-finished products and konjac foods and making profits by selling products. By entering into the Agreement, the Company can reduce cost and achieve the whole industrial chain of konjac, including planting, initial processing, intensive processing and sales. The construction of the new processing plant is mainly to process konjac into konjac powder, and it will also indirectly expand the output of other konjac related products.

Further information about the Agreement was disclosed in the announcement of the Company dated 17 December 2024.

Proposed Acquisition of BOT Concession Project

Framework Agreement

On 13 January 2025 (after trading hours), the Company entered into a framework agreement (the “**Agreement**”) with Mr. Liu Qinghe (the “**Potential Vendor**”) (“**First BOT Announcement**”). Pursuant to the Agreement, the Company or one of its subsidiaries nominated as the potential purchaser (the “**Potential Purchaser**”) intends to acquire, and the Potential Vendor intends to dispose of, the entire issued shares (the “**Sale Shares**”) of Huapan and Hao Resources Co., Ltd* (the “**Target Company**”) (the “**Proposed Acquisition**”). To the best of the Directors’ knowledge after making all reasonable enquiries, the Target Company and the Potential Vendor are third parties independent of and not connected with the Company and its connected persons.

* For identification purposes only

The Target Company is a company incorporated in Laos and is principally engaged in investment and development. The Target Company had acquired the BOT concession of the “Laos Boten International Port Health and Animal and Plant Inspection and Quarantine Center” by way of tender (the “**BOT Project**”) in 2016. The scope of cooperation authorised by the BOT Project covers all the administrative responsibilities of international health, animal and plant inspection and quarantine (including existing highway ports, and the entry and exit ports set up for the roads, highways and railways to be built in the future), as well as the corresponding right for the toll, related real estate investment and income in Boten area, Louang Namtha Province, Laos. According to the BOT investment cooperation agreement signed with the Louang Namtha Province Government of Laos, the Target Company will jointly establish a project operation company with the Louang Namtha Province Government of Laos for an operation period of 90 years, during which the Target Company can share 90% of the profits of the project operating company and the Louang Namtha Province Government of Laos can share 10% of the profits of the project operating company every year after the completion of the construction of the BOT Project. After the expiration of the operation period, the BOT Project will be transferred to the Louang Namtha Province Government of Laos for free. Furthermore, according to the BOT investment cooperation agreement, the investment and income of other real estate such as commercial building, warehousing, logistics, and supporting hotels derived from the BOT Project belongs to the Target Company, and the Target Company can sell and realize the real estate (including shops, residences, warehouses, hotels, logistics real estate and other properties) developed by the BOT Project or hold them for leasing and investment purposes.

The consideration for the Proposed Acquisition (the “**Consideration**”) shall be further negotiated between the Company or the Potential Purchaser and the parties to the Agreement agrees to use reasonable endeavors to negotiate the terms and conditions of a sale and purchase agreement (“**Formal Agreement**”) in relation to the Proposed Acquisition.

The Potential Vendor has agreed that the Company and the Potential Purchaser and their adviser(s) shall conduct a business, financial and legal due diligence exercise on the Target Company and its BOT concession, the properties and construction in progress with a view to acquiring the Sales Shares. The due diligence period will end on 28 February 2025 (or such later date as may be agreed in writing by the parties to the Agreement).

The Potential Vendor further agreed not to enter into negotiations, whether formal or informal, with any party other than the Company or the Potential Purchaser concerning the disposal of the Sale Shares or the sale or transfer of the Properties, and the Potential Vendor shall promptly notify the Company and the Potential Purchaser of any inquiries by any third parties regarding the foregoing during the period of 60 days from the date of the Agreement (or such later date(s) as the parties to the Agreement may agree in writing).

The Group has been exploring viable investment opportunities from time to time to broaden its source of revenue to ensure sustainable growth. The Directors consider that it is in the interests of the Company and the Shareholders as a whole to enter into the Agreement to explore the business of the Group.

The Proposed Acquisition, if materialized, will constitute a major transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and is subject to the reporting, announcement, circular and Shareholders’ approval requirements.

Should the Company enter into the Formal Agreement or if there are any material developments with respect to the Possible Acquisition, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

Proposed Acquisition of BOT Concession Project

Supplemental Agreement

On 28 February 2025, the Company and the Potential Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) in relation to the Proposed Acquisition of the BOT Concession Project (“**Second BOT Announcement**”). Pursuant to the Supplemental Agreement, the Parties agreed to extend the due diligence period to (i) 30 March 2025, if the Louang Namtha Province Government of Laos approves that the BOT concession of the “Laos Boten International Port Health, Animal and Plant Inspection and Quarantine Center” is still legal and valid (the “**Written Consent**”) on or before 15 March 2025; or (ii) within 20 days from the date of obtaining the Written Consent, if the Louang Namtha Province Government of Laos approves that the BOT concession of the “Laos Boten International Port Health, Animal and Plant Inspection and Quarantine Center” is still legal and valid after 15 March 2025. Save as disclosed in the Second BOT Announcement, all other terms and conditions of the Agreement remain unchanged. The Second BOT Announcement is supplemental to and should be read in conjunction with the First BOT Announcement.

Acquisition of Sales Shares of Hunan Tianyu Ecological Agriculture Development Co., Ltd*

On 24 January 2025, Shenzhen Tianyu Magic Food Technology Co., Ltd* (深圳市天裕魔味食品科技有限公司)(an indirect subsidiary of the Company) as the Purchaser and Yueyang Huayuyuan Trading Co., Ltd* (岳陽華玉源商貿有限公司) as the Seller entered into the Agreement, pursuant to which, among others, the Purchaser agreed to purchase, and the Seller agreed to sell, the Sale Shares, representing approximately 51% of the entire issued share capital of Hunan Tianyu Ecological Agriculture Development Co., Ltd* (湖南天裕生態農業發展有限公司) (“**the Target Company**”) at Completion, for the Consideration of RMB14,280,000 payable in cash, subject to the terms and conditions of the Agreement (“**Proposed Acquisition**”).

The Consideration was determined after arm’s-length negotiations between the Seller and the Purchaser taking into account, among others, (i) the unaudited net assets of the Target Company as at 31 October 2024; (ii) the amount of registered capital of the Target Company attributable to the Sale Shares; and (iii) the prevailing business environment, market situation and prospects in connection with the operation of the Target Company.

The Proposed Acquisition is subject to satisfaction of certain conditions precedents (“**Conditions Precedents**”). Subject to the fulfilment of the Conditions Precedent, Completion shall take place on the Completion Date. As at 24 January 2025, the Target Company held subsidiaries, which all the issued share capital held by the Target Company will be transferred to the Previous Shareholders before the Completion. Upon Completion, the Target Company will become an indirect subsidiary of the Company and the results and net assets of the Target Company will be consolidated into the financial statements of the Group. As at the date of this announcement, not all the Conditions Precedents have been satisfied.

In the event that any of the Conditions Precedent is not fulfilled on or prior to the Long Stop Date (being three (3) months after the date of signing the Agreement or such later date as the Purchaser and the Seller may agree in writing), the Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities of the Purchaser and the Seller thereunder shall cease and determine.

* *For identification purposes only*

The Seller is a company incorporated in Mainland China with limited liability and is principally engaged in investment holding which is directly held as to 51% and 49% by Mr. Liu Xiangrong and Mr. Liu Chi respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Seller and its ultimate beneficial owners is an Independent Third Party.

The Target Company is a company established in Mainland China with limited liability on 3 November 2008, and has a registered and paid-up capital of RMB20,000,000 as at the date of the Agreement. Before the Completion of the Proposed Acquisition, the Target Company is directly held as to 70% and 30% by the Seller and the Partnership respectively. The Target Company is principally engaged in (i) processing and sales of agricultural and sideline products, meat products (marinated meat products) and vegetable products (pickles); and (ii) procurement, planting, storage and sale of fresh vegetables, grain, oil crop and edible oil, etc. As at the date of signing the Agreement, the Target Company held the land use rights in relation to a piece of industrial land in Yueyang, Hunan Province with an aggregate site area of 16,388 square metres.

It is expected that the Target Company can generate a stable and recurrent source of income to the Group. It also strengthens the assets of the Group and enables the Group to explore and widen its business prospect in Mainland China.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement including the Consideration for the Proposed Acquisition are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Further details about the Proposed Acquisition were disclosed in the announcement of the Company dated 27 January 2025.

Supply Contract

On 13 February 2025, a subsidiary of the Company, Hunan Magic Foods Technology Company Limited* (湖南魔法食品科技有限公司) (the “**Magic Foods**”) has entered into a supply contract (the “**Supply Contract**”) with Hunan Busy Ming Commercial Chain Co., Ltd.* (湖南鳴鳴很忙商業連鎖有限公司) (formerly known as “Hunan Snack Foods Busy Commercial Co., Ltd.* (湖南零食很忙商業連鎖有限公司)” (the “**Snack Foods Busy**”). Pursuant to the Supply Contract, Magic Foods will supply snack foods to Snack Foods Busy with a contract term of one year. To the best of the Directors’ knowledge, after making all reasonable enquiries, Snack Foods Busy is third party independent of and not connected with the Company and its connected persons.

Snack Foods Busy was established in Changsha City, Hunan Province, China in 2017, which is a pre-packaged snack brand service provider, through a combination of online and offline sales model, to provide customers with all kinds of snack foods, and it also provide franchise services. It is one of the largest group in bulk sales of snack foods in China and currently has over 7,500 stores across 13 provinces in China, including Hunan, Jiangxi, Hubei, Guizhou, Guangxi, Guangdong, Henan, Chongqing, Yunnan, Sichuan, Shanxi, Gansu and Anhui.

Further details about the Supply Contract were disclosed in the announcement of the Company dated 14 March 2025.

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) 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.

Debt Restructuring

As discussed in the result announcement published by the Company on 28 March 2024, 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 "**Creditors' 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 Creditors' 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 Creditors' Scheme, was 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 was scheduled on 29 November 2023.

On 20 November 2023, the Scheme Meeting was convened and held 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.

A total of 30 Scheme Creditors holding Voting Claims (as defined in the Explanatory Statement of the Scheme Document) in the aggregate principal amount together with accrued and unpaid interest of HK\$1,009,153,816.42 (representing 98.46% of the total value of outstanding Voting Claims) attended and voted, in person or by proxy, at the Scheme Meeting, with a total of 26 Scheme Creditors holding Voting Claims in the aggregate principal amount together with accrued and unpaid interest of HK\$946,353,267.75 (representing 92.33% of the total value of outstanding Voting Claims voting at the meeting) voting in favour of the Creditors' Scheme. As such, the Creditors' Scheme was approved by the requisite majorities of Scheme Creditors.

On 29 November 2023, the Creditors' Scheme was sanctioned without modification by the High Court at the Sanction Hearing. The Creditors' Scheme has not become effective, and the Company has yet to enter into the Restructuring Agreement to supersede and replace the legally-binding Term Sheet. The Creditors' Scheme will not become effective until (1) an office copy of the order of the High Court sanctioning the Creditors' Scheme (without modification) is registered by the Registrar of Companies in Hong Kong under Part 2 of the Companies Ordinance and (2) the Initial Cash Payment in the amount of HK\$45,000,000 is received by the Scheme Company.

On 12 December 2023, an office copy of the order of the High Court sanctioning the Creditors' Scheme has been delivered to the Companies Registry in Hong Kong for registration.

The Creditors' Scheme

The Creditors' Scheme involves, among others, (i) the Scheme Share Issue (under which the Company will allot and issue 377,879,793 Scheme Shares to the Scheme Creditors, or in the case of any Scheme Creditor who has validly elected to receive cash in lieu of the Scheme Shares that they would otherwise be entitled to receive under the Creditors' Scheme, to the Scheme Company for the benefit of such Scheme Creditor); and (ii) the Disposal (under which Interests in Scheme Subsidiaries will be disposed to the Scheme Company).

The Restructuring Agreement and the Subscription

On 25 January 2024, the Company and the Investor entered into the Restructuring Agreement in respect of the conditional Subscription by the Investor of 850,000,000 Subscription Shares at the Total Subscription Price of HK\$85,000,000, representing a Subscription Price of HK\$0.10 per Subscription Share. Upon the allotment and issue of the Subscription Shares to the Investor, the Subscription Shares shall in aggregate represent approximately 11.24% of the Enlarged Issued Share Capital.

Appointment of Independent Financial Adviser

On 14 February 2024, Alpha Financial Group Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), was appointed as the Independent Financial Adviser (“**IFA**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription, the Disposal and the transactions contemplated thereunder.

Establishment of Independent Board Committee

An Independent Board Committee of the Company (“**IBC**”) was appointed by the Board to advise Independent Shareholders in connection with the Subscription and the Disposal and the transactions contemplated thereunder.

Restructuring EGM, Restructuring Circular and Completion

The Subscription and the Scheme Share Issue are subject to, among other things, the Independent Shareholders' approval at an extraordinary general meeting to be convened and held for considering and approving, among other things, transactions contemplated by the Proposed Restructuring which requires Shareholders' approval (the "**Restructuring EGM**"). The Subscription Shares and the Scheme Shares in accordance with the terms of the Creditors' Scheme will be allotted and issued under respective specific mandates to be granted by the Independent Shareholders at the Restructuring EGM. A circular ("**Restructuring Circular**") containing, among other things, (i) further details of the Restructuring Agreement (including the issue of Subscription Shares under Specific Mandate), the issue of Scheme Shares under Specific Mandate, the Disposal, and the transactions contemplated thereunder, (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders, (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (iv) a notice convening the Restructuring EGM, and (v) other information as required under the Listing Rules, was expected to be despatched by the Company to the Shareholders on or before 19 February 2024.

As additional time is required to prepare and finalise certain information to be included in the Restructuring Circular, the date of despatch of the Restructuring Circular was postponed from 19 February 2024 to 1 April 2024, and then to 16 May 2024, 31 May 2024, 28 June 2024, and 31 July 2024. The Restructuring Circular was despatched to the Shareholders on 24 July 2024 earlier than 31 July 2024, where the Restructuring EGM was convened on 9 August 2024 according to the EGM Notice accompanied therein.

As disclosed in the Restructuring Circular, the Board takes the view that the Proposed Restructuring pursuant to the Restructuring Agreement is a strategic and realistic response to the current market challenges which will enable the Group to reach a settlement with its indebtedness in a formal and orderly manner such that all of the Company's indebtedness and liabilities to the Creditors will be released and discharged pursuant to the terms of the Creditors' Scheme, which is in the interests of the Company and the Shareholders as a whole and which represents a good opportunity for the injection of new investment into the Group, without which the Company, as a holding entity and as disclosed above, would be subject to an unsustainable financial situation and would be at risk of insolvent liquidation, and the expected returns to the Shareholders and Scheme Creditors would likely be lower or become minimal. The proceeds from the Subscription after settlement of the Creditors' Scheme and payment of professional fees and expenses for the Proposed Restructuring will be retained as working capital for the Group, which will improve the financial and liquidity position of the Group.

Having considered the above, the Board is of the view that the terms of the Restructuring Agreement are on normal commercial terms that are fair and reasonable and the entering into of the Restructuring Agreement is in the best interest of the Shareholders and the Company as a whole.

Having considered the principal factors and reasons stated in the letter from the IFA contained in the Restructuring Circular, the IBC considers that the terms of the Subscription and the Disposal are fair and reasonable so far as the Independent Shareholders are concerned, the transactions contemplated under the Subscription and the Disposal are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, IBC recommended the Independent Shareholders to vote in favour of the resolution to be proposed at the Restructuring EGM to approve the Subscription and the Disposal and the transactions contemplated thereunder.

The IFA, taking into consideration of the above principal factors and reasons, are of the opinion that the terms of the Restructuring (including the Subscription, the Issue of Scheme Shares and the Disposal) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the IFA recommended the Independent Shareholders, as well as the IBC to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) proposed at the EGM thereby approving the Proposed Restructuring and the transactions contemplated thereunder.

At the Restructuring EGM, all proposed resolutions in relation to (among other things) the Restructuring Agreement, the Subscription, the grant of the Specific Mandate, the Scheme Share Issue, the Disposal and the transactions contemplated thereunder as set out in the EGM Notice were duly passed by the Independent Shareholders.

Because of the postponement of the dispatch of the Restructuring Circular as above mentioned, the Long Stop Date for the satisfaction of the Conditions Precedent was extended from 31 May 2024 to 31 July 2024 and then to 31 August 2024. As at 31 July 2024, save for Condition Precedent (d), none of the Conditions Precedent has been fulfilled.

As disclosed in the Restructuring Circular, Completion of the subscription is subject to the Conditions Precedent being satisfied (or waived, if applicable) on or before 31 August 2024, or such later date as the Company and the Investor may agree in writing. As at 30 August 2024, Conditions Precedent (a), (b), (c) and (d) were fulfilled.

The Company and the Investor entered into subsequent separate agreements (“**Extension Agreement(s)**”) pursuant to which the parties agreed to further extend the Long Stop Date from 31 August 2024 to 30 September 2024, and then to 31 October 2024, 15 November 2024, 29 November 2024 and 6 December 2024 respectively, and according to the Extension Agreement dated 29 November 2024, Completion shall be subject to the Conditions Precedent being satisfied (or waived, if applicable) on or before 5:00 p.m. on 6 December 2024. On 4 December 2024, the Board announced that the Proposed Restructuring was completed on 4 December 2024.

On 4 December 2024 (the date of Completion), 850,000,000 Subscription Shares, representing approximately 11.24% of the Enlarged Issued Share Capital were issued to the Investor by the Company at HK\$0.10 per Subscription Share pursuant to the Restructuring Agreement. The Subscription Price of HK\$85,000,000 was then applied in the following manner: (a) HK\$45,000,000 was paid to the Scheme Company on 4 December 2024 and will be used, subject to the payment of any Preferential Claims and the Scheme Costs, for the benefit of the Scheme Creditors pursuant to the Creditors' Scheme; (b) HK\$20,000,000 was used to offset against the Loan for Restructuring Costs drawn by the Company; and (c) the remaining (which was designated for general working capital purpose of the Company) was fully utilized as working capital of the Company by the end of 31 December 2024.

On Completion, (1) HK\$45,000,000 out of the Subscription Price was paid to the Scheme Company, namely Gain North Limited 德若有限公司, (2) the Creditors' Scheme became effective, and (3) the Company allotted and issued 377,879,793 Scheme Shares, representing approximately 5.00% of the Enlarged Issued Share Capital as of 4 December 2024 to the Scheme Company on trust for the benefit of the Scheme Creditors. The Scheme Shares will either be transferred to the Scheme Creditors who are entitled to and have validly elected to receive Scheme Shares under the Creditors' Scheme, or they will be disposed of and the cash proceeds from such disposal will be used to make payments to the Scheme Creditors who elect to receive cash in lieu of the Scheme Shares.

To effect the Disposal pursuant to the Creditors' Scheme, the Scheme Company and the Group entered into separate transfer agreements (and supplemental agreements thereto) for each Scheme Subsidiary that takes effect upon the Creditors' Scheme taking effect (the “**Disposal Agreements**”), pursuant to which the Group agreed to transfer 100% equity interest in the Scheme Subsidiaries to the Scheme Company at nil consideration.

Upon the Creditors' Scheme becoming effective on 4 December 2024, the Group ceased to have any interest in the Scheme Subsidiaries (and their respective wholly-owned and nonwholly-owned subsidiaries). Accordingly, the Scheme Subsidiaries (and their respective wholly-owned and non-wholly-owned subsidiaries) had ceased to be subsidiaries of the Company and their financial results were deconsolidated from the Group's results.

The financial effects of the Disposal and the Restructuring were fully disclosed in the Restructuring Circular and the shareholding structure of the Company immediately upon completion of the Restructuring is depicted below:

Shareholders	Number of Shares	Approximate %
<i>Directors</i>		
Jiang Jiancheng	27,868,000	0.37%
Ke Xionghan	10,120,000	0.13%
Chen Zhifeng	900,000	0.01%
Yang Yunguang	900,000	0.01%
Ho Wing Yan	900,000	0.01%
Li Dawei	40,000	0.00%
<i>Substantial Shareholders</i>		
The Investor <i>(Note 1)</i>	850,000,000	11.24%
Jiang Jianjun <i>(Note 2)</i>	829,326,165	10.97%
<i>Scheme Company</i>	377,879,793	5.00%
<i>Public Shareholders</i>		
Beidahuang Business Group (HK)		
International Trade Co., Limited <i>(Note 3)</i>	660,000,000	8.73%
Chen Jiayi <i>(Note 4)</i>	33,440,000	0.44%
Other public shareholders	4,768,817,918	63.08%
Total	<u>7,560,191,876</u>	<u>100.00%</u>

Notes:

1. The Investor is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of China Qujiang Fund, a sub-fund of CIS Fund, an open-ended fund company incorporated in Hong Kong. CIS Securities Asset Management, being the investment manager of CIS Fund and designated sub-funds (including China Qujiang Fund), shall be entitled to exercise, or refrain from the exercise of, any voting or other rights attaching to the Subscription Shares following Completion as CIS Securities Asset Management shall in its absolute discretion think fit, subject to any instructions given to CIS Securities Asset Management by the directors of CIS Fund.

2. These 829,326,165 Shares comprise 807,366,165 Shares beneficially owned by Mr. Jiang Jianjun, and 21,960,000 Shares beneficially owned by his spouse Ms. Li Zhuoxun. Mr. Jiang Jianjun was a former Director who resigned as an executive Director with effect from 14 June 2023.
3. Beidahuang Business Group (HK) International Trade Co., Limited has ceased to be a substantial shareholder (as defined in the Listing Rules) of the Company and is no longer a connected person of the Company. Shares held by it will be counted towards the public float of the Company.
4. These 33,440,000 Shares are beneficially owned by Mr. Chen Jiayi, who is the father of Mr. Chen Chen, an executive Director. Mr. Chen Jiayi is also a holder of Class D Shares in CIS Fund, which sub-fund wholly owns the Investor.
5. Percentage figures are rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Further details of the Proposed Restructuring are disclosed in the Company's announcement dated 25 January 2024, 19 February 2024, 28 March 2024, 16 May 2024, 31 May 2024, 28 June 2024, 31 July 2024, 9 August 2024, 30 August 2024, 30 September 2024, 31 October 2024, 29 November 2024, 15 November 2024 and 4 December 2024 (the “**Restructuring Announcements**”) and the Restructuring Circular dated 24 July 2024. Unless the context otherwise requires, capitalized terms herein shall have the same meanings as defined in the Restructuring Announcements and the Restructuring Circular.

Employees and Remuneration Policy

As at 31 December 2024, the Group had approximately 45 (2023: approximately 147) employees in Hong Kong and the PRC with total staff costs amounting to approximately HK\$5.77 million (2023 (restated): approximately HK\$5.78 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.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2024 (2023: 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 year ended 31 December 2024.

NON-COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND LISTING RULES

The Company has complied with all code provisions set out in Part 2 of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules during the year ended 31 December 2024, except for the deviations as disclosed below.

1. Under code provision C.1.4 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills, and should provide a record of the training they received to the issuer. The Company did not receive the training record for the year ended 31 December 2024 from Mr. Zhao Wanjiang and Mr. Jiang Jiancheng, who resigned from the Board on 9 August 2024 and 28 January 2025 respectively.
2. Under 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 year under review, Mr. Jiang Jiancheng was the Chairman of the Board. 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.

3. Under code provision C.5.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Year, certain regular Board meetings were convened with less than 14 days' notice to enable the Directors to react timely and make expeditious decisions in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with no objection by the Directors. The Board will do its endeavours to meet the requirement of this code provision in future.
4. Under code provision F.1.1 of the CG Code, the issuer should have a policy on payment of dividends and should disclose it in the annual report. As the Company is still in its development phase and the performance will continue to be impacted by the relevant industry and economic outlook in the foreseeable future, the Board is of the opinion that it is not appropriate to adopt a dividend policy at this stage. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

During the period from 1 July 2024 to 31 December 2024, the Company failed to meet the requirement of Rule 3.10A of the Listing Rules (which requires that the independent non-executive directors represent at least one-third of the board of directors) following the appointment of Mr. Liu Xiaopeng ("**Mr. Liu**") as an Executive Director and a Vice-chairman of the Board with effect from 1 July 2024. On 28 January 2025, Mr. Jiang Jiancheng ("**Mr. Jiang**") resigned as an Executive Director and the Chairman of the Board. Following Mr. Jiang's resignation, the ratio of the number of Independent Non-executive Directors of the Company complied with the requirement of the minimum one-third of the Board under Rule 3.10A of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On 24 January 2025, the Purchaser (an indirect subsidiary of the Company) and the Seller entered into the Agreement, pursuant to which, among others, the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell, the Sale Shares, representing approximately 51% of the entire issued share capital of the Target Company at Completion, for the Consideration of RMB14,280,000 payable in cash, subject to the terms and conditions of the Agreement.

For further details, please refer to the Company's announcement dated 24 January 2025 in relation to the above-mentioned matters.

REVIEW OF ANNUAL RESULTS

The Audit Committee has considered and reviewed the audited consolidated annual results of the Group for the year ended 31 December 2024 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the audited consolidated annual results of the Group for the year ended 31 December 2024 are in compliance with the relevant accounting standards, laws and regulations.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement of the Group's result have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by HLB on the preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.irasia.com/listco/hk/chinabeidahuang>). The annual report of the Company for the year ended 31 December 2024 containing all the information as required by the Listing Rules will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
China Beidahuang Industry Group Holdings Limited
Liu Xiaopeng
Vice-chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the Executive Directors are Mr. Liu Xiaopeng (Vice-chairman), Mr. Ke Xionghan and Mr. Chen Chen, the Non-executive Directors are Mr. Li Jin (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.