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中國寶沙發展控股有限公司
CHINA BOZZA DEVELOPMENT HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
(Stock code: 1069)

NON-FULFILLMENT OF PROFIT GUARANTEE

References are made to the announcements of China Bozza Development Holdings Limited (the “**Company**”) dated 22 April 2016 and 15 July 2016, and the circular of the Company dated 27 June 2016 (the “**Circular**”), in relation to, among other things, the acquisition of target companies including Shenzhen Heng Fu Delaisi Intelligent Housing Limited and the profit guarantee(s) provided by the Vendors in favour of the Company. Unless otherwise defined, capitalised terms herein shall have the same meanings as those defined in the Circular.

NON-FULFILLMENT OF PROFIT GUARANTEE

As disclosed in the Circular, pursuant to the Acquisition Agreement, the Vendors jointly and severally provided Profit Guarantees of the Target Group in favour of the Company for the Guaranteed Period up to and ended 30 June 2019 in the following manner.

Half-yearly Guaranteed Period	Profit Guarantee
9 September 2016 to 31 December 2016	RMB17,500,000
1 January 2017 to 30 June 2017	RMB24,500,000
1 July 2017 to 31 December 2017	RMB31,500,000
1 January 2017 to 30 June 2017	RMB38,500,000
1 July 2017 to 31 December 2017	RMB45,500,000
1 January 2019 to 30 June 2019	RMB52,500,000

According to the audited consolidated accounts of the Target Group, the net profits of the relevant half-yearly Guaranteed Period are as follows:

Half-yearly Guaranteed Period	Net Profit/(Loss)
9 September 2016 to 31 December 2016	RMB7,241,906
1 January 2017 to 30 June 2017	RMB32,806,194
1 July 2017 to 31 December 2017	RMB5,286,358
1 January 2017 to 30 June 2017	RMB2,870,064
1 July 2017 to 31 December 2017	RMB4,807,199
1 January 2019 to 30 June 2019	<u>(RMB1,058,166)</u>
Accumulated net profits of the Target Group	<u><u>RMB51,953,555</u></u>

Upon the expiration of the Guaranteed Period, the accumulated net profits of the Target Group (after taxation) was less than RMB210,000,000. Accordingly, the Vendors shall jointly and severally pay to the Company a compensation in cash calculated by the following formula:

$\text{RMB40,000,000} \times (1 - \frac{\text{the accumulated net profits of the Target Group during the Guarantee Period}}{\text{RMB210,000,000}} \times 100\%)$.

Hence, the Vendors are liable to pay to the Company a compensation of RMB30,104,085 in cash (the “**Compensation**”). The Directors have contacted the Vendors and requested for the payment of the Compensation but have not received any response from the Vendors as at the date hereof. The Company shall engage a legal representative to take the legal action and demand for the payment of the Company in due course.

Further announcement(s) will be made by the Company to provide update on the development as and when appropriate.

By order of the Board
China Bozza Development Holdings Limited
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
Professor Fei Phillip
Chairman and Executive Director

Hong Kong, 5 February 2021

As at the date of this announcement, the Board comprises Professor Fei Phillip, Mr. Li Wenjun, Mr. Wang Yue, Mr. Ng Kwok Hung Perry and Mr. Pang Kin Lung as executive Directors; Mr. Gu Sotong as non-executive Director; and Ms. Tian Guangmei, Mr. Liu Zhaoxiang and Dr. Tse Kwok Sang as independent non-executive Directors.