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## CHINA HEALTH

China Health Technology Group Holding Company Limited

中國健康科技集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability and formerly known as  
China Bozza Development Holdings Limited 中國寶沙發展控股有限公司)*

**(Stock code: 1069)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Health Technology Group Holding Company Limited (the “**Company**”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2023 (the “**Reporting Period**”) together with the comparative figures for the six months ended 31 December 2022 (the “**Previous Period**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 31 December 2023*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>19,020</b>	23,021
Cost of sales		<b>(15,262)</b>	(17,952)
<b>Gross profit</b>		<b>3,758</b>	5,069
Investment and other income	6	<b>3</b>	4
Other gains	7	<b>4,726</b>	8,580
Selling and distribution expenses		<b>(623)</b>	(551)
Administrative expenses		<b>(8,414)</b>	(5,379)
Finance costs	8	<b>(51)</b>	(8,967)
Gain on debt restructuring	9	<b>202,024</b>	–
<b>Profit/(loss) before tax</b>	10	<b>201,423</b>	(1,244)
Income tax expense	11	<b>(2)</b>	–
<b>Profit/(loss) for the period</b>		<b>201,421</b>	(1,244)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		<b>6,448</b>	(13,390)
<b>Other comprehensive income/(expense) for the period</b>		<b>6,448</b>	(13,390)
<b>Total comprehensive income/(expense) for the period</b>		<b>207,869</b>	(14,634)
		<b>RMB Cents</b>	<b>RMB Cents</b>
			(restated)
<b>Profit/(loss) per share</b>	13		
Basic		<b>32.11</b>	(1.13)
Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,218</b>	1,293
Right-of-use asset		<b>44,532</b>	46,309
Plantation forest assets		<b>48,420</b>	48,420
Plantation ginseng assets		<b>28,108</b>	22,000
		<u><b>122,278</b></u>	<u>118,022</u>
		-----	-----
<b>CURRENT ASSETS</b>			
Inventories		<b>1,197</b>	987
Trade and other receivables	<i>14</i>	<b>11,184</b>	10,399
Deposits and prepayments		<b>5,267</b>	6,908
Bank balances and cash		<b>1,512</b>	4,327
		<u><b>19,160</b></u>	<u>22,621</u>
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<b>CURRENT LIABILITIES</b>			
Trade and other payables	<i>15</i>	<b>10,840</b>	99,008
Promissory notes payable		–	58,035
Corporate bonds payable		–	282,191
Lease liabilities		<b>2,194</b>	2,092
Income tax payable		<b>1,548</b>	1,568
		<u><b>14,582</b></u>	<u>442,894</u>
		-----	-----
<b>NET CURRENT ASSETS/(NET CURRENT LIABILITIES)</b>		<b>4,578</b>	(420,273)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>126,856</b>	(302,251)

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>(Unaudited)</b>	(Audited)
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>NON-CURRENT LIABILITIES</b>		
Promissory notes payable	<b>110,034</b>	–
Corporate bonds payable	–	13,351
Lease liabilities	–	1,106
	<u>110,034</u>	<u>14,457</u>
	<u><u>110,034</u></u>	<u><u>14,457</u></u>
<b>NET ASSETS/(NET LIABILITIES)</b>	<b>16,822</b>	<b>(316,708)</b>
	<u><u>16,822</u></u>	<u><u>(316,708)</u></u>
<b>Capital and reserves</b>		
Share capital	<b>6,564</b>	19,016
Reserves	<b>10,258</b>	(335,724)
	<u>10,258</u>	<u>(335,724)</u>
Total equity/(deficit)	<b>16,822</b>	<b>(316,708)</b>
	<u><u>16,822</u></u>	<u><u>(316,708)</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 31 December 2023*

## 1. GENERAL INFORMATION

China Health Technology Group Holding Company Limited is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The trading of shares of the Company had been suspended by the Stock Exchange from 4 October 2021 and the trading of shares was resumed on 28 July 2023 after the Company has completed restructuring on 28 July 2023 and has fulfilled all the resumption guidance issued by the Stock Exchange to the Company. Details of completion of the restructuring and fulfilment of resumption guidance and resumption of trading are set out in the Company's announcements dated 28 July 2023.

The Group is principally engaged in forestry management, ginseng plantation and trading and investment holding.

In prior years, the Company's functional currency was Hong Kong dollar ("HK\$"). The Company is an investment holding company. Due to the continuing expansion of the Group's business operations in Mainland China ("PRC") which are transacted mainly in Renminbi ("RMB"), the directors have determined that the functional currency of the Company changed from HK\$ to RMB on the prospective basis from 1 July 2022. As the operations of the Group are mainly carried out in the PRC, the directors of the Company consider it appropriate to present the consolidated financial statements in RMB.

The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements and selected explanatory notes have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 31 December 2023 are the same as those presented in the Group's consolidated financial statements for the year ended 30 June 2023.

### Going concern basis

The directors of the Company have, at the time of approving the condensed consolidated interim financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for plantation forest assets, which are measured at fair value. Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 31 December 2023 are the same as those presented in the Group’s audited consolidated financial statements for the year ended 30 June 2023.

#### Application of amendments to HKFRSs

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

HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17 and HKFRS 17 (Amendments)	Insurance Contracts and related Amendments
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

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

### 4. REVENUE

An analysis of the Group’s revenue is as follows:

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
Revenue from sales of goods	<u>19,020</u>	<u>23,021</u>
Total revenue	<u><u>19,020</u></u>	<u><u>23,021</u></u>

Revenue from sales of goods is recognised at point in time when the control of the goods are transferred to customers.

### 5. SEGMENT INFORMATION

Information reported to the chairman of the Board (being the chief executive decision maker) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods and services delivered.

The Group’s reportable operating segments are analysed as follows:

- (i) Forestry Business – plantation, logging and sale of timber related products; and
- (ii) Ginseng Business – ginseng plantation and trading of related products.

Information regarding the above segments for the six months ended 31 December 2023 and 2022 respectively is presented below.

## Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

### For the six months ended 31 December 2023 (unaudited)

	<b>Forestry Business RMB'000</b>	<b>Ginseng Business RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	<u>5,440</u>	<u>13,580</u>	<u>19,020</u>
Segment profit	<u>2,763</u>	<u>2,470</u>	5,233
Unallocated bank interest income			3
Other unallocated income			202,024
Other unallocated expenses			(5,786)
Finance costs			<u>(51)</u>
Profit before tax			201,423
Income tax expense			<u>(2)</u>
Profit for the period			<u>201,421</u>

### For the six months ended 31 December 2022 (unaudited)

	<b>Forestry Business RMB'000</b>	<b>Ginseng Business RMB'000</b>	<b>Total RMB'000</b>
Segment revenue	<u>8,580</u>	<u>14,441</u>	<u>23,021</u>
Segment profit	<u>7,489</u>	<u>3,344</u>	10,833
Unallocated bank interest income			4
Other unallocated income			–
Other unallocated expenses			(3,114)
Finance costs			<u>(8,967)</u>
Loss before tax			(1,244)
Income tax expenses			<u>–</u>
Loss for the period			<u>(1,244)</u>

## Segment assets and liabilities

	<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
Segment assets		
Forestry Business	<b>101,576</b>	98,631
Ginseng Business	<b>34,521</b>	34,438
	<hr/>	<hr/>
Total segment assets	<b>136,097</b>	133,069
Unallocated assets	<b>5,341</b>	7,574
	<hr/>	<hr/>
Consolidated assets	<b>141,438</b>	140,643
	<hr/> <hr/>	<hr/> <hr/>

	<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
Segment liabilities		
Forestry Business	<b>6,144</b>	7,235
Ginseng Business	<b>4,617</b>	7,656
	<hr/>	<hr/>
Total segment liabilities	<b>10,761</b>	14,891
Unallocated liabilities	<b>113,855</b>	442,460
	<hr/>	<hr/>
Consolidated liabilities	<b>124,616</b>	457,351
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## 6. INVESTMENT AND OTHER INCOME

	<b>Six months ended 31 December 2023 (Unaudited) RMB'000</b>	2022 (Unaudited) RMB'000
Bank interest income	<b>3</b>	3
Sundry income	<b>–</b>	1
	<hr/>	<hr/>
Total investment and other income	<b>3</b>	4
	<hr/> <hr/>	<hr/> <hr/>

## 7. OTHER GAINS, NET

	<b>Six months ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Net gain on change in fair value less costs to sell of plantation forest assets	5,027	8,580
Exchange loss	(301)	–
	<u>4,726</u>	<u>8,580</u>
Total other gains, net	<u><u>4,726</u></u>	<u><u>8,580</u></u>

## 8. FINANCE COSTS

	<b>Six months ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest on:		
– promissory notes payable	–	1,301
– corporate bonds payable	–	7,666
– lease liabilities	51	–
	<u>51</u>	<u>8,967</u>
	<u><u>51</u></u>	<u><u>8,967</u></u>

## 9. GAIN ON DEBT RESTRUCTURING

	<b>Six months ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Gain on debt restructuring	<u>202,024</u>	<u>–</u>

Gain on debt restructuring pursuant to the restructuring framework agreement (the “**Restructuring Framework Agreement**”) entered between the Company, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited and Mr. Martin Trott of R&H Restructuring (Cayman) Ltd. as the former joint provisional liquidators (for restructuring purposes) of the Company and Zhonggangtong International Holding Group Co., Limited (the “**Investor**”) on 30 December 2022 of approximately RMB202.02 million was recorded during the period under review. Such impact arose from the difference between the carrying amount of liabilities settled of approximately RMB410.17 million and (i) 140,000,000 shares issued by the Company to China Bozza Scheme Limited (the “**Scheme Company**”), which holds the shares for the benefit of the creditors, at the issue price of HK\$0.55 per share for a total consideration of approximately HK\$77 million (equivalent to approximately RMB70.61 million), on a pro-rata basis for the claims of creditors under the creditors’ scheme pursuant to the Restructuring Framework Agreement (the “**Creditors’ Scheme**”); (ii) promissory notes issued by the Company with a principal amount of HK\$120 million (equivalent to approximately RMB110.03 million), to the Scheme Company for the benefit of the creditors on a pro-rata basis for the claims of creditors under the Creditors’ Scheme, which will mature on 28 July 2028; and (iii) HK\$30 million cash consideration (equivalent to approximately RMB27.51 million) out of the proceeds of the subscription of 466,000,000 shares of the Company at the issue price of HK\$0.1288 by the Investor with the total amount of HK\$60 million, which has been paid to the Scheme Company. Details regarding the Restructuring Framework Agreement and the completion of restructuring of the Company pursuant to the Restructuring Framework Agreement are set out in the Company’s announcements dated 30 December 2022 and 28 July 2023.

## 10. PROFIT/(LOSS) BEFORE TAX

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit/(loss) before tax has been arrived at after charging:		
Directors' emoluments	1,074	1,139
Other staff costs	810	1,029
	<hr/>	<hr/>
Total staff costs	1,884	2,168
	<hr/>	<hr/>
Auditors' remuneration		
– audit services	–	–
– non-audit services	–	178
Cost of inventories recognised and timber harvested	15,262	17,952
Depreciation charge in respect of:		
– property, plant and equipment	64	–
– right-of-use assets	1,777	732
Short-term lease expenses	698	692
	<hr/> <hr/>	<hr/> <hr/>

## 11. INCOME TAX EXPENSE

	Six months ended 31 December	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
PRC Enterprise Income Tax		
Charge for the year	–	–
Under-provision in prior years	2	–
	<hr/>	<hr/>
Income tax expense	2	–
	<hr/> <hr/>	<hr/> <hr/>

A group entity is chargeable to Hong Kong Profits Tax under the two-tiered profits tax rates regime whereby, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are chargeable to Hong Kong Profits Tax at the tax rate of 16.5%. No provision for Hong Kong Profits Tax of the current year and the prior period has been made in the consolidated financial statements as the Group has no assessable profit subject to tax in respect of both of the periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax rate of the PRC subsidiaries is 25%. Pursuant to the Implementation Regulation of the EIT Law, the Group’s PRC subsidiaries which are engaged in forestry business are entitled to full exemption from PRC Enterprise Income Tax in respect of both of the year presented.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

## 12. DIVIDEND

No dividend was paid, declared or proposed during the six months ended 31 December 2023, nor had any dividend been proposed since the end of the reporting period six months ended 31 December 2022.

## 13. PROFIT/(LOSS) PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following data:

	<b>Six months ended 31 December</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Profit/(loss)</b>		
Profit/(loss) for the purpose of basic profit/(loss) per share		
Profit/(loss) for the period attributable to owners of the Company	<u><b>201,421</b></u>	<u>(1,244)</u>
	<b>Six months ended 31 December</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>'000</b>	'000
		(restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period for the purpose of basic profit/(loss) per share <i>(Note (i))</i>	<u><b>627,318</b></u>	<u>110,242</u>

### Notes:

- (i) The weighted average numbers of ordinary shares adopted for the Reporting Period and the comparative Previous Period have been calculated to take into account the share consolidation of the Company implemented on 14 July 2023. Loss per share for the comparative Previous Period has been restated accordingly.
- (ii) No diluted profit/(loss) per share were presented as there were no potentially dilutive ordinary share in issue during both of the periods presented.

## 14. TRADE AND OTHER RECEIVABLES

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>4,212</b>	6,933
Other receivables	<u><b>6,972</b></u>	<u>3,466</u>
	<u><b>11,184</b></u>	<u>10,399</u>

The Group generally allows an average credit period of 120 days (2023: 120 days) to its trade customers, where partial payment in advance is normally required. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on invoice dates:

	<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
0–90 days	211	20
91–180 days	4,001	6,913
181–365 days	–	–
	<hr/>	<hr/>
Total	<b>4,212</b>	6,933
	<hr/> <hr/>	<hr/> <hr/>

#### 15. TRADE AND OTHER PAYABLES

	<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
Trade payables ( <i>Note (i) &amp; (ii)</i> )	1,629	2,145
Amounts due to former directors ( <i>Note (iii)</i> )	–	1,235
Other payables	6,929	36,521
Accrued charges	2,282	21,170
Interests payable on promissory notes payable and corporate bonds payable	–	37,937
	<hr/>	<hr/>
	<b>10,840</b>	99,008
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (i) The average credit period on purchase of goods is within 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.
- (ii) The following is an aged analysis of trade payables presented based on invoice dates:

	<b>31 December 2023 (Unaudited) RMB'000</b>	30 June 2023 (Audited) RMB'000
0–30 days	652	1,000
31–90 days	–	–
Over 90 days	977	1,145
	<hr/>	<hr/>
	<b>1,629</b>	2,145
	<hr/> <hr/>	<hr/> <hr/>

- (iii) The amounts due to former directors, which resigned during the prior years, were unsecured, interest free and repayable on demand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Operational Review

The Group is principally engaged in the businesses of (a) forestry management and (b) ginseng business.

### Completion of Restructuring and Resumption of Trading

On 28 July 2023, the Company had (i) completed the restructuring of the company's equity and debt (the “**Restructuring**”) pursuant to the restructuring framework agreement (the “**Restructuring Framework Agreement**”) entered between the Company, Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited and Mr. Martin Trott of R&H Restructuring (Cayman) Ltd. as the former joint provisional liquidators (for restructuring purposes) of the Company and Zhonggangtong International Holding Group Co., Limited (the “**Investor**”) on 30 December 2022 and (ii) had fulfilled all the resumption guidance issued by the Stock Exchange to the Company.

The trading of the Company's shares was also resumed with effect from 9:00 a.m. on 28 July 2023.

For more details, please refer to the Company's announcements dated 28 July 2023 in relation to the completion of the Restructuring and the fulfilment of resumption guidance and resumption of trading.

### Forestry Management Business

The Group has been engaging in the forestry management business since 2013. Revenue generated from the Group's forestry management business is mainly derived from sales of timber logs which are harvested from the Group's forests. The Group recognises revenue from timber log sales when control of the relevant goods is transferred to the customers.

As at the date of this announcement, all of the forest lands owned by the Group are located in the Sichuan Province in the PRC.

The table below sets forth all forest land owned by the Group:

Name	Location	Size	Type of timber
Hengchang Forests	Muma Town, Jiange County of Sichuan Province	21,045 Chinese Mu (equivalent to 1,403 hectares)	Cypress
Kunlin Forests	Zhengxing Town, Jiange County of Sichuan Province	9,623 Chinese Mu (equivalent to 642 hectares)	Cypress
Senbo Forests	Yixing Town, Jiange County of Sichuan Province	13,219 Chinese Mu (equivalent to 881 hectares)	Cypress
Ruixiang Forests	Longyuuanzhen, Houshixiang and Dianzixiang Town, Jiange County of Sichuan Province	30,653 Chinese Mu (equivalent to 2,044 hectares)	Cypress
Wantai Forests	Kaifeng Town, Yingshui Village, Guangping Village, and Zheba Village, Jiange County of Sichuan Province	42,814 Chinese Mu (equivalent to 2,854 hectares)	Cypress

In December 2023, the Group successfully obtained the logging permits for the calendar year of 2023 with logging quantity of 12,044.0 cubic meters in aggregate. During the Reporting Period, the Group has completed the sales of logging quantity of approximately 5,620 cubic meters and has generated logging revenue of approximately RMB5.4 million.

## **Ginseng Business**

To fully utilise the woodland of the Group and to maximise shareholders' return, the Group has begun the plantation of ginseng in the Group's existing forests and has commenced the trading of ginseng in August 2022.

During the year ended 30 June 2023, the Group has entered into a legally-binding ginseng planting framework agreement with an independent third party supplier (the "**Supplier**") for the plantation of ginseng on the Senbo Forest. Pursuant to the said framework agreement, the Supplier will be responsible for, among others, the supply of ginseng seeds and culture medium, and provision of technical support and maintenance services (including fertilisation, weeding, insecticide and soil preparation) to the Group for a period of 10 years.

In December 2022, the Group has completed the first phrase of ginseng seeding according to its ginseng plantation plan of approximately 6 million pieces on the designated 59 Chinese Mu forest land in the Senbo Forest, which are expected to be sold in batches within 5 years. During the Reporting Period, no self-grown ginseng was sold as better price and profit can be obtained in the future in line with the growth period of the self-grown ginseng.

As it will take time for the Group to self-grow its inventory of aged ginseng, as well as to capture the market share and develop its customer base in the ginseng industry in the PRC, the Group has also commenced the ginseng trading business in August 2022 by purchasing aged ginseng. The Group has also entered into a long-term supply framework agreement with the Supplier to ensure the stable supply of aged ginseng. Hence, revenue currently generated from the ginseng business is derived from the sale of ginseng that are purchased from the Supplier. During the Reporting Period, the Group has recorded revenue of approximately RMB13.6 million from the ginseng business.

## **Prospect**

In respect of the forestry management business, during the Reporting Period, the Group has obtained the logging permits for the calendar year of 2023 with logging quantity of 12,044.0 cubic meters in aggregate, which is similar to the logging quantity obtained last year.

In respect of the ginseng business, to reduce reliance on the Supplier, the Group intends to gradually decrease the purchases of aged ginseng from the Supplier when it has self-grown sufficient inventory of aged ginseng. Currently, the Group is in the process of actively cultivating the first phase of ginseng. Upon successful cultivation, the Group could breed the ginseng using its own ginseng seeds through seed cultivation method. The Group will harvest and apply the seeds from the fruit of ginseng upon cultivation in order to achieve self-plantation. The ginseng plants from the plantation process shares the same genes as those supplied by the Supplier, therefore the quality of which is guaranteed. Nonetheless, the Group will conduct self-inspection from time to time and engages third-party laboratory for laboratory testing on an annual basis in order to ensure the quality of its ginseng and the nutrient content is able to meet the customer requirements.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Company recorded a revenue of approximately RMB19.0 million (Previous Period: approximately RMB23.0 million). The Group's revenue for the Reporting Period was attributable to the revenue from the forestry business and ginseng business of the Group.

### Gross Profit

The Group recorded a gross profit of approximately RMB3.8 million for the Reporting Period (Previous Period: approximately RMB5.1 million).

### Selling and Distribution Expenses

The selling and distribution expenses for the Reporting Period amounted to RMB623,000 (Previous Period: RMB551,000). The selling and distribution costs were mainly attributable to advertising expense.

### Administrative Expenses

The administrative expenses increased appropriately 55.6% from approximately 5.4 million for the Previous Period to approximately 8.4 million for the Reporting Period. The increase in administrative expenses was mainly attributable to legal and professional fee and depreciation charge.

### Other Gains, net

For the Reporting Period, the Group recorded approximately RMB4.7 million other gains, net (Previous Period: approximately RMB8.6 million). Other gains mainly consisted of net gain on change in fair value less costs to sell of plantation forest assets of approximately RMB5.0 million.

### Gain on Debt Restructuring

Gain on debt restructuring pursuant to the Restructuring Framework Agreement of approximately RMB202.02 million was recorded during the Reporting Period.

Such impact arose from the difference between the carrying amount of liabilities settled of approximately RMB410.17 million and (i) 140,000,000 shares issued by the Company to China Bozza Scheme Limited (the "**Scheme Company**"), which holds the shares for the benefit of the creditors, at the issue price of HK\$0.55 per share for a total consideration of approximately HK\$77 million (equivalent to approximately RMB70.61 million), on a pro-rata basis for the claims of creditors under the creditors' scheme pursuant to the Restructuring Framework Agreement (the "**Creditors' Scheme**"); (ii) promissory notes issued by the Company with a principal amount of HK\$120 million (equivalent to approximately RMB110.03 million), to the Scheme Company for the benefit of the creditors on a pro-rata basis for the claims of creditors under the Creditors' Scheme, which will mature on 28 July 2028; and (iii) HK\$30 million cash consideration (equivalent to approximately RMB27.51 million) out of the proceeds of the subscription of 466,000,000 shares of the Company at the issue price of HK\$0.1288 by the Investor with the total amount of

HK\$60 million, which has been paid to the Scheme Company. Details regarding the Restructuring Framework Agreement and the completion of restructuring of the Company pursuant to the Restructuring Framework Agreement are set out in the Company's announcements dated 30 December 2022 and 28 July 2023.

### **Finance Costs**

For the Reporting Period, the Group recorded finance costs of RMB51,000 (Previous Period: approximately RMB9.0 million). The decrease in finance cost was attributable to the settlement of the claims of the creditors against the Company pursuant to the Creditors' Scheme which has become effective on 28 July 2023.

### **Profit and Total Comprehensive Income for the Period**

The Company recorded a profit of approximately RMB201.4 million for the Reporting Period as compared to a loss of approximately RMB1.2 million for the Previous Period. The total comprehensive income attributable for the period was approximately RMB207.9 million for the Reporting Period as compared to the total comprehensive expense of approximately RMB14.6 million for the Previous Period.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group generally finances its daily operations from internally generated cash flows and proceeds from restructuring. As at 31 December 2023, the Group had total assets of approximately RMB141.4 million and net assets of approximately RMB16.8 million. The Group's cash and bank balances as at 31 December 2023 amounted to approximately RMB1.5 million. As at 31 December 2023, there was no unutilised banking facilities (30 June 2023: nil).

### **PLEDGE ON ASSETS**

As at 31 December 2023, there was no pledge of assets of the Group (30 June 2023: nil).

### **CONTINGENT LIABILITIES**

Save as disclosed in this announcement, the Group did not have any significant contingent liabilities as at 31 December 2023.

### **FOREIGN EXCHANGE EXPOSURE AND RELATED HEDGES**

The Group's transactions are mainly denominated in Hong Kong dollars and RMB. Therefore, the Group is exposed to exchange rate risk. The majority of the Group's cash and bank balances are also denominated in these two currencies. During the Reporting Period, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. Accordingly, the Group has not implemented any foreign currency hedging policy at the moment. However, the management of the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

## GEARING RATIO

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets of the Group was approximately 88.1% as at 31 December 2023 (30 June 2023: 325.2%).

## CAPITAL STRUCTURE

The share capital of the Company comprises only ordinary shares. As at 31 December 2023, the total number of the ordinary shares of the Company in issue was 716,242,204 shares (30 June 2023: 11,024,220,415 shares). The total equity attributable to owners of the Company was approximately RMB16.8 million (30 June 2023: total deficit on equity of approximately RMB316.7 million).

## CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 December 2023 (30 June 2023: nil).

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

On 16 August 2023, the Company, as the purchaser, entered into the equity sale and purchase agreement (the “**Equity Sale and Purchase Agreement**”) with Shaanxi Jiashisen Pharmaceutical Investment Company Limited\* (陝西佳仕森藥業投資有限公司) (the “**Vendor**”), pursuant to which the Company has agreed conditionally to acquire, and the Vendor has agreed conditionally to sell 52% equity interest in Liuba County Jiashisen Traditional Chinese Medicine Comprehensive Development Company Limited\* (留壩縣佳仕森中藥綜合開發有限公司) (the “**Target Company**”), at the consideration of RMB7,128,670 (equivalent to approximately HK\$7,665,236.56) (the “**Acquisition**”).

Upon the completion of the Acquisition, the Company will hold 52% equity interest in the Target Company, which will become a non-wholly owned subsidiary of the Company. The financial statements of the Target Company will be consolidated into the consolidated financial statements of the Group.

As one or more of the percentage ratios applicable to the Acquisition exceeded 100%, the Acquisition constituted a very substantial acquisition for the Company and was subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

A circular containing, among other things, (i) further information in relation to the Equity Sale and Purchase Agreement; (ii) financial information on the Group; (iii) other information as required under the Listing Rules; and (iv) a notice convening the extraordinary general meeting of the Company (the “**Circular**”) would be despatched to the Shareholders of the Company (the “**Shareholder(s)**”) in due course.

As at the date of this announcement, the Company is still finalizing certain information for inclusion in the Circular, primarily due to additional time required for conducting due diligence and valuation on the Target Company. It is expected that the despatch date of the Circular will be further postponed to a date on or before 31 March 2024.

For more details, please refer to the announcements of the Company dated 7 September 2023, 8 September 2023, 29 September 2023, 1 November 2023, 31 January 2024 and 29 February 2024 regarding the Acquisition and the delay in despatch of the Circular.

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for the Reporting Period (Previous Period: nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group had no future plans for material investments or capital assets as at 31 December 2023.

## **EVENTS AFTER REPORTING PERIOD**

Save for disclosed in this announcement, there was no material event which could have material impact to the Group's operating and financial performance after the Reporting Period and up to the date of this announcement.

## **CHANGE OF COMPANY NAME**

In order to provide the Company with a new corporate image and benefit the Company's future business development, the Shareholders approved to change the name of the Company from "China Bozza Development Holdings Limited" to "China Health Technology Group Holding Company Limited" and to change the dual foreign name in Chinese of the Company from "中國寶沙發發展控股有限公司" to "中國健康科技集團控股有限公司" (the "**Change of Company Name**") on the annual general meeting of the Company held on 21 November 2023. The Change of Company Name has become effective following the issue of the certificate of incorporation on change of name by the Registrar of Companies in Cayman Islands on 27 November 2023. For further details, please refer to the announcements of the Company dated 25 October 2023 and 29 December 2023.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2023, the Group had a total of 27 employees and management personnel as compared to 16 employees and management personnel as at 31 December 2022. Total staff costs for the Reporting Period, including Directors' remuneration, amounted to approximately RMB1.9 million (Previous Period: RMB2.2 million). The Group's remuneration policy is in line with the prevailing market standards and is determined on the basis of performance and experience of individual employee. Other employee benefits include contributions to social insurance scheme.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the Reporting Period (Previous Period: nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **COMPETING INTEREST**

During the Reporting Period, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save for the service contracts and letters of appointment entered into with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or any time during the Reporting Period.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE**

The Company has adopted all the code provisions (the “**Code Provisions**”) contained in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 (formerly Appendix 14) to the Listing Rules as the Company’s code on corporate governance. The Board shall review and update its code of corporate governance from time to time to ensure its continuous compliance with the CG Code. Throughout the Reporting Period, in the opinion of the Board, the Company complied with all the Code Provisions contained in the CG Code and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, with the exceptions of Code Provisions C.1.8 and D.1.2 as addressed below:

1. Under Code Provision C.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and officers. As at 31 December 2023, the Company has not arranged to purchase any Directors and Officers’ Liability Insurance, which covers in respect of legal action against the Directors, as the Directors take the view that the Company shall provide support to the Directors in any events arising from corporate activities;
2. Under Code Provision D.1.2, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management provides information and updates to the members of the Board from time to time, which the Directors consider to be sufficient and appropriate in the circumstances to enable them to form a balanced and understandable assessment of the Company’s performance and to discharge their duties.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the Code Provisions contained in the CG Code.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Appendix C3 (formerly Appendix 10) – Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Having made specific enquiry with all the Directors, the Company confirmed that all the Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors for the Reporting Period.

## **AUDIT COMMITTEE**

The Company has established the audit committee (the “**Audit Committee**”) in accordance with the requirements of the Code Provisions as set out in Appendix C1 (formerly Appendix 14) of the Listing Rules. As at the date of this announcement, the Audit Committee has three members comprising our three independent non-executive Directors, namely Mr. Chau Wing Nam, Mr. Guo Zhonglong and Ms. Bu Xue. Mr. Chau Wing Nam has been appointed as the chairman of the Audit Committee.

The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company’s interim and annual reports.

The Group’s unaudited interim financial statements for the Reporting Period have been reviewed by the Audit Committee.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.caflc.co](http://www.caflc.co). The interim report for the Reporting Period of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By order of the Board  
**China Health Technology Group Holding Company Limited**  
**Professor Fei Phillip**  
*Chairman and Executive Director*

Hong Kong, 29 February 2024

*As at the date of this announcement, the Board comprises Professor Fei Phillip and Mr. Wang Yibin as the executive Directors and Mr. Guo Zhonglong, Mr. Chau Wing Nam and Ms. Bu Xue as the independent non-executive Directors.*

\* *For identification purpose only*