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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)

(Stock code: 1069)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by China Health Technology Group Holding Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 28 July 2023 in relation to the fulfilment of resumption guidance (the “**Announcement**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

MATERIAL DIFFERENCE IN PROFIT FORECAST

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available, the Group’s revenue, and gross profit for the year ended 30 June 2024 represented a shortfall of approximately 48.9% and 88.0%, respectively, and net profit before taxation for the year ended 30 June 2024 represented a surplus of approximately 639.3%, to the profit forecast as disclosed in the Announcement (the “**Profit Forecast**”).

The Profit Forecast was prepared with reference to the consolidated financial results of the Group for the year ended 30 June 2022 and the nine months ended 31 March 2023.

Revenue

The projected revenue in Profit Forecast was based on existing and projected contracts with customers, with reference to the confirmed contract sum for the year ending 30 June 2024. The shortfall of the Group's revenue between the consolidated financial results for the year ended 30 June 2024 and the Profit Forecast, was mainly due to the net effect of the following factors:

- (i) the surplus in revenue generated from the forestry management business of approximately RMB7.3 million as a result of the unexpected growth in customer demand;
- (ii) the shortfall in revenue generated from ginseng trading of approximately RMB32.9 million as a result of the substandard quality of ginseng grew by the Supplier, which caused the delay in delivery of ginseng to the Group by the Supplier, and in turn there were delays in the completion of transactions between the Group and its customers while the Group is pending the supplies from the Supplier; and
- (iii) the shortfall in revenue generated from ginseng plantation of approximately RMB19.9 million as a result of the postponement in the commencement of harvesting ginseng for the ginseng plantation business due to additional planting time is required to obtain the better quality of ginseng.

Gross profit

The shortfall of the Group's gross profit between the consolidated financial results for the year ended 30 June 2024 and the Profit Forecast is in line with the projected revenue in the Profit Forecast as abovementioned. Furthermore, the decrease in gross profit margin is mainly attributed to the increase in revenue proportion of the forestry management business, given that according to Hong Kong Accounting Standard 41 (HKAS41) where agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest, almost no gross profit for the forestry management business will be recognised.

Net profit before tax

The surplus of the Group's net profit before tax between the consolidated financial results for the year ended 30 June 2024 and the Profit Forecast mainly represents the net effect of (i) shortfall in the gross profit as abovementioned of approximately RMB14.0 million; (ii) the fair value gain on biological assets of approximately RMB25.7 million; (iii) the impairment loss on prepaid leased land of approximately RMB3.2 million; and (iv) recognised gain on debt restructuring of approximately RMB211.1 million.

The information contained in this announcement is only based on the preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the year ended 30 June 2024 which have not been audited by the Company's auditor nor reviewed by the Company's audit committee, and may be subject to adjustments. Details of the Group's financial information and performance will be disclosed in the Group's annual results announcement for the year ended 30 June 2024 which is expected to be released by the end of 30 September 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 September 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.