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 Purpose)

(Stock code: 1069)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE EIGHTEEN MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Revenue for the eighteen months ended 30 June 2021 amounted to approximately Renminbi ("**RMB**") 25.6 million (year ended 31 December 2019 ("**FY2019**"): RMB54.3 million), representing a decrease of approximately 52.7% as compared with FY2019.
- Loss attributable to owners of the Company for the eighteen months ended 30 June 2021 amounted to approximately RMB553.6 million (FY2019: RMB340.5 million).
- Total comprehensive expense attributable to owners of the Company for the eighteen months ended 30 June 2021 amounted to approximately RMB529.6 million (FY2019: RMB348.4 million).
- The gearing ratio as at 30 June 2021 was approximately 419.1% (FY2019: 57.1%), representing an increase of 634% as compared with FY2019.
- Basic loss per share from continuing and discontinued operations for the eighteen months ended 30 June 2021 amounted to RMB5.02 cents (FY2019: RMB3.09 cents).
- The board (the "**Board**") of directors of the Company (the "**Directors**") does not recommend the payment of any dividend for the eighteen months ended 30 June 2021 (FY2019: nil).

FINANCIAL RESULTS

The Board of China Bozza Development Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the eighteen months ended 30 June 2021 (the "**2021 Annual Results**") together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021** *RMB'000*	For the year ended 31 December 2019 *RMB'000* (restated, note 1)
Continuing operations			
Revenue	*4*	**25,648**	47,911
Cost of sales and services		**(23,556)**	(19,442)
Gross profit		**2,092**	28,469
Investment and other income	*6*	**3,755**	2,443
Other losses, net	*7*	**(490,880)**	(203,622)
Selling and distribution expenses		**(816)**	(196)
Administrative expenses		**(32,630)**	(21,605)
Finance costs	*8*	**(33,783)**	(23,004)
Loss before tax		**(552,262)**	(217,515)
Income tax expense	*9*	**–**	–
Loss for the period/year from continuing operations	*11*	**(552,262)**	(217,515)
Discontinued operation			
Loss for the period/year from discontinued operation	*10*	**(1,368)**	(122,969)
Loss for the period/year		**(553,630)**	(340,484)
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**24,074**	(7,899)
Other comprehensive income/(expense) for the period/year		**24,074**	(7,899)
Total comprehensive expense for the period/year		**(529,556)**	(348,383)

	Notes	**For the eighteen months ended 30 June 2021** *RMB'000*	For the year ended 31 December 2019 *RMB'000* (restated, note 1)
Loss for the period/year attributable to owners of the Company			
– Continuing operations		**(552,262)**	(217,515)
– Discontinued operation		**(1,368)**	(122,969)
Loss for the period/year		**(553,630)**	(340,484)
Total comprehensive expenses for the period/year attributable to owners of the Company			
– Continuing operations		**(528,188)**	(225,414)
– Discontinued operation		**(1,368)**	(122,969)
Total comprehensive expense for the period/year		**(529,556)**	(348,383)
		RMB cents	*RMB cents*
Loss per share from continuing operations	*13*		
Basic		**(5.01)**	(1.97)
Diluted		**N/A**	N/A
Loss per share from continuing and discontinued operations	*13*		
Basic		**(5.02)**	(3.09)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 RMB'000**	As at 31 December 2019 RMB'000
Non-current assets			
Property, plant and equipment		**95**	1,011
Right-of-use assets		**46,221**	55,208
Plantation forest assets		**30,140**	514,500
Goodwill		**–**	–
Other intangible assets		**–**	–
Deferred tax assets		**–**	250
		76,456	570,969
Current assets			
Inventories		**–**	1,190
Trade and other receivables	*14*	**6,352**	8,457
Loans receivable		**–**	–
Deposits and prepayments		**2,279**	4,709
Bank balances and cash		**1,819**	3,181
		10,450	17,537
Current liabilities			
Trade and other payables	*15*	**57,350**	22,904
Promissory notes payable		**52,027**	52,567
Corporate bonds payable		**197,271**	98,015
Lease liabilities		**133**	3,214
Contingent consideration payable		**–**	–
Income tax payable		**257**	266
		307,038	176,966
Net current liabilities		**(296,588)**	(159,429)
Total assets less current liabilities		**(220,132)**	411,540

	As at 30 June 2021 *RMB'000*	As at 31 December 2019 *RMB'000*
Non-current liabilities		
Corporate bonds payable	**57,187**	155,568
Lease liabilities	**–**	3,735
	57,187	159,303
Net (liabilities)/assets	**(277,319)**	252,237
Capital and reserves		
Share capital	**19,016**	19,016
Reserves	**(296,335)**	233,221
(Total deficit on equity)/total equity	**(277,319)**	252,237

NOTES

For the eighteen months ended 30 June 2021

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The trading of shares of the Company has been suspended by the Stock Exchange from 4 October 2021 and remained suspended as at 18 January 2023, the date of approval of these consolidated financial statements.

The Company changed its English name from "China Agroforestry Low-Carbon Holdings Limited" to "China Bozza Development Holdings Limited" and its Chinese name from "中國農林低碳控股有限公司" to "中國寶沙發展控股有限公司", both of which are effective from 5 March 2020.

The addresses of the registered office and the principal place of business are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit 12, 12th Floor, Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong respectively. The Group is principally engaged in forestry management, provision of services in relation to management, leasing, sale and installation of container houses and investment holding.

Appointment of the joint provisional liquidators for restructuring purpose only

To facilitate the Company's financial restructuring, on 11 May 2021, Mr. Osmun Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Martin Nicholas John Trott of R&H Restructuring (Cayman) Ltd., were appointed as joint provisional liquidators ("**JPLs**") of the Company. Details of the JPLs are set out in the Company's announcement dated 11 May 2021.

The Company's functional currency is Hong Kong dollars ("**HK$**") while that for the major subsidiaries in the People's Republic of China (the "**PRC**") is Renminbi ("**RMB**"). 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.

Restatement of comparative information for the prior year ended 31 December 2019

As set out in note 10, the Group ceased its money lending business during the eighteen-month period ended 30 June 2021. Accordingly, the results of the Group's money lending business for the current period is presented as discontinued operation in the consolidated statement of profit or loss and other comprehensive income and related notes, and comparative information regarding the discontinued operation for the prior year ended 31 December 2019 has been restated to conform with current period's presentation.

Change of accounting period

During the current financial period, the reporting period end date of the Company was changed from 31 December to 30 June. The Group considered that the change of financial year end date to 30 June would (i) avoid competition of resources with other listed companies with regard to results announcement and interim/annual reports-related external services under the peak reporting season in the market; and (ii) remove the uncertainty from the variation in the dates of the Chinese New Year Holiday which put pressure on the workflow, as set out in the announcement of the Company dated 10 December 2020. Accordingly, the consolidated financial statements for the current period cover the eighteen-month period ended 30 June 2021. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the year ended 31 December 2019 and therefore may not be comparable with amounts shown for the current eighteen-month period.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 by the Hong Kong Companies Ordinance.

Going concern

Notwithstanding that (a) the Group incurred net loss of approximately RMB553,630,000 for the eighteen-month period ended 30 June 2021 and, as of that date, the Group's net liabilities amounted to approximately RMB277,319,000; and (b) the current liabilities of the Group at 30 June 2021 exceed its current assets at that date by approximately RMB296,588,000, and the Group's current liabilities at that date includes promissory notes payable, corporate bonds payable and accrued interests on these payables with the carrying amounts of approximately RMB52,027,000, RMB197,271,000 and RMB12,392,000 respectively, the directors of the Company consider it appropriate for the preparation of the consolidated financial statements on a going concern basis after taking into account of the following circumstances and measures to be implemented:

(i) On 23 August 2022, the Company entered into an agreement (the "**Funding Agreement**") with Zhonggangtong International Holding Group Co., Limited ("**Zhonggangtong**"), an independent third party, pursuant to which Zhonggangtong has agreed to provide a credit facility for a total sum of up to HK$26 million (the "**Loan**") to the Company to meet the Group's liabilities and obligations. The Loan drawn down by the Company is unsecured, carries interest at 3% per annum and is repayable on the earliest of the following:– (i) thirty-six (36) months after the date of the Funding Agreement; (ii) the completion of the issue of shares by the Company for a consideration of not less than HK$60 million; (iii) reject or objections by the Stock Exchange or the Securities and Futures Commission of Hong Kong (the "**SFC**") of the transactions contemplated under the proposal to the debt restructuring plan; (iv) immediately upon termination of the appointment of the JPLs; or (v) the occurrence of an Event of Default. Up to the date of approval of these consolidated financial statements, the credit facility to the extent of HK$15 million has been drawn down by the Company. Details regarding the Funding Agreement are set out in the announcements dated 26 August 2022 and 1 September 2022 made by the Company;

(ii) On 30 December 2022, the Company and the JPLs entered into a restructuring framework agreement (the "**Restructuring Framework Agreement**") with Zhonggangtong, pursuant to which the Company will implement a proposed restructuring of the debts and liabilities, capital structure and share capital of the Company (the "**Proposed Restructuring**") including (i) subscription by Zhonggangtong of new shares of the Company (as defined in the Restructuring Framework Agreement) for aggregate subscription price of HK$60 million; and (ii) restructuring of the Group's debts through the Creditors Scheme (as defined in the Restructuring Framework Agreement) involving (a) the Creditors' Scheme Cash Consideration; (b) the Scheme Shares Issue and; (c) the Promissory Notes Issue. The implementation of the Restructuring Framework Agreement is subject to various conditions to be fulfilled and approvals from government and regulatory bodies including the SFC and the Stock Exchange, and the shareholders and creditors of the Company. Details regarding the Restructuring Framework Agreement are set out in the announcement dated 30 December 2022 made by the Company; and

(iii) Management of the Group will closely monitor the financial position of the Group and the directors of the Company will make every effort (a) to secure funds as necessary to finance the business operations of the Group for the foreseeable future; and (b) to negotiate with the holders of the promissory notes payable, and the lenders of the corporate bonds payable for the extension of repayments of these notes and bonds to a date when the Group has adequate working capital to serve the repayments.

In light of the measures and arrangements implemented to date, the directors of the Company are of the view that the Group will have sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their net realisable 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 potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs effective in the current period had no material impact on the Group's financial position and financial performance for the current period and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current period. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current period. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets under acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The application of the amendments had no impact on the 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:

HKFRS 17	Insurance Contracts and the related Amendments[5]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or non-current and related amendments to Hong Kong Interpretation 5 (2020)[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[4]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 April 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs that are not yet effective will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE

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

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	RMB'000	*RMB'000*
Continuing operations:		
Revenue from sales of goods	**–**	36,826
Sales and installation of container houses	**25,188**	7,564
Income from provision of services	**–**	3,083
Rental income from container houses	**460**	438
Revenue from continuing operations	**25,648**	47,911
Discontinued operation:		
Interest income from money lending business	**–**	6,343
Revenue from discontinued operation	**–**	6,343
Total revenue	**25,648**	54,254

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

Revenue from provision of services in relation to management and leasing of container houses is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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. As set out in note 10, the Group's money lending business was classified as discontinued operation during the period and accordingly, the comparative segment information has been restated to conform with the current period's presentation.

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

Continuing operations:

(i) Forestry Business – plantation, logging and sale of timber related products; and

(ii) Container Houses Business – provision of services in relation to management, leasing, sale and installation of container houses and related business.

Discontinued operation:

(i) Money Lending Business – provision of money lending services.

Information regarding the above segments for the eighteen months ended 30 June 2021 and the year ended 31 December 2019 is presented below.

Segment revenues and results

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

For the eighteen months ended 30 June 2021

	Continuing operations			Discontinued operation	
	Forestry Business *RMB'000*	**Container Houses Business** *RMB'000*	**Sub total** *RMB'000*	**Money Lending Business** *RMB'000*	**Total** *RMB'000*
Segment revenue	**–**	**25,648**	**25,648**	**–**	**25,648**
Segment loss	**(490,687)***	**(5,900)#**	**(496,587)**	**(1,118)^**	**(497,705)**
Bank interest income			**3**	**–**	**3**
Other unallocated income			**3,752**	**–**	**3,752**
Impairment loss on other receivables			**(78)**	**–**	**(78)**
Other unallocated expenses			**(25,569)**	**–**	**(25,569)**
Finance costs			**(33,783)**	**–**	**(33,783)**
Loss before tax			**(552,262)**	**(1,118)**	**(553,380)**
Income tax expense			**–**	**(250)**	**(250)**
Loss for the period			**(552,262)**	**(1,368)**	**(553,630)**

For the year ended 31 December 2019

	Continuing operations			Discontinued operation	
	Forestry Business *RMB'000*	Container Houses Business *RMB'000*	Sub total *RMB'000* (restated)	Money Lending Business *RMB'000* (restated)	Total *RMB'000*
Segment revenue	36,826	11,085	47,911	6,343	54,254
Segment loss	(83,901)*	(4,628)#	(88,529)	(122,739)^	(211,268)
Bank interest income			3	–	3
Other unallocated income			2,440	–	2,440
Impairment loss on other receivables			(93,000)	–	(93,000)
Other unallocated expenses			(15,425)	–	(15,425)
Finance costs			(23,004)	(38)	(23,042)
Loss before tax			(217,515)	(122,777)	(340,292)
Income tax expense			–	(192)	(192)
Loss for the year			(217,515)	(122,969)	(340,484)

	For the eighteen months ended 30 June 2021 ***RMB'000***	For the year ended 31 December 2019 *RMB'000*
Continuing operations:		
* Segment (loss)/profit of Forestry Business before change in fair value less costs to sell of plantation forest assets and impairment	**(6,327)**	24,308
Net loss on change in fair value less costs to sell of plantation forest assets	**(484,360)**	(50,874)
Impairment loss on trade receivables	**–**	(57,335)
Segment loss of Forestry Business	**(490,687)**	(83,901)
# Segment profit/(loss) of Container Houses Business before impairment	**1,301**	(413)
Impairment loss on trade receivables	**(7,201)**	(4,215)
Segment loss of Container Houses Business	**(5,900)**	(4,628)
Discontinued operation:		
^ Segment (loss)/profit of Money Lending Business before impairment	**(1,118)**	4,168
Impairment loss on loans receivable	**–**	(126,907)
Segment loss of Money Lending Business	**(1,118)**	(122,739)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (year ended 31 December 2019: Nil).

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represent the profit/loss earned from each segment without allocation of central administrative costs including directors' salaries and other corporate administrative costs, bank interest and sundry income, gain on disposal of a subsidiary, impairment loss on other receivables and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	As at 30 June 2021	As at 31 December 2019
	RMB'000	*RMB'000*
Segment assets		
Forestry Business	**76,433**	564,846
Container Houses Business	**6,217**	9,144
Total segment assets	**82,650**	573,990
Assets related to a discontinued operation	**–**	252
Unallocated assets	**4,256**	14,264
Consolidated assets	**86,906**	588,506

	As at 30 June 2021	As at 31 December 2019
	RMB'000	*RMB'000*
Segment liabilities		
Forestry Business	**6,666**	6,243
Container Houses Business	**5,097**	3,630
Total segment liabilities	**11,763**	9,873
Liabilities related to a discontinued operation	**728**	509
Unallocated liabilities	**351,734**	325,887
Consolidated liabilities	**364,225**	336,269

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to operating segments other than bank balances and cash and other assets for corporate use including certain property, plant and equipment, other receivables and deposits and prepayments. Assets used jointly by segments are allocated on the basis of the revenue earned by individual segments; and

– all liabilities are allocated to operating segments other than promissory notes payable, corporate bonds payable, contingent consideration payable, income tax payable, deferred tax liabilities and certain other payables. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the eighteen months ended 30 June 2021

	Continuing operations				Discontinued operation	
	Forestry Business *RMB'000*	**Container Houses Business** *RMB'000*	**Unallocated** *RMB'000*	**Sub total** *RMB'000*	**Money Lending Business** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets						
Additions to non-current assets *(Note)*	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation of property, plant and equipment	**–**	**105**	**90**	**195**	**2**	**197**
Depreciation of right-of-use assets	**4,008**	**–**	**1,703**	**5,711**	**–**	**5,711**
Amortisation of other intangible assets	**–**	**–**	**–**	**–**	**–**	**–**
Loss on disposal of property, plant and equipment	**–**	**53**	**–**	**53**	**–**	**53**
Loss on disposal of other intangible assets	**–**	**–**	**–**	**–**	**–**	**–**
Gain on disposal of right-of-use assets	**–**	**–**	**(58)**	**(58)**	**–**	**(58)**
Net loss on change in fair value less costs to sell of plantation forest assets	**484,360**	**–**	**–**	**484,360**	**–**	**484,360**
Impairment losses recognised in respect of:						
– trade receivables	**–**	**7,201**	**–**	**7,201**	**–**	**7,201**
– other receivables	**–**	**–**	**78**	**78**	**–**	**78**
– loans receivable	**–**	**–**	**–**	**–**	**–**	**–**

For the year ended 31 December 2019

	Continuing operations				Discontinued operation	
	Forestry Business *RMB'000*	Container Houses Business *RMB'000*	Unallocated *RMB'000*	Sub total *RMB'000*	Money Lending Business *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets						
Additions to non-current assets *(Note)*	–	159	87	246	–	246
Depreciation of property, plant and equipment	–	155	61	216	3	219
Depreciation of right-of-use assets	1,564	–	1,198	2,762	507	3,269
Amortisation of other intangible assets	–	–	4	4	–	4
Loss on disposal of property, plant and equipment	–	13	–	13	–	13
Loss on disposal of other intangible assets	–	–	78	78	–	78
Gain on disposal of right-of-use assets	–	–	–	–	(14)	(14)
Net loss on change in fair value less costs to sell of plantation forest assets	50,874	–	–	50,874	–	50,874
Impairment losses recognised in respect of:						
– trade receivables	57,335	4,215	–	61,550	–	61,550
– other receivables	–	–	93,000	93,000	–	93,000
– loans receivable	–	–	–	–	126,907	126,907

Note: The additions to non-current assets exclude the financial assets.

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers as below:

	For the eighteen months ended 30 June 2021		
	Continuing operations *RMB'000*	**Discontinued operation** *RMB'000*	**Total** *RMB'000*
PRC	**25,648**	**–**	**25,648**
Hong Kong	**–**	**–**	**–**
	25,648	**–**	**25,648**

	For the year ended 31 December 2019		
	Continuing operations *RMB'000*	Discontinued operation *RMB'000*	Total *RMB'000*
PRC	47,911	–	47,911
Hong Kong	–	6,343	6,343
	47,911	6,343	54,254

Information about the Group's assets and liabilities based on the geographical location of the assets is not presented as the Group's assets and liabilities (excluding loans receivable) are substantially located in the PRC.

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

		For the eighteen months ended 30 June 2021 *RMB'000*	For the year ended 31 December 2019 *RMB'000*
Customer A	Container House Business	**10,541**	N/A
Customer B	Container House Business	**5,097**	N/A
Customer C	Container House Business	**3,849**	N/A
Customer D	Forestry Business	**N/A**	36,826

The revenue from the Customer D for the eighteen months ended 30 June 2021 did not contribute over 10% of the Group's total revenue for that period.

The revenue from each of the Customers A, B and C for the year ended 31 December 2019 did not contribute over 10% of the Group's total revenue for that year.

6. INVESTMENT AND OTHER INCOME

	For the eighteen months ended 30 June 2021 *RMB'000*	For the year ended 31 December 2019 *RMB'000* (restated, note 1)
Continuing operations:		
Bank interest income	**3**	3
Sundry income	**3,752**	2,440
	3,755	2,443

7. OTHER LOSSES, NET

	For the eighteen months ended 30 June 2021 *RMB'000*	For the year ended 31 December 2019 *RMB'000* (restated, note 1)
Continuing operations:		
Impairment losses recognised in respect of:		
– trade receivables	**(7,201)**	(61,550)
– other receivables	**(78)**	(93,000)
Net loss on change in fair value less costs to sell of plantation forest assets	**(484,360)**	(50,874)
Loss on disposal of other intangible assets	**–**	(78)
Loss on disposal of property, plant and equipment	**(53)**	(13)
Exchange (losses)/gains, net	**(5)**	1,893
Gain on disposal of a subsidiary	**494**	–
Gain on disposal of right-of-use assets	**58**	–
Reversal of impairment losses on trade receivables	**265**	–
Other losses, net from continuing operations	**(490,880)**	(203,622)
Discontinued operation:		
Impairment losses recognised in respect of loans receivable	**–**	(126,907)
Gain on disposal of right-of-use assets	**–**	14
Other losses, net from discontinued operation	**–**	(126,893)
Total other losses, net	**(490,880)**	(330,515)

8. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019	**For the eighteen months ended 30 June 2021**	For the year ended 31 December 2019	**For the eighteen months ended 30 June 2021**	For the year ended 31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(restated)		(restated)		
Interest on:						
– promissory notes payable	**6,847**	6,777	**–**	–	**6,847**	6,777
– corporate bonds payable	**26,751**	16,143	**–**	–	**26,751**	16,143
– lease liabilities	**185**	84	**–**	38	**185**	122
	33,783	23,004	**–**	38	**33,783**	23,042

9. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Total	
	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019	**For the eighteen months ended 30 June 2021**	For the year ended 31 December 2019	**For the eighteen months ended 30 June 2021**	For the year ended 31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Current tax charge						
Hong Kong Profits Tax	**–**	–	**–**	192	**–**	192
PRC Enterprise Income Tax	**–**	–	**–**	–	**–**	–
Current tax charge, net	**–**	–	**–**	192	**–**	192
Deferred tax charge	**–**	–	**250**	–	**250**	–
Income tax expense	**–**	–	**250**	192	**250**	192

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 period has been made in the consolidated financial statements as the Group has no assessable profit subject to tax in respect of the current period.

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.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the 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 period/year presented.

The income tax expense for the period/year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	RMB'000	*RMB'000*
		(restated, note 1)
Loss before tax from:		
– Continuing operations	**(552,262)**	(217,515)
– Discontinued operation	**(1,118)**	(122,777)
	(553,380)	(340,292)
Tax credit at applicable income tax rate	**(11,549)**	(43,123)
Tax effect of expenses not deductible for tax purpose	**13,751**	43,475
Tax effect of income not taxable for tax purpose	**(1,936)**	(989)
Tax effect of tax losses not recognised	**69**	1,009
Tax effect of reversal of deductible temporary differences not recognised in prior years	**250**	–
Others	**(335)**	(180)
Income tax expense for the period/year	**250**	192

10. DISCONTINUED OPERATION

During the eighteen-month period ended 30 June 2021, the Group ceased its money lending business which was regarded discontinued operation in the consolidated financial statements.

The results of the Group's discontinued operation are analysed as below:

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	RMB'000	*RMB'000*
Revenue *(Note 4)*	**–**	6,343
Other losses, net *(Note 7)*	**–**	(126,893)
Administrative expenses	**(1,118)**	(2,189)
Finance costs *(Note 8)*	**–**	(38)
Loss before tax	**(1,118)**	(122,777)
Income tax expense *(Note 9)*	**(250)**	(192)
Loss for the period/year	**(1,368)**	(122,969)
Operating cash outflows	**(37)**	(202)
Investing cash outflows	**–**	–
Financing cash outflows	**–**	–
Total cash outflows	**(37)**	(202)

11. LOSS FOR THE PERIOD/YEAR

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	RMB'000	*RMB'000*
Continuing operations:		
Loss for the period/year has been arrived at after charging:		
Directors' emoluments	**5,338**	1,896
Other staff costs	**8,198**	7,850
Total staff costs	**13,536**	9,746
Auditors' remuneration		
– audit services	**800**	918
– non-audit services	**348**	286
Cost of inventories recognised and timber harvested	**23,208**	15,447
Depreciation charge in respect of:		
– property, plant and equipment	**195**	216
– right-of-use assets	**5,711**	2,762
Amortisation of other intangible assets	**–**	4
Short-term lease expenses	**123**	1,332
Discontinued operation:		
Loss for the period/year has been arrived at after charging:		
Directors' emoluments	**209**	317
Other staff costs	**163**	269
Total staff costs	**372**	586
Auditors' remuneration		
– audit services	**–**	13
– non-audit services	**–**	–
Cost of inventories recognised and timber harvested	**–**	–
Depreciation charge in respect of:		
– property, plant and equipment	**2**	3
– right-of-use assets	**–**	507
Amortisation of other intangible assets	**–**	–
Short-term lease expenses	**–**	–

12. DIVIDEND

No dividend was paid, declared or proposed during the eighteen months ended 30 June 2021 (31 December 2019: Nil), nor had any dividend been proposed since the end of the reporting period (31 December 2019: Nil).

13. LOSS PER SHARE

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

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic loss per share from continuing operations		
Loss for the period/year from continuing operations attributable to owners of the Company	**(552,262)**	(217,515)
Loss for the purpose of basic loss per share from continuing and discontinued operations		
Loss for the period/year attributable to owners of the Company	**(553,630)**	(340,484)

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue during the period/year for the purpose of basic loss per share	**11,024,220**	11,024,220

Diluted loss per share is not presented because there were no potentially dilutive ordinary shares in issue for both of the period/year presented.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2019
	RMB'000	*RMB'000*
Trade receivables	**5,673**	7,050
Other receivables	**679**	1,407
	6,352	8,457

The Group generally allows an average credit period of 90 days (31 December 2019: 90 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:

	As at 30 June 2021	As at 31 December 2019
	RMB'000	*RMB'000*
0–90 days	**5,673**	4,599
91–180 days	**–**	90
181–365 days	**–**	2,361
Total	**5,673**	7,050

15. TRADE AND OTHER PAYABLES

	As at 30 June 2021 *RMB'000*	As at 31 December 2019 *RMB'000*
Trade payables *(Note (ii))*	**4,713**	1,149
Consideration payable for acquisition of subsidiary	**6,973**	7,514
Amounts due to former directors *(Note (iii))*	**1,107**	–
Other payables	**21,021**	10,066
Deposits received	**22**	1,783
Accrued charges	**11,122**	2,392
Interests payable on promissory notes payable and corporate bonds payable	**12,392**	–
	57,350	22,904

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:

	As at 30 June 2021 *RMB'000*	As at 31 December 2019 *RMB'000*
0–30 days	**4,701**	5
31–90 days	**–**	–
Over 90 days	**12**	1,144
	4,713	1,149

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

DISCLAIMER OF AUDIT OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the independent auditor's report on the Group's financial statements for the eighteen-month period ended 30 June 2021:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

(a) Multiple uncertainties relating to going concern

As disclosed in note 2 to the consolidated financial statements, the Group incurred net loss of approximately RMB553,630,000 for the eighteen-month period ended 30 June 2021 and as of 30 June 2021, the Group's (i) total liabilities exceeded its total assets by approximately RMB277,319,000; and (ii) current liabilities exceeded its current assets by approximately RMB296,588,000. As at 30 June 2021, the Group's liabilities include promissory notes payable, corporate bonds payable and interests payable on these payables with the carrying amounts of approximately RMB52,027,000, RMB254,458,000 and RMB12,392,000 respectively, which remain outstanding up to the date of approval of these consolidated financial statements. These promissory notes and corporate bonds payables together with accrued interests payable to the aggregate of approximately RMB261,690,000 have been overdue for settlement by 30 June 2021 or due for settlement within the year after that date and are included in current liabilities in the consolidated statement of financial position.

The aforementioned conditions indicate the existence of material multiple uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the results of the successful implementation and outcome of the measures, as detailed in note 2 to the consolidated financial statements, to be undertaken by the Group. In view of the extent of the material uncertainties relating to the results of those measures to be undertaken by the Group which might cast a significant doubt on the Group's ability to continue as a going concern, we have disclaimed our audit opinion on the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their net realisable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

(b) Scope limitation regarding the plantation forest assets and the right-of-use assets

The Group's plantation forest assets are carried at fair value less cost to sell at 30 June 2021 amounted to approximately RMB30,140,000 with the loss on change in fair value less cost to sell amounted to approximately RMB484,360,000 charged to profit or loss in respect of the eighteen-month ended 30 June 2021. In addition, included in right-of-use assets is leased land on which the Group's plantation forest assets are located with the carrying amount of approximately RMB46,096,000 at 30 June 2021. The fair value of the Group's plantation forest assets at 30 June 2021 was estimated by an external valuer using the income approach, under which the projected future net cash inflows arising from the forest management and harvest, based on forecast of revenue from sales of timber logs and direct costs for the timber logs harvests, are discounted to present value. In view that we are unable to form an opinion as to whether the Group can operate as a going concern in the foreseeable future, as detailed in paragraph (a) above, we are also unable to satisfy ourselves that the income approach adopted for the fair value valuation of the Group's plantation forest assets and the bases and assumptions used for the valuation are reasonable and appropriate, including the ability of the Group to adhere the harvest forecasts, the quantity of timber logs to be harvested, future growth rates and discount rates adopted, and approvals to be obtained from the PRC government for timber logs harvest during the forecast periods. Accordingly, we are unable to assess whether the fair value less cost to sell of the Group's plantation forest assets of approximately RMB30,140,000 at 30 June 2021 is fairly stated and whether impairment loss is required to be made on the Group's leased land included in the right-of-use assets.

Furthermore, as a result of the restrictions implemented by the PRC government to travel within the Mainland China as a result of the outbreak of COVID-19, we are not able to carry out site visits of the Group's plantation forest assets which are all located in Jiange County of the Sichuan Province of the Mainland China, and the external valuers also represented that they have not performed the site visits during the course of the valuation. Accordingly, we are unable to obtain sufficient appropriate audit evidence regarding the existence, quantities and conditions of these plantation forest assets used to arrive at their fair value valuation as at 30 June 2021.

Any adjustments that might have been found to be necessary in respect of the above matters would have material consequential effects on the net liabilities of the Group as at 30 June 2021, and the Group's loss and cash flows for the eighteen-month period ended 30 June 2021 and the related disclosures in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND EVENTS AFTER REPORTING PERIOD

Suspension of trading of shares of the Company and appointment of JPLs (for restructuring purposes only)

As additional time was required by the auditors of the Company (the "**Auditors**") to finalize their audit procedures in respect of the 2021 Annual Results, the Company was unable to announce its audited 2021 Annual Results by the deadline prescribed by the Listing Rules. The trading of the Company's shares on the Stock Exchange was suspended with effect from 4 October 2021 (the "**Suspension**").

On 15 May 2020, the Company received a petition (the "**Petition**") filed by a holder of the bonds issued by the Company (the "**Petitioner**") against the Company in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") for an order that the Company be wound up by the High Court. The Petition was filed against the Company for failure to settle the outstanding principal of the bonds and the accrued interest in the amount of HK$10,158,794.52. To facilitate the debt restructuring of the Company, Professor Fei Phillip, the chairman of the Board, has filed a winding up petition against the Company at the Grand Court of the Cayman Islands (the "**Cayman Court**") and the Company has also made an application to the Cayman Court for an application for the appointment of the JPLs, with the hearing held at the Cayman Court on 3 December 2020 (Cayman Islands time).

At the hearing, an order (the "**Order**") in favour of the Company was granted and 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. were appointed as the JPLs (for restructuring purposes) on a light touch approach for restructuring purposes. The Order provides that for so long as the JPLs are appointed to the Company, no suit, action or other proceeding, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Cayman Court and subject to such terms as the Cayman Court may impose.

The Board continues to manage the day-to-day affairs of the Company in all aspects, subject to the oversight and monitoring of the JPLs.

As at the date of this announcement, the Petition against the Company was dismissed after an order was made by the High Court on 4 October 2021 upon the joint application of the Petitioner and the Company to withdraw the Petition by way of consent summons. Despite the withdrawal and dismissal of the Petition in Hong Kong, the winding up petition filed by Professor Fei Phillip against the Company in the Cayman Islands as well as the appointment of the JPLs remained in place. For details, please refer to the Company's announcement dated 29 October 2021.

Listing status of the Company

By way of letters dated 29 December 2021 and 22 June 2022, the Stock Exchange imposed the following resumption guidance (the "**Resumption Guidance**") for the Company:

1. publish all outstanding financial results required under the Listing Rules and address any audit modifications;

2. demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

3. have the winding up petition filed against the Company in the Cayman Islands withdrawn or dismissed and the JPLs discharged;

4. inform the market of all material information for the Company's shareholders and investors to appraise the Company's position; and

5. re-comply with Rules 3.10, 3.10A and 3.21 of the Listing Rules.

As disclosed in the announcement of the Company dated 30 June 2022, following the appointment of three independent non-executive Directors (i.e. Ms. Wong Hoi Ying, Mr. Wang Yibin and Mr. Guo Zhonglong), the Company meets the requirements under Rules 3.10, 3.10A and 3.21 of the Listing Rules.

Under Rule 6.01A of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 3 April 2023. If the Company fails to remedy the issues causing its trading suspension, fulfil the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 3 April 2023, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, when appropriate.

Funding Agreement

On 23 August 2022, the Company as the borrower, Zhonggangtong International Holding Group Co., Limited (the "**Investor**") (a company incorporated in Hong Kong with limited liability and is beneficially wholly-owned by Ms. Huang Hou ("**Ms. Huang**"), an independent third party) as the lender, and the JPLs, acting in their capacity as the joint provisional liquidators of the Company, entered into a funding agreement (the "**Funding Agreement**"), pursuant to which the Investor has agreed to grant a credit facility of up to HK$26 million (the "**Loan**") to the Company, subject to the terms and conditions thereunder. The Funding Agreement was entered for the sole purpose of securing the Loan to facilitate the preparation and implementation of the proposed restructuring plan of the Group, and to support the business operation of the Group to ensure the Company would continue to be in satisfaction of the listing requirements. For details, please refer to the announcements of the Company dated 26 August 2022 and 1 September 2022.

As at the date of this announcement, out of the HK$26 million credit facility under the Funding Agreement, approximately HK$15.0 million has been drawn down by the Company and the amount of outstanding interests accrued under the Funding Agreement is approximately HK$0.09 million.

Proposed Restructuring of the Group

On 30 December 2022, the Company and the JPLs entered into a restructuring framework agreement (the "**Restructuring Framework Agreement**") with the Investor, pursuant to which the Company will implement a proposed restructuring of the debts and liabilities, capital structure and share capital of the Company (the "**Proposed Restructuring**") including (i) the Capital Reorganisation (as defined below) and the Change in Board Lot Size (as defined below); (ii) the Subscription (as defined below); (iii) the Creditors' Scheme (as defined below) involving (a) the Creditors' Scheme Cash Consideration (as defined below); (b) the Scheme Shares Issue (as defined below); and (c) the Promissory Notes Issue (as defined below); (iv) the whitewash waiver to be obtained from the Securities and Futures Commission of Hong Kong ("**SFC**") pursuant to the Hong Kong Code on Takeovers and Mergers issued by the SFC ("**Takeovers Code**") in respect of the allotment and issue of the subscription shares to the Investor; and (v) the special deals under Rule 25 of the Takeovers Code in respect of the proposed settlement of indebtedness to certain directors and shareholders of the Company under the Creditors' Scheme.

Details of the Restructuring Framework Agreement has been announced in the joint announcement made by the Company and the Investor dated 30 December 2022.

Capital Reorganisation and the Change in Board Lot Size

The Company proposes to implement the capital reorganisation (the "**Capital Reorganisation**") subject to the approval by the shareholders of the existing ordinary share(s) of HK$0.002 each in the share capital of the Company prior to the Capital Reorganisation (the "**Shareholders**").

The Capital Reorganisation will comprise (i) the share consolidation involving the consolidation of every 100 existing issued shares of HK$0.002 each in the share capital of the Company prior to the Capital Reorganisation ("**Share(s)**") into one consolidated share of HK$0.20 each ("**Consolidated Share(s)**") (the "**Share Consolidation**"); (ii) the capital reduction upon the Share Consolidation becoming effective (the "**Capital Reduction**"), such that the par value of each issued Consolidated Share will be reduced from HK$0.20 to HK$0.01 by cancelling the paid-up capital to the extent of HK$0.19 on each issued Consolidated Share; (iii) the authorised share capital diminution involving all the existing but unissued shares being cancelled in its entirety (which shall include the authorised but unissued share capital arising from the Capital Reduction (the "**Authorised Share Capital Diminution**"); (iv) the authorised share capital increase upon the Capital Reduction and the Authorised Share Capital Diminution becoming effective, such that the Company's authorised share capital will be increased from HK$1,102,422 divided into 110,242,204 shares of HK$0.1 each to HK$100,000,000 divided into 10,000,000,000 ordinary share(s) of HK$0.01 each in the share capital of the Company ("**New Share(s)**") by creation of 9,889,757,796 New Shares; and (v) the share premium cancellation involving the entire amount standing to the credit of the share premium account of the Company as at the effective date of the Capital Reorganisation being cancelled and credited to the contribution surplus reserve account of the Company and be applied to set off against the accumulated losses of the Company as at the effective date of the Capital Reorganisation.

The Company also proposes the board lot size for trading on the Stock Exchange be changed from 40,000 Shares to 16,000 New Shares subject to the Capital Reorganisation becoming effective (the "**Change in Board Lot Size**"). For illustration purpose, based on the closing price of HK$0.010 per Share (equivalent to the theoretical closing price of HK$1.00 per New Share) as quoted on the Stock Exchange on 30 September 2021, being the last trading day prior to the suspension of trading of the Shares on the Stock Exchange, the value of each board lot of 16,000 New Shares, assuming the Capital Reorganisation had already been effective, would be HK$16,000. The proposed change in board lot size will not result in any change in the relative rights of the Shareholders.

Subscription

On 30 December 2022, the Company, the JPLs and the Investor entered into a subscription agreement (the "**Subscription Agreement**") pursuant to which the Investor shall subscribe for, and the Company shall allot and issue 466,000,000 New Shares (the "**Subscription Shares**") at the issue price of HK$0.1288 per New Share (the "**Subscription**"). After adjusted for the effects of the Capital Reorganisation, the Subscription Shares represent (i) approximately 80.87% of the enlarged issued share capital of the Company immediately after the completion the Subscription; and (ii) approximately 65.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares (as defined below).

Creditors' Scheme

Pursuant to the Restructuring Framework Agreement, the Company proposes to restructure its debts through a scheme of arrangement (the "**Creditors' Scheme**") which involves (a) the Creditors' Scheme Cash Consideration (as defined below); (b) the Scheme Shares Issue (as defined below); and (c) the Promissory Notes Issue (as defined below). Upon the Creditors' Scheme having become effective, all the claims of all the creditors of the Company with Admitted Claims (as defined below) against the Company as at the date on which Creditors' Scheme become effective (the "**Creditors**"), and liabilities of the Company will be compromised, discharged, waived and/or settled in full and in return, under the Creditors' Scheme, the Creditors with all Scheme Claim(s) (i.e. a claim: (a) which is not a preferential claim (and where the claim is only in part a preferential claim, then the person is a Creditor only to the extent of the non-preferential portion of the claim); (b) which is not a secured claim (and where the claim is only in part a secured claim, then the person is a Creditor only to the extent of the unsecured part of the claim); (c) which is not a claim for restructuring costs; and (d) which is not an amount due from the Company to the Investor under the Funding Agreement) against the Company which have been admitted under the Creditors' Scheme by such persons who are to be appointed as scheme administrators pursuant to the terms of the Creditors' Scheme, which are expected to be JPLs (the "**Scheme Administrators**") or the adjudicator (as the case may be) (the "**Admitted Claims**") would be entitled to receive on a pro-rata basis based on their Admitted Claims, (i) HK$30 million in total in cash to be financed by the proceeds of the Subscription (the "**Creditors' Scheme Cash Consideration**"); (ii) 140,000,000 scheme shares in total to be issued at the issue price of HK$0.55 per scheme share under the Creditors' Scheme pursuant to the terms thereof (the "**Scheme Shares**"), representing approximately 19.55% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Scheme Shares (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and the Scheme Shares and after adjusted for the effect of the Capital Reorganisation) (the "**Scheme Shares Issue**"); and (iii) the promissory notes in the aggregate principal amount of HK$120 million (the "**the Promissory Notes Issue**").

Pursuant to the terms of the Restructuring Framework Agreement, it is proposed that the Creditors' Scheme will be implemented upon approval by the Creditors and sanction by any court in Hong Kong that has jurisdiction to hear the provisional liquidation case the Company is subjected to. Based on the available books and records of the Company, the total estimated indebtedness owed by the Company to its Creditors is approximately HK$550 million as at the date of this announcement. This indebtedness figure is indicative and will be subject to the notices of claim filed in accordance with the terms of the Creditors' Scheme, the final determination by the Scheme Administrators and (if applicable) adjudication under the Creditors' Scheme.

PROSPECTS

During the eighteen months ended 30 June 2021, the global consumer sentiment had been affected and the operating environment had been difficult due to the outbreak of Coronavirus disease 2019 (COVID-19) across the world. Among the three core businesses of the Group, namely forestry management business, container houses business and money lending business, only the container houses business had brought revenue to the Group during the eighteen months ended 30 June 2021, while the Group did not conduct any logging operations throughout the period and did not consume any forest resource because the Group was unable to obtain any logging permit as a result of administrative difficulties of the National Forestry and Grassland Administration due to the seriousness of the COVID-19 pandemic during the material time, and the money lending business had been ceased since September 2020 after the money lender's licence of the relevant subsidiary expired on 26 September 2020. The container houses business also had been ceased since June 2022 due to underperformance and change in business strategy of the Group.

In July 2021, the Group has obtained logging permits for the calendar year of 2021 with logging quantity of 6,003.3 cubic meters in aggregate. Further in December 2022, the Group has obtained the logging permits for the calendar year of 2022 with logging quantity of 16,648.0 cubic meters in aggregate. It is expected the forestry management business would resume to normal and would bring satisfactory revenue and profit to the Group going forward.

To fully utilise the woodland of the Group and to maximise shareholders' return, the Group has begun the plantation of Fuyang Ginseng (富養人參) in the Group's existing forests and has commenced the trading of Fuyang Ginseng in the third quarter of 2022. Fuyang ginseng is a new breed of ginseng cultivated from a mixture of Changbai Mountain ginseng, American ginseng and Korean ginseng, the key highlight of which is it can realise artificial indoor planting and does not require planting in colder regions. The ginseng business will enable the Group to expand its business portfolio, diversify its income stream, broaden its revenue base and potentially enhance its financial performance.

FINANCIAL REVIEW

Revenue

During the eighteen months ended 30 June 2021, the Company recorded revenue of approximately RMB25.6 million, representing a decrease of approximately 52.7% as compared to approximately RMB54.3 million for FY2019. The Group's revenue for the eighteen months ended 30 June 2021 was attributable to the revenue from the container houses business of the Group. During the eighteen months ended 30 June 2021, due to the outbreak of COVD-19 in the PRC causing administrative difficulties for the local government authorities, the Group was unable to obtain the logging permit for the calendar year of 2020 from the National Forestry and Grassland Administration. Hence, the Group did not conduct logging operations throughout the period and did not consume forest resources. In July 2021, the Group has obtained logging permits for the calendar year of 2021 with logging quantity of 6,003.3 cubic meters in aggregate. Due to the change in business strategy of the Group and the under-performed financial results of the container houses business and money lending business, the Group has decided to suspend these business operations. The container houses business has been ceased since June 2022. The money lending business has been ceased since September 2020 after the money lender's licence expired on 26 September 2020.

Gross Profit

The Group recorded a gross profit at approximately RMB2.1 million for the eighteen months ended 30 June 2021 (FY2019: approximately RMB34.8 million). Such decrease was mainly due to increase in cost of sales and services and significant decrease in revenue.

Selling and Distribution Expenses

The selling and distribution expenses recognised for the eighteen months ended 30 June 2021 amounted to approximately RMB0.8 million (FY2019: RMB0.2 million). The selling and distribution expenses were mainly attributable to the advertising expense for the container houses business.

Administrative Expenses

The administrative expenses increased approximately 41.8% from approximately RMB23.8 million for FY2019 to approximately RMB33.7 million for the eighteen months ended 30 June 2021. The increase in administrative expenses was mainly attributable to the directors' emoluments and other staff costs.

Other Losses, net

For the eighteen months ended 30 June 2021, the Group recorded approximately RMB490.9 million other losses (FY2019: approximately RMB330.5 million). Other losses mainly included net loss on change in fair value less costs to sell of plantation forest assets of RMB484.4 million and an impairment loss recognised in respect of trade receivables of RMB7.2 million.

Finance Costs

For the eighteen months ended 30 June 2021, the Group recorded finance costs of approximately RMB33.8 million, representing an increase of approximately 46.6% as compared to approximately RMB23.0 million for FY2019. The finance costs include mainly interests on (i) the promissory notes (being the Note A as stated below), bearing 5% interest rate per annum and with the principal amount of HK$23,800,000 issued on 6 June 2017; (ii) the promissory notes (being the Note B as stated below), bearing 5% interest rate per annum with the principal amount of HK$34,100,000 issued on 15 August 2018; and (iii) the corporate bonds with the aggregate principal amounts of HK$279,889,000 bearing interest rates ranged from 4.15% to 15.92% per annum.

Loss and Total Comprehensive Expense Attributable to Owners of the Company

The Company recorded a loss of approximately RMB553.6 million for the eighteen months ended 30 June 2021 as compared to a loss of approximately RMB340.5 million for FY2019. The total comprehensive expense attributable to owners of the Company was approximately RMB529.6 million for the eighteen months ended 30 June 2021 as compared to the total comprehensive expense of approximately RMB348.4 million for FY2019.

Basic Loss per Share

Basic loss per share for the eighteen months ended 30 June 2021 amounted to RMB5.02 cents (FY2019: RMB3.09 cents).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had a total of 21 employees and management personnel as compared to 27 employees and management personnel as at 31 December 2019. Total staff costs for the period under review, including Directors' remuneration, amounted to approximately RMB13.9 million (FY2019: RMB10.3 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows, proceeds from issue of corporate bonds and promissory notes and certain net proceeds from fund raising activities. As at 30 June 2021, the Group had total assets of approximately RMB86.9 million and net liabilities of approximately RMB277.3 million. The Group's cash and bank balances as at 30 June 2021 amounted to approximately RMB1.8 million. As at 30 June 2021, there was no unutilised banking facilities (31 December 2019: nil).

Promissory note issued on 6 June 2017 (the "Note A")

On 31 May 2017, the Company and the vendors, six independent third parties entered into an acquisition agreement, pursuant to which, among other things, the Company has conditionally agreed to acquire the entire issued share capital in Garden Glaze, at total consideration of HK$170,000,000, to be satisfied by the issue of the Promissory Note (being the "**Note A**") to the vendors. Garden Glaze is an investment holding company incorporated in the BVI with limited liability. Through its wholly-owned subsidiaries, Garden Glaze indirectly wholly holds the entire equity interest in Jiange Ruixiang Linye Company Limited, which is principally engaged in the plantation, harvesting and selling of timber in the forests, and possesses the Ruixiang Forest and the right to be engaged in the operations and management of the Ruixiang Forest. The Note A bears an interest at 5% per annum for two years and is payable on the maturity date of 5 June 2019. During the year ended 31 December 2017, the Company redeemed part of the Note A with the principal amount of HK$86,200,000 for cash consideration of HK$86,200,000. During the year ended 31 December 2018, the Company redeemed part of the Note A with the principal amount of HK$60,000,000 for cash consideration of HK$60,000,000. On 3 June 2019, the Company entered into a supplemental deed to amend certain terms and conditions of the Note A, pursuant to which the parties thereto agreed to extend the maturity date of the Note A, with the principal amount of HK$23,800,000 from 5 June 2019 to 5 July 2019. On 23 July 2019, the Company entered into the second supplemental deed to amend certain terms and conditions of the Note A, pursuant to which the parties thereto agreed to extend the maturity date of the Note A, with the principal amount HK$23,800,000 from 5 July 2019 to 10 February 2020.

At 30 June 2021, the Note A with the principal amount of HK$23,800,000 (31 December 2019: HK$23,800,000) remained outstanding and overdue.

Promissory note issued on 15 August 2018 (the "Note B")

On 15 August 2018, the Company issued the Note B with the principal amount of HK$34,100,000 as part of the consideration for acquisition of the entire interest in Today Bridge and its subsidiaries. The Note B is unsecured, carries interest at 5% per annum and is payable on the maturity date of 14 August 2020. The Company is also entitled to redeem the whole or part of the Note B at any time after the issue date to one day before the maturity date by 7 business days advance notice.

At 30 June 2021, the Note B with the principal amount of HK$34,100,000 (31 December 2019: HK$34,100,000) remained outstanding and overdue.

Corporate bonds

During the year ended 31 December 2019, the Company entered into subscription agreements with 9 independent private investors pursuant to which the investors have agreed to subscribe and the Company has agreed to issue the corporate bonds in the aggregate principal amount of HK$32.9 million at par value, bearing interest rates of 5% to 10% per annum and maturity date is 1 years to 1.5 years from the date of issue.

At 30 June 2021, the corporate bonds with the principal amount of HK$279,889,000 (31 December 2019: HK$276,000,000) remained outstanding and overdue.

PLEDGE ON ASSETS

As at 30 June 2021, there was no pledge of assets of the Group (31 December 2019: nil).

SIGNIFICANT INVESTMENT OR ACQUISITIONS AND DISPOSAL

Save as disclosed in this announcement, there were no significant investment held or material acquisitions and disposals of subsidiaries for the eighteen months ended 30 June 2021 (FY2019: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the Company's announcement dated 22 May 2020, on 22 May 2020, the Group, through Shenzhen Yi Feng Network Technology Limited, its wholly-owned subsidiary, has entered into a cooperation agreement with Hunan Hei Jiu Jiu Ye Limited Company* (湖南黑酒酒業有限公司) ("**Hunan Hei Jiu Jiu Ye**") in respect of the sales of the designated products of Hunan Hei Jiu Jiu Ye through agency worldwide.

Save as disclosed above, the Group had no other future plans for material investments or capital assets as at 30 June 2021.

CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2021 (31 December 2019: nil).

FOREIGN EXCHANGE EXPOSURE AND RELATED HEDGES

The Group's transactions are mainly denominated in Hong Kong dollars and Renminbi. 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 eighteen months ended 30 June 2021, 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 419.1% as at 30 June 2021 (31 December 2019: 57.1%). As at 30 June 2021, promissory notes with the principal amount of HK$57.9 million remained outstanding and the corporate bonds with the principal amount of HK$279.9 million remained outstanding.

CAPITAL STRUCTURE

The share capital of the Company comprises only ordinary shares. As at 30 June 2021, the total number of the ordinary shares of the Company in issue was 11,024,220,415 shares (31 December 2019: 11,024,220,415 shares). The total deficit on equity attributable to owners of the Company was approximately RMB277.3 million (31 December 2019: total equity approximately RMB252.2 million).

UPDATE OF THE PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF HENGFUDELAISI

References are made to the announcements of the Company dated 22 April 2016, 21 June 2016 and 15 July 2016, and the circular of the Company dated 27 June 2016 concerning the acquisition of Shenzhen Heng Fu Delaisi Intelligent Housing Limited* (深圳恒富得萊斯智能房屋有限公司) ("**Hengfudelaisi**"). The entire consideration of the acquisition was RMB250,000,000, of which a total sum of RMB210,000,000 would be payable by stage by the Company on a half-yearly basis after Hengfudelaisi has achieved the profit guarantee in a sum which is equal to the amount of the part of the consideration payable; and the vendors have to compensate up to RMB40,000,000 to the Company if the accumulated audited net profit of the target group (including Gorgeous City Investment Limited and its subsidiaries including Hengfudelaisi) ("**Hengfu Group**") after taxation during the guaranteed period is less than RMB210,000,000.

Upon the expiration of the guaranteed period, the accumulated net profits of the Hengfu Group (after taxation) was less than RMB210,000,000. Accordingly, the vendors shall jointly and severally pay to the Company a compensation in cash. 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. For further details please refer to the announcement of the Company dated 5 February 2021.

As at the date of this announcement, the Company has still not received any response from the Vendors and the Company will consider to take further action.

MATERIAL LITIGATION

On 15 May 2020, the Group received the Petition filed by a holder of the bonds issued by the Company against the Company for an order of winding up the Company. The Petition was filed against the Company for failure to settle the outstanding principal of the bonds and the accrued interest accumulated to an aggregate of HK$10,158,794, which was included in corporate bonds payable at 31 December 2020 presented in the condensed consolidated statement of financial position.

The Petition against the Company was dismissed after an order was made by the High Court on 4 October 2021 upon joint application of the Petitioner and the Company to withdraw the Petition by way of consent summons. For details, please refer to the announcement of the Company dated 29 October 2021.

On 7 August 2020, the landlord of the Company's office (the "**Landlord**") filed a writ of summon against the Company in respect of the claim of outstanding rent, air-conditioning charges, service charges, rates and interest (the "**Claim**"). On 23 October 2020, the Court made the final and interlocutory judgment and order. The Company is required to pay the landlord (i) the Claim of HK$596,766; (ii) rent, air-conditioning charges, service charges, rates and interest from 1 September 2020 to the date of delivery of vacant possession of the premises; (iii) damages to be assessed; and (iv) costs of this action to be taxed. On 6 November 2020, the Company vacated the premises and the premises have been taken over by the Landlord. As at 30 June 2021, the total sum owed by the Company to the landlord was approximately HK$1,219,000.

Furthermore, to facilitate the debt restructuring of the Company, Professor Fei Phillip, the chairman of the Board, has filed a winding up petition against the Company at the Cayman Court and the Company has also made an application to the Cayman Court for an application for the appointment of JPLs of the Company, with the hearing held at the Cayman Court on 3 December 2020 (Cayman Islands time). At the hearing, the Order in favour of the Company was granted and 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. were appointed as the JPLs (for restructuring purposes) on a light touch approach for restructuring purposes. The Order provides that for so long as JPLs are appointed to the Company, no suit, action or other proceeding, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Cayman Court and subject to such terms as the Cayman Court may impose. For further details please refer to the announcements of the Company dated 3 December 2020, 9 December 2020, 28 January 2021 and 11 May 2021.

As at the date of this announcement, despite the withdrawal and dismissal of the Petition in Hong Kong, the winding up petition filed by Professor Fei Phillip against the Company in the Cayman Islands as well as the appointment of the JPLs remained in place. For details, please refer to the Company's announcement dated 29 October 2021.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the eighteen months ended 30 June 2021 (FY2019: 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 of the Company's listed securities during the eighteen months ended 30 June 2021.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the eighteen months ended 30 June 2021, 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

It is proposed that the annual general meeting ("**2021 AGM**") of the Company for the eighteen months ended 30 June 2021 will be held on a date to be fixed by the Board. Notice of the 2021 AGM will be published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at www.caflc.co, as well as despatched to shareholders of the Company in due course.

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 the 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 eighteen months ended 30 June 2021, 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 A.1.8, A.4.1, A.5.1 and C.2.1 as addressed below (the CG Code has been amended and the Code Provisions have been renumbered with effect from January 2022, however, for illustration purpose covering the period of eighteen months ended 30 June 2021, Code Provisions with old numbering are used here):

1. Under Code Provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and officers. As at 30 June 2021, 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 A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. As at 30 June 2021, except for Dr. Tse Kwok Sang, none of the non-executive Directors has been appointed for a specific term. Notwithstanding the aforesaid deviation, one-third of the Directors (including the non-executive Directors and independent non-executive Directors) are subject to retirement by rotation and re-election at each of the Company's annual general meeting and every Director shall be subject to retirement by rotation at least once in every three years in compliance with the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line with the underlying intentions of Code Provision A.4.1 of the CG Code.

3. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the resignation of Mr. Liang Guoxin as an independent non-executive Director with effect from 15 June 2020, the members of the Nomination Committee had not comprised a majority of independent non-executive Directors. On 8 December 2020, the Company appointed Dr. Tse Kwok Sang as an independent non-executive Director, a member of each of the audit committee of the Company (the "**Audit Committee**") and nomination committee of the Company (the "**Nomination Committee**") and the chairman of the remuneration committee of the Company (the "**Remuneration Committee**"). The Company then re-complied with the Code Provision A.5.1.

4. Under Code Provision C.2.1, 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.

Non-compliance of the Listing Rules

On 15 June 2020, Mr. Liang Guoxin resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee and the member of the Audit Committee and the Nomination Committee. The number of independent non-executive Director and each of the Audit Committee, Nomination Committee and Remuneration Committee fell below the minimum number required under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules. In addition, the Company failed to meet the composition requirement of the remuneration committee of the Board under Rule 3.25 of the Listing Rules and the composition requirement of the nomination committee under code provision A.5.1 of the Code and the relevant terms of references of the Company. The Listing Rules require the Company to fill the vacancy(ies) of the Board and the relevant board committees within three months from 15 June 2020. On 8 December 2020, the Company appointed Dr. Tse Kwok Sang as an independent non-executive director, a member of each of the Audit Committee and Nomination Committee and the chairman of the Remuneration Committee. The Company then re-complied with the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules.

On 8 March 2021, Ms. Wong Lee Ni was appointed as a non-executive Director. Following the appointment of Ms. Wong Lee Ni, the Company failed to meet the requirement of independent non-executive directors representing at least one-third of the Board under Rule 3.10A of the Listing Rules. The Listing Rules require the Company to fill the vacancy(ies) of the Board for the position of independent non-executive director(s) within three months from 8 March 2021. On 23 June 2021, Mr. Huang Wenhong was appointed as an independent non-executive Director. The Company then re-complied with the requirements under Rules 3.10A and 3.11 of the Listing Rules.

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 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 eighteen months ended 30 June 2021.

SCOPE OF WORK OF CCTH CPA LIMITED ("CCTH")

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto in respect of the eighteen months ended 30 June 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, CCTH, to the amounts set out in the Group's audited consolidated financial statements for the period. The work performed by CCTH in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The Company established an audit committee in September 2009 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules, which were reviewed from time to time by the Board to keep them in line with the most up-to-date requirements. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. As at the date of this announcement, the Audit Committee has four members comprising our four independent non-executive Directors, namely Ms. Wong Hoi Ying, Mr. Liu Zhaoxiang, Mr. Wang Yibin and Mr. Guo Zhonglong. Ms. Wong Hoi Ying has been appointed as the chairman of the Audit Committee.

The Audit Committee reviews the interim and annual reports before submission to the Board. 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 Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of the Group during the eighteen months ended 30 June 2021 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the eighteen months ended 30 June 2021. The Audit Committee has no disagreement on the Group's consolidated financial results contained in this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This audited annual results announcement is published on the websites of the Stock Exchange and the Company. The annual report for the eighteen months ended 30 June 2021 will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company in due course.

RESUMPTION GUIDANCE

The Stock Exchange has imposed the Resumption Guidance for the Company as detailed under the section headed "Listing status of the Company" in this announcement.

The Company is taking appropriate steps to remedy the issues causing the Suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in the shares is allowed to resume.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 4 October 2021 and will remain suspended until further notice. The Company will keep its shareholders and the public informed of the latest development by making further announcement(s) as and when appropriate.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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, 18 January 2023

As at the date of this announcement, the Board comprises Professor Fei Phillip, Mr. Li Wenjun, Mr. Wang Yue, Ms. Hui Hing Conniel and Mr. Lai Chi Yin Samuel as the executive Directors; and Mr. Gu Sotong as the non-executive Director; and Mr. Liu Zhaoxiang, Ms. Wong Hoi Ying, Mr. Wang Yibin and Mr. Guo Zhonglong as the independent non-executive Directors.

* *For identification purposes only*