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CHINA HEALTH

China Health Technology Group Holding Company Limited

中國健康科技集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1069)

ANNOUNCEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 30 June 2024 (“**FY2024**”) amounted to approximately Renminbi (“**RMB**”) 47.6 million.
- Profit attributable to owners of the Company for FY2024 amounted to approximately RMB200.0 million (year ended 30 June 2023 (the “**FY2023**”): loss of approximately RMB10.8 million).
- Total comprehensive income attributable to owners of the Company for FY2024 amounted to approximately RMB204.0 million (FY2023: total comprehensive expense of approximately RMB10.1 million).
- The gearing ratio as at 30 June 2024 was approximately 92.7% (2023: 325.2%), representing a decrease of 232.5 percentage point as compared with 2023.
- Basic earnings per share for FY2024 amounted to RMB29.79 cents (FY2023: loss of RMB9.80 cents).
- The board (the “**Board**”) of directors of the Company (the “**Directors**”) does not recommend the payment of any dividend for FY2024 (FY2023: nil).

FINANCIAL RESULTS

The board (the “**Board**”) of China Health Technology Group Holding Company Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 30 June 2024 (the “**FY2024**”) together with the comparative figures for the year ended 30 June 2023 (the “**FY2023**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	4	47,606	58,717
Cost of sales		(45,709)	(47,207)
Gross profit		1,897	11,510
Investment and other income	6	16	7,969
Other gains, net	7	22,205	2,749
Gain on debt restructuring		202,024	–
Selling and distribution expenses		(1,421)	(720)
Administrative expenses		(21,472)	(19,198)
Finance costs	8	(3,229)	(11,684)
Profit (loss) before tax		200,020	(9,374)
Income tax expense	9	(7)	(1,426)
Profit (loss) for the year	10	200,013	(10,800)
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		4,036	727
Other comprehensive income (expense) for the year		4,036	727
Total comprehensive income (expense) for the year		204,049	(10,073)

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit (loss) for the year attributable to owners of the Company		<u>200,013</u>	<u>(10,800)</u>
Total comprehensive income (expense) for the year attributable to owners of the Company		<u>204,049</u>	<u>(10,073)</u>
		<i>RMB cents</i>	<i>RMB cents</i>
Earnings (loss) per share	<i>13</i>		
Basic		29.79	(9.80)
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,267	1,293
Right-of-use assets		42,275	46,309
Plantation forest assets		50,670	48,420
Plantation ginseng assets		29,400	22,000
Plantation horny goat weed assets		7,232	–
		<u>130,844</u>	<u>118,022</u>
Current assets			
Inventories		1,309	987
Trade and other receivables	14	18,530	10,399
Deposits and prepayments		24,253	6,908
Bank balances and cash		3,230	4,327
		<u>47,322</u>	<u>22,621</u>
Current liabilities			
Trade and other payables	15	16,304	99,008
Contract liabilities		28,209	–
Promissory notes payable		–	58,035
Corporate bonds payable		–	282,191
Lease liabilities		3,225	2,092
Income tax payable		1,577	1,568
		<u>49,315</u>	<u>442,894</u>
Net current liabilities		<u>(1,993)</u>	<u>(420,273)</u>
Total assets less current liabilities		<u>128,851</u>	<u>(302,251)</u>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current liabilities			
Promissory notes payable		115,153	–
Corporate bonds payable		–	13,351
Lease liabilities		735	1,106
		<u>115,888</u>	<u>14,457</u>
Net assets (liabilities)		<u>12,963</u>	<u>(316,708)</u>
Capital and reserves			
Share capital		6,564	19,016
Reserves		6,339	(335,724)
Total equity (deficit on equity)		<u>12,963</u>	<u>(316,708)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL INFORMATION

China Health Technology Group Holding Company Limited (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 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, 12/F., Tower A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong respectively. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in forestry, ginseng and other plantation assets management and investment holding.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, 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 July 2023 for the preparation of the consolidated financial statements:

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

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

New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Noncurrent liabilities with covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback ¹

¹ Effective for accounting period beginning on or after 1 January 2024

³ Effective for accounting period beginning on or after 1 January 2025

³ Effective for accounting period beginning on or after 1 January 2027

⁴ Effective for accounting period 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from sales of goods	<u>47,606</u>	<u>58,717</u>
Total revenue	<u><u>47,606</u></u>	<u><u>58,717</u></u>

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

5. SEGMENT INFORMATION

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

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

- (i) Forestry Business – plantation, logging and sale of timber related products;
- (ii) Ginseng Business – ginseng plantation and trading of related products; and
- (iii) Horny Goat Weed Business – horny goat weed plantation and trading of related products.

Information regarding the above segments for the years ended 30 June 2024 and 2023 is presented below.

Segment revenues and results

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

For the year ended 30 June 2024

	Forestry Business <i>RMB'000</i>	Ginseng Business <i>RMB'000</i>	Horny Goat Weed Business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>32,521</u>	<u>15,085</u>	<u>–</u>	<u>47,606</u>
Segment profit (loss)	<u>18,642*</u>	<u>(6,937)**</u>	<u>–</u>	<u>11,705</u>
Unallocated bank interest income				4
Other unallocated income				202,024
Unallocated impairment loss on other receivables				(234)
Other unallocated expenses				(10,250)
Finance costs				<u>(3,229)</u>
Profit before tax				200,020
Income tax expense				<u>(7)</u>
Profit for the year				<u><u>200,013</u></u>

For the year ended 30 June 2023

	Forestry Business <i>RMB'000</i>	Ginseng Business <i>RMB'000</i>	Horny Goat Weed Business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>25,603</u>	<u>33,114</u>	<u>–</u>	<u>58,717</u>
Segment profit	<u>32,016*</u>	<u>7,704**</u>	<u>–</u>	<u>39,720</u>
Unallocated bank interest income				13
Other unallocated income				7,919
Unallocated impairment loss on other receivables				(708)
Other unallocated expenses				(44,634)
Finance costs				<u>(11,684)</u>
Loss before tax				(9,374)
Income tax expense				<u>(1,426)</u>
Loss for the year				<u><u>(10,800)</u></u>

	2024	2023
	RMB'000	RMB'000
* Segment loss of Forestry Business before change in fair value less costs to sell of plantation forest assets and impairment	(13,767)	(6,090)
Net gain on change in fair value less costs to sell of plantation forest assets	32,559	38,113
Impairment loss on trade receivables	(150)	(7)
	<hr/>	<hr/>
Segment profit of Forestry Business	<u>18,642</u>	<u>32,016</u>
	 2024	 2023
	RMB'000	RMB'000
** Segment (loss) profit of Ginseng Business before change in fair value less costs to sell of plantation ginseng assets and impairment	(82)	7,704
Net loss on change in fair value less costs to sell of plantation ginseng assets	(6,855)	–
	<hr/>	<hr/>
Segment (loss) profit of Ginseng Business	<u>(6,937)</u>	<u>7,704</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2023: 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 debt restructuring, loss 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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Segment assets		
Forestry Business	98,594	98,631
Ginseng Business	62,779	34,438
Horny Goat Weed Business	7,232	–
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Total segment assets	168,605	133,069
Unallocated assets	9,561	7,574
	<hr/>	<hr/>
Consolidated assets	<u>178,166</u>	<u>140,643</u>
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Segment liabilities		
Forestry Business	3,507	7,235
Ginseng Business	33,892	7,656
Horny Goat Weed Business	–	–
	<hr/>	<hr/>
Total segment liabilities	37,399	14,891
Unallocated liabilities	127,804	442,460
	<hr/>	<hr/>
Consolidated liabilities	<u>165,203</u>	<u>457,351</u>

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 and certain other payables. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 30 June 2024

	Forestry Business <i>RMB'000</i>	Ginseng Business <i>RMB'000</i>	Horny Goat Weed Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit/loss or segment assets					
Additions to non-current assets (<i>Note</i>)	2,212	16,818	7,232	–	26,262
Depreciation of property, plant and equipment	247	10	–	–	257
Depreciation of right-of-use assets	2,787	2,093	–	–	4,880
Net (gain) loss on change in fair value less costs to sell of plantation forest assets	(32,559)	6,855	–	–	(25,704)
Impairment losses recognised in respect of:					
– trade receivables	150	–	–	–	150
– other receivables	–	–	–	228	228
– right-of-use assets	3,152	–	–	–	3,152
Reversal of impairment losses on trade receivables	(332)	–	–	–	(332)

For the year ended 30 June 2023

	Forestry Business <i>RMB'000</i>	Ginseng Business <i>RMB'000</i>	Horny Goat Weed Business <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit/loss or segment assets					
Additions to non-current assets (<i>Note</i>)	–	5,460	–	–	5,460
Depreciation of property, plant and equipment	–	2	–	9	11
Depreciation of right-of-use assets	1,463	1,046	–	–	2,509
Net gain on change in fair value less costs to sell of plantation forest assets	(38,113)	–	–	–	(38,113)
Impairment losses recognised in respect of:					
– trade receivables	7	–	–	47	54
– other receivables	6	138	–	564	708
Reversal of impairment losses on trade receivables	(11)	–	–	(36)	(47)

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:

	Year ended 30 June 2024 Total RMB'000
PRC	47,606
	Year ended 30 June 2023 Total RMB'000
PRC	58,717

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 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:

		2024 RMB'000	2023 RMB'000
Customer A	Forestry Business	16,804	8,756
Customer B	Forestry Business	9,359	6,944
Customer C	Ginseng Business	5,018	–

6. INVESTMENT AND OTHER INCOME

	2024 RMB'000	2023 RMB'000
Bank interest income	4	13
Write off of other payables	–	7,161
Sundry income	12	795
Total investment and other income	16	7,969

7. OTHER GAINS, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Impairment losses recognised in respect of:		
– trade receivables	(150)	(54)
– other receivables	(228)	(708)
– right-of-use assets	(3,152)	–
Net gain/loss on change in fair value less costs to sell of plantation		
– forest	32,559	38,113
– ginseng	(6,855)	–
Reversal of impairment losses on trade receivables	332	47
Loss on disposal of a subsidiary	(301)	(77)
Exchange loss	–	(34,572)
	<hr/>	<hr/>
Total other gains, net	22,205	2,749

8. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on:		
– promissory notes payable	3,001	1,289
– corporate bonds payable	–	10,250
– lease liabilities	228	68
– amount due to a shareholder	–	77
	<hr/>	<hr/>
	3,229	11,684

9. INCOME TAX EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC Enterprise Income Tax		
Charge for the year	7	369
Hong Kong Profits Tax		
Under-provision in prior years	–	1,057
	<hr/>	<hr/>
Income tax expense	7	1,426

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

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

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

10. PROFIT (LOSS) FOR THE YEAR

	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Profit (loss) for the year has been arrived at after charging:		
Directors’ emoluments	1,319	2,259
Other staff costs	1,989	3,067
	<hr/>	<hr/>
Total staff costs	3,308	5,326
	<hr/>	<hr/>
Auditors’ remuneration		
– audit services	950	977
– non-audit services	–	177
Cost of timber harvested	32,522	25,603
Cost of ginseng harvested	2,562	–
Cost of ginseng trading	10,625	21,604
Depreciation charge in respect of:		
– property, plant and equipment	257	11
– right-of-use assets	4,880	2,509
Short-term lease expenses	532	1,392
	<hr/> <hr/>	<hr/> <hr/>

11. DIVIDEND

No dividend was paid, declared or proposed during the year ended 30 June 2024 (2023: Nil), nor had any dividend been proposed since the end of the reporting period (2023: Nil).

12. EARNINGS (LOSS) PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share		
Loss for the year attributable to owners of the Company	<u>200,013</u>	<u>(10,800)</u>
	2024 <i>'000</i>	2023 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings (loss) per share (<i>Note (i)</i>)	<u>671,415</u>	<u>110,242</u>

Notes:

- (i) The weighted average numbers of ordinary shares adopted for the current year ended 30 June 2024 and the comparative prior year ended 30 June 2023 have been calculated to take into account the share consolidation of the Company implemented during the year.
- (ii) No diluted loss per share were presented as there were no potentially dilutive ordinary share in issue during both of the years ended 30 June 2024 and 2023.

13. TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	17,343	6,933
Other receivables	<u>1,187</u>	<u>3,466</u>
	<u>18,530</u>	<u>10,399</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–90 days	16,924	20
91–180 days	419	6,913
181–365 days	–	–
Total	17,343	6,933

15. TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables (<i>Note (ii)</i>)	3,746	2,145
Amounts due to former directors and existing shareholders (<i>Note (iii)</i>)	9,066	1,235
Other payables and accrued charges	3,492	57,691
Interests payable on promissory notes payable and corporate bonds payable	–	37,937
	16,304	99,008

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	3,541	1,000
31–90 days	–	–
Over 90 days	205	1,145
	3,746	2,145

- (iii) The amounts due to former directors and existing shareholders, were unsecured, interest free and repayable on demand.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT ON THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Jon Gepson CPA Limited, the independent auditor of the Company, expressed a qualified opinion on the Group’s consolidated financial statements for the year ended 30 June 2024. The sections headed “Qualified Opinion” and “Basis for Qualified Opinion” set out below are extracted from the independent auditor’s report:

QUALIFIED OPINION

In our opinion, except for the possible effects on the matters as described in the “**Basis for Qualified Opinion**” section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in respective notes to the consolidated financial statements, the Group recognised plantation forest assets at fair value less costs to sell amounted to RMB48,420,000 as at 30 June 2023 and recognised plantation ginseng assets at cost amounted to RMB22,000,000 as at 30 June 2023. The plantation ginseng assets was measured at cost as a result of the management’s inability to reliably measure the fair value of the plantation ginseng assets as at 30 June 2023, in accordance with HKAS 41 Agriculture.

As at the date of approval of this report, we were unable to carry out audit procedures necessary to obtain sufficient audit evidence regarding the quantities and condition of plantation forest assets and plantation ginseng assets of approximately RMB48,420,000 and RMB22,000,000, respectively as at 30 June 2023. There were no alternative satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the existence and measurement of these assets as at 30 June 2023. Any adjustment found to be necessary to the balances of plantation forest assets and plantation ginseng assets as at 30 June 2023 would have a consequential impact on the Group’s net liabilities as at 30 June 2023.

Our opinion on the current year’s consolidated financial statements is also modified by considering the closing balances of plantation forest assets and plantation ginseng assets as at 30 June 2023 is carried forward as the opening balance for the current year, any adjustments found to be necessary to the closing balances as at 30 June 2023 would have a consequential impact on the comparability of the current year’s figures and corresponding figures in relation to the “Net gain/(loss) on change in fair value less cost to sell of plantation forest assets” and “Cost of sales” as disclosed in the consolidated statement of profit or loss for the year ended 30 June 2024.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

VIEWS OF THE BOARD AND THE AUDIT COMMITTEE ON THE QUALIFIED OPINION

The Board and the audit committee of the Company (the “**Audit Committee**”) noted that the consolidated financial statements of the Company for the year ended 30 June 2024 were subject to the qualified opinion (the “**Qualified Opinion**”) of the auditors, on the basis as set out in the section headed “**Basis for Qualified Opinion**” in the independent auditor’s report.

The Board and the Audit Committee did not express different views from that of the auditors. The audit committee meeting (the “**AC Meeting**”) was held on 30 September 2024, among others, to consider and approve the consolidated financial statements of the Company and the independent auditor’s report for the year ended 30 June 2024. During the AC Meeting, the auditors have reported their audit work performed for the independent auditor’s report of the Company for the year ended 30 June 2024. The Audit Committee obtained the understanding with the auditors that the audit opinion for the year ended 30 June 2024 is qualified only to the extent of the possible effect of (i) any adjustment found to be necessary to the balances of plantation forest assets and plantation ginseng assets as at 30 June 2023 would have a consequential impact on the Group’s net liabilities as at 30 June 2023; and (ii) as the closing balances of plantation forest assets and plantation ginseng assets as at 30 June 2023 is carried forward as the opening balance for the current year, any adjustments found to be necessary to the closing balances of plantation forest assets and plantation ginseng assets as at 30 June 2023 would have a consequential impact on the comparability of the current year’s figures and corresponding figures in relation to the “Net gain/(loss) on change in fair value less cost to sell of plantation forest assets” and “Cost of sales” as disclosed in the consolidated statement of profit or loss for the year ended 30 June 2024. Other than the possible effects on the aforesaid matters, according to the auditors, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Board and the Audit Committee are of the view that the Qualified Opinion for the year ended 30 June 2024 is a consequential effect of the disclaimer of opinion relating to the audit of the Group’s consolidated financial statements for the year ended 30 June 2023 on the comparability of the current year’s figures and the corresponding figures for the prior year ended 30 June 2023 in the consolidated statement of profit or loss and other comprehensive income and the related notes disclosures. The Audit Committee also critically reviewed the matters after discussion with the auditors and the Board, and confirmed that it agreed with the Board position and basis of the Qualified Opinion.

After discussion with the auditors, the Qualified Opinion is expected to be completely removed in the consolidated financial statements of the Group for the year ending 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

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

Completion of Restructuring and Resumption of Trading

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

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

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

Material Difference in Profit Forecast

Reference is made to the announcement of the Company dated 27 September 2024 in relation to the material difference in a previous profit forecast published by the Company.

For the forestry management business, there was a surplus in revenue generated from the forestry management business of approximately RMB7.3 million compared with the profit forecast as a result of the unexpected growth in customer demand.

In respect of ginseng trading business, the shortfall in revenue for FY2024 as compared to the Profit Forecast amounted to approximately RMB32.9 million, which was mainly attributable to the substandard quality of ginseng grew by the Supplier, which caused the delay in delivery of ginseng from the Supplier to the Group. An aggregate deposit has been received by the Group from the trading customers of the Group, and consents had been received from these customers on the delay in delivery. On the other hand, the Group has been actively negotiating with the Supplier with respect to the expected time in fulfilling the orders with an aim to complete customers' orders at the soonest possible.

In respect of the ginseng plantation business, the shortfall in revenue for FY2024 as compared to the Profit Forecast amounted to approximately RMB19.9 million as a result of the postponement in the commencement of the harvesting of ginseng. Despite the self planted ginseng of the Group has achieved satisfactory results, in order to further enhance the quality as well as the value of ginseng, the management of the Company, after due and careful consideration has decided to postpone the then schedule in harvesting lower age ginseng, hence the shortfall in revenue of ginseng plantation.

Forestry Management Business

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

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

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

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

In December 2023, the Group successfully obtained the logging permits for the calendar year of 2023 with logging quantity of 12,044.0 cubic meters in aggregate and in April 2024, the Group successfully obtained the logging permits for the calendar year of 2024 with logging quantity of 16,260 cubic meters in aggregate. During FY2024, the Group has completed the sales of logging quantity of approximately 16,260 cubic meters and has generated logging revenue of approximately RMB32.5 million.

Ginseng Business

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

During FY2023, the Group has entered into a legally-binding ginseng planting framework agreement with an independent third party supplier (the "**Supplier**") for the plantation of ginseng on the Senbo Forest. Pursuant to the said framework agreement, the Supplier will be responsible for, among others, the supply of ginseng seeds and culture medium, and provision of technical support and maintenance services (including fertilisation, weeding, insecticide and soil preparation) to the Group for a period of 10 years.

In December 2022, the Group has completed the first phrase of ginseng seeding according to its ginseng plantation plan of approximately 6 million pieces on the designated 59 Chinese Mu forest land in the Senbo Forest, which are expected to be sold in batches within 5 years. During the FY2024, the Group recorded the revenue in sales of self-grown ginseng of approximately RMB2.56 million (FY2003: Nil).

As it will take time for the Group to self-grow its inventory of aged ginseng, as well as to capture the market share and develop its customer base in the ginseng industry in the PRC, the Group has also commenced the ginseng trading business in August 2022 by purchasing aged ginseng. The Group has also entered into a long-term supply framework agreement with the Supplier to ensure the stable supply of aged ginseng. Revenue currently generated from the ginseng business is derived from the sale of ginseng that are purchased from the Supplier and self-grown ginseng. During FY2024, the Group has recorded revenue of approximately RMB15.1 million from the ginseng business, including approximately RMB12.54 million derived from the sale of ginseng purchased from suppliers and approximately RMB2.56 million from its self-grown ginseng.

Prospect

In respect of the forestry management business, during FY2024, the Group has obtained the logging permits for the calendar year of 2024 with logging quantity of 16,260 cubic meters in aggregate, which is higher than the logging quantity obtained last year.

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

In June 2024, the Group has successfully planted the first batch of honry goat weed in its forest land owned by the Group. It is expected the honry goat weed will be sold to customers and generate revenue in the future.

FINANCIAL REVIEW

Revenue

During FY2024, the Company recorded revenue from continuing operations of approximately RMB47.6 million (FY2023: approximately RMB58.7 million). The Group's revenue for FY2024 was attributable to the revenue from the forestry business and the ginseng business of the Group.

Gross profit and gross profit margin

For FY2024, the Group recorded gross profit of approximately RMB1.9 million (FY2023: approximately 11.5 million); and gross profit margin of approximately 4.0%. The decrease was mainly attributed to the increase in revenue proportion of the forestry management business, given that according to Hong Kong Accounting Standard 41 (HKAS41) where agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest, almost no gross profit for the forestry management business would be recognised.

Selling and distribution expenses

The selling and distribution expenses recognised for FY2024 from continuing operations amounted to approximately RMB1.4 million (FY2023: RMB720,000). The selling and distribution costs were mainly attributable to advertising expense.

Administrative expenses

The administrative expenses from continuing operations increased approximately 11.8% from approximately RMB19.2 million for FY2023 to approximately RMB21.5 million for FY2024. The increase in administrative expenses was mainly attributable to legal and professional fee and management fee.

Other gains, net

For FY2024, the Group recorded other gains of approximately RMB22.2 million (FY2023: approximately RMB2.8 million). Other gains mainly consisted of net gain on change in fair value less costs to sell of plantation forest assets of approximately RMB25.7 million and impairment loss on right-of-use assets of approximately RMB3.2 million.

Gain on Debt Restructuring

Gain on debt restructuring pursuant to the Restructuring Framework Agreement of approximately RMB202.02 million was recorded during FY2024.

Such impact arose from the difference between the carrying amount of liabilities settled of approximately RMB410.17 million and (i) 140,000,000 shares (the “**Scheme Shares**”) issued by the Company to China Bozza Scheme Limited (the “**Scheme Company**”), which holds the shares for the benefit of the creditors, at the issue price of HK\$0.55 per share for a total consideration of approximately HK\$77 million (equivalent to approximately RMB70.61 million), on a pro-rata basis for the claims of creditors under the creditors’ scheme pursuant to the Restructuring Framework Agreement (the “**Creditors’ Scheme**”); (ii) promissory notes (the “**Promissory Notes**”) issued by the Company with a principal amount of HK\$120 million (equivalent to approximately RMB110.03 million), to the Scheme Company for the benefit of the creditors on a pro-rata basis for the claims of creditors under the Creditors’ Scheme, which will mature on 28 July 2028; and (iii) HK\$30 million cash consideration (equivalent to approximately RMB27.51 million) out of the proceeds of the subscription of 466,000,000 shares (the “**Subscription Shares**”) of the Company at the issue price of HK\$0.1288 by the Investor with the total amount of HK\$60 million, which has been paid to the Scheme Company. Details regarding the Restructuring Framework Agreement and the completion of restructuring of the Company pursuant to the Restructuring Framework Agreement are set out in the Company’s announcements dated 30 December 2022 and 28 July 2023.

Finance costs

For FY2024, the Group recorded finance costs from continuing operations of approximately RMB3.2 million, representing a decrease of approximately 72.4% as compared to approximately RMB11.7 million for FY2023. The finance costs include mainly interests on the Promissory Notes, bearing interest annually in arrears at the following rates: nil for the first year, 2% per annum for the second year, 3% per annum for the third year; 4% per annum for the fourth year, and 6% per annum for the fifth year and with the principal amount of HK\$120 million issued on 28 July 2023.

Profit and total comprehensive income attributable to owners of the Company

The Company recorded a profit of approximately RMB200.0 million for FY2024 as compared to a loss of approximately RMB10.8 million for FY2023. The total comprehensive income attributable to owners of the Company was approximately RMB204.0 million for FY2024 as compared to the total comprehensive expense of approximately RMB10.1 million for FY2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows and proceeds from the issuance of the Subscription Shares, the Scheme Shares and the Promissory Notes pursuant to the Restructuring Framework Agreement.

The Promissory Notes have a maturity of five years and carry interest payable annually in arrears at the following rates: nil for the first year, 2% per annum for the second year, 3% per annum for the third year; 4% per annum for the fourth year, and 6% per annum for the fifth year. The principal of the Promissory Notes will be repaid on the maturity date (i.e. 28 July 2028). During FY2024, the Group incurred interest expense of approximately RMB3.0 million, the remaining balance of the Promissory Notes as at 30 June 2024 was approximately RMB115.2 million (as at 30 June 2023: nil).

As at 30 June 2024, the Group had total assets of approximately RMB178.2 million and net assets of approximately RMB13.0 million. The Group's cash and bank balances as at 30 June 2024 amounted to approximately RMB3.2 million. As at 30 June 2024, there was no unutilised banking facilities (as at 30 June 2023: nil).

The Creditors' Scheme have become effective on 28 July 2023 and the below promissory notes corporate bonds were eliminated subsequently.

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 Limited, 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 Limited is an investment holding company incorporated in the British Virgin Islands with limited liability. Through its wholly-owned subsidiaries, Garden Glaze Limited 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. The Note A matured on 10 February 2020 and was not repaid by the Company upon the maturity date.

As at 30 June 2024, the Note A was fully repaid (2023: principal amount of HK\$23,800,000 was outstanding).

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 Limited 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. The Note B matured on 14 August 2020 and was not repaid by the Company upon the maturity date.

As at 30 June 2024, the Note B was fully repaid (as at 30 June 2023: principal amount of HK\$34,100,000 was outstanding).

Corporate bonds

During the eighteen months ended 30 June 2021, the Company entered into subscription agreements with 4 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 approximately HK\$6.2 million at par value, bearing interest rate of 8% per annum and maturity date is about 1 year from the date of issue.

During the eighteen months ended 30 June 2021, the Group made repayments of part of the corporate bonds with the aggregate principal amount of approximately HK\$2.4 million.

During FY2024, the Company had settled the corporate bonds payable pursuant to the Creditor Scheme. As at 30 June 2024, no unsecured corporate bonds was outstanding (as at 30 June 2023: outstanding principal approximately HK\$279,769,000).

PLEDGE ON ASSETS

As at 30 June 2024, there was no pledge of assets of the Group (30 June 2023: nil).

SIGNIFICANT INVESTMENT OR ACQUISITIONS AND DISPOSAL

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

On 8 April 2024, the Company, as purchaser, and the Vendor entered into a termination agreement (the “**Termination Agreement**”), pursuant to which both parties have irrevocably agreed to terminate the Equity Sale and Purchase Agreement with effect from the date of the Termination Agreement (save for the provisions relating to confidentiality which shall survive termination). The Acquisition has been terminated pursuant to the Termination Agreement.

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

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for FY2024 and up to the date of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no future plans for material investments or capital assets as at 30 June 2024.

CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2024 (as at 30 June 2023: 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 FY2024, 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 92.7% as at 30 June 2024 (as at 30 June 2023: 325.2%). As at 30 June 2024, the remaining balance of the Promissory Notes as at 30 June 2024 was approximately RMB115.2 million.

CAPITAL STRUCTURE

The share capital of the Company comprises only ordinary shares. As at 30 June 2024, the total number of the ordinary shares of the Company in issue was 716,242,204 shares (as at 30 June 2023: 11,024,220,415 shares). The total equity attributable to owners of the Company was approximately RMB13.0 million (as at 30 June 2023: total deficit on equity of approximately RMB316.7 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 33 employees and management personnel as compared to 18 employees and management personnel as at 30 June 2023. Total staff costs for the Reporting Period, including Directors' remuneration, amounted to approximately RMB3.3 million (FY2023: approximately RMB5.3 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.

CHANGE OF COMPANY NAME

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

EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares under General Mandate

On 4 September, the Company and Cheong Lee Securities Limited (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to an aggregate of 143,000,000 new shares of the Company (the "**Placing Share(s)**"), to not less than six places who and whose beneficial owners are independent third parties at the placing price of HK\$0.043 per Placing Share (the "**Placing**").

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 21 November 2023. Upon completion of the Placing, the maximum number of 143,000,000 Placing Shares will represent approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

On 25 September 2024, the Company completed the Placing to allot and issue the Placing Shares at HK\$0.043 each in accordance with the terms and conditions of the Placing Agreement.

For details of the Placing, please refer to the announcements of the Company dated 4 September 2024 and 10 September 2024.

The total issued shares of the Company as at the date of this announcement is 859,242,204 shares.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for FY2024 (FY2023: 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 (including treasury shares (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), if any) during FY2024.

DIRECTORS’ INTEREST IN A COMPETING BUSINESS

During FY2024, 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.

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 C1 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 FY2024, in the opinion of the Board, the Company complied with all the Code Provisions contained in the CG Code and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, with the exceptions of Code Provisions C.1.8 and D.1.2 as addressed below:

1. Under Code Provision C.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and officers. As at 30 June 2023, the Company has not arranged to purchase any Directors and Officers’ Liability Insurance, which covers in respect of legal action against the Directors, as the Directors take the view that the Company shall provide support to the Directors in any events arising from corporate activities;
2. Under Code Provision D.1.2, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management provides information and updates to the members of the Board from time to time, which the Directors consider to be sufficient and appropriate in the circumstances to enable them to form a balanced and understandable assessment of the Company’s performance and to discharge their duties.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Appendix C3 – 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 FY2024.

SCOPE OF WORK OF JON GEPSOM CPA LIMITED (“JON GEPSOM”)

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 FY2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, Jon Gepsom, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Jon Gepsom 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 Jon Gepsom 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 three members comprising our three independent non-executive Directors, namely Mr. Chau Wing Nam, Mr. Guo Zhonglong and Ms. Bu Xue. Mr. Chau Wing Nam has been appointed as the chairman of the Audit Committee.

The Audit Committee 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 FY2024 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for FY2024. 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 annual results announcement is published on the websites of the Stock Exchange and the Company. The annual report for FY2024 will be despatched to the Shareholders by the means of receipt of communications they selected and will be published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 September 2024

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