



# 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)**

## 2025 ANNUAL REPORT



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# Corporate Information

## DIRECTORS

### Executive Directors

Professor Fei Phillip (*Chairman*)  
Mr. Wang Yibin  
Ms. Bu Xue (*re-designated on 1 April 2025*)

### Independent non-executive Directors

Mr. Guo Zhonglong  
Mr. Chau Wing Nam  
Ms. Liu Shuhua (*appointed on 1 April 2025*)

## AUDIT COMMITTEE

Mr. Chau Wing Nam (*Chairman*)  
Mr. Guo Zhonglong  
Ms. Bu Xue (*ceased to act on 1 April 2025*)  
Ms. Liu Shuhua (*appointed on 1 April 2025*)

## REMUNERATION COMMITTEE

Mr. Chau Wing Nam (*Chairman*)  
Mr. Guo Zhonglong  
Ms. Bu Xue (*ceased to act on 1 April 2025*)  
Ms. Liu Shuhua (*appointed on 1 April 2025*)

## NOMINATION COMMITTEE

Mr. Guo Zhonglong (*Chairman*)  
Mr. Wang Yibin  
Ms. Bu Xue (*ceased to act on 1 April 2025*)  
Ms. Liu Shuhua (*appointed on 1 April 2025*)

## COMPANY SECRETARY

Mr. Chan Ngai Fan

## AUTHORISED REPRESENTATIVES

Professor Fei Phillip  
Mr. Chan Ngai Fan

## INDEPENDENT AUDITORS

Jon Gepsom CPA Limited  
Certified Public Accountants

## REGISTERED OFFICE

PO Box 1350  
Windward 3 Regatta Office Park  
Grand Cayman  
KY1-1108  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 12, 12/F., Tower A  
New Mandarin Plaza  
No. 14 Science Museum Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

## HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Room 4903, Building A, West Tower, C Future City,  
South Binhe Avenue, Futian District,  
Shenzhen, China

## CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
PO Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman  
KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Corporate Information (Continued)

### PRINCIPAL BANKER

China Construction Bank (Asia) Corporation Limited  
11/F, Devon House  
979 King's Road  
Quarry Bay, Hong Kong

### COMPANY WEBSITE

[www.01069.com.cn](http://www.01069.com.cn)

### STOCK CODE

01069

# Financial Highlights

## ANNUAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

- Revenue for the year ended 30 June 2025 ("**FY2025**") amounted to approximately Renminbi ("**RMB**") 90.2 million (year ended 30 June 2024 (the "**FY2024**"): approximately RMB47.6 million).
- Profit attributable to owners of China Health Technology Group Holding Company Limited (the "**Company**", together with its subsidiaries, (the "**Group**")) for FY2025 amounted to approximately RMB22.7 million (FY2024: approximately RMB200.0 million).
- Total comprehensive income attributable to owners of the Company for FY2025 amounted to approximately RMB28.2 million (FY2024: approximately RMB204.0 million).
- The gearing ratio as at 30 June 2025 was approximately 77.3% (2024: 92.7%), representing a decrease of 15.4 percentage point as compared with 2024.
- Basic earnings per share for FY2025 amounted to RMB2.75 cents (FY2024: RMB29.79 cents).
- The board (the "**Board**") of directors (the "**Director(s)**") of the Company does not recommend the payment of any dividend for FY2025 (FY2024: nil).

# Management Discussion and Analysis

## BUSINESS AND OPERATIONAL REVIEW

The Group is principally engaged in the businesses of forestry management, ginseng plantation and trading, horny goat weed plantation and trading, health products trading and investment holding.

### 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 report, all of the forest lands owned by the Group are located in the Sichuan Province in the PRC.

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

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

In December 2024, the Group successfully obtained the logging permits for the calendar year of 2024 with logging quantity of 5,648 cubic meters in aggregate and in June 2025, the Group successfully obtained the logging permits for the calendar of 2025 with logging quantity of 12,368 cubic meters in aggregate. During FY2025, the Group has completed the sales of logging quantity of approximately 18,016 cubic meters and has generated logging revenue of approximately RMB36.6 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.

## Management Discussion and Analysis (Continued)

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

In December 2022, the Group has completed the first phrase of ginseng seeding according to its ginseng plantation plan of approximately 6 million pieces on the designated 59 Chinese Mu forest land in the Senbo Forest, which are to be sold in batches within 5 years. During the FY2025, the Group recorded the revenue in sales of self-grown ginseng of approximately RMB14.5 million (FY2024: approximately RMB2.56 million).

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 FY2025, the Group has recorded revenue of approximately RMB39.5 million from the ginseng business, including approximately RMB25.0 million derived from the sale of ginseng purchased from suppliers and approximately RMB14.5 million from its self-grown ginseng.

### Health Products Business

The Group commenced its business in manufacturing and trading of health products since November 2024 and has opened a 150-square-foot store in Hong Kong. The store is currently selling ginseng gift boxes under our own brand name and other health products. The ginseng are sourced from outside suppliers and packaged by a third-party factory.

The Group produced ginseng gift boxes using our self-grown ginseng in the first half of 2025, which will be processed and packaged through a third-party factory according to our quality standards and formulations. We created exquisite gift boxes under our brand to sell in the retail market. In addition to producing our own brand, our stores introduced other brands for sale in the store.

The Group aims to provide customers with high-quality health products and promote our business growth continuously. During FY2025, the Group has recorded revenue of approximately RMB14.1 million from the health products business.

### Prospect

In respect of the forestry management business, In June 2025, the Group has obtained the logging permits for the calendar year of 2025 with logging quantity of 18,016 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 successfully cultivated the first phase of ginseng and sold them every year. 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.

The Group has commenced the manufacturing and trading of health products since November 2024. The business is currently focused in Hong Kong, the Group aims to expand its market into China in the future.

## Management Discussion and Analysis (Continued)

In June 2024, the Group has successfully planted the first batch of horny goat weed in its forest land owned by the Group and added 28 Chinese mu of horny goat weed cultivation in July 2024. It is expected the horny goat weed will be sold to customers by June 2026 and generate revenue in the future. The reason for the delayed sale is that the Group must first increase its supply of horny goat weed to secure higher-quality customers.

### FINANCIAL REVIEW

#### Revenue

During FY2025, the Company recorded revenue from continuing operations of approximately RMB90.2 million (FY2024: approximately RMB47.6 million). The Group's revenue for FY2025 was attributable to the revenue from the forestry business, ginseng business and health products manufacturing and trading business of the Group.

#### Gross profit and gross profit margin

For FY2025, the Group recorded gross profit of approximately RMB8.2 million (FY2024: approximately RMB1.9 million); and gross profit margin of approximately 9.1% (FY2024: approximately 4.0%). The increase in gross profit was mainly attributed to the overall increase in revenue. Furthermore, the increase in the gross profit margin was primarily driven by the contribution from the Group's new health products business, which was launched in November 2024 and operates with a higher gross profit margin.

#### Gains Arising from Changes in Fair Value Less Costs to Sell of Timber log and Ginseng

Gains arising from changes in the fair value of Timber log and Ginseng less costs to sell timber log and ginseng were RMB9.0 million during the year (FY2024: RMB9.7 million), representing a decrease of 7.2%.

#### Selling and distribution expenses

The selling and distribution expenses recognised for FY2025 amounted to approximately RMB0.9 million (FY2024: approximately RMB1.4 million). The selling and distribution costs were mainly attributable to advertising expense.

#### Administrative expenses

The administrative expenses decreased approximately 27.0% from approximately RMB21.5 million for FY2024 to approximately RMB15.7 million for FY2025. The decrease in administrative expenses was mainly attributable to a reduction in legal expenses, which fell by approximately RMB4.5 million.

#### Other gains, net

For FY2025, the Group recorded other gains of approximately RMB34.5 million (FY2024: approximately RMB22.2 million). Other gains mainly consisted of net gain on change in fair value less costs to sell of plantation forest assets of approximately RMB30.5 million.

#### Finance costs

For FY2025, the Group recorded finance costs of approximately RMB3.5 million, representing an increase of approximately 8.5% as compared to approximately RMB3.2 million for FY2024. The finance costs include mainly interests on the Promissory Notes (as defined below), 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.

# Management Discussion and Analysis (Continued)

## Profit and total comprehensive income attributable to owners of the Company

The Company recorded a profit of approximately RMB22.7 million for FY2025 as compared to approximately RMB200.0 million for FY2024. The total comprehensive income attributable to owners of the Company was approximately RMB28.2 million for FY2025 as compared to approximately RMB204.0 million for FY2024. The substantial decrease was mainly due to the one-off gain of approximately RMB202.0 million on debt restructuring recorded for FY2024.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows and proceeds from restructuring. As at 30 June 2025, the Group had total assets of approximately RMB205.4 million and net assets of approximately RMB46.7 million. The Group's cash and bank balances as at 30 June 2025 amounted to approximately RMB4.5 million. As at 30 June 2025, there was no unutilised banking facilities (30 June 2024: nil).

Promissory notes (the “**Promissory Notes**”) were issued on 28 July 2023 as part of the restructuring with a principal amount of HK\$120 million equivalent to approximately RMB110.03 million) and 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 FY2025, the Group incurred interest expense of approximately RMB3.3 million, the remaining balance of the Promissory Notes as at 30 June 2025 was approximately RMB115.6 million (as at 30 June 2024: RMB115.2 million).

## PLEDGE ON ASSETS

As at 30 June 2025, there was no pledge of assets of the Group (30 June 2024: nil).

## SIGNIFICANT INVESTMENT OR ACQUISITIONS AND DISPOSAL

There were no significant investment held or material acquisitions and disposals of subsidiaries during FY2025 and up to the date of this report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no future plans for material investments or capital assets as at 30 June 2025.

## CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2025 (as at 30 June 2024: 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 FY2025, 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.

# Management Discussion and Analysis (Continued)

## GEARING RATIO

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets of the Group was approximately 77.3% as at 30 June 2025 (as at 30 June 2024: approximately 92.7%). As at 30 June 2025, the remaining balance of the Promissory Notes as at 30 June 2025 was approximately RMB115.6 million.

## CAPITAL STRUCTURE

The share capital of the Company comprises only ordinary shares. As at 30 June 2025, the total number of the ordinary shares of the Company in issue was 859,242,204 shares (as at 30 June 2024: 716,242,204 shares). As at the date of this report, the total number of the ordinary shares of the Company in issue was 102,924,220 shares due to the combined effect of the Share Consolidation (as defined below) and the 2025 Placing (as defined below) as detailed in the below sections headed "SHARE CONSOLIDATION" and "EVENTS AFTER THE REPORTING PERIOD". The total equity attributable to owners of the Company was approximately RMB46.7 million (as at 30 June 2024: approximately RMB13.0 million).

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 29 employees and management personnel as compared to 33 employees and management personnel as at 30 June 2024. Total staff costs for FY2025, including Directors' remuneration, amounted to approximately RMB2.9 million (FY2024: approximately RMB3.3 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.

## SHARE CONSOLIDATION

On 27 May 2025, the Board proposed to implement the share consolidation on the basis that every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share of HK\$0.1 each (the "**Share Consolidation**").

Pursuant to an ordinary resolution passed on 4 July 2025, the Share Consolidation was approved by the shareholders of the Company (the "**Shareholder(s)**") and became effective on 8 July 2025. Since then, (i) the total number of issued shares of the Company was adjusted from 859,242,204 to 85,924,220; and (ii) the board lot size for trading on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") changed from 16,000 to 10,000.

For further details, please refer to the announcement of the Company dated 27 May 2025, the circular of the Company dated 13 June 2025 and the poll results announcement of the Company dated 4 July 2025.

## SHARE PLACEMENT

On 4 September 2024, the Company announced that it has conditionally agreed to place through Cheong Lee Securities Limited, on a best-effort basis, up to an aggregate of 143,000,000 new shares of the Company at the price of HK\$0.043 per placing share (the "**2024 Placing**") to raise up to approximately HK\$5.85 million (after deduction of commission and other expenses of the 2024 Placing), representing approximately 16.64% of the then issued share capital of the Company as enlarged by the allotment and issue of all the placing shares. The 2024 Placing was placed to not less than six independent placees at the placing price of HK\$0.043 per placing share on 25 September 2024.

## Management Discussion and Analysis (Continued)

The net proceeds (after deduction of commission and other expenses of the 2024 Placing) raised from the 2024 Placing amounted to approximately HK\$5.85 million were intended to replenish the general working capital of the Group. As at 30 June 2025, the Company has fully utilised the 2024 Placing proceeds as intended.

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

### EVENTS AFTER THE REPORTING PERIOD

#### Share consolidation

As disclosed above under the section headed “SHARE CONSOLIDATION”, immediately upon the Share Consolidation became effective on 8 July 2025, (i) the total number of issued shares of the Company was adjusted from 859,242,204 to 85,924,220; and (ii) the board lot size for trading on the Stock Exchange changed from 16,000 to 10,000.

#### Share placement

On 22 July 2025, the Company announced that it has conditionally agreed to place through Cheong Lee Securities Limited, on a best-effort basis, up to an aggregate of 17,000,000 new shares of the Company at the price of HK\$0.28 per placing share (the “**2025 Placing**”) to raise up to approximately HK\$4.63 million (after deduction of placing commission and other expenses of the 2025 Placing), representing approximately 16.52% of the then issued share capital of the Company as enlarged by the allotment and issue of all the placing shares. The 2025 Placing was placed to not less than six independent placees at the placing price of HK\$0.28 per placing share on 1 August 2025.

The net proceeds (after deduction of placing commission and other expenses of the 2025 Placing) raised from the 2025 Placing amounted to approximately HK\$4.63 million were intended to replenish the general working capital of the Group. As at the date of this report, the Company has fully utilised the 2025 Placing proceeds as intended.

For further details, please refer to the announcements of the Company dated 22 July 2025 and 1 August 2025.

Saved as disclosed above and in this report, there was no other material event which could have material impact to the Group’s operating and financial performance after FY2025 and up to the date of this report.

### FINAL DIVIDEND

The Board does not recommend the payment of any dividend for FY2025 (FY2024: Nil).

# Management Discussion and Analysis (Continued)

## SUMMARY OF FIVE-YEAR FINANCIAL INFORMATION

A summary of the consolidated results and the assets and liabilities of the Group for the four years ended 30 June 2025, 2024, 2023 and 2022 and for the eighteen months ended 30 June 2021 is set out as follows:

### Results

|                            | For the<br>eighteen<br>months<br>ended<br>30 June<br>2021<br>RMB'000 | 2022<br>RMB'000 | For the year ended 30 June |                 | 2025<br>RMB'000 |
|----------------------------|----------------------------------------------------------------------|-----------------|----------------------------|-----------------|-----------------|
|                            |                                                                      |                 | 2023<br>RMB'000            | 2024<br>RMB'000 |                 |
| Revenue                    | 25,648                                                               | 6,756           | 58,717                     | 47,606          | <b>90,215</b>   |
| Gross profit               | 2,092                                                                | –               | 11,510                     | 1,897           | <b>8,213</b>    |
| Profit (loss) before tax   | (553,380)                                                            | (20,383)        | (9,374)                    | 200,020         | <b>23,026</b>   |
| Profit (loss) for the year | (553,630)                                                            | (18,900)        | (10,800)                   | 200,013         | <b>22,711</b>   |

### Assets and Liabilities

|                          | 2021<br>RMB'000 | 2022<br>RMB'000 | As at 30 June   |                 | 2025<br>RMB'000 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                          |                 |                 | 2023<br>RMB'000 | 2024<br>RMB'000 |                 |
| Non-current assets       | 76,456          | 80,571          | 118,022         | 130,844         | <b>145,376</b>  |
| Current assets           | 10,450          | 12,946          | 22,621          | 47,322          | <b>60,041</b>   |
| Current liabilities      | 307,038         | 347,811         | 442,894         | 49,315          | <b>43,073</b>   |
| Non-current liabilities  | 57,187          | 52,341          | 14,457          | 115,888         | <b>115,624</b>  |
| Net assets/(liabilities) | (277,319)       | (306,635)       | (316,708)       | 12,963          | <b>46,720</b>   |

# Biographical Information of Directors and Senior Management

Brief biographical details of the Directors and senior management of the Group as at the date of this report are set out as follows:

## EXECUTIVE DIRECTORS

**Professor Fei Phillip ("Professor Fei")**, former name as Mr. Fei Linjun, aged 69, is the chairman, an executive Director and an authorised representative of the Company. He is the professor of International Economic Department of the University of International Relations (國際關係學院), the Peoples Republic of China. Currently he is the council member of the Chinese Overseas Friendship Association (中華海外聯誼會理事) and the China Council for the Promotion of Peaceful National Reunification (中國和平統一促進會). He is also the specially invited committee member of the Hebei Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese and Foreign Affairs\* (河北港澳台僑和外事委員會). He has over 10 years of experience in the international finance, trading business and economic researches.

**Mr. Wang Yibin ("Mr. Wang")**, aged 58, has more than 18 years of experiences in banking, insurance, fund investment and securities management. He had worked as a chief executive officer and a general manager of Bensun Plastic Metal Products Co., Ltd (博羅縣立泰塑膠五金製品有限公司) for more than 10 years. Mr. Wang obtained a bachelor's degree in Business Administration from Henan University of Economics and Law in 1994.

**Ms. Bu Xue ("Ms. Bu")**, aged 36, obtained her Bachelor's degree in Business Administration from Zhengzhou University of Aeronautics in July 2011. She has attained the accounting professional qualification issued by Ministry of Human Resources and Social Security and Ministry of Finance of the People's Republic of China since September 2020 and has attained the qualification of tax advisor issued by The China Certified Tax Agents Association since December 2022. She has over ten years of experience in marketing and business development.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Guo Zhonglong ("Mr. Guo")**, aged 76, has more than 40 years of experience in accounting and corporate finance. Mr. Guo worked as a general manager in the Shenzhen branch of Shinewing (HK) CPA Limited from 2003 to 2004. Mr. Guo obtained a Master degree in Accountancy from the Dongbei University of Finance and Economics in 2002 and had been a member of The Chinese Institute of Certified Public Accountants from 1993–2020.

**Mr. Chau Wing Nam ("Mr. Chau")**, aged 38, obtained his Bachelor's degree in Accounting and Accounting Technologies from the Curtin University of Technology in August 2012. He has been a member of Hong Kong Institute of Certified Public Accountants since May 2017. He has over ten years of experience in auditing, accounting and corporate management and is currently responsible for corporate finance, mergers and acquisitions matters, investors relations, corporate governance as well as compliance affairs.

Mr. Chau is currently an independent non-executive director of E-Station Green Technology Group Co. Limited (formerly known as K Group Holdings Limited with HKEX stock code: 8475) since June 2022 and an independent non-executive director of RMH Holdings Limited (HKEX stock code: 8437) since March 2024. Mr. Chau has been an independent non-executive director of Mobile Internet (China) Holdings Limited (previously listed on HKEX with stock code: 1439) since February 2023 to August 2024.

**Ms. Liu Shuhua ("Ms. Liu")**, aged 56, graduated from Henan University of Finance and Law (河南財經政法大學) in 1993 with a bachelor's degree in law, and holds a lawyer's qualification certificate in the People's Republic of China. Ms. Liu has extensive experience in legal professional services and business management. She had served as the permanent legal adviser and investment adviser of a number of large-scale state-owned enterprises and joint-stock companies. She worked in Henan Chengda Law Firm (河南誠達律師事務所) from 1989 to 2004, served as the legal adviser of Henan Jianye Group (河南建業集團) from 2004 to 2022, and has served as the chairman of the board of directors of Beijing Xianghua Yongxin Technology Co., Ltd. (北京祥華永信科技有限公司) since 2023.

## Biographical Information of Directors and Senior Management (Continued)

### SENIOR MANAGEMENT

**Mr. Chan Ngai Fan ("Mr. Chan")**, aged 45, was appointed as the company secretary and an authorised representative of the Company in May 2021. Mr. Chan has approximately 15 years of experience in auditing, accounting and financial management. In the early stage of his career, Mr. Chan worked successively in JBPB & Company (formerly known as Grant Thornton and later merged with BDO Limited), with his last position as an assistant manager in assurance from August 2007 to February 2011. From March 2011 to April 2015, he served as the chief financial officer of a PRC-based mining company.

Mr. Chan acted as the financial controller of KPa-BM Holdings Limited (stock code: 2663) from May 2015 to April 2018. He acted as an independent non-executive director of Sino Vision Worldwide Holdings Limited (formerly DX. com Holdings Limited) (stock code: 8086) from August 2017 to September 2018. In addition, he acted as a non-executive director of Shenzhen Mingwah Aohan High Technology Corporation Limited (stock code: 8301) from September 2016 to April 2018 and from January 2019 to March 2019. He also acted as an executive director and the chief financial officer of Shenzhen Mingwah Aohan High Technology Corporation Limited (stock code: 8301) from April 2018 to January 2019. Afterwards, he acted as the company secretary of Sino Vision Worldwide Holdings Limited (formerly DX. com Holdings Limited) (stock code: 8086) from January 2019 to May 2019. In addition, he acted as an independent non-executive director of Sanxun Holdings Group Limited (stock code: 6611) from September 2019 to September 2023 and acted as an independent non-executive director of Contel Technology Company Limited (stock code: 1912) from March 2022 to June 2023. He also acted as an independent non-executive director of Capital Finance Holdings Limited (stock code: 8239) from January 2022 to September 2025.

Currently, he acts as an independent non-executive director of Leader Education Limited (stock code: 1449) since July 2020, an independent non-executive director of Persistence Resources Group Ltd (stock code: 2489) since November 2023 and an independent non-executive director of Smart Fish Wealthlink Holdings Limited (formerly known as Central Wealth Group Holdings Limited) (stock code: 139) since July 2024. He also acted as the joint company secretary of Centenary United Holdings Limited since January 2019, the company secretary of Bison Finance Group Limited (stock code: 888) since August 2022 and the company secretary of Zhengwei Group Holdings Company Limited since June 2022 for handling compliance related matters.

Mr. Chan obtained a bachelor's degree in Arts in Accountancy and a master's degree in Corporate Governance from the Hong Kong Polytechnic University in December 2007 and October 2013, respectively. He is a member of the Hong Kong Institute of Certified Public Accountants (Practising), and an associate member of the Hong Kong Institute of Chartered Secretaries since February 2011 and November 2019, respectively.

# Directors' Report

The Directors are pleased to present this annual report together with the audited financial statements of the Group for FY2025.

## PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in Note 39 to the consolidated financial statements. During FY2025, the Group has positioned forestry management, ginseng business, horny goat weed business and health products business as its core businesses. As at 30 June 2025, the long and medium lease forest lands in the PRC owned by the Group were approximately 21,045 Chinese Mu, 9,623 Chinese Mu, 13,219 Chinese Mu, 30,653 Chinese Mu and 42,814 Chinese Mu in the Hengchang Forest, the Kunlin Forest, the Senbo Forest, Ruixiang Forest and Wantai Forest, respectively.

Among its core businesses, the Group achieved a revenue of approximately RMB36.6 million in the forestry management, approximately RMB39.5 million in the ginseng business and approximately RMB14.1 million in health products business for FY2025.

An analysis of the Group's performance for FY2025 by business and geographical segments is set out in Note 7 to the consolidated financial statements of this annual report.

## FINANCIAL RESULTS

The performance of the Group for FY2025 and the Group's financial position as at 30 June 2025 are set out in the consolidated financial statements on pages 36 to 118 of this annual report.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for FY2025 attributable to the Group's major suppliers and customers are as follows:

|                                       | Percentage of<br>the total purchases/<br>sales accounted for (%) |
|---------------------------------------|------------------------------------------------------------------|
| Purchase                              |                                                                  |
| – the largest supplier                | 21.10%                                                           |
| – the five largest suppliers combined | 67.73%                                                           |
| Sales                                 |                                                                  |
| – the largest customer                | 9.98%                                                            |
| – the five largest customers combined | 39.51%                                                           |

None of the Directors or any of their associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during FY2025 are set out in Note 17 to the consolidated financial statements of this annual report.

# Directors' Report (Continued)

## SHARE CAPITAL

Details of movements during FY2025 in the share capital of the Company are set out in Note 31 to the consolidated financial statements of this annual report.

## BORROWINGS

The Group has no secured bank borrowings as at 30 June 2025. Details of Promissory Notes payable by the Group are set out in Note 28.

## GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past 5 financial years is set out in the section of "Summary of Five-Year Financial Information" of this annual report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to acting in an environmentally responsible manner, the Group strives to ensure minimal environmental impacts by carefully managing our energy consumption, water usage and waste production, such as using LED lamps, recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy. At office level, the Company has implemented green initiatives and encourage staff to join environmental related training, resulted in more efficient use of resources, as well as reduction of waste.

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Relationship is the fundamentals of business. The Group fully understand this principal and thus maintain close relationship with the customers to fulfil their immediate and longterm need. The Group encompasses working relationships with suppliers to meet our customer's needs in an effective and efficient manner. The Group work closely and well-communicated to suppliers before the commencement of a project.

## PRINCIPAL RISK AND UNCERTAINTIES FACING THE COMPANY

### Impact of local and international regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities in Mainland China. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

### Currency risk

No significant revenue derived by the Group in respect of FY2025 and FY2024 were denominated in foreign currencies. Substantially all of the costs incurred for both of FY2025 and FY2024 were denominated in functional currencies of the group entities.

## Directors' Report (Continued)

At 30 June 2025 and 30 June 2024, the companies in the Group had some monetary assets and liabilities which were denominated in foreign currencies. The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Interest rate risk

As at 30 June 2025 and 30 June 2024, the Group was exposed to cash flow interest rate risk in relation to bank balances carried at prevailing floating market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

### Credit risk

As at 30 June 2025, the Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets derived from its loans receivable, trade and other receivables and deposits at banks. Majority of the Group's bank deposits are placed in a bank which is independently rated with a high credit rating. Management does not expect any losses from non-performance by this bank as it has no default history in the past. The Group has large number of customers and there was concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and other source of funding and considers the risk is minimal.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during FY2025.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the Directors knowledge, at least 25% of the Company's issued shares was held by the public throughout FY2025.

## RESERVES

Details of movements in the reserves of the Company and the Group during FY2025 are set out in Note 38 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

As at 30 June 2025, the Company does not have any reserve available for distribution to owners (2024: nil).

# Directors' Report (Continued)

## DIRECTORS

The list of Directors during the period and up to the date of this annual report is set out in the "Board Composition" section of this annual report. Information about the Board, including board members' appointments and retirements, and their interests in Company's shares, is set out in the "Corporate Governance Report" of this annual report.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and Senior Management as at the date of this annual report are set out in the "Biographical Information of Directors and Senior Management" section of this annual report.

## DIRECTORS' SERVICE AGREEMENT

None of the Directors, including those retired or to be re-elected at the forthcoming annual general meeting, has a service agreement which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

## REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the directors and five individuals with highest emoluments are set out in Note 14 to the consolidated financial statements.

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

## Directors' Report (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, to the best knowledge of the Directors, the following persons had, or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

| Name                                                         | Capacity                                | Long position/<br>Short position | Number of<br>ordinary shares | Percentage of<br>issued share<br>capital <sup>(1)</sup> |
|--------------------------------------------------------------|-----------------------------------------|----------------------------------|------------------------------|---------------------------------------------------------|
| Zhonggangtong<br>International Holding<br>Group Co., Limited | Beneficial Owner                        | Long position                    | 70,368,000 <sup>(2)</sup>    | 8.19%                                                   |
| Ms. Huang Hou                                                | Interest in a controlled<br>corporation | Long position                    | 70,368,000 <sup>(2)</sup>    | 8.19%                                                   |

Notes:

1. The relevant percentage is calculated by reference to the issued shares of the Company on 30 June 2025 (i.e. 859,242,204 shares).
2. Zhonggangtong International Holding Group Co., Limited is wholly owned by Ms. Huang Hou. Accordingly, Ms. Huang Hou is deemed, or taken to be, interested in all the Shares held by Zhonggangtong International Holding Group Co., Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025, there were no other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### FINAL DIVIDEND

The Board does not recommend the payment of any dividend for FY2025 (FY2024: nil).

### DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during FY2025.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

## **Directors' Report** (Continued)

### **CONNECTED TRANSACTIONS**

During FY2025, the Group did not enter into any non-exempt one-off connected transactions or continuing connected transactions which should be disclosed pursuant to the requirements under Chapter 14A of the Listing Rules.

### **RELATED PARTY TRANSACTIONS**

Details of the related party transactions undertaken by the Group, which did not constitute connected transactions under Chapter 14A of the Listing Rules, are set out in Note 35 to the Financial Statements.

### **DIRECTORS' INTEREST IN A COMPETING BUSINESS**

During FY2025, 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.

### **MANAGEMENT CONTRACTS**

During FY2025, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered or were in existence.

### **RETIREMENT BENEFIT SCHEMES**

Particulars of the retirement benefit schemes of the Group are set out in Note 32 to the consolidated financial statements.

### **CORPORATE GOVERNANCE**

The Company's principal corporate governance practices are set out in the Corporate Governance Report of this annual report.

## Directors' Report (Continued)

### AUDITOR

During FY2025, Jon Gepsom CPA Limited was re-appointed as the auditor of the Company until the conclusion of the next annual general meeting of the Company. The consolidated financial statements of the Group for FY2025 were audited by Jon Gepsom CPA Limited, who will retire, and being eligible, offer themselves for appointment at the forthcoming annual general meeting of the Company.

In the preceding three years, CCTH CPA Limited has retired as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 21 November 2023. With the recommendation from the audit committee of the Board (the "**Audit Committee**"), it has resolved to appoint Jon Gepsom CPA Limited as the new auditor of the Company with effect from 14 June 2024 to fill the casual vacancy following the retirement of CCTH CPA Limited. For more details regarding the appointment of auditor of the Company, please refer to the announcement of the Company dated 14 June 2024.

On behalf of the Board  
**Professor Fei Phillip**  
*Chairman and Executive Director*

Hong Kong, 30 September 2025

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted all the principles of good corporate governance (the “**Principles**”) and 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 FY2025, in the opinion of the Board, the Company complied with all the Principles and Code Provisions contained in the CG Code and, where appropriate, adopted the Recommended Best Practices set out in the CG Code.

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.

## THE BOARD

### Roles and Responsibilities

The Board is responsible for overseeing the overall development of the Company’s businesses with the objective of enhancing shareholders’ value including setting and approving the Company’s strategic implementation, considering substantial investments, reviewing the Group’s financial performance half-yearly and developing and reviewing the Group’s policies and practices on corporate governance while delegating the day-to-day operations of the Company to the executive directors or the management of every business segment. The Board is committed to making decisions in the best interests of both the Company and its Shareholders.

Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The non-executive Directors (including the independent non-executive Directors) serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings.

### Board Composition

The Board structure is governed by the Company’s articles of association. The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

### Board and Workforce Diversity Policy

The Board has adopted a policy of the Board diversity (the “**Board Diversity Policy**”) which sets out the approach to achieve diversity on the Board. Under the Board Diversity Policy, the Company considers diversity of Board members to be achieved through consideration of a number of aspects, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments are based on merit and contribution, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The nomination committee of the Board (the “**Nomination Committee**”) is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

## Corporate Governance Report (Continued)

The Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. As at 30 June 2025, the Board comprised six Directors, two of which were female and we target to maintain at least one female Director. The board considers that gender diversity on the Board has been achieved. When selecting and making recommendations on suitable candidates as Directors in the future, we will consider their appointment based on our diversity policy and take opportunities to increase the proportion of female Directors on the Board.

The Group has adopted the workforce diversity policy since 1 July 2025, which focuses on valuing the diversity of its employees and is committed to establishing a diverse and inclusive workplace.

The workforce diversity policy is summarised as below:

- (i) the Company is committed to fostering gender empowerment, gender equality and gender diversity across its workforce, and providing equal opportunities in relation to recruitment, training and development, performance and compensation, evaluation and career and promotion opportunities;
- (ii) the Group recognises that diversity encompasses a broad range of attributes, including race, ethnicity, gender, nationality or religion, age, disability, sexual orientation, marital status, pregnancy, family status and cultural background, as well as experience, skills and views. The Group strictly adheres to non-discriminatory employment practices and procedures. It is committed to providing a positive work environment that values the wide-ranging perspectives inherent in its diverse workforce, free from all forms of discrimination or harassment and treat employees with respect; and
- (iii) the policy applies to all facets of employment, including recruitment and selection, professional development and training, compensation and benefits, performance evaluation, and career advancement.

As at 30 June 2025, 28.58% of the Group's senior management and 37.93% of the Group's total workforce are female. Therefore, the Group considers that diversity of the workforce has been achieved. In the future, the Group will continue its endeavor to increase female representation in its workforce.

The Board has reviewed the implementation and effectiveness of the Board Diversity Policy and the workforce diversity of the Group for FY2025 and considers them to be effective.

As at 30 June 2025, the Board comprised three executive Directors and three independent non-executive Directors as follows:

### **Executive Directors:**

Professor Fei Phillip (*Chairman*)  
Mr. Wang Yibin (*Chief Executive Officer*)  
Ms. Bu Xue

### **Independent non-executive Directors:**

Mr. Guo Zhonglong  
Mr. Chau Wing Nam  
Ms. Liu Shuhua

# Corporate Governance Report (Continued)

## Appointment, Resignation, Retirement and Re-Election of Directors

The appointment, resignation and retirement of Directors and change of board composition during FY2025 are set out below:

Ms. Bu Xue has been re-designated as an executive Director and ceased to be a member of each of the Audit Committee, the remuneration committee of the Board (the “**Remuneration Committee**”) and the Nomination Committee with effect from 1 April 2025.

Ms. Liu Shuhua has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 April 2025. Ms. Liu Shuhua has obtained legal advice referred to in Rule 3.09D of the Listing Rules on 31 March 2025, and has confirmed that she understood her obligations as a Director.

The executive Director, Professor Fei Phillip has entered into a service contract with the Company for a term of three years commencing from the appointment date, which can be terminated before the expiration of the term by not less than one month notice in writing served by either party on the other. Each of the other two executive Directors, Mr. Wang Yibin and Ms. Bu Xue, and each of the independent non-executive Directors, Mr. Guo Zhonglong, Mr. Chau Wing Nam and Ms. Liu Shuhua has entered into a contract of appointment with the Company for a term of one year commencing from the appointment date, which can be terminated before the expiration of the term by not less than one month notice in writing served by either party on the other. According to the Company’s articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election. Pursuant to the Company’s articles of association, all Directors are all eligible for re-appointment and three of them shall retire from office at the coming annual general meeting, who shall be eligible for re-election.

The members of the Board have no financial, business, family or other material/relevant relationship with each other.

The Board also takes up the corporate governance functions pursuant to the CG Code. During FY2025, the work performed by the Board on corporate governance function is summarised as follows:

- (a) developed and reviewed policies and practices on corporate governance and made recommendations to the Board;
- (b) reviewed and monitored the training and continuous professional development of directors and senior management;
- (c) reviewed and monitored the policies and practices on compliance with legal and regulatory requirements;
- (d) developed, reviewed and monitored the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (e) reviewed the Company’s compliance with the Code and disclosure in the Corporate Governance Report.

# Corporate Governance Report (Continued)

## Delegation to Management

Day-to-day operational responsibilities are specifically delegated by the Board to the management under the leadership of the Chief Executive Officer. Major matters include implementation of the strategies and decisions approved by the Board and the management assumes full responsibility to the Board for operations of the Group.

## Directors' Participation in Continuous Professional Trainings

Each of the Directors (being Professor Fei Phillip, Mr. Wang Yibin, Ms. Bu Xue, Mr. Guo Zhonglong, Mr. Chau Wing Nam and Ms. Liu Shuhua) has complied with code provision C.1.4 of the CG Code and has participated in continuous professional development to develop and refresh their knowledge and skills for the FY2025 as detailed in the following table. The Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. All Directors have been required to provide the Company with their training records. The Company has received from the Directors the confirmations on taking continuous professional training course during FY2025.

Directors' training hours by topic during FY2025:

| Directors                                           | The roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness | Issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments | Corporate governance and ESG matters | Risk management and internal controls | Updates on industry-specific developments, business trends and strategies relevant to the issuer | Total no. of hours |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------|--------------------|
| Professor Fei Phillip                               | 1 (Note 1)                                                                                                        | 1 (Note 1)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |
| Mr. Wang Yibin                                      | 1 (Note 1)                                                                                                        | 1 (Note 1)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |
| Ms. Bu Xue                                          | 1 (Note 1)                                                                                                        | 1 (Note 1)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |
| Mr. Guo Zhonglong                                   | 1 (Note 1)                                                                                                        | 1 (Note 1)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |
| Mr. Chau Wing Nam                                   | 1 (Note 1)                                                                                                        | 1 (Note 1)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |
| Ms. Liu Shuhua ( <i>appointed on 1 April 2025</i> ) | 1 (Note 1)                                                                                                        | 1 (Note 2)                                                                                                                      | 2 (Note 1)                           | 1 (Note 1)                            | 1 (Note 1)                                                                                       | 5                  |

Notes:

(1) by self-study

(2) training by external provider

## Independent non-executive Directors

As at 30 June 2025, the Company has three independent non-executive Directors, representing more than one-third of the Board, and at least one of the independent non-executive Directors has the appropriate professional qualification and/or accounting and audit experience expertise as required by Rules 3.10(1) and (2) and 3.10A of the Listing Rules. A balanced composition of executive and non-executive Directors (including independent non-executive Directors) also generates a strong independent element on the Board, which allows for an independent and objective decision making process for the best interests of the Company and its shareholders who have brought in a wide range of business and financial expertise, experience and independent judgement to the Board.

# Corporate Governance Report (Continued)

As at 30 June 2025, the Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent parties. The Company considers all of the non-executive Directors is independent. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may affect his or her independence.

## Board Meetings

The Board requires Directors to devote sufficient time and attention to their duties and responsibilities. The Board normally has four scheduled meetings a year at quarterly interval and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's articles of association. Notice of at least 14 days is given of a regular Board meeting to give all Directors an opportunity to attend.

Details of the number of Board meetings and general meetings held during FY2025 and attendance of each Board member at those meetings and meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee are set out below:

| Directors                               | Board | Attendance/Number of Meetings |                        |                      | General Meeting |
|-----------------------------------------|-------|-------------------------------|------------------------|----------------------|-----------------|
|                                         |       | Audit Committee               | Remuneration Committee | Nomination Committee |                 |
| Executive Directors                     |       |                               |                        |                      |                 |
| Professor Fei Phillip <i>(Chairman)</i> | 0/11  | N/A                           | N/A                    | N/A                  | 0/2             |
| Mr. Wang Yibin                          | 11/11 | N/A                           | N/A                    | 1/1                  | 1/2             |
| Ms. Bu Xue (Note 1)                     | 11/11 | 2/2                           | 1/1                    | 1/1                  | 2/2             |
| Independent non-executive Directors     |       |                               |                        |                      |                 |
| Mr. Guo Zhonglong                       | 11/11 | 2/2                           | 1/1                    | 1/1                  | 2/2             |
| Mr. Chau Wing Nam                       | 11/11 | 2/2                           | 1/1                    | N/A                  | 2/2             |
| Ms. Liu Shuhua (Note 2)                 | 5/5   | N/A                           | N/A                    | N/A                  | 1/1             |

Note 1: Ms. Bu has ceased to be a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 April 2025.

Note 2: Ms. Liu has been a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 April 2025.

## DELEGATION BY THE BOARD

### Board Committees

The Board has delegated authority to 3 standing committees with specific roles and responsibilities. While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various Board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these Board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

The Board delegates the responsibility of implementing its strategies and the day-to-day activities to the management of the Company with department heads responsible for different aspects of the business. Management of the Company is required to present an annual budget and any proposal for major investments and changes in business strategies for the Board's approval.

# Corporate Governance Report (Continued)

## Nomination Committee

The Company established the Nomination Committee in September 2009 with written terms of reference (updated and revised in June 2025) in compliance with the Code Provisions. The principal duties of the Nomination Committee are to identify and nominate suitable candidates for the appointment of the Directors, make recommendations to the Board on succession planning for the Directors and to assist the Board in maintaining a board skills matrix and to support the Company's regular evaluation of the Board. During FY2025, the Nomination Committee held two meetings in which it (a) discussed on re-designation of a Director and the appointment of an independent non-executive Director; and (b) reviewed the structure, size and composition of the Board in accordance with the Board Diversity Policy, assess the independence of the independent non-executive Directors and make recommendations to the Board on the proposal of re-appointment of Directors at the forthcoming annual general meeting of the Company. As at 30 June 2025, the Nomination Committee comprised one executive Director, namely Mr. Wang Yibin and two independent non-executive Directors namely Mr. Guo Zhonglong and Ms. Liu Shuhua. Mr. Guo Zhonglong has been appointed as the chairman of the Nomination Committee.

## Remuneration Committee

The Company established the Remuneration Committee in September 2009 with written terms of reference (updated and revised on 30 December 2022) in compliance with the Code Provisions. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management and to approve matters relating to share schemes under Chapter 17 of the Listing Rules. During FY2025, the Remuneration Committee held one meeting in which it reviewed the existing Company's policy and structure for all directors' and senior management remuneration by reference with the market research and current market circumstance and make recommendations to the Board on the remuneration of non-executive directors. No Director took part in any discussion about his/her own remuneration. As at 30 June 2025, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Chau Wing Nam, Mr. Guo Zhonglong and Ms. Liu Shuhua. Mr. Chau Wing Nam has been appointed as the chairman of the Remuneration Committee.

## Audit Committee

The Company established the Audit Committee in September 2009 with written terms of reference (updated and revised in January 2019) 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 make recommendations to our Board on the appointment, reappointment and removal of the external auditor, and to review and supervise the financial reporting process and internal control system of our Group. During FY2025, the Audit Committee held two meetings to review the annual and interim financial results of the Group for submission to the Board for approval, review the internal control and risk management systems of the Group, oversee the audit process and make recommendations on the re-appointment of the external auditors. As at 30 June 2025, the Audit Committee has three members comprising our three independent non-executive Directors, namely Mr. Chau Wing Nam, Mr. Guo Zhonglong and Ms. Liu Shuhua. Mr. Chau Wing Nam has been appointed as the chairman of the Audit Committee.

The annual results for FY2025 was reviewed by the Audit Committee on 30 September 2025 before recommending them to the Board for approval on the same date. The Audit Committee has reviewed the accounting principles and practices adopted by the Company, the annual results of the Group during FY2025 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for FY2025. The Audit Committee has no disagreement on the Group's consolidated financial results contained in this report.

# Corporate Governance Report (Continued)

## COMPANY SECRETARY

The company secretary of the Company is Mr. Chan Ngai Fan.

The company secretary reported to the Chairman on Board governance matters, and are responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and management.

In compliance with Rule 3.29 of the Listing Rules, Mr. Chan Ngai Fan has undertaken no less than 15 hours of relevant professional training during FY2025.

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

A Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. Details of the remuneration committee and other relevant information are set out in the section of Remuneration Committee of this annual report.

The remuneration paid or payable to 6 directors and senior management by band for FY2025 is set out below:

| Remuneration bands (HK\$)      | Number of persons |
|--------------------------------|-------------------|
| HK\$Nil to HK\$1,000,000       | 6                 |
| HK\$1,000,001 to HK\$2,000,000 | –                 |
| Over HK\$2,000,000             | –                 |

Further particulars regarding Director's remuneration and the five highest paid employees are set out in Notes 14(a) and 14(b) to the financial statements, respectively.

## COMPLIANCE WITH THE MODEL CODE FOR 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 the Model Code. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors for FY2025.

## EXTERNAL AUDITOR

As at 30 June 2025, the auditor of the Company was Jon Gepsom CPA Limited who provided services in respect of the audit of Company's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) for FY2025.

The remuneration paid to the Company's auditor, Jon Gepsom CPA Limited, for FY2025 is as below:

|                                      | RMB'000 |
|--------------------------------------|---------|
| Audit services provided to the Group | 950     |
| Total                                | 950     |

# Corporate Governance Report (Continued)

The consolidated financial statements of the Company for FY2025 have been audited by Jon Gepsom CPA Limited.

The statement of the auditor, Jon Gepsom CPA Limited, regarding their reporting responsibilities for the financial statements is set out in the Independent Auditor's Report on pages 30 to 35 of this annual report.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for the risk management and internal control systems and is also in charge of reviewing their effectiveness through the Audit Committee. These systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's operation and performance by the Audit Committee and the Board.

The key features of the Group's risk management and internal control systems include:

- A comprehensive financial accounting system to accurately measure financial performance of the Group
- The Board monitors and maintains levels of cash and cash equivalents deemed adequate to finance the Group's operations
- Prior approval from Directors/senior management regarding commitment for all material agreements
- Guidelines on assessing, reporting and disseminating inside information
- Organised and standardised procedures on recruitment, dismissal and promotions
- The Board takes environmental, social and governance risks into account when making business decision
- An effective whistleblowing policy which enables employees to report any non-conformity or violation of the anti-bribery and corruption policy in writing to management directly or to our dedicated response team. All cases will be investigated in a timely and confidential manner and the personnel who are involved in whistleblowing will be protected
- Clear anti-bribery and corruption policy and code of conduct for every employee which provides guidance to the employees on the standards of behaviour to which they must adhere to, and the ways to deal with bribery and corruption
- Periodic review by management on the internal control procedures and risks factors
- Report to the Audit Committee about the findings on identified risks and measures to address such risks

The Board, through the reviews made by the Audit Committee, had reviewed the effectiveness and the adequacy of the internal control systems of the Group and were satisfied that there had been no major deficiency noted and considered them to have been implemented effectively for FY2025.

# Corporate Governance Report (Continued)

## SHAREHOLDER RELATIONS

### Shareholder Engagement and Communication

The Board gives high priority to balanced, clear, and transparent communications which allow Shareholders and investors to understand the Group's prospects and the market environment in which it operates. The Company engages with Shareholders and investors in a number of different ways to help ensure that their views and concerns are understood and addressed in a constructive way.

#### (a) *Convening an Extraordinary General Meeting on Requisition by Shareholders*

Shareholders shall have the right to request the Board to convene an extraordinary general meeting ("EGM") of the Company. Two or more Shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to the Board of the Company to request for a EGM. The written requisition, duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the registered office of the Company.

#### (b) *Putting Forward Proposals at General Meetings*

A shareholder shall make a written requisition to the Board or the company secretary of the Company at the principal place of business address of the Company, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

#### (c) *Making Enquiry to the Board*

Shareholders or investors may send written enquiries and suggestions, either by post or by email, together with his/her contact details, such as postal address, email or fax, addressing to the principal place of business address of the Company at the following address or facsimile number or via the website of the Company:

Address: Unit 12, 12/F., Tower A, New Mandarin Plaza,  
No. 14 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong

Website: [www.01069.com.cn](http://www.01069.com.cn)

All enquiries shall be collected by the company secretary who shall report to the executive Directors periodically on the enquiries collected. The executive Directors shall review the enquiries and assign different kinds of enquiries to appropriate division head/manager for answering. After receiving the answers of all enquiries from the relevant division head/manager, the company secretary will collect the answers for the executive Directors' review and approval. The company secretary shall then be authorised by the executive Directors to reply all enquiries in writing.

The Company has reviewed its engagement with shareholders during FY2025, and reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

## CONSTITUTIONAL DOCUMENTS

There was no change in the Memorandum of Association and Articles of Association of the Company during the FY2025.

A copy of the latest Memorandum and Articles of Association is posted on the websites of the Company and the Stock Exchange.

# Independent Auditor's Report



## Jon Gepsom CPA Limited

TO THE SHAREHOLDERS OF  
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)*

### OPINION

We have audited the consolidated financial statements of China Health Technology Group Holding Company Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 36 to 118, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 OPINION

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 opinion.

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matter

### How our audit addressed the key audit matter

#### Valuation of plantation forest assets and ginseng assets

Refer to Notes 19 and 20 to the consolidated financial statements.

Management has estimated the fair value less costs to sell of the Group's plantation forest assets and ginseng assets at 30 June 2025 to be approximately RMB50,650,000 and RMB38,400,000 with gain on change in fair value of approximately RMB30,454,000 and RMB4,553,000 respectively, recognised in profit or loss in respect of the year then ended.

The assessment of the fair value less costs to sell involves management and external valuers making a number of judgments on the key assumptions and assertions used in the cash flow projections prepared based on financial budgets covering the logging periods, and significant estimates with respect to growth rate, discount rate and the underlying cash flow.

We identified the valuation of plantation forest assets and ginseng assets as a key audit matter in view of the magnitude of such assets and the management's estimates and judgments involved in the valuation.

Our procedures in relation to assessing the appropriateness of the management's valuation of the plantation forest assets and ginseng assets included:

- We obtained an understanding of the management's internal controls and basis of valuation of the Group's plantation forest assets and ginseng assets.
- We evaluated the independent valuers' competence, capabilities and objectivity.
- We obtained an understanding of the valuation methodology and key assumptions used for the valuation.
- We discussed with the independent valuers, tested the results of their work and, with assistance of our valuation specialists, assessed the reasonableness of the valuation methodology and assumptions used and judgments exercised by management and the external valuers for the valuation based on our knowledge of the relevant industry.

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (Continued)

### Key audit matter

#### Impairment assessment on trade receivables

Refer to Note 23 to the consolidated financial statements.

As at 30 June 2025, the group had trade receivables amounted to approximately RMB33,796,000. A provision of impairment amounted to approximately RMB222,000 has been made for the trade receivables for the year.

Assessment of impairment provision for trade receivables involves management's judgment of the ability of the debtors to make settlement which depends on customers' specific and market conditions that are inherently uncertain.

We identified the impairment assessment on trade receivables as a key audit matter in view of the magnitude of these receivables and the management's estimates and judgments involved in the determination of the expected credit losses of these receivables.

### How our audit addressed the key audit matter

Our procedures in relation to management's impairment assessment on trade receivables included:

- We obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and making provisions for expected credit losses.
- We assessed the classification and accuracy of individual balances in ageing reports of trade receivables by testing the underlying invoices and/or agreement on a sample basis.
- We assessed subsequent settlement of the receivable balances. Where settlement had not been received subsequent to the year end date, we obtained an understanding of the basis of management's judgments about the recoverability of the outstanding receivables and evaluated the allowances for expected credit losses made by management for these individual balances.
- We assessed the historical accuracy of the estimates made by the management for the allowances for expected credit losses.
- We assessed the appropriateness of the expected credit loss positioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

# Independent Auditor's Report (Continued)

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report (Continued)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# Independent Auditor's Report (Continued)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Jon Gepsom CPA Limited**  
Certified Public Accountants

**Wong Ka Bo, Jimmy**

Practising Certificate Number P07560  
1003-1005, 10/F., Siu on Centre  
188 Lockhart Road, Wan Chai, Hong Kong

30 September 2025

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

|                                                                                   | Notes | 2025<br>RMB'000  | 2024<br>RMB'000  |
|-----------------------------------------------------------------------------------|-------|------------------|------------------|
| Revenue                                                                           | 6     | 90,215           | 47,606           |
| Cost of sales                                                                     |       | (82,002)         | (45,709)         |
| Gross profit                                                                      |       | 8,213            | 1,897            |
| Other income                                                                      | 8     | 328              | 16               |
| Other gains, net                                                                  | 9     | 34,528           | 22,205           |
| Gain on debt restructuring                                                        | 13    | –                | 202,024          |
| Selling and distribution expenses                                                 |       | (862)            | (1,421)          |
| Administrative expenses                                                           |       | (15,678)         | (21,472)         |
| Finance costs                                                                     | 10    | (3,503)          | (3,229)          |
| Profit before tax                                                                 |       | 23,026           | 200,020          |
| Income tax expense                                                                | 11    | (315)            | (7)              |
| Profit for the year                                                               | 12    | 22,711           | 200,013          |
| <b>Other comprehensive income</b>                                                 |       |                  |                  |
| <i>Item that may be subsequently reclassified to profit or loss</i>               |       |                  |                  |
| Exchange differences on translation of financial statements of foreign operations |       | 5,505            | 4,036            |
| Total comprehensive income for the year                                           |       | 28,216           | 204,049          |
|                                                                                   |       | <b>RMB cents</b> | <b>RMB cents</b> |
| <b>Earnings per share</b>                                                         | 16    |                  |                  |
| Basic                                                                             |       | 2.75             | 29.79            |
| Diluted                                                                           |       | N/A              | N/A              |

# Consolidated Statement of Financial Position

As at 30 June 2025

|                                       | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------|-------|-----------------|-----------------|
| Non-current assets                    |       |                 |                 |
| Property, plant and equipment         | 17    | 1,960           | 1,267           |
| Right-of-use assets                   | 18    | 37,743          | 42,275          |
| Plantation forestry assets            | 19    | 50,650          | 50,670          |
| Plantation ginseng assets             | 20    | 38,400          | 29,400          |
| Plantation horny goat weed assets     | 21    | 16,623          | 7,232           |
|                                       |       | <b>145,376</b>  | 130,844         |
| Current assets                        |       |                 |                 |
| Inventories                           | 22    | 1,480           | 1,309           |
| Trade and other receivables           | 23    | 37,836          | 18,530          |
| Deposits and prepayments              | 24    | 16,235          | 24,253          |
| Bank balances and cash                | 25    | 4,490           | 3,230           |
|                                       |       | <b>60,041</b>   | 47,322          |
| Current liabilities                   |       |                 |                 |
| Trade and other payables              | 26    | 29,029          | 16,304          |
| Contract liabilities                  | 27    | 11,597          | 28,209          |
| Lease liabilities                     | 30    | 711             | 3,225           |
| Income tax payable                    |       | 1,736           | 1,577           |
|                                       |       | <b>43,073</b>   | 49,315          |
| Net current assets/(liabilities)      |       | <b>16,968</b>   | (1,993)         |
| Total assets less current liabilities |       | <b>162,344</b>  | 128,851         |

# Consolidated Statement of Financial Position (Continued)

As at 30 June 2025

|                          | Notes | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------|-------|-----------------|-----------------|
| Non-current liabilities  |       |                 |                 |
| Promissory notes payable | 28    | 115,624         | 115,153         |
| Lease liabilities        | 30    | –               | 735             |
|                          |       | 115,624         | 115,888         |
| Net assets               |       | 46,720          | 12,963          |
| Capital and reserves     |       |                 |                 |
| Share capital            | 31    | 7,853           | 6,564           |
| Reserves                 |       | 38,867          | 6,399           |
| Total equity             |       | 46,720          | 12,963          |

The consolidated financial statements on pages 36 to 118 were approved and authorised for issue by the board of directors on 30 September 2025 and are signed on its behalf by:

**Professor Fei Phillip**  
Director

**Bu Xue**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

|                                         | Attributable to owners of the Company |                          |                                |                                     |                               |                  |
|-----------------------------------------|---------------------------------------|--------------------------|--------------------------------|-------------------------------------|-------------------------------|------------------|
|                                         | Share capital<br>RMB'000              | Share premium<br>RMB'000 | Translation reserve<br>RMB'000 | Other reserves<br>RMB'000<br>(Note) | Accumulated losses<br>RMB'000 | Total<br>RMB'000 |
| At 1 July 2023                          | 19,016                                | 807,536                  | 419                            | 18,038                              | (1,161,717)                   | (316,708)        |
| Profit for the year                     | –                                     | –                        | –                              | –                                   | 200,013                       | 200,013          |
| Other comprehensive income for the year | –                                     | –                        | 4,036                          | –                                   | –                             | 4,036            |
| Total comprehensive income for the year | –                                     | –                        | 4,036                          | –                                   | 200,013                       | 204,049          |
| Share reorganisation (note 31(i))       | (18,008)                              | (807,536)                | –                              | 825,544                             | –                             | –                |
| Placing of new shares (note 31(ii))     | 5,556                                 | 120,066                  | –                              | –                                   | –                             | 125,622          |
| At 30 June 2024 and<br>1 July 2024      | 6,564                                 | 120,066                  | 4,455                          | 843,582                             | (961,704)                     | 12,963           |
| Profit for the year                     | –                                     | –                        | –                              | –                                   | 22,711                        | 22,711           |
| Other comprehensive income for the year | –                                     | –                        | 5,505                          | –                                   | –                             | 5,505            |
| Total comprehensive income for the year | –                                     | –                        | 5,505                          | –                                   | 22,711                        | 28,216           |
| Placing of new shares (note 31(i))      | 1,289                                 | 4,521                    | –                              | –                                   | –                             | 5,810            |
| Share issuance expenses (note 31(ii))   | –                                     | (269)                    | –                              | –                                   | –                             | (269)            |
| At 30 June 2025                         | 7,853                                 | 124,318                  | 9,960                          | 843,582                             | (938,993)                     | 46,720           |

Note:

Other reserves at 30 June 2025 and 2024 comprise the following:

- Merger reserve arising from common control combination for entity acquired in December 2010;
- Surplus from the share capital of the subsidiaries, acquired pursuant to the group reorganisation over acquisition consideration; and
- Difference between the nominal value of the shares of a subsidiary, acquired pursuant to the group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2025

|                                                                                                | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Operating activities</b>                                                                    |                 |                 |
| Profit before tax                                                                              | <b>23,026</b>   | 200,020         |
| Adjustments for:                                                                               |                 |                 |
| Finance costs                                                                                  | <b>3,503</b>    | 3,229           |
| Gain on change in fair value less costs to sell of plantation forest assets and ginseng assets | <b>(35,007)</b> | (25,704)        |
| Depreciation of property, plant and equipment                                                  | <b>255</b>      | 257             |
| Depreciation of right-of-use assets                                                            | <b>4,498</b>    | 4,880           |
| Harvested timber transferred from plantation forest assets and ginseng assets to cost of sales | <b>51,102</b>   | 35,084          |
| Impairment losses recognised in respect of:                                                    |                 |                 |
| – trade receivables                                                                            | <b>222</b>      | 150             |
| – other receivables                                                                            | <b>257</b>      | 228             |
| – right-of-use assets                                                                          | <b>–</b>        | 3,152           |
| Bank interest income                                                                           | <b>(3)</b>      | (4)             |
| Gain on debt restructuring                                                                     | <b>–</b>        | (202,024)       |
| Loss on disposal of property, plant and equipment                                              | <b>86</b>       | –               |
| Loss on disposal of a subsidiary                                                               | <b>22</b>       | –               |
| Reversal of impairment losses recognised in respect of trade receivables                       | <b>–</b>        | (332)           |
| Operating cash flows before movements in working capital                                       | <b>47,961</b>   | 18,936          |
| Changes in inventories                                                                         | <b>(171)</b>    | (322)           |
| Changes in trade and other receivables                                                         | <b>(16,697)</b> | (7,949)         |
| Changes in deposits and prepayments                                                            | <b>7,616</b>    | (17,573)        |
| Changes in trade and other payables                                                            | <b>12,695</b>   | 7,557           |
| Changes in contract liabilities                                                                | <b>(16,612)</b> | 28,209          |
| Cash generated from operations                                                                 | <b>34,792</b>   | 28,858          |
| Income taxes paid                                                                              | <b>(126)</b>    | –               |
| <b>Net cash generated from operating activities</b>                                            | <b>34,666</b>   | 28,858          |

# Consolidated Statement of Cash Flows (Continued)

For the year ended 30 June 2025

|                                                                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------------------------------------------------------------|-----------------|-----------------|
| <b>Investing activities</b>                                          |                 |                 |
| Additions to plantation assets                                       | (34,466)        | (26,262)        |
| Interests received                                                   | 3               | 4               |
| Disposal of property, plant and equipment                            | 40              | –               |
| Purchase of property, plant and equipment                            | (1,092)         | (231)           |
| <b>Net cash used in investing activities</b>                         | <b>(35,515)</b> | <b>(26,489)</b> |
| <b>Financing activities</b>                                          |                 |                 |
| Placing of new shares                                                | 5,810           | –               |
| Share issuance expenses                                              | (269)           | –               |
| Payment of lease liabilities                                         | (3,418)         | (3,466)         |
| <b>Net cash generated from/(used in) financing activities</b>        | <b>2,123</b>    | <b>(3,466)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>1,274</b>    | <b>(1,097)</b>  |
| <b>Effect of foreign exchange rate changes</b>                       | <b>(14)</b>     | <b>–</b>        |
| <b>Cash and cash equivalents at beginning of the year</b>            | <b>3,230</b>    | <b>4,327</b>    |
| <b>Cash and cash equivalents at end of the year, represented by:</b> |                 |                 |
| Bank balances and cash                                               | 4,490           | 3,230           |

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

## 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 PO Box 1350, Windward 3 Regatta Office Park, 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 Group is principally engaged in forestry management, ginseng plantation and trading, horny goat weed plantation and trading, health products trading and investment holding.

The Group commenced its business in trading of health products since November 2024.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”) while the functional currency of the subsidiaries of the Company established in the People’s Republic of China (the “**PRC**”) is Renminbi (“**RMB**”). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency as to better reflect the financial results and performance of the main operation of the Group.

## 2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which collective terms includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations 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 HKFRS ACCOUNTING STANDARDS

### Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 July 2024 for the preparation of the consolidated financial statements:

|                                      |                                                                                                                                 |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Amendments to HKFRS 16               | Lease Liability in a Sale and Leaseback                                                                                         |
| Amendments to HKAS 1                 | Classification of Liabilities as Current or Non-current                                                                         |
| Amendments to HKAS 1                 | Non-current Liabilities with Covenants                                                                                          |
| Amendments to HKAS 7 and HKFRS 7     | Supplier Finance Arrangements                                                                                                   |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |

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

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

|                                                   |                                                                                                                                              |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| Annual Improvements to HKFRS Accounting Standards | Annual Improvement to HKFRS Accounting Standards – Volume 11 <sup>3</sup>                                                                    |
| Amendments to HKFRS 9 and HKFRS 7                 | Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>                                                       |
| Amendments to HKFRS 9 and HKFRS 7                 | Contracts Referencing Nature-dependent Electricity <sup>3</sup>                                                                              |
| Amendments to HK Interpretation 5 (Revised)       | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>4</sup> |
| Amendments to HKFRS 10 and HKAS 28                | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>                                           |
| Amendments to HKAS 21 and HKFRS 1                 | Lack of Exchangeability <sup>2</sup>                                                                                                         |
| HKFRS 18                                          | Presentation and Disclosure in Financial Statements <sup>4</sup>                                                                             |

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined by the HKICPA

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2027

The Directors anticipate that all of the pronouncements of new and amendments to HKFRS Accounting Standards and Interpretation will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new HKFRS Accounting Standard that are expected to have impact on the Group's accounting policies is provided below. Other amendments to HKFRS Accounting Standards and Interpretation are not expected to have a material impact on the Group's consolidated financial statements.

### HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements* ("HKFRS 18"), which sets out requirements on presentation and disclosures in consolidated financial statements, will replace HKAS 1 *Presentation of Financial Statements* ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the consolidated statements of profit or loss; provide disclosures on management-defined performance measures in the notes to the consolidated financial statements; and improve aggregation and disaggregation of information to be disclosed in the consolidated financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and all the applicable disclosures as required by the Hong Kong Companies Ordinance. In addition, the consolidated financial statements have been prepared in accordance with applicable disclosure provisions of the Listing Rules.

The consolidated financial statements have been prepared on the historical cost convention, except for certain assets, which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKFRS 16/HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use for the purposes of impairment assessment in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies adopted by the Group are set out below:

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date when the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income/expenses are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income/expenses of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of consolidation (Continued)

#### *Changes in the Group's ownership interests in existing subsidiaries*

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income/expenses in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the acquisition, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

### Investments in subsidiaries

Investment in a subsidiary is accounted for in the Company's financial statements at cost less any identified impairment loss. Cost includes directly attributable costs of investment. The results of the subsidiary are accounted for by the Company on the basis of dividend received and receivable.

### Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents goods or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for and presented on a net basis.

### *Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance, obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

### *Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases

#### *Definition of a lease*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

##### *Allocation of consideration to components of a contract*

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Right-of-use assets (Continued)*

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### *The Group as a lessor*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and such costs are recognised as an expense on a straight line basis.

Rental income which is derived from the Group's ordinary course of business are presented as revenue.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, and a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Plantation forest assets

Plantation forest assets predominately consist of standing trees in a forest on which the Group undertakes agricultural activities to transform the standing trees into agricultural produce for sale. The general maintenance expenses are charged to profit or loss in the period in which they are incurred.

Plantation forest assets are stated at fair value less costs to sell at the end of each reporting period and the gain or loss arising from the changes in the fair value less costs to sell of the plantation forest assets is recognised in profit or loss in the period in which it arises.

If an active market exists for standing trees, reference to the distribution of the forest area by age-class, land tenure, forest health, expected growth and yield of the crops are adopted for determining the fair value of these assets. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers.

At the time the tree is harvested, the agricultural produce is measured at its fair value less costs to sell at the point of harvest. It is taken out of the plantation forest assets (non-current assets) and accounted for under inventories (current assets).

### Plantation ginseng assets and horny goat weed assets

Plantation ginseng assets and horny goat weed assets predominately consist of the agricultural plants on which the Group undertakes agricultural activities to transform the plants into agricultural produce of ginseng and horny goat weed assets for sale.

Plantation ginseng assets and horny goat weed assets are stated at fair value less costs to sell at the end of each reporting period, except where fair value cannot be measured reliably, in which case the assets are carried at cost less impairment loss, if any. Once the fair value of the plantation ginseng assets and horny goat weed assets carried at cost becomes reliably measurable, the ginseng assets and horny goat weed assets are measured at fair value less costs to sell and changes in fair value are recognised in profit or loss.

### Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of assets, are recognised in profit or loss when the asset is derecognised.

### Impairment losses on tangible and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business are presented as revenue.

### **Financial assets**

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Classification and subsequent measurement of financial assets (Continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

#### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment revaluation reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

##### Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including loans receivable, trade and other receivables and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets (Continued)*

##### (v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loans receivables are assessed for ECLs on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

#### *Financial liabilities and equity*

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### *Financial liabilities and equity (Continued)*

##### *Financial liabilities*

Financial liabilities (including trade and other payables, promissory notes payable and corporate bonds payable) are subsequently measured at amortised cost, using the effective interest method.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

##### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision maker. The chief executive decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman of the board that make strategic decisions.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### *Approval of logging permits for the plantation forest assets*

The PRC government strictly implements a quota system for the quantities of forest wood to be logged annually and accordingly, such limited quota is competed vigorously among the numerous forestry operators. Without the approved logging permits, the Group will not be able to start operations for revenue generation in the forestry segment.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgments in applying accounting policies (Continued)

#### *Approval of logging permits for the plantation forest assets (Continued)*

Up to the date of approval of the consolidated financial statements, the permits for logging specified quantities of the Group's plantation forest assets have been granted by the PRC government authorities during the years from 2023 to 2025 but the permits for logging of the Group's plantation forest assets for 2026 onwards have not yet been granted by the PRC government authorities, as set out in Note 19(f). In the opinion of the directors of the Company, the Group has legally obtained ownership title to such assets, is qualified to make the relevant application of the logging permits which is expected to be granted by the PRC government shortly after application.

### Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### *(a) Fair value of plantation forest assets and ginseng assets*

The Group's plantation forest assets and ginseng assets are stated at fair value less costs to sell. In determining the fair value of the plantation forest assets and ginseng assets, the present value approach has been adopted which requires a number of key assumptions and estimates to be made such as the successful application of logging permits, discount rate, log price, harvest profile, plantation costs, growth, harvesting and establishment. Any change in the assumptions and estimates may affect the fair value of the plantation forest assets and ginseng assets significantly. Management reviews the assumptions and estimates periodically to identify any significant change in the fair value less costs to sell of the plantation forest assets. The carrying amount of the Group's plantation forest assets and ginseng assets as at 30 June 2025 is approximately RMB50,650,000 and RMB38,400,000 respectively (2024: RMB50,670,000 and RMB29,400,000).

#### *(b) Impairment of right-of-use assets*

Management of the Group determines on a regular basis whether the right-of-use assets are impaired. Impairment losses for right-of-use assets are recognised when the carrying amounts of each of the assets exceed their respective recoverable amounts, which are determined based on higher of fair value less costs of disposal and value in use. The value in use calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2025, the carrying amount of right-of-use assets is approximately RMB37,743,000 (2024: approximately RMB42,275,000). No impairment losses were recognised on right-of-use assets for the year ended 30 June 2025 (2024: RMB3,152,000).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty (Continued)

#### (c) Impairment of plantation horny goat weed assets

The Group's plantation horny goat weed assets are stated at cost as the fair value cannot be measured reliably. Impairment losses for plantation horny goat weed assets are recognised when the carrying amounts of each of the assets exceed their respective recoverable amounts, which are determined based on the higher of fair value less costs of disposal and value in use. The value in use calculations require the use of estimates such as the future revenue and discount rates. As at 30 June 2025, the carrying amount of plantation horny goat weed assets is approximately RMB16,623,000. No impairment loss of plantation horny goat weed assets was recognised in respect of the current year (2024: Nil).

#### (d) Impairment of trade and other receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade and other receivables. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, the Group's receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

The information about the expected credit loss and the Group's receivables are disclosed in Note 23.

## 6. REVENUE

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

|                                                                                                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time</b> |                 |                 |
| Sales of timber related products                                                                            | 36,633          | 32,521          |
| Sales of ginseng related products                                                                           | 39,467          | 15,085          |
| Sales of health products                                                                                    | 14,115          | –               |
|                                                                                                             | 90,215          | 47,606          |

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

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION

Information reported to the chairman of the Board (being the chief operating 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; and
- (iv) Health products business – trading of health products.

Information regarding the above segments for the years ended 30 June 2025 and 2024 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 2025

|                                      | Forestry<br>Business<br>RMB'000 | Ginseng<br>Business<br>RMB'000 | Horny<br>Goat Weed<br>Business<br>RMB'000 | Health<br>Products<br>Business<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------|---------------------------------|--------------------------------|-------------------------------------------|-------------------------------------------|------------------|
| Segment revenue                      | 36,633                          | 39,467                         | –                                         | 14,115                                    | 90,215           |
| Segment profit                       | 19,631*                         | 8,239**                        | –                                         | 2,327                                     | 30,197           |
| Bank interest income                 |                                 |                                |                                           |                                           | 3                |
| Impairment loss on other receivables |                                 |                                |                                           |                                           | (257)            |
| Loss on disposal of a subsidiary     |                                 |                                |                                           |                                           | (22)             |
| Other unallocated expenses           |                                 |                                |                                           |                                           | (3,392)          |
| Finance costs                        |                                 |                                |                                           |                                           | (3,503)          |
| Profit before tax                    |                                 |                                |                                           |                                           | 23,026           |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

For the year ended 30 June 2024

|                                      | Forestry<br>Business<br>RMB'000 | Ginseng<br>Business<br>RMB'000 | Horny<br>Goat Weed<br>Business<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------|---------------------------------|--------------------------------|-------------------------------------------|------------------|
| Segment revenue                      | 32,521                          | 15,085                         | –                                         | 47,606           |
| Segment profit/(loss)                | 18,642*                         | (6,937)**                      | –                                         | 11,705           |
| Bank interest income                 |                                 |                                |                                           | 4                |
| Gain on debt restructuring           |                                 |                                |                                           | 202,024          |
| Impairment loss on other receivables |                                 |                                |                                           | (228)            |
| Loss on disposal of a subsidiary     |                                 |                                |                                           | (301)            |
| Other unallocated expenses           |                                 |                                |                                           | (9,955)          |
| Finance costs                        |                                 |                                |                                           | (3,229)          |
| Profit before tax                    |                                 |                                |                                           | 200,020          |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

|                                                                                                                                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| * Segment loss of Forestry Business before change in fair value less costs to sell of plantation forestry assets and impairment loss         | (10,619)        | (13,767)        |
| Net gain on change in fair value less costs to sell of plantation forestry assets                                                            | 30,454          | 32,559          |
| Impairment loss on trade receivables                                                                                                         | (204)           | (150)           |
| Segment profit of Forestry Business                                                                                                          | 19,631          | 18,642          |
|                                                                                                                                              |                 |                 |
|                                                                                                                                              | 2025<br>RMB'000 | 2024<br>RMB'000 |
| ** Segment profit/(loss) of Ginseng Business before change in fair value less costs to sell of plantation ginseng assets and impairment loss | 3,704           | (82)            |
| Net gain/(loss) on change in fair value less costs to sell of plantation ginseng assets                                                      | 4,553           | (6,855)         |
| Impairment loss on trade receivables                                                                                                         | (18)            | –               |
| Segment profit/(loss) of Ginseng Business                                                                                                    | 8,239           | (6,937)         |

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 30 June 2025 and 2024.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represent the profit earned/loss incurred from each segment without allocation of central administrative costs including directors' salaries and other corporate administrative costs, bank interest 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 resources allocation and assessment of segment performance.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

|                                | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------------|-----------------|-----------------|
| Segment assets                 |                 |                 |
| Forestry Business              | 112,436         | 98,594          |
| Ginseng Business               | 65,183          | 62,779          |
| Horny Goat Weed Business       | 16,623          | 7,232           |
| Health Products Business       | 2,718           | –               |
| Total segment assets           | 196,960         | 168,605         |
| Unallocated assets             | 8,457           | 9,561           |
| Consolidated total assets      | 205,417         | 178,166         |
| Segment liabilities            |                 |                 |
| Forestry Business              | 3,304           | 3,507           |
| Ginseng Business               | 26,048          | 33,892          |
| Health Products Business       | 285             | –               |
| Total segment liabilities      | 29,637          | 37,399          |
| Unallocated liabilities        | 129,060         | 127,804         |
| Consolidated total liabilities | 158,697         | 165,203         |

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

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION (Continued)

### Other segment information

For the year ended 30 June 2025

|                                                                                 | Forestry<br>Business<br>RMB'000 | Ginseng<br>Business<br>RMB'000 | Horny<br>Goat Weed<br>Business<br>RMB'000 | Health<br>Products<br>Business<br>RMB'000 | Unallocated<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------------------------------------------------------|---------------------------------|--------------------------------|-------------------------------------------|-------------------------------------------|------------------------|------------------|
| <b>Amounts included in the measure of segment profit/loss or segment assets</b> |                                 |                                |                                           |                                           |                        |                  |
| Additions to non-current assets (Note)                                          | 6,159                           | 18,916                         | 9,391                                     | –                                         | –                      | 34,466           |
| Depreciation of property, plant and equipment                                   | 230                             | 25                             | –                                         | –                                         | –                      | 255              |
| Depreciation of right-of-use assets                                             | 2,623                           | 1,875                          | –                                         | –                                         | –                      | 4,498            |
| Net gain on change in fair value less costs to sell of plantation assets        | (30,454)                        | (4,553)                        | –                                         | –                                         | –                      | (35,007)         |
| Impairment losses recognised in respect of:                                     |                                 |                                |                                           |                                           |                        |                  |
| – trade receivables                                                             | 204                             | 18                             | –                                         | –                                         | –                      | 222              |
| – other receivables                                                             | –                               | –                              | –                                         | –                                         | 257                    | 257              |

For the year ended 30 June 2024

|                                                                                 | Forestry<br>Business<br>RMB'000 | Ginseng<br>Business<br>RMB'000 | Horny Goat<br>Weed Business<br>RMB'000 | Unallocated<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------------------------------------------------------|---------------------------------|--------------------------------|----------------------------------------|------------------------|------------------|
| <b>Amounts included in the measure of segment profit/loss or segment assets</b> |                                 |                                |                                        |                        |                  |
| Additions to non-current assets (Note)                                          | 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 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)            |

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

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 7. SEGMENT INFORMATION (Continued)

### Geographical information

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

|                                            | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------------------------|-----------------|-----------------|
| The People's Republic of China (the "PRC") | 76,100          | 47,606          |
| Hong Kong                                  | 14,115          | –               |
|                                            | 90,215          | 47,606          |

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% (2024: 10%) of the revenue of the Group is as follows:

|            |                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------|-------------------|-----------------|-----------------|
| Customer A | Forestry Business | N/A (note)      | 16,804          |
| Customer B | Forestry Business | N/A (note)      | 9,359           |
| Customer C | Ginseng Business  | N/A (note)      | 5,018           |

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 30 June 2025.

## 8. OTHER INCOME

|                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------------|-----------------|-----------------|
| Bank interest income | 3               | 4               |
| Sundry income        | 325             | 12              |
|                      | 328             | 16              |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 9. OTHER GAINS, NET

|                                                                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------------------------------------------------------------------------|-----------------|-----------------|
| Loss on disposal of property, plant and equipment                           | 22              | –               |
| Impairment losses recognised in respect of:                                 |                 |                 |
| – trade receivables                                                         | (222)           | (150)           |
| – other receivables                                                         | (257)           | (228)           |
| – right-of-use assets                                                       | –               | (3,152)         |
| Net gain/(loss) on change in fair value less costs to sell of<br>plantation |                 |                 |
| – forestry assets                                                           | 30,454          | 32,559          |
| – ginseng assets                                                            | 4,553           | (6,855)         |
| Reversal of impairment losses on trade receivables                          | –               | 332             |
| Loss on disposal of a subsidiary                                            | (22)            | (301)           |
|                                                                             | <b>34,528</b>   | <b>22,205</b>   |

## 10. FINANCE COSTS

|                            | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------------------|-----------------|-----------------|
| Interest on:               |                 |                 |
| – promissory notes payable | 3,334           | 3,001           |
| – lease liabilities        | 169             | 228             |
|                            | <b>3,503</b>    | <b>3,229</b>    |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 11. INCOME TAX EXPENSE

|                           | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------|-----------------|-----------------|
| PRC Enterprise Income Tax | 126             | 7               |
| Hong Kong Profits Tax     | 189             | –               |
|                           | 315             | 7               |

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

|                                                       | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------------|-----------------|-----------------|
| Profit/(loss) before tax from operations:             | 23,026          | 200,020         |
| Tax credit at applicable income tax rate              | 3,530           | 33,289          |
| Tax effect of expenses not deductible for tax purpose | 120             | 1,685           |
| Tax effect of income not taxable for tax purpose      | (8,752)         | (39,760)        |
| Tax effect of tax losses not recognised               | 5,417           | 4,793           |
| Income tax expense for the year                       | 315             | 7               |

As at 30 June 2025, the Group had unrecognised tax losses of approximately RMB51,986,000 (2024: approximately RMB30,318,000), which can be carried forward to offset future taxable profit and will expire within five years after the end of the reporting period. No deferred tax asset had been recognised in respect of these tax losses due to the unpredictability of future profit streams.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately RMB5,989,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

|                                    | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------------------------------|-----------------|-----------------|
| Directors' emoluments              | 792             | 1,319           |
| Other staff costs                  | 2,091           | 1,989           |
| Total staff costs                  | 2,883           | 3,308           |
| Auditor's remuneration             |                 |                 |
| – audit services                   | 950             | 950             |
| Cost of timber harvested           | 36,633          | 32,522          |
| Cost of ginseng harvested          | 14,469          | 2,562           |
| Cost of ginseng trading            | 19,755          | 10,625          |
| Cost of health products trading    | 11,145          | –               |
| Depreciation charge in respect of: |                 |                 |
| – property, plant and equipment    | 255             | 257             |
| – right-of-use assets              | 4,498           | 4,880           |
| Short-term lease expenses          | 596             | 532             |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 13. DEBT RESTRUCTURING

The Company has been implementing debt restructuring for the Group during each of the years ended 30 June 2024 and 30 June 2023 and subsequent to 30 June 2023. Major events in connection with the debt restructuring are as follows:

On 3 December 2020, the Company announced that 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 JPLs of the Company, 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 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.

On 11 May 2021, the Company announced that the provisional liquidation of China Bozza Development Holdings Limited (in Provisional Liquidation in the Cayman Islands) was effected from 11 May 2021 and Mr. Osman Mohammed Arab, Mr. Lai Wing Lun and Mr. Martin Nicholas John Trott were appointed as JPLs for restructuring purposes with effect from 11 May 2021.

To further facilitate the restructuring of the Company and fulfilment of the resumption guidance set out by the Stock Exchange, the Company, Zhonggangtong International Holding Group Co., Limited ("**Zhanggangtong**"), an independent third party, and the JPLs have entered into a funding agreement (the "**Funding Agreement**") on 23 August 2022, pursuant to which Zhonggangtong has agreed to grant a credit facility of up to HK\$26 million to the Company, subject to the terms and conditions stipulated in the Funding Agreement. Details regarding the Funding Agreement are set out in the announcement dated 26 August 2022 made by the Company.

On 30 December 2022, the Company, the JPLs and Zhonggangtong entered into a restructuring framework agreement (the "**Restructuring Framework Agreement**"), pursuant to which the Company will implement a restructuring of the debts and liabilities, capital structure and share capital of the Company (the "**Proposed Restructuring**") including (i) the capital reorganisation of the Company and the change in board lot size of shares of the Company; (ii) subscription by Zhonggangtong of the new shares of the Company (as defined in the Restructuring Framework Agreement) for an aggregate subscription price of HK\$60 million; (iii) restructure 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.

On 14 July 2023, the Company implemented capital reorganization under which every 100 existing issued shares of HK\$0.002 each was consolidated into 1 consolidated share of the Company of HK\$0.20 each; and the par value of each consolidated share was reduced from HK\$0.20 to HK\$0.01.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 13. DEBT RESTRUCTURING (Continued)

On 28 July 2023, the Company issued 466,000,000 shares of HK\$0.01 each to Zhanggangtong at the issue price of HK\$0.1288 per share, which was satisfied (i) by offsetting the outstanding amount drawn down from the credit facility provided under the Funding Agreement for a maximum of HK\$29,999,999; and (ii) the remainder of which, at least HK\$30,000,000, was settled by way of cash to the Company. In additions, under the Proposed Restructuring of the Restructuring Framework Agreement, the Company issued 140,000,000 shares of HK\$0.01 each to the Scheme Company, which holds the shares for the benefit of the creditors, at the issue price of HK\$0.55 per share.

Details regarding the above Proposed Restructuring are set out in the Company's announcements dated 30 December 2022, 13 July 2023, and 28 July 2023 and the Company's circular dated 3 March 2023.

Following the completion of debt restructuring on 28 July 2023, certain liabilities, including previously recognised promissory notes, corporate bonds, accrued interest, and other payables under the creditors' scheme, were derecognised. In their place, new promissory notes and newly issued shares were recognised. This restructuring resulted in a gain of approximately RMB202,024,000 for the year ended 30 June 2024.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

### (a) Directors and chief executive

The emoluments paid or payable to each of the directors and chief executive were as follows:

For the year ended 30 June 2025

|                                         | Fees<br>RMB'000 | Salaries<br>and other<br>allowances<br>RMB'000 | Share-based<br>payments<br>RMB'000 | Retirement<br>benefits<br>scheme<br>contributions<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------|-----------------|------------------------------------------------|------------------------------------|--------------------------------------------------------------|------------------|
| Executive directors:                    |                 |                                                |                                    |                                                              |                  |
| Professor Fei Phillip                   | 222             | –                                              | –                                  | –                                                            | 222              |
| Mr. Wang Yibin <sup>3</sup>             | 222             | –                                              | –                                  | –                                                            | 222              |
| Ms. Bu Xue <sup>10</sup>                | 22              | –                                              | –                                  | –                                                            | 22               |
| Independent non-executive<br>directors: |                 |                                                |                                    |                                                              |                  |
| Mr. Guo Zhonglong <sup>6</sup>          | 176             | –                                              | –                                  | –                                                            | 176              |
| Mr. Chau Wing Nam <sup>9</sup>          | 75              | –                                              | –                                  | –                                                            | 75               |
| Ms. Bu Xue                              | 67              | –                                              | –                                  | –                                                            | 67               |
| Ms. Liu Shuhua                          | 8               | –                                              | –                                  | –                                                            | 8                |
| Total                                   | 792             | –                                              | –                                  | –                                                            | 792              |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (a) Directors and chief executive (Continued)

For the year ended 30 June 2024

|                                         | Fees<br>RMB'000 | Salaries<br>and other<br>allowances<br>RMB'000 | Share-based<br>payments<br>RMB'000 | Retirement<br>benefits<br>scheme<br>contributions<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------|-----------------|------------------------------------------------|------------------------------------|--------------------------------------------------------------|------------------|
| Executive directors:                    |                 |                                                |                                    |                                                              |                  |
| Professor Fei Phillip                   | 258             | –                                              | –                                  | –                                                            | 258              |
| Mr. Li Wenjun                           | 216             | –                                              | –                                  | –                                                            | 216              |
| Ms. Hui Hing Connel <sup>1</sup>        | 87              | –                                              | –                                  | –                                                            | 87               |
| Mr. Lai Chi Yin Samuel <sup>2</sup>     | 87              | –                                              | –                                  | –                                                            | 87               |
| Mr. Wang Yibin <sup>3</sup>             | 222             | –                                              | –                                  | –                                                            | 222              |
| Mr. Wang Yue <sup>4</sup>               | –               | –                                              | –                                  | –                                                            | –                |
| Mr. Chan Wai Lung <sup>7</sup>          | 21              | –                                              | –                                  | –                                                            | 21               |
| Mr. Chau Wing Nam <sup>9</sup>          | 79              | –                                              | –                                  | –                                                            | 79               |
| Ms. Bu Xue <sup>10</sup>                | 79              | –                                              | –                                  | –                                                            | 79               |
| Non-executive director:                 |                 |                                                |                                    |                                                              |                  |
| Mr. Gu Sotong <sup>8</sup>              | –               | –                                              | –                                  | –                                                            | –                |
| Independent non-executive<br>directors: |                 |                                                |                                    |                                                              |                  |
| Mr. Liu Zhaoxiang                       | 14              | –                                              | –                                  | –                                                            | 14               |
| Mr. Wang Yibin <sup>3</sup>             | –               | –                                              | –                                  | –                                                            | –                |
| Ms. Wong Hoi Ying <sup>5</sup>          | 14              | –                                              | –                                  | –                                                            | 14               |
| Mr. Guo Zhonglong <sup>6</sup>          | 221             | –                                              | –                                  | –                                                            | 221              |
| Mr. Chan Wai Lung <sup>7</sup>          | 21              | –                                              | –                                  | –                                                            | 21               |
| <b>Total</b>                            | <b>1,319</b>    | <b>–</b>                                       | <b>–</b>                           | <b>–</b>                                                     | <b>1,319</b>     |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (a) Directors and chief executive (Continued)

- <sup>1</sup> Ms. Hui Hing Conniel was appointed as an executive director of the Company with effect from 13 September 2021 and retirement on 21 November 2023.
- <sup>2</sup> Mr. Lai Chi Yin Samuel was appointed as an executive director of the Company with effect from 13 September 2021 and retirement on 21 November 2023.
- <sup>3</sup> Mr. Wang Yibin was appointed as an independent non-executive director of the Company with effect from 30 June 2022 and re-designated as an executive director of the Company with effect from 19 May 2023.
- <sup>4</sup> Mr. Wang Yue, an executive director of the Company, had not reported for work since 25 August 2022 and since then he was not contactable. He ceased to be an executive director of the Company with effect from 22 May 2023 as he vacated pursuant to article 105(c) of the articles of association of the Company.
- <sup>5</sup> Ms. Wong Hoi Ying was appointed as an independent non-executive director of the Company with effect from 30 June 2022 and retirement on 21 November 2023.
- <sup>6</sup> Mr. Guo Zhonglong was appointed as an independent non-executive director of the Company with effect from 30 June 2022.
- <sup>7</sup> Mr. Chan Wai Lung was appointed as an independent non-executive director of the Company with effect from 19 May 2023 and re-designated as an executive director of the Company with effect from 14 August 2023.
- <sup>8</sup> Mr. Gu Sotong retired as a non-executive director on 21 November 2023.
- <sup>9</sup> Mr. Chau Wing Nam was appointed as an independent non-executive director of the Company with effect from 14 August 2023.
- <sup>10</sup> Ms. Bu Xue was appointed as an independent non-executive director of the Company with effect from 14 August 2023.

There was no arrangement under which the directors of the Company waived or agreed to waive any remuneration during the both of years presented.

During the years ended 30 June 2025 and 2024, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees

Of the five individuals with the highest emoluments in the Group during the year, 3 (2024: four) were directors of the Company whose emolument are included in the above disclosures. The emolument of the remaining 2 (2024: one) individual was as follows:

|                                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------------------------------------|-----------------|-----------------|
| Salaries and other allowances            | 874             | 277             |
| Retirement benefits scheme contributions | 8               | 14              |
|                                          | 882             | 291             |

The number of the highest paid individuals who are not the directors of the Company whose remuneration fell within the following bands is as follows:

|                      | 2025 | 2024 |
|----------------------|------|------|
| Nil to HK\$1,000,000 | 2    | 1    |

During the years ended 30 June 2025 and 2024, no emoluments were paid by the Group to any of the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the five highest paid individuals waived any emolument during the years ended 30 June 2025 and 2024.

## 15. DIVIDEND

No dividend was paid, declared or proposed during the year ended 30 June 2025 (2024: Nil), nor had any dividend been proposed since the end of the reporting period (2024: Nil).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 16. EARNINGS PER SHARE

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

|                                                                                                                             | 2025<br>RMB'000      | 2024<br>RMB'000      |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Earnings</b>                                                                                                             |                      |                      |
| Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share           | <b>22,711</b>        | 200,013              |
|                                                                                                                             | <b>2025<br/>'000</b> | <b>2024<br/>'000</b> |
| <b>Number of shares</b>                                                                                                     |                      |                      |
| Weighted average number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share | <b>825,549</b>       | 671,415              |

No diluted earnings per share were presented as there were no potentially dilutive ordinary shares in issue during the years ended 30 June 2025 and 2024.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 17. PROPERTY, PLANT AND EQUIPMENT

|                                    | Office<br>equipment,<br>furniture<br>and fixtures<br>RMB'000 | Leasehold<br>improvement<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------|--------------------------------------------------------------|-------------------------------------|------------------|
| <b>COST</b>                        |                                                              |                                     |                  |
| At 1 July 2023                     | 1,732                                                        | 939                                 | 2,671            |
| Additions                          | 231                                                          | –                                   | 231              |
| Exchange realignment               | 1                                                            | 8                                   | 9                |
| At 30 June 2024 and 1 July 2024    | <b>1,964</b>                                                 | <b>947</b>                          | <b>2,911</b>     |
| Additions                          | <b>5</b>                                                     | <b>1,087</b>                        | <b>1,092</b>     |
| Disposal                           | <b>(161)</b>                                                 | <b>–</b>                            | <b>(161)</b>     |
| Exchange realignment               | <b>(4)</b>                                                   | <b>(24)</b>                         | <b>(28)</b>      |
| At 30 June 2025                    | <b>1,804</b>                                                 | <b>2,010</b>                        | <b>3,814</b>     |
| <b>ACCUMULATED DEPRECIATION</b>    |                                                              |                                     |                  |
| At 1 July 2023                     | 439                                                          | 939                                 | 1,378            |
| Depreciation provided for the year | 257                                                          | –                                   | 257              |
| Exchange realignment               | 1                                                            | 8                                   | 9                |
| At 30 June 2024 and 1 July 2024    | <b>697</b>                                                   | <b>947</b>                          | <b>1,644</b>     |
| Depreciation provided for the year | <b>255</b>                                                   | <b>–</b>                            | <b>255</b>       |
| Disposal                           | <b>(18)</b>                                                  | <b>–</b>                            | <b>(18)</b>      |
| Exchange realignment               | <b>(3)</b>                                                   | <b>(24)</b>                         | <b>(27)</b>      |
| At 30 June 2025                    | <b>931</b>                                                   | <b>923</b>                          | <b>1,854</b>     |
| <b>CARRYING AMOUNTS</b>            |                                                              |                                     |                  |
| At 30 June 2025                    | <b>873</b>                                                   | <b>1,087</b>                        | <b>1,960</b>     |
| At 30 June 2024                    | 1,267                                                        | –                                   | 1,267            |

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and after taking into account their estimated residual value. The estimated useful lives of the property, plant and equipment are as follows:

|                                          |                                                           |
|------------------------------------------|-----------------------------------------------------------|
| Office equipment, furniture and fixtures | 2–10 years                                                |
| Leasehold improvement                    | 30 years or over the relevant lease, whichever is shorter |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 18. RIGHT-OF-USE ASSETS

|                                                    | Leased<br>land<br>RMB'000<br>(Note a) | Leased<br>properties<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------|---------------------------------------|---------------------------------|------------------|
| Carrying amount at 1 July 2023                     | 43,170                                | 3,139                           | 46,309           |
| Additions                                          | –                                     | 3,972                           | 3,972            |
| Depreciation provided for the year                 | (1,463)                               | (3,417)                         | (4,880)          |
| Impairment provided for the year                   | (3,152)                               | –                               | (3,152)          |
| Exchange realignment                               | –                                     | 26                              | 26               |
| Carrying amount at 30 June 2024 and<br>1 July 2024 | <b>38,555</b>                         | <b>3,720</b>                    | <b>42,275</b>    |
| Depreciation provided for the year                 | <b>(1,463)</b>                        | <b>(3,035)</b>                  | <b>(4,498)</b>   |
| Exchange realignment                               | <b>–</b>                              | <b>(34)</b>                     | <b>(34)</b>      |
| Carrying amount at 30 June 2025                    | <b>37,092</b>                         | <b>651</b>                      | <b>37,743</b>    |

Notes:

- (a) The leased land represents land located in Sichuan, the PRC that are allocated as land portion from the consideration in respect of the forests on such land acquired by the Group. Usage of the land is regulated by the implementation regulations of PRC forest law issued by the State Council of the PRC. Such land is amortised over the terms of relevant land lease ranging from 34 to 40 years.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 19. PLANTATION FOREST ASSETS

|                                                      | Hengchang<br>Forest<br>RMB'000<br>(Note a) | Kunlin<br>Forest<br>RMB'000<br>(Note b) | Senbo<br>Forest<br>RMB'000<br>(Note c) | Ruixiang<br>Forest<br>RMB'000<br>(Note d) | Wantai<br>Forest<br>RMB'000<br>(Note e) | Total<br>RMB'000 |
|------------------------------------------------------|--------------------------------------------|-----------------------------------------|----------------------------------------|-------------------------------------------|-----------------------------------------|------------------|
| At 1 July 2023                                       | 11,200                                     | 6,630                                   | 7,990                                  | 12,200                                    | 10,400                                  | 48,420           |
| Additions                                            | 2,213                                      | –                                       | –                                      | –                                         | –                                       | 2,213            |
| Harvested timber transferred to<br>cost of sales     | (4,318)                                    | (7,436)                                 | (5,042)                                | (4,597)                                   | (11,129)                                | (32,522)         |
| Changes in fair value less costs to sell<br>(Note 9) | 275                                        | 14,306                                  | 6,332                                  | 1,137                                     | 10,509                                  | 32,559           |
| At 30 June 2024 and 1 July 2024                      | 9,370                                      | 13,500                                  | 9,280                                  | 8,740                                     | 9,780                                   | 50,670           |
| Additions                                            | 880                                        | 152                                     | 937                                    | 2,333                                     | 1,857                                   | 6,159            |
| Harvested timber transferred to<br>cost of sales     | (4,578)                                    | –                                       | (6,986)                                | (15,215)                                  | (9,854)                                 | (36,633)         |
| Changes in fair value less costs to sell<br>(Note 9) | 3,708                                      | (252)                                   | 5,319                                  | 13,592                                    | 8,087                                   | 30,454           |
| At 30 June 2025                                      | 9,380                                      | 13,400                                  | 8,550                                  | 9,450                                     | 9,870                                   | 50,650           |

Notes:

### (a) Hengchang Forest

On 28 May 2013, the Group acquired the entire equity interest in China Timbers Limited (“China Timbers”) and its subsidiaries (collectively referred as to the “China Timbers Group”) which are principally engaged in the operation and management of the forest in Muma Town, Jiange County, Sichuan Province, the PRC (“Hengchang Forest”). The Hengchang Forest had a total leasehold land base of approximately 21,045 Chinese Mu (equivalent to approximately 1,403 hectares). All of the forestry ownership certificates for the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Hengchang Forest. During the year under review, timber logs of approximately 3,349 (2024: 2,159) cubic metres in respect of Hengchang Forest were harvested and the fair value of the timber logs harvested amounted to approximately RMB4,578,000 (2024: RMB4,318,000), which was estimated by reference to their sale prices less costs to sell, was transferred to cost of sales. As at 30 June 2025, the Hengchang Forest is estimated to comprise approximately 1,389 (2024: 1,389) hectares of cypress with no tree plantations aged 40 years or older.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 19. PLANTATION FOREST ASSETS (Continued)

Notes: (Continued)

### (b) Kunlin Forest

On 26 February 2016, the Group acquired the entire equity interest in Exceed Target Investment Group Limited ("**Exceed Target**") and its subsidiaries (collectively referred to as the "**Exceed Target Group**"). At the date of acquisition, Exceed Target Group included Jiange Kunlin Linye Company Limited, which is principally engaged in the operation and management of the forest in Zhengxing Town, Jiange County, Sichuan Province, the PRC ("**Kunlin Forest**"). Jiange Kunlin Linye Company Limited was transferred from Exceed Target Group to China Timbers Group on 14 November 2018. The Kunlin Forest had a total leasehold land base of approximately 9,623 Chinese Mu (equivalent to approximately 642 hectares). All of the forestry ownership certificates for the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Kunlin Forest. During the year under review, timber logs of approximately no timber logs (2024: 3,718) cubic metres in respect of Kunlin Forest were harvested and the fair value of the timbers logs harvested amounted to approximately Nil (2024: RMB7,436,000), which was estimated by reference to their sale prices less costs to sell, was transferred to cost of sales. As at 30 June 2025, the Kunlin Forest is estimated to comprise approximately 642 hectares (2024: approximately 642 hectares) of cypress with no tree plantations aged 40 years or older.

### (c) Senbo Forest

On 11 October 2016, the Group acquired the entire equity interest in Huxiang International Holdings Limited ("**Huxiang**") and its subsidiaries (collectively referred to as the "**Huxiang Group**") which principally holds plantation forest assets in Yixing Town, Jiange County, Sichuan Province, the PRC ("**Senbo Forest**"). The Senbo Forest had a total leasehold land base of approximately 13,219 Chinese Mu (equivalent to approximately 881 hectares). All of the forestry ownership certificates for the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Senbo Forest. During the year under review, timber logs of approximately 2,829 (2024: 2,521) cubic metres in respect of Senbo Forest were harvested and the fair value of the timbers logs harvested amounted to approximately RMB6,986,000 (2024: RMB5,042,000), which was estimated by reference to their sale prices less costs to sell, was transferred to cost of sales. As at 30 June 2025, the Senbo Forest is estimated to comprise of approximately 881 hectares (2024: approximately 881 hectares) of cypress with approximately 169 hectares (2024: approximately 169 hectares) of tree plantations aged 40 years or older.

### (d) Ruixiang Forest

On 6 June 2017, the Group acquired the entire equity interest in Garden Glaze Limited ("**Garden Glaze**") and its subsidiaries (collectively referred to as the "**Garden Glaze Group**") which principally holds plantation forest assets in Longyuanzhen, Houshixiang and Dianzixiang town, Jiange County of the Sichuan Province in the PRC ("**Ruixiang Forest**"). The Ruixiang Forest had a total leasehold land base of approximately 30,652 Chinese Mu (equivalent to approximately 2,044 hectares). All of the forestry ownership certificates of the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Ruixiang Forest. During the year under review, timber logs of approximately 5,198 (2024: 2,299) cubic metres in respect of Ruixiang Forest were harvested and the fair value of the timber logs harvested amounted to approximately RMB15,215,000 (2024: RMB4,597,000), which was estimated by reference to their sale prices less costs to sell, was transferred to cost of sales. As at 30 June 2025, the Ruixiang Forest is estimated to comprise approximately 2,044 hectares (2024: approximately 2,044 hectares) of cypress with approximately 9 hectares (2024: approximately 9 hectares) of tree plantations with aged 40 years or older.

### (e) Wantai Forest

On 24 August 2018, the Group acquired the entire equity interest in Today Bridge Limited ("**Today Bridge**") and its subsidiaries (collectively referred to as the "**Today Bridge Group**") which principally holds plantation forest assets in Kaifeng Town, Yingshui Village, Guangping Village, Zheba Village, Jiange County of the Sichuan Province in the PRC ("**Wantai Forest**"). The Wantai Forest had a total leasehold land base of approximately 42,814 Chinese Mu (equivalent to approximately 2,854 hectares). All of the forestry ownership certificates of the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Wantai Forest. During the year under review, timber logs of approximately 7,362 cubic metres (2024: approximately 8,236 cubic metres) in respect of Wantai Forest were harvested and the fair value of the timbers logs harvested amounted to approximately RMB9,854,000 (2024: RMB11,129,000), which was estimated by reference to their sale prices less costs to sell, was transferred to cost of sales. As at 30 June 2025, the Wantai Forest is estimated to comprise approximately 2,854 hectares (2024: approximately 2,854 hectares) of cypress with no tree plantations with aged 40 years or older.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 19. PLANTATION FOREST ASSETS (Continued)

Notes: (Continued)

### (f) Valuation of Plantation Forest Assets

The Group's plantation forest assets are regarded as biological assets and are carried at 30 June 2025 at fair value less costs to sell, which were valued by Ascent Partners Valuation Service Limited ("Ascent Partners"), independent professional valuers. In view of the non-availability of market value for tree plantations in the PRC, the professional valuers have applied the present value approach whereby projected future net cash flows, based on their assessments of current timber log prices, were discounted at 15.36% (2024: 15.27%) for the Hengchang Forest, Kunlin Forest, Senbo Forest, Ruixiang Forest and Wantai Forest respectively, to arrive at the fair value of the plantation forest assets.

The principal valuation methodology and assumptions adopted are as follows:

*Applicable to all of Hengchang Forest, Kunlin Forest, Senbo Forest, Ruixiang Forest and Wantai Forest*

- The logging permit will be granted by the relevant government authorities.
- The forests are managed on a sustainable basis and sufficient logging quota will be continuously granted by the relevant government authorities.
- The cash flows are those arising from the current rotation of trees only. No account was taken of revenue or costs from re-establishing following harvest, or of land not yet planted.
- The impact of any planned future activity of the business that may impact the pricing of the logs to be harvested from the forests is not taken into account.
- Costs have been derived from external sources and as determined by management. The costs are current average costs. No allowance has been made for cost improvements in future operations.
- The discount rates used in the valuation of the plantation forest assets are determined based on weighted average of cost of capital (WACC).
- The account receivable's period are 180 days.
- The average increment in log sales prices is expected to be 1.02% (2024: 1.20%) per annum, which is in line with the long-term producer price index of forestry product.
- The discount rate applied is 15.36% (2024: 15.27%).
- The inflation rate on other operation costs is 1.59% (2024: 1.75%) per annum.
- The biological growth rate of cypress remains 5.43%.
- The yielding rate for cypress remains 40%.
- The expected selling price has been derived from market information.

*Applicable to Hengchang Forest*

- Cash flow projection is determined for a period of 28 years up to 2053 which involved 28 years of logging activities with the first year of logging activities taken to be from the first half of 2025. Management have assumed that the logging volume during the forecast period is 3,065 cubic meters for the years from 2025 to 2053 based on the current best estimated harvesting plan. As at the date of approval of these consolidated financial statements, the Group has not obtained logging permits for the harvest of timber logs in the second half of 2025 and onwards.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 19. PLANTATION FOREST ASSETS (Continued)

Notes: (Continued)

### (f) Valuation of Plantation Forest Assets (Continued)

*Applicable to Kunlin Forest*

- Cash flow projection is determined for a period of 28 years up to 2053 which involved 28 years of logging activities with the first year of logging activities taken to be from the first half of 2025. Management have assumed that the logging volume during the forecast period is 3,000 cubic meters for the years from 2025 to 2053 based on the current best estimated harvesting plan. As at the date of approval of these consolidated financial statements, the Group has not obtained logging permits for the harvest of timber logs in the second half of 2025 and onwards.

*Applicable to Senbo Forest*

- Cash flow projection is determined for a period of 28 years up to 2053 which involved 28 years of logging activities with the first year of logging activities taken to be from the first half of 2025. Management have assumed that the logging volume during the forecast period is 2,641 cubic meters for the years from 2025 to 2053 based on the current best estimated harvesting plan. As at the date of approval of these consolidated financial statements, the Group has not obtained logging permits for the harvest of timber logs in the second half of 2025 and onwards.

*Applicable to Ruixiang Forest*

- Cash flow projection is determined for a period of 28 years up to 2053 which involved 28 years of logging activities with the first year of logging activities taken to be from the first half of 2025. Management have assumed that the logging volume during the forecast period is 4,135 cubic meters for the years from 2025 to 2053 based on the current best estimated harvesting plan. As at the date of approval of these consolidated financial statements, the Group has not obtained logging permits for the harvest of timber logs in the second half of 2025 and onwards.

*Applicable to Wantai Forest*

- Cash flow projection is determined for a period of 28 years up to 2053 which involved 28 years of logging activities with the first year of logging activities taken to be from the first half of 2025. Management have assumed that the logging volume during the forecast period is 5,758 cubic meters for the years from 2025 to 2053 based on the current best estimated harvesting plan. As at the date of approval of these consolidated financial statements, the Group has not obtained logging permits for the harvest of timber logs in the second half of 2025 and onwards.

The fair value less costs to sell of the plantation forest assets at 30 June 2024 and 2025 have been determined based on Level 3 fair value measurement. There has been no change from the valuation technique used in the prior year. In determining the fair value less costs to sell of the plantation forest assets, the highest and best use of the plantation forest assets is their current use.

The PRC government strictly implements a quota system for the quantities of forest wood to be logged annually and accordingly, such limited quota is competed vigorously among the numerous forestry operators. Without the approved logging permits, the Group will not be able to start operations for generating revenue in the forestry segment. In the opinion of the directors of the Company, the absence of logging permit does not impair their value to the Group as the Group has legally obtained ownership title to the forestry assets and is qualified to make the application of the logging permits which will be granted by the PRC government shortly after application.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 19. PLANTATION FOREST ASSETS (Continued)

Notes: (Continued)

**(g) Other risks associated with the plantation forest assets**

The Group is exposed to a number of risks related to its plantation forest assets:

*Regulatory and environmental risks*

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

*Climate and other risks*

The State Council of the PRC manages the country's harvesting activities by imposing annual logging quotas which are determined by the local forestry authorities. Other than the above-mentioned quotas, the Group's revenue also depends significantly on the ability to harvest wood at adequate levels. The ability to harvest wood and the growth of the trees in the forests may be affected by unfavourable local weather conditions and natural disasters. The Group's standing timbers are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

*Supply and demand risk*

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

## 20. PLANTATION GINSENG ASSETS

|                                                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------------------|-----------------|-----------------|
| At beginning of the year                          | 29,400          | 22,000          |
| Additions                                         | 18,916          | 16,817          |
| Harvested ginseng transferred to cost of sales    | (14,469)        | (2,562)         |
| Changes in fair value less costs to sell (Note 9) | 4,553           | (6,855)         |
| At end of the year                                | 38,400          | 29,400          |

Notes:

- (a) Since the year ended 30 June 2023, the Group commenced the ginseng plantation business in the PRC. The Group currently owns the plantation ginseng assets on the land leased by the Group. For the plantation ginseng assets owned by the Group, the total leasehold land base was approximately 200 Chinese Mu, of which approximately 50 Chinese Mu was productive area in the Senbo Forest as at 30 June 2025. The land within the productive area is leased by the Group which is classified and accounted for as right-of-use assets under Note 18. During the year under review, approximately RMB14,469,000 ginseng in respect of Senbo Forest were harvested.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 20. PLANTATION GINSENG ASSETS (Continued)

Notes: (Continued)

### (b) Valuation of Ginseng Assets

The Group's Ginseng assets are regarded as biological assets and are carried at 30 June 2025 at fair value less costs to sell, which were valued by Ascent Partners Valuation Service Limited ("Ascent Partners"), independent professional valuers. In view of the non-availability of market value for Ginseng in the PRC, the professional valuer have applied were the present value approach whereby projected future net cash flows, based on their assessments of future revenue at 17.24% (2024: 17.29%) for Ginseng.

The principal valuation methodology and assumptions adopted are as follows:

- The cash flows are those arising from the current rotation of ginsengs only. No account was taken of revenue or costs from replanting following harvest, or of land not yet planted.
- The impact of any planned future activity of the business that may impact the pricing of the ginseng to be harvested from the lands is not taken into account.
- Costs have been derived from external sources and as determined by management. The costs are current average costs. No allowance has been made for cost improvements in future operations.
- The discount rates used in the valuation of the ginseng assets are determined based on weighted average of cost of capital (WACC).
- The account receivable's period are 60 days.
- The account payable's period are 30 days.
- The discount rate applied is 17.24%.
- The biological survival rate of ginseng is 85%.
- The expected value of ginseng sale rate provided by management.
- The expected selling price has been derived from market information.
- Marketing expenses are 2% of the total revenue.

Cash flow projection is determined for a period of 4 years up to 2029 which involved 4 years of selling activities with the first year of selling activities taken to be from the first half of 2025.

### (c) Other risks associated with the plantation ginseng assets

The Group is exposed to a number of risks related to its plantation ginseng assets:

#### *Regulatory and environmental risks*

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### *Climate and other risks*

The Group's ginseng plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

#### *Supply and demand risks*

The Group is exposed to risks arising from fluctuations in the price and sales volume of ginseng. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 21. PLANTATION HORNY GOAT WEED ASSETS

|                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------|-----------------|-----------------|
| At beginning of the year | 7,232           | –               |
| Additions                | 9,391           | 7,232           |
| At end of the year       | 16,623          | 7,232           |

Notes:

- (a) During the year ended 30 June 2025, the Group commenced the horny goat weed plantation business in the PRC. The Group currently owns the plantation horny goat weed assets on the land leased by the Group. For the plantation horny goat weed assets owned by the Group, the total leasehold land base approximately 60 Chinese Mu was for productive area in the Senbo Forest as at 30 June 2025. The land within the productive area is leased by the Group which is classified and accounted for as right-of-use assets under Note 18. During the year under review, no horny goat weed in respect of Senbo Forest were harvested.

(b) **Recognition and measurement of plantation horny goat weed assets**

The plantation horny goat weed assets cultivated by the Group represents horny goat weed at their premature stage as at 30 June 2025. In view that market transactions for ginseng at premature stage are infrequent and are not representative, the directors are of the opinion that alternative fair value measurement of the Group's horny goat weed assets at their existing state at 30 June 2025 cannot be determined reliably. Under these circumstances, the horny goat weed assets are carried at cost at 30 June 2025, representing cultivation costs incurred, mainly comprising the cost of seeding and fertilisers and pesticides consumed.

(c) **Other risks associated with the plantation horny goat weed assets**

The Group is exposed to a number of risks related to its plantation horny goat weed assets:

*Regulatory and environmental risks*

The Group is subject to laws and regulations in the PRC in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

*Climate and other risks*

The Group's ginseng plantation is exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed to minimise those risks, including regular forest health inspections and industry pest and disease surveys.

*Supply and demand risks*

The Group is exposed to risks arising from fluctuations in the price and sales volume of ginseng. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 22. INVENTORIES

|                | 2025<br>RMB'000 | 2024<br>RMB'000 |
|----------------|-----------------|-----------------|
| Finished goods | 1,480           | 1,309           |

## 23. TRADE AND OTHER RECEIVABLES

|                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------|-----------------|-----------------|
| Trade receivables | 33,796          | 17,343          |
| Other receivables | 4,040           | 1,187           |
|                   | 37,836          | 18,530          |

The Group generally allows an average credit period of 120 days (2024: 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 impairment losses, presented based on invoice dates:

|             | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------|-----------------|-----------------|
| 0–90 days   | 25,708          | 16,924          |
| 91–180 days | 8,088           | 419             |
|             | 33,796          | 17,343          |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 23. TRADE AND OTHER RECEIVABLES (Continued)

### (a) Trade receivables

An aged analysis of the Group's trade receivables, that are past due but not impaired, is as follows:

|                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------|-----------------|-----------------|
| Past due:         |                 |                 |
| 0–90 days         | 460             | 532             |
| More than 90 days | –               | –               |
| Total             | 460             | 532             |

The trade receivables that are past due but not impaired related to customers. Having considered the credit quality of the customer and past experience of debts settlement, management of the Group is of the view that these trade receivables are fully recoverable and impairment loss on the receivables is not required to be made.

Movements of allowance of trade receivables are as follows:

|                                                             | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------------------|-----------------|-----------------|
| At beginning of the year                                    | 157             | 1,598           |
| Impairment losses recognised (Note 9)                       | 222             | 150             |
| Reversal of impairment losses on trade receivables (Note 9) | –               | (332)           |
| Write-off during the year                                   | –               | (1,259)         |
| At end of the year                                          | 379             | 157             |

Details of the allowance of trade receivables are set out in Note 37(B)(iii)(b).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 23. TRADE AND OTHER RECEIVABLES (Continued)

### (b) Other receivables

An analysis of other receivables is as follows:

|                                                                   | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------------------------|-----------------|-----------------|
| Proceeds receivable from disposal of subsidiaries<br>(Note below) | 93,000          | 93,000          |
| Sundry receivables                                                | 7,636           | 6,935           |
|                                                                   | 100,636         | 99,935          |
| Less: allowance for doubtful debts                                | (96,596)        | (98,748)        |
|                                                                   | 4,040           | 1,187           |

Note: The proceeds receivable from disposal of subsidiaries amounted to RMB93,000,000 at 30 June 2025 and 2024 (equivalent to approximately HK\$105,657,000) are unsecured and interest free. Pursuant to the related disposal agreement, such proceeds receivable to the extent of RMB40,000,000 are settled within six months from 14 December 2018, being the date of completion of the disposal, with the remaining balance of RMB53,000,000 which are settled within one year from 14 December 2018. No settlement of the proceeds receivable was received by the Group up to the date of approval of these consolidated financial statements. Impairment loss on the proceeds receivable amounted to RMB93,000,000 at 30 June 2023 was fully recognised in the prior year's consolidated financial statements.

Movements of allowance of other receivables are as follows:

|                                       | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|
| At beginning of the year              | 98,748          | 93,786          |
| Impairment losses recognised (Note 9) | 257             | 228             |
| Exchange realignment                  | (2,409)         | 734             |
| At end of the year                    | 96,596          | 98,748          |

Details of the impairment loss made on other receivables are set out in Note 37(B)(iii)(a).

## 24. DEPOSITS AND PREPAYMENTS

|                                                 | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------|-----------------|-----------------|
| Deposits paid for acquisition of goods for sale | 13,339          | 20,241          |
| Other deposits paid                             | 2,805           | 2,829           |
| Prepayments                                     | 91              | 1,183           |
|                                                 | 16,235          | 24,253          |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 25. BANK BALANCES AND CASH

At 30 June 2025, the Group's bank balances and cash denominated in RMB amounted to approximately RMB4,490,000 (2024: approximately RMB3,230,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

The bank balances carry interests at rates of 0.125% to 0.385% (2024: 0.125% to 0.385%) per annum.

## 26. TRADE AND OTHER PAYABLES

|                                                           | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------------------------------------------------------|-----------------|-----------------|
| Trade payables                                            | 5,535           | 3,746           |
| Amounts due to former directors and existing shareholders | 22,486          | 9,066           |
| Other payables and accrued charges                        | 1,008           | 3,492           |
|                                                           | 29,029          | 16,304          |

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.

The following is an aged analysis of trade payables presented based on invoice dates:

|              | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------|-----------------|-----------------|
| 0–30 days    | 5,330           | 3,541           |
| Over 90 days | 205             | 205             |
|              | 5,535           | 3,746           |

## 27. CONTRACT LIABILITIES

At 30 June 2025, the contract liabilities amounted to approximately RMB11,597,000, representing the receipt in advance from customers for trading of plantation assets for the year ended 30 June 2025.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 28. PROMISSORY NOTES PAYABLE

|                                           | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------|-----------------|-----------------|
| Promissory notes payable within one year: |                 |                 |
| – issued on 6 June 2017 (Note A)          | –               | –               |
| – issued on 15 August 2018 (Note B)       | –               | –               |
| – issued on 28 July 2023 (Note C)         | 115,624         | 115,153         |
|                                           | 115,624         | 115,153         |

### (a) Promissory note issued on 6 June 2017 (the “Note A”)

On 6 June 2017, the Company issued Note A with the principal amount of HK\$170,000,000 as the consideration for acquisition of the entire equity interest in Garden Glaze and its subsidiaries.

Under the agreement relating to the Note A, the Note A is unsecured, carries interest at 5% per annum and is payable on the maturity date of 5 June 2019. On 3 June 2019, the Company entered into a supplemental deed to amend certain terms and conditions of the Note A, with the remaining outstanding 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 of 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. Interest on the Note A carried interest at 5% per annum was recognised in the profit and loss of the Group and the related interests payable were included in trade and other payables before the completion of debt restructuring (Note 13).

At the end of the reporting period, the Note A with the principal amount of HK\$Nil (2024: HK\$Nil).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 28. PROMISSORY NOTES PAYABLE (Continued)

### (b) 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 equity interest in Today Bridge and its subsidiaries.

Under the agreement relating to the Note B, 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.

The Note B matured on 14 August 2020 and was not repaid by the Company upon the maturity date. Interest on the Note B carried interest at 5% per annum was recognised in the profit and loss of the Group and the related interests payable were included in trade and other payables before the completion of debt restructuring (Note 13).

At the end of the reporting period, the Note B with the principal amount of HK\$Nil (2024: HK\$Nil).

### (c) Promissory note issued on 28 July 2023 (the “Note C”)

After the Creditors’ Scheme became effective on 28 July 2023, the Company issued the Note C forming part of the total consideration of the Creditors’ Scheme, for settlement of the Company’s admitted claims under the Creditors’ Scheme, including but not limited to the promissory notes payable (Note 28) for Note A, Note B, corporate bonds payable (Note 29), and associated accrued interest expenses, in addition to Creditors’ Scheme Cash Consideration and Scheme Shares Issue. For details of the Creditors’ Scheme, please refer to the Company’s circular and announcement dated 3 March 2023 and 28 July 2023.

Regarding the terms of Promissory Note C, it represents the aggregate principal amount of HK\$120.0 million, to be secured by the charge of all forest lands owned by the Group which are located at (i) Muma Town of Jiange County of Sichuan Province, (ii) Zhengxing Town of Jiange County of Sichuan Province, (iii) Yixing Town of Jiange County of Sichuan Province (“**Senbo Forest**”), (iv) Longyuanzhen, Houshixiang and Dianzixiang town of Jiange County of Sichuan Province, (v) Kaifeng Town, Yingshui village, Guangping village, Zheba village, Jiange County of the Sichuan Province, or secured by the charge of the entire shares in the company(ies) that owns those forest lands, to the Scheme Administrators or the Scheme Company for the benefit of the Creditors on a pro-rata basis for their Admitted Claims. The Promissory Note C will 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 Note C will be repaid on the maturity date.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 28. PROMISSORY NOTES PAYABLE (Continued)

(d) Movements of the Group's promissory notes payable for both of the years presented are as follows:

|                                        | Note A<br>RMB'000 | Note B<br>RMB'000 | Note C<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------|-------------------|-------------------|-------------------|------------------|
| At 1 July 2023                         | 23,234            | 34,801            | –                 | 58,035           |
| Debt restructuring (Note 13)           | (23,234)          | (34,801)          | 110,034           | 51,999           |
| Interest charge for the year (Note 10) | –                 | –                 | 3,001             | 3,001            |
| Exchange realignment                   | –                 | –                 | 2,118             | 2,118            |
| At 30 June 2024 and 1 July 2024        | –                 | –                 | 115,153           | 115,153          |
| Interest charge for the year (Note 10) | –                 | –                 | 3,334             | 3,334            |
| Exchange realignment                   | –                 | –                 | (2,863)           | (2,863)          |
| At 30 June 2025                        | –                 | –                 | 115,624           | 115,624          |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 29. CORPORATE BONDS PAYABLE

|                                                     | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-----------------------------------------------------|-----------------|-----------------|
| Unsecured corporate bonds payable:                  |                 |                 |
| – Within one year                                   | –               | –               |
| – More than one year, but not exceeding two years   | –               | –               |
| – More than two years, but not exceeding five years | –               | –               |
|                                                     | –               | –               |
| Less: Amount shown under current liabilities        | –               | –               |
| Amount shown under non-current liabilities          | –               | –               |

Movements of the corporate bonds payable are as follows:

|                                                 | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------|-----------------|-----------------|
| At beginning of the year                        | –               | 295,542         |
| Derecognised under debt restructuring (Note 13) | –               | (295,542)       |
| Interest charge for the year (Note 10)          | –               | –               |
| Interest payable included in other payables     | –               | –               |
| Exchange realignment                            | –               | –               |
| At end of the year                              | –               | –               |

At the end of the reporting period, the corporate bonds payable with the principal amounts of HK\$Nil (2024: HK\$Nil).

For detailed analysis of the corporate bonds payable outstanding at 30 June 2024, please refer to the note 29 set out in the Company's annual report for the year ended 30 June 2024.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 30. LEASE LIABILITIES

|                                                                                      | 2025<br>RMB'000 | 2024<br>RMB'000 |
|--------------------------------------------------------------------------------------|-----------------|-----------------|
| Lease liabilities payable:                                                           |                 |                 |
| – Within one year                                                                    | 711             | 3,225           |
| – Within a period of more than one year but not more than two years                  | –               | 735             |
|                                                                                      | 711             | 3,960           |
| Less: Amount due for settlement within twelve months included in current liabilities | (711)           | (3,225)         |
| Amount due for settlement after twelve months shown under non-current liabilities    | –               | 735             |

## 31. SHARE CAPITAL

|                                                  | Par value<br>HK\$ | Number of<br>ordinary shares<br>'000 | Nominal<br>amount of<br>ordinary shares<br>HK\$'000 |
|--------------------------------------------------|-------------------|--------------------------------------|-----------------------------------------------------|
| <b>Authorised:</b>                               |                   |                                      |                                                     |
| At 1 July 2023                                   | 0.002             | 50,000,000                           | 100,000                                             |
| Share reorganisation (note ii)                   | –                 | (40,000,000)                         | –                                                   |
| At 30 June 2024, 1 July 2024 and<br>30 June 2025 | 0.01              | 10,000,000                           | 100,000                                             |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 31. SHARE CAPITAL (Continued)

|                                 | Par value<br>HK\$ | Number of<br>ordinary<br>shares<br>'000 | Nominal<br>amount of<br>ordinary<br>shares<br>HK\$'000 | Carrying<br>amount<br>RMB'000 |
|---------------------------------|-------------------|-----------------------------------------|--------------------------------------------------------|-------------------------------|
| <b>Issued and fully paid:</b>   |                   |                                         |                                                        |                               |
| At 1 July 2023                  | 0.002             | 11,024,220                              | 22,048                                                 | 19,016                        |
| Share reorganisation (note ii)  | –                 | (10,913,978)                            | (20,946)                                               | (18,006)                      |
| Placing of new shares (note ii) | 0.01              | 606,000                                 | 6,060                                                  | 5,554                         |
| At 30 June 2024 and 1 July 2024 | 0.01              | 716,242                                 | 7,162                                                  | 6,564                         |
| Placing of new shares (note i)  | 0.01              | 143,000                                 | 1,430                                                  | 1,289                         |
| At 30 June 2025                 | 0.01              | 859,242                                 | 8,592                                                  | 7,853                         |

Notes:

- (i) On 4 September 2024, the Company and the Placing Agent entered into 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 Placing Shares, to not less than six Placees who and whose beneficial owners are Independent Third Parties at the Placing Price of HK\$0.043 per Placing Share.

Details regarding the placing of new shares under general mandate are set out in the Company's announcements dated 4 September 2024.

- (ii) On 14 July 2023, the directors of the Company completed and become effective on the capital reorganisation ("Capital Reorganisation"), which the details of the Capital Reorganisation were set out in the Company's circulars and announcements dated 3 March 2023, 4 July 2023, 13 July 2023 and 28 July 2023, to implement (i) a share consolidation on the basis that every 100 existing issued shares of HK\$0.002 each was consolidated into 1 consolidated share of the Company of HK\$0.20 each; and (ii) the par value of each consolidated share was reduced from HK\$0.20 to HK\$0.01.

With all the conditions precedent for the Capital Reorganisation having been fulfilled, the Capital Reorganisation has become effective on 14 July 2023. The authorised share capital of the Company is now HK\$100,000,000 (2023: HK\$100,000,000) divided into 10,000,000,000 New Shares (2023: 50,000,000 Shares) of HK\$0.01 (2023: HK\$0.002) each and the issued and fully paid-up capital of the Company is HK\$7,162,422.04 divided into 716,242,204 New Shares of HK\$0.01 each.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 31. SHARE CAPITAL (Continued)

Notes: (Continued)

- (iii) The completion of the placing of the Subscription and the Creditors' Scheme took place on 28 July 2023, where a total of 606,000,000 placing shares, have been successfully placed, of which the details, please refer to the Company's announcement dated 28 July 2023.

### The Subscription

Completion of the Subscription took place on 28 July 2023, and 466,000,000 Subscription Shares have been issued to the Investor by the Company at the issue price of HK\$0.1288 per Subscription Share pursuant to the Subscription Agreement. As of the date of the Completion, the Subscription Shares represents approximately 65.06% of the issued share capital of the Company immediately upon Completion, as detailed in the Company's announcement dated 28 July 2023.

### The Creditors' Scheme

The Creditors' Scheme has become effective on 28 July 2023. On the same day, (i) HK\$30.0 million of the proceeds of the Subscription have been paid to the Scheme Company; (ii) the Company allotted and issued 140,000,000 Scheme Shares to the Scheme Company at the deemed issue price of HK\$0.55 per Subscription Share, which holds such Scheme Shares for the benefit of the Creditors; and (iii) the Company issued the Promissory Notes to the Scheme Company. The Scheme Shares represent approximately 19.55% of the issued share capital of the Company immediately upon Completion. The payment of the Creditors' Scheme Cash Consideration, the transfer of the Scheme Shares, and the assignment of the Promissory Notes, to the Creditors by the Scheme Company, will take place after the adjudication of Creditors' claims pursuant to the terms of the Creditors' Scheme, as detailed in the Company's announcement dated 28 July 2023.

## 32. RETIREMENT BENEFIT SCHEMES

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK\$25,000 before 1 June 2014 and HK\$30,000 thereafter. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

At the end of the reporting period, no forfeited contributions were available to reduce the contribution payable in future years.

The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income of approximately RMB170,000 (2024: approximately RMB134,000) represents contributions payable by the Group at rates or amounts specified in the schemes.

Apart from the above, the Group has no significant obligations under retirement benefit schemes at the end of both of the years presented.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

|                                                                   | Promissory<br>notes<br>payable<br>RMB'000 | Corporate<br>bonds<br>payable<br>RMB'000 | Lease<br>liabilities<br>RMB'000 | Amount<br>due to a<br>shareholder<br>(included<br>in other<br>payables)<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------------------------------------|-------------------------------------------|------------------------------------------|---------------------------------|------------------------------------------------------------------------------------|------------------|
| At 1 July 2023                                                    | 58,035                                    | 295,542                                  | 3,198                           | 4,177                                                                              | 360,952          |
| Financing cash (outflows)                                         | –                                         | –                                        | (3,466)                         | –                                                                                  | (3,466)          |
| Finance costs for the year                                        | 3,001                                     | –                                        | 228                             | –                                                                                  | 3,229            |
| Addition of lease liabilities arising from<br>right-of-use assets | –                                         | –                                        | 3,972                           | –                                                                                  | 3,972            |
| Net effect of debt restructuring                                  | 51,999                                    | (295,542)                                | –                               | (4,177)                                                                            | (247,720)        |
| Exchange realignment                                              | 2,118                                     | –                                        | 28                              | –                                                                                  | 2,146            |
| At 30 June 2024 and 1 July 2024                                   | <b>115,153</b>                            | <b>–</b>                                 | <b>3,960</b>                    | <b>–</b>                                                                           | <b>119,113</b>   |
| Financing cash (outflows)                                         | –                                         | –                                        | (3,418)                         | –                                                                                  | (3,418)          |
| Finance costs for the year                                        | <b>3,334</b>                              | –                                        | <b>169</b>                      | –                                                                                  | <b>3,503</b>     |
| Exchange realignment                                              | <b>(2,863)</b>                            | –                                        | –                               | –                                                                                  | <b>(2,863)</b>   |
| At 30 June 2025                                                   | <b>115,624</b>                            | <b>–</b>                                 | <b>711</b>                      | <b>–</b>                                                                           | <b>116,335</b>   |

## 34. PLEDGE OF ASSETS

Save for disclosure in notes 13 and 28, the Group had no other material assets pledged as at 30 June 2025 and 2024.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 35. RELATED PARTY TRANSACTIONS

In addition to the transactions with related parties disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties:

### Remuneration of directors and other members of key management

|                                          | 2025<br>RMB'000 | 2024<br>RMB'000 |
|------------------------------------------|-----------------|-----------------|
| Salaries and other allowances            | 792             | 1,319           |
| Retirement benefits scheme contributions | –               | –               |
|                                          | 792             | 1,319           |

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

## 36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of net debt, which includes promissory notes payable and corporate bonds payable disclosed in Note 28 and Note 29 respectively and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the raising of new debts or the repayment of existing debts.

## 37. FINANCIAL INSTRUMENTS

### (A) Categories of financial instruments

|                                                                               | 2025<br>RMB'000 | 2024<br>RMB'000 |
|-------------------------------------------------------------------------------|-----------------|-----------------|
| Financial assets                                                              |                 |                 |
| Loans and receivables at amortised cost<br>(including bank balances and cash) | 42,326          | 21,760          |
| Financial liabilities                                                         |                 |                 |
| Financial liabilities at amortised cost                                       | 145,398         | 135,417         |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies

The Group's major financial instruments include loans receivable, trade and other receivables, deposits paid, bank balances and cash, trade and other payables, promissory notes payable, lease liabilities and contingent consideration payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

#### (i) Currency risk

Revenue derived by and cost of sales and service costs and other operating expenses incurred by the Group in respect of the year ended 30 June 2025 and 2024 were substantially denominated in functional currencies of the group entities.

At 30 June 2025 and 2024, the companies in the Group had some monetary assets and liabilities which were denominated in foreign currencies.

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

#### Sensitivity analysis

The following table demonstrates the sensitivity at the end of the reporting period to the reasonably possible change in the HK\$ exchange rates, with all other variables held constant, of the Group's loss before tax.

|                                 |     | (Increase)/decrease<br>in profit/loss before tax |         |
|---------------------------------|-----|--------------------------------------------------|---------|
|                                 |     | 2025                                             | 2024    |
|                                 | %   | RMB'000                                          | RMB'000 |
| If RMB weakens against HK\$     | 5   | 5,781                                            | 5,758   |
| If RMB strengthens against HK\$ | (5) | (5,781)                                          | (5,758) |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (ii) Interest rate risk

The Group's major liabilities, including promissory notes payables, carry interests at fixed interest rates and are not subject to cash flow interest rate risk.

As at 30 June 2025 and 2024, the Group was exposed to cash flow interest rate risk in relation to bank balances carried at prevailing floating market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

#### *Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for bank deposits as at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates have been 50 basis points higher/lower in 2025 and all other variables were held constant, the Group's post-tax profit for the year ended 30 June 2025 would decrease/increase by approximately RMB19,000 (2024: profit of approximately RMB14,000). This is mainly attributable to the Group's exposure to interest rates on its bank deposits which carried interest at floating rates.

#### (iii) Credit risk

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets derived from its loans receivable, trade and other receivables, deposits paid and deposits at banks.

Majority of the Group's bank deposits are placed in bank which is independently rated with a high credit rating. Management does not expect any losses from non-performance by this bank as it has no default history in the past.

The Group has concentration of credit risk as 23.4% (2024: 31.0%) and 81.0% (2024: 73.2%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the receivables as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer; and
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

##### (a) Other receivables

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

| Category        | Group's definition of categories                                                                                                                                                     | Basis for recognition of expected credit loss provision                                                                                           |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Performing      | Customers have a low risk of default and a strong capacity to meet contractual cash flows.                                                                                           | 12 months expected losses; where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. |
| Underperforming | Receivables for which there is a significant increase in credit risk (significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due). | Lifetime expected losses.                                                                                                                         |
| Non-performing  | Interest and/or principal repayments are 365 days past due.                                                                                                                          | Lifetime expected losses.                                                                                                                         |
| Write-off       | Interest and/or principal repayments are 2 years past due and there is no reasonable expectation of recovery.                                                                        | Asset is written off.                                                                                                                             |

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

##### (a) Other receivables (Continued)

##### Other receivables

The other receivables as at 30 June 2025 and 2024 mainly represent the proceeds receivable from disposal of subsidiaries in prior year amounted to approximately RMB93,000,000, of which RMB40,000,000 and RMB53,000,000 were due for settlement on 14 June 2019 and 14 December 2019 respectively. No settlement of the proceeds receivable were received by the Group up to the date of approval of the consolidated financial statements. As the proceeds receivable had been overdue for a long period of time and the financial position of the related debtor was uncertain, impairment loss was fully recognised on the proceeds receivable as at 30 June 2025 and 30 June 2024.

For the current year ended 30 June 2025, impairment loss on sundry receivables amounted to approximately RMB257,000 was recognised in the profit or loss (2024: RMB228,000).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iii) Credit risk (Continued)

##### (b) Trade receivables

The Group applies the simplified approach to provide for expected credit losses for trade receivables prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

For the year ended 30 June 2025, the Group recognised allowance for trade receivables based on the provision matrix, amounted to approximately RMB379,000 (2024: approximately RMB157,000).

The loss allowance for trade receivables was determined as follows:

|                                    | 0-90<br>days | 91-180<br>days | 181-365<br>days | More than<br>365 days | Total  |
|------------------------------------|--------------|----------------|-----------------|-----------------------|--------|
| <b>2025</b>                        |              |                |                 |                       |        |
| Expected loss rate                 | 0.5%         | 3%             | –               | –                     |        |
| Gross carrying amount<br>(RMB'000) | 25,837       | 8,338          | –               | –                     | 34,175 |
| Loss allowance (RMB'000)           | (129)        | (250)          | –               | –                     | (379)  |
|                                    | 0-90<br>days | 91-180<br>days | 181-365<br>days | More than<br>365 days | Total  |
| <b>2024</b>                        |              |                |                 |                       |        |
| Expected loss rate                 | 1%           | 1%             | –               | –                     |        |
| Gross carrying amount<br>(RMB'000) | 16,968       | 532            | –               | –                     | 17,500 |
| Loss allowance (RMB'000)           | (150)        | (7)            | –               | –                     | (157)  |

##### (c) Cash at bank and bank deposits

While bank balances and bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and other source of funding and considers the risk is minimal.

#### *Liquidity tables*

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is calculated by interest rate curve.

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these no-derivative financial assets is necessary in order to understand the Group's liquidity risk management at the liquidity is managed on a net asset and liability basis.

The amount included below for variable interest rate instruments for the non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iv) Liquidity risk (Continued)

2025

|                                      | On demand<br>or within<br>one year<br>RMB'000 | More than<br>1 year but<br>less than<br>5 years<br>RMB'000 | Over 5 years<br>RMB'000 | Total<br>undiscounted<br>cash flows<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
|--------------------------------------|-----------------------------------------------|------------------------------------------------------------|-------------------------|------------------------------------------------|-------------------------------|
| Non-derivative financial assets      |                                               |                                                            |                         |                                                |                               |
| Trade and other receivables          | 37,836                                        | -                                                          | -                       | 37,836                                         | 37,836                        |
| Bank balances and cash               | 4,490                                         | -                                                          | -                       | 4,490                                          | 4,490                         |
|                                      | 42,326                                        | -                                                          | -                       | 42,326                                         | 42,326                        |
| Non-derivative financial liabilities |                                               |                                                            |                         |                                                |                               |
| Trade and other payables             | 29,029                                        | -                                                          | -                       | 29,029                                         | 29,029                        |
| Promissory notes payable             | -                                             | 115,624                                                    | -                       | 125,828                                        | 115,624                       |
| Lease liabilities                    | 711                                           | -                                                          | -                       | 711                                            | 711                           |
|                                      | 29,740                                        | 115,624                                                    | -                       | 155,568                                        | 145,364                       |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (B) Financial risk management objectives and policies (Continued)

#### (iv) Liquidity risk (Continued)

2024

|                                      | On demand<br>or within<br>one year<br>RMB'000 | More than<br>1 year but<br>less than<br>5 years<br>RMB'000 | Over 5 years<br>RMB'000 | Total<br>undiscounted<br>cash flows<br>RMB'000 | Carrying<br>amount<br>RMB'000 |
|--------------------------------------|-----------------------------------------------|------------------------------------------------------------|-------------------------|------------------------------------------------|-------------------------------|
| Non-derivative financial assets      |                                               |                                                            |                         |                                                |                               |
| Trade and other receivables          | 18,530                                        | –                                                          | –                       | 18,530                                         | 18,530                        |
| Bank balances and cash               | 3,230                                         | –                                                          | –                       | 3,230                                          | 3,230                         |
|                                      | 21,760                                        | –                                                          | –                       | 21,760                                         | 21,760                        |
| Non-derivative financial liabilities |                                               |                                                            |                         |                                                |                               |
| Trade and other payables             | 16,304                                        | –                                                          | –                       | 16,304                                         | 16,304                        |
| Promissory notes payable             | –                                             | 115,153                                                    | –                       | 128,975                                        | 115,153                       |
| Lease liabilities                    | 3,225                                         | 735                                                        | –                       | 4,099                                          | 3,960                         |
|                                      | 19,529                                        | 115,888                                                    | –                       | 149,378                                        | 135,417                       |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 37. FINANCIAL INSTRUMENTS (Continued)

### (C) Fair value measurement

The carrying amounts of financial instruments measured at fair value at the end of the reporting period are categorised among the three levels of the fair value hierarchy, defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

***Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)***

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their values. The fair values, which are included in Level 3 category, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|                                       | 2025<br>RMB'000 | 2024<br>RMB'000 |
|---------------------------------------|-----------------|-----------------|
| Non-current assets                    |                 |                 |
| Investments in subsidiaries           | 34,976          | 33,554          |
| Property, plant and equipment         | 6               | 7               |
|                                       | 34,982          | 33,561          |
| Current assets                        |                 |                 |
| Other receivables                     | 45              | 46              |
| Deposits paid and prepayments         | 1,890           | 1,937           |
| Amounts due from subsidiaries         | 9,640           | 4,899           |
| Bank balances and cash                | –               | 17              |
|                                       | 11,575          | 6,899           |
| Current liabilities                   |                 |                 |
| Other payables                        | 10,850          | 11,486          |
| Amounts due to subsidiaries           | 52,821          | 49,402          |
|                                       | 63,671          | 60,888          |
| Net current liabilities               | (52,096)        | (53,989)        |
| Total assets less current liabilities | (17,114)        | (20,428)        |
| Non-current liabilities               |                 |                 |
| Promissory notes payable              | 115,624         | 115,153         |
|                                       | (115,624)       | (115,153)       |
| Net liabilities                       | (132,738)       | (135,581)       |
| Capital and reserves                  |                 |                 |
| Share capital                         | 7,853           | 6,564           |
| Reserves (Note)                       | (140,591)       | (142,145)       |
| Total deficit on equity               | (132,738)       | (135,581)       |

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 September 2025 and is signed on its behalf by:

**Professor Fei Phillip**  
Director

**Bu Xue**  
Director

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### Note: Reserves of the Company

|                                         | Share<br>premium<br>RMB'000 | Translation<br>reserve<br>RMB'000 | Other<br>reserves<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000 |
|-----------------------------------------|-----------------------------|-----------------------------------|------------------------------|----------------------------------|------------------|
| At 1 July 2023                          | 807,536                     | 26,826                            | –                            | (1,312,412)                      | (478,050)        |
| Profit for the year                     | –                           | –                                 | –                            | 196,658                          | 196,658          |
| Other comprehensive income for the year | –                           | 1,173                             | –                            | –                                | 1,173            |
| Total comprehensive income for the year | –                           | 1,173                             | –                            | 196,658                          | 197,831          |
| Share reorganisation                    | (807,536)                   | –                                 | 825,544                      | –                                | 18,008           |
| Placing of new shares                   | 120,066                     | –                                 | –                            | –                                | 120,066          |
| At 30 June 2024 and 1 July 2024         | 120,066                     | 27,999                            | 825,544                      | (1,115,754)                      | (142,145)        |
| Profit for the year                     | –                           | –                                 | –                            | (878)                            | (878)            |
| Other comprehensive income for the year | –                           | (1,820)                           | –                            | –                                | (1,820)          |
| Total comprehensive income for the year | –                           | (1,820)                           | –                            | (878)                            | (2,698)          |
| Placing of new shares                   | 4,521                       | –                                 | –                            | –                                | 4,521            |
| Share issuance expenses                 | (269)                       | –                                 | –                            | –                                | (269)            |
| At 30 June 2025                         | 124,318                     | 26,179                            | 825,544                      | (1,116,632)                      | (140,591)        |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 39. SUBSIDIARIES

Details of the material subsidiaries at the end of the reporting period are set out below:

| Name of company                                                                                  | Place of incorporation/<br>establishment/<br>operations | Class of shares held | Paid up registered capital | Proportion of ownership interests held by the Company |      |            |      | Proportion of voting power held by the Company |      | Principal activities                       |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|------|------------|------|------------------------------------------------|------|--------------------------------------------|
|                                                                                                  |                                                         |                      |                            | Directly                                              |      | Indirectly |      |                                                |      |                                            |
|                                                                                                  |                                                         |                      |                            | 2025                                                  | 2024 | 2025       | 2024 | 2025                                           | 2024 |                                            |
|                                                                                                  |                                                         |                      |                            |                                                       |      |            |      |                                                |      |                                            |
| China Timbers Limited<br>中國木業有限公司                                                                | BVI                                                     | Ordinary             | US\$1                      | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding                         |
| China Timbers Limited<br>中國木業投資集團有限公司                                                            | Hong Kong                                               | Ordinary             | HK\$1                      | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Shenzhen Junlifa Timbers Limited <sup>1,3</sup><br>深圳市君利發木業有限公司                                  | The PRC                                                 | Contributed capital  | RMB500,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Jiange Hengchang Low-Carbon Forestry Development Co., Limited. <sup>2,3</sup><br>劍閣縣恒昌低碳林業開發有限公司 | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Forestry management                        |
| Jiange Kunlin Linye Company Limited <sup>2,3</sup><br>劍閣縣坤林林業種植有限公司                              | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Forestry management and Ginseng trading    |
| Shenzhen YiFeng Network Technology Limited <sup>2,3</sup><br>深圳市億豐網絡科技有限公司                       | The PRC                                                 | Contributed capital  | RMB1,000,002               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Sales of designated products               |
| Forever Biosource (Credit) Limited<br>恒生源（信貨）有限公司                                                | Hong Kong                                               | Ordinary             | HK\$1,000                  | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Dormant                                    |
| Jinong Supply Chain Co., Ltd                                                                     | BVI                                                     | Ordinary             | US\$50,000                 | 100%                                                  | –    | –          | –    | 100%                                           | –    | Investment holding                         |
| Zhongnong Supply Chain Co., Limited<br>（中農供應鏈有限公司）                                               | Hong Kong                                               | Ordinary             | HK\$10,000                 | –                                                     | 100% | –          | –    | 100%                                           | –    | Health Products                            |
| Global Mingpai Co., Ltd                                                                          | BVI                                                     | Ordinary             | US\$50,000                 | 100%                                                  | –    | –          | –    | 100%                                           | –    | Investment holding                         |
| Zhonghua Mingmao Co., Limited（中華名茂有限公司）                                                          | Hong Kong                                               | Ordinary             | HK\$10,000                 | –                                                     | 100% | –          | –    | 100%                                           | –    | Health Products                            |
| Huxiang International Holdings Limited<br>湖湘國際控股有限公司                                             | BVI                                                     | Ordinary             | US\$10,000                 | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding                         |
| Hengfeng Investments Holdings Limited<br>恒豐投資控股有限公司                                              | Hong Kong                                               | Ordinary             | HK\$10,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Kaixuan Muye (Shenzhen) Limited <sup>1,3</sup><br>凱軒木業（深圳）有限公司                                   | The PRC                                                 | Contributed capital  | HK\$3,000,000              | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Jiange Senbo Linye Company Limited <sup>2,3</sup><br>劍閣縣森博林業有限公司                                 | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Forestry management and ginseng plantation |
| Gorgeous City Investment Limited                                                                 | BVI                                                     | Ordinary             | US\$12,500                 | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding                         |
| Sunny Land Capital Limited                                                                       | BVI                                                     | Ordinary             | US\$50,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Paracelsus Swiss Limited                                                                         | Hong Kong                                               | Ordinary             | HK\$100,000                | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Sunny Land Trading Limited<br>日地貿易有限公司                                                           | Hong Kong                                               | Ordinary             | HK\$1                      | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Shenzhen Heng Fu Delaisi Intelligent Housing Limited <sup>1,3</sup><br>深圳恒富得萊斯智能房屋有限公司           | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Shenzhen Hengtai Integrated Housing Limited <sup>2,3</sup><br>深圳恒泰集成房屋有限公司                       | The PRC                                                 | Contributed capital  | RMB830,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Dormant                                    |
| Noble Bridge Investment Holdings Limited<br>富橋投資控股有限公司                                           | BVI                                                     | Ordinary             | US\$1                      | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding                         |
| Garden Glaze Limited                                                                             | BVI                                                     | Ordinary             | US\$1,000                  | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding                         |
| High Centre Limited<br>軒中有限公司                                                                    | Hong Kong                                               | Ordinary             | HK\$1                      | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Shenzhen Shengshi Zhiyou Forestry Limited <sup>1,3</sup><br>深圳市盛世智友林業有限公司                        | The PRC                                                 | Contributed capital  | RMB500,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding                         |
| Jiange Ruixiang Linye Company Limited <sup>2,3</sup><br>劍閣縣瑞祥林業有限公司                              | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Forestry management                        |

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 30 June 2025

## 39. SUBSIDIARIES (Continued)

| Name of company                                                                | Place of incorporation/<br>establishment/<br>operations | Class of shares held | Paid up registered capital | Proportion of ownership interests held by the Company |      |            |      | Proportion of voting power held by the Company |      | Principal activities |
|--------------------------------------------------------------------------------|---------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|------|------------|------|------------------------------------------------|------|----------------------|
|                                                                                |                                                         |                      |                            | Directly                                              |      | Indirectly |      | 2025                                           | 2024 |                      |
|                                                                                |                                                         |                      |                            | 2025                                                  | 2024 | 2025       | 2024 |                                                |      |                      |
| Today Bridge Limited                                                           | BVI                                                     | Ordinary             | US\$1,000                  | 100%                                                  | 100% | –          | –    | 100%                                           | 100% | Investment holding   |
| Today Bridge Limited<br>今日橋有限公司                                                | Hong Kong                                               | Ordinary             | HK\$10,000                 | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding   |
| Xinglonghe Shiye (Shenzhen) Limited <sup>1,3</sup><br>興隆和實業（深圳）有限公司            | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Investment holding   |
| Shanqingshui Holdings (Shenzhen) Co., Ltd. <sup>2,3</sup><br>山清水秀控股（深圳）有限公司    | The PRC                                                 | Contributed capital  | RMB10,000,000              | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Ginseng trading      |
| Shenpai Industrial (Shenzhen) Co., Ltd. <sup>2,3</sup><br>參派實業（深圳）有限公司         | The PRC                                                 | Contributed capital  | RMB5,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Ginseng trading      |
| Zhongqi Hengmai Holdings (Shenzhen) Co., Ltd. <sup>2,3</sup><br>中啟恒邁控股（深圳）有限公司 | The PRC                                                 | Contributed capital  | RMB20,000,000              | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Ginseng trading      |
| Huadi Hengsi (Shenzhen) Holdings Co., Ltd. <sup>2,3</sup><br>華迪恒斯（深圳）控股有限公司    | The PRC                                                 | Contributed capital  | RMB10,000,000              | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Ginseng trading      |
| Jiange Wantai Linye Company Limited <sup>2,3</sup><br>劍閣縣萬泰林業有限公司              | The PRC                                                 | Contributed capital  | RMB1,000,000               | –                                                     | –    | 100%       | 100% | 100%                                           | 100% | Forestry Management  |

<sup>1</sup> These entities are registered as wholly-foreign owned enterprises under the PRC laws.

<sup>2</sup> These entities are registered as limited liability enterprises under the PRC laws.

<sup>3</sup> The English transliteration of the Chinese name is for identification purpose only and should not be regarded as the official English name.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

## 40. EVENTS AFTER REPORTING PERIOD

The Group has the following event which took place subsequent to the end of the reporting period:

### Placing of new shares under general mandate

On 1 August 2025, an aggregate of 17,000,000 Placing Shares were allotted and issued to not less than six Placees at the Placing Price of HK\$0.28 per Placing Share pursuant to the terms and conditions of the Placing Agreement, representing approximately 16.52% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately upon Completion.

Details regarding the placing of new shares under general mandate are set out in the Company's announcements dated 1 August 2025.