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China Health Group Inc.

中國醫療集團有限公司

(Carrying on business in Hong Kong as “萬全醫療集團”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08225)

Supplementary Announcement on Financial Assistance

According to Chapter 20 of the GEM Rules, a provision on extended credit between a company and its affiliates constitutes financial assistance. But due to the irresistible reason of the epidemic, our affiliated companies have raised objections all the time on the commercial value and quality of the services provided by our Group.

Additional Information Disclosure under Section 13.22

The following is information on financial assistance provided by our Group on December 31, 2023.

Trade receivables - related parties Approximately RMB ¥ 57,999,000

As stated in page 63(i) of the 2023 Annual Report, trade receivables of approximately RMB ¥ 57,999,000 from related (associated) companies controlled by Mr Guo Xia, a director and ultimate controlling shareholder of the Group (the Company). The related party has confirmed to make interest-free repayment over the next two years, i.e. by 31 December 2025.

The consolidated statement of financial position of the Group has been prepared on the basis of the statement of financial position as at 31 December 23, which is in conformity with the Group's accounting policies and has been adjusted to conform to the Group's principal accounting policies and reclassified to the primary segments of the statement of financial position.

Listing Rules Implications

During the Group's annual collection of outstanding deferred receivables, the Group requested the counterparties to sign repayment undertakings and the Group received letters of repayment undertakings confirmed by the related parties on 07/03/23 and 21/03/24 respectively. This item constitutes financial assistance. It exceeded 8% under the Asset Ratio (as defined in the Listing Rules) and the non-compliance with the disclosure requirement under Rule 17.18 of the Listing Rules was inadvertent and is now supplemented by this announcement.

In order to prevent the recurrence of similar incidents, the Group will take the following measures:

The Group will further prevent and control the occurrence of financial assistance by adopting the following measures to control the financial assistance business and compliance with the Listing Rules:

1. Improve internal supervision: Ensure the implementation of continuous control through the daily control system.
2. Enhancement of internal audit: The internal audit organisation or the organisation performing the internal audit function is independent of the audited department to monitor the effectiveness of internal control and report deficiencies in a timely manner.
3. Information technology support: The use of information technology systems to support the management of internal control processes, to achieve paperless documentation of systems and automation of process execution, and to improve efficiency.
4. Approval authority and procedures: Specify the approval authority and procedures for the provision of external financial assistance to ensure that all financial assistance matters are reviewed by the board of directors and submitted to the board of directors or shareholders' meeting for review when necessary.
5. Information disclosure: Provide adequate disclosure on the provision of financial assistance, including the basic conditions of the subsidised objects, risk prevention measures and opinions of the board

of directors.

6. Clarification of responsibilities and division of labour: Clarify the responsibilities and division of labour of the finance department, the secretary of the board of directors, the internal audit department and other relevant departments in respect of financial assistance matters.

7. Risk assessment and control: Conduct risk assessment of the subsidised parties, including the quality of assets, operating conditions, debt repayment ability, etc., and take corresponding risk control measures.

8. System construction: Improve the Financial Assistance Management System to ensure that external financial assistance is provided in accordance with the law and to prevent financial risks.

9. Training and communication: Provide training to relevant staff to enable them to understand the policies and procedures of financial assistance and the consequences of non-compliance. Maintaining effective communication between departments to ensure timely transmission of information.

By Order of the Board
China Health Group Inc.
GUO Xia
Chairman

Hong Kong, 29 August 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Guo Xia and Dr. Song Xuemei; two non-executive Directors, namely Ms. Zhang Li and Dr. Wang Dajun; and four independent non-executive Directors, namely Dr. Ngai Bun Fai, Mr. Kwok Tong, Mr. Ng Sang Chi and Ms. Liu Na.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at <http://www.chgi.net>.