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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**

Pursuant to Rule 20.22 of the GEM Rules, the extension of credit terms agreed between the Group and the related parties constituted financial assistance. However, the Group's related companies have been disputing the commercial value and quality of the services provided by the Group due to the irresistible nature of the epidemic.

**Additional disclosures pursuant**

Set out below are the financial assistance provided to the Group as at 31 December 2023.

Trade receivables - related parties of approximately RMB57,999,000, with credit period for collection extended to the next two years.

As mentioned in page 63(i) of the 2023 Annual Report, trade receivables of approximately RMB57,999,000 from related companies controlled by Mr Guo Xia, a director and ultimate controlling shareholder of the Group (the Company). The related parties have confirmed that the repayment will be made in the next two years, i.e. before 31 December 2025 These trade receivables, like other trade receivables, are unsecured, unguaranteed, interest-free and on normal commercial terms and this transaction has no impact on the Company's accounting profit.

The deferred collection counterparties are Wante Hainan and Wanquan Xiamen as referred to in the 24 June 2022 circular on continuing connected transactions. The delay in collection due to the irresistible reasons of the epidemic was dealt with by instalment repayment.

This transaction is a one-off transaction.

The Group's consolidated statement of financial position has been prepared based on the statement of financial position as at 31 December 2023, 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 according to the primary segments in the statement of financial position.

**Listing Rules Implications**

In connection with 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 March 2023 and 21 March 2024 respectively. This item constitutes financial assistance. exceeded 8% under the Asset Ratio (as defined in the Listing Rules), the non-compliance with the disclosure requirements under Rules17.15、20.33、20.34、20.37、20.44、20.47 of the Listing Rules regarding the connected relationship between the parties to the Transaction and the interest of the connected persons in the Transaction was inadvertent and is hereby supplemented by this announcement.

To prevent the recurrence of similar incidents, the Group took the following measures on 19 June 2024

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 the provision of external financial assistance is in compliance 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, 10 September 2024

This announcement, for which the directors of the Issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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 document misleading.