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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)

CLARIFICATION ANNOUNCEMENT

Interim Report and Interim Results for the six months ended June 30, 2023

Reference is made to the announcement of China Health Group Limited (the "Company") dated 14 August 2023 in relation to its interim report and interim results (hereinafter collectively referred to as the "Announcement").

The Company clarifies that due to reasons such as document format conversion and some data import errors, some of the dividing lines of the various tables in the Announcement were not fully displayed, resulting in subject and data are not at the same corresponding level, thus affecting the data verification. For the convenience of understanding and reviewing the announcement, the Company makes the following clarifications for each of the specific issues to avoid ambiguity:

1. On the second page of the English and Chinese version announcements, the average half-yearly revenue for 2022 refers to half of the full-yearly revenue for 2022.
2. Page 4 of the English version of the announcement was adjusted as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)			
For the six months ended 30 June 2023			
<i>Unaudited</i>			
<i>Six months ended 30 June</i>			
	2023	2022	
	RMB'000	RMB'000	
Turnover	15,025	30,299	
Cost of sales	(5,339)	(7,662)	
Staff cost	(1,826)	(2,825)	
Other income	18	118	
Administrative expenses	(1,052)	(821)	
Profit from operations	6,826	19,109	
Finance costs	28	8	
Profit before taxation	6,854	19,117	
Income tax	(1,028)	(2,867)	
Profit for the period	5,826	16,250	
Attributable to:			
owners of the Company			
Profit for the period	5,826	16,250	
Earnings per share (cents)			
- basic	0.6	1.63	
- diluted	0.6	1.63	

3. Page 5 of the English version of the announcement was adjusted as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)		
As at 30 June 2023		
	30-Jun-23	31-Dec-22
	RMB'000	RMB'000
Non-current assets		
Property, plant and equipment	2,160	1,399
	<u>2,160</u>	<u>1,399</u>
Current assets		
Financial assets as fair value through profit or loss	3,601	8,010
Contract costs	43,232	32,916
Trade and bills receivables	117,748	117,032
Trade deposit paid	1,000	1,000
Prepayments and other receivables	18,313	14,208
Cash and cash equivalents	4,534	4,060
	<u>188,428</u>	<u>177,226</u>
Current liabilities		
Trade payables, other payables and accrued charges	20,534	13,574
Contract liabilities	924	1,014
Tax payable	21,421	22,154
Bank borrowings	-	-
	<u>42,879</u>	<u>36,742</u>
Net current assets	145,549	140,484
Total assets less current liabilities	147,709	141,883
Net assets	147,709	141,883
Capital and reserves		
Share capital	88,906	88,906
Reserves	58,884	53,416
	<u>147,709</u>	<u>142,322</u>
Non-controlling interests	-	-439
Total equity	147,709	141,883

4. Page 6 of the English version of the announcement was adjusted as follows:

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)		
For the six months ended 30 June 2023		
	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	1164	716
Net cash used in investing activities	(4,90)	(4,925)
Net cash used in financing activities	(200)	(70)
Net decrease in cash and cash equivalents	474	(4,278)
Cash and cash equivalents at beginning of the period	<u>4,060</u>	<u>11,364</u>
Cash and cash equivalents at end of the period	<u>4,534</u>	<u>7,086</u>

5. Page 7 of the English version of the announcement was adjusted as follows:

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)									
For the six months ended 30 June 2023									
	Share capital	Share premium	Share Based payment reserve	Special reserve	Capital reserve	Statutory reserve	Statutory enterprise expansion fund	Retained earnings (losses)/	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	88,906	1,402	2845	6,039	6,231	23,661	6,986	19,052	155,572
Profit for the period	-	-	-	-	-	-	-	16,249	16,249
Equity settled Share-based transactions									
At 30 June 2022	88,906	1,402	2,845	6,039	6,231	23,661	6,986	35,751	171,821
At 1 January 2023	88,906	1,402	2,845	6,039	6,231	23,661	6,986	3,688	141,883
Profit for the period	-	-	-	-	-	-	-	5,826	5,826
At 30 June 2023	88,906	1,402	2,845	6,039	6,231	23,661	6,986	9,514	147,709

6. Page 9 of the English version of the announcement was adjusted as follows:

4. Revenue and segment information

The Company is principally engaged in providing research, development, medical science events and clinical registry. Breakdown of the revenue from all services is as follows:

	Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Provision of post marketing surveillance, real-world study, medical science events, and medical marketing (PMS)	11,024	16,148	15,025	30,299
Total:	11,024	16,148	15,025	30,299

The turnover for the Period decreases 50% compared with the corresponding period of 2022. Moreover, turnover of PMS for the six months ended 30 June 2023 decreased 50% compared with the corresponding period of 2022. During the Period, the turnover of related parties was RMB0, accounting for 0% of the total turnover.

7. Line16, page 10 of the English version of the announcement was adjusted as follows:
 These subsidiaries are subject to a preferential tax rate of 15%.

8. Page 11 of the English version of the announcement was adjusted as follows:

9. Trade and bills receivables

An aged analysis of the trade and bills receivables at the end of the reporting period, based on the invoice date and net of allowances, is as follows:

	Unaudited 30 June 2023	Audited 31 December 2022
	RMB'000	RMB'000
Within 180 days	3,690	6,681
181 to 360days	3,707	3,680
361 to 540days	3,680	26,697
541 to 720days	26,697	33,140
721 to 900days	33,140	23,696
901 to 1080days	23,696	15,350
over 1080 days	23,138	7,788
	117,748	117,032

9. Page 12 of the English version of the announcement was adjusted as follows:

10. Trade payables, other payables and accrued charges

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 June 2022 RMB'000
Within 30 days	3,344	7,024
31 to 90 days	5,666	2,345
91 to 365 days	10,369	1,440
Over 365 days	1,155	715
	20,534	11,524

10. On page 13 of the English version announcement was adjusted as follows: *China Medical Group.* was corrected to *China Healthy Group.*

11. Page 14 of the English version of the announcement was adjusted as follows:

The Group recorded a profit before taxation of approximately RMB6,854,000 for the Period, representing a decrease of 64.1% from RMB19,117,000 as compared with that of the corresponding period of 2022. Profit for the Period was approximately RMB5,826,000, and in the corresponding period of last year were approximately RMB16,250,000.

12. Page 20 of the Chinese and English version of the announcement was adjusted as follows:

於本公司股份及相關股份之好倉

姓名	身份	持有權益之 股份數目 (股本 衍生工具除外)	根據實物結算 股本衍生工具持有 權益之股份數目	股份總數	權益概約 百分比 (%)
郭夏	實益擁有人	114,701,941	18,150,000	132,851,941	13.35%
	受控制法團權益	590,716,637	-	590,716,637	59.35%
宋雪梅	實益擁有人	6,500	4000,000	416,500	0.04%
張麗	實益擁有人	960,000	-	960,000	0.10%
倪彬暉	實益擁有人	100,000	100,000	200,000	0.02%
仇銳	實益擁有人	-	120,000	120,000	0.01%
甄嶺	實益擁有人	-	100,000	100,000	0.01%

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity/ Nature of interests	Number of ordinary shares held/ interested	Number of underlying shares held/ interested pursuant to share options	Total number of shares	Approximate percentage of the total number of issued shares of the Company
GUO Xia	Beneficial owner	114,701,941	18,150,000 (note 2)	132,851,941	13.35%
	Interest in a controlled corporation	590,716,637 (note 1)	-	590,716,637	59.35%
SONG Xuemei	Beneficial owner	6,500	410,000 (note 2)	416,500	0.04%
ZHANG Li	Beneficial owner	960,000	-	960,000	0.10%
NI Binhui	Beneficial owner	100,000	100,000 (note 2)	200,000	0.02%
QIU Rui	Beneficial owner	-	120,000 (note 2)	120,000	0.01%
ZHEN Ling	Beneficial owner	-	100,000 (note 2)	100,000	0.01%

13. Page 25 of the Chinese version of the announcement was adjusted as follows: The number in the line 1, column 5 of the "Details of the share options movements during the Period under the Share Option Scheme" should be corrected from "20223" to "2023".

14. Page 26 of the Chinese version and Page 27 of English version of the announcement was adjusted as follows:

根據《守則》C.1.6，一般而言，獨立非執行董事應當出席股東大會，對公司股東的意見有全面、公正的了解。根據《守則》F.2.2，董事會應邀請審核委員會、薪酬委員會、提名委員會及任何其他委員會（視何者適用而定）的主席出席。若有關委員會主席未克出席，董事會主席應邀請另一名委員或如其適當委任的代表出席。該人士須在股東周年大會上回答提問，發行人的管理層應確保外聘核數師出席股東周年大會，回答有關審計工作，編製核數師報告及其內容，會計政策以及核數師的獨立性等問題。但由於疫情影響，本公司獨立非執行董事、審核委員會全體成員以及核數師均未出席2023年6月30日的本公司年度股東大會。

Under code provision C.1.6, generally the independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Under code provision F.2.2, the chairman of the board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence. However, due to the epidemic, the independent non-executive Directors, all members of the audit committee of the Board (the "Audit Committee") and the auditor of the Company did not attend the annual general meeting of the Company on 30 June 2023.

Saved as disclosed in this announcement, all information set out in the announcement remain unchanged.

By Order of the Board

China Health Group Inc.

GUO Xia

Chairman

Hong Kong, 17 August 2023

As at the date hereof, the Board comprises two executive Directors, being Mr. GUO Xia and Dr. SONG Xuemei; one non-executive Director, being Ms. ZHANG Li; and four independent non-executive Directors, being Mr. QIU Rui, Dr. NI Binhui, Mr. ZHEN Ling and Mr. GUO Tong.

The Directors bear full responsibility for the disclosure of the GEM Securities jointly and individually under the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). After all reasonable inquiry, the Directors confirm that, to the best of their knowledge and belief, the information contained in this release is accurate and complete in all material respects, not misleading or fraudulent, and no other omission causes any statement contained in or misleading in this publication.

The 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, and published at the company's website at www.chgi.net web page log out.