

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Health Group Limited
中國衛生集團有限公司

(Carrying on business in Hong Kong as CHG HS Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 673)

VOLUNTARY ANNOUNCEMENT

**(1) SUBSCRIPTION OF 20% SHAREHOLDING IN
A COMPANY TO DEVELOP RAPID TEST KITS FOR MONKEYPOX VIRUS;
AND
(2) PROVISION OF FINANCIAL ASSISTANCE**

This is a voluntary announcement made by the Company.

The Board is pleased to announce that on 8 September 2022 (after trading hours), the Subscriber has entered into the Subscription Agreement. Pursuant to the Subscription Agreement, among others, the Subscriber has agreed to (i) the Subscription; and (ii) the provision of the Shareholder's Loan.

THE SUBSCRIPTION AGREEMENT

Date of agreement : 8 September 2022

Parties : (1) The Subscriber; and
(2) The Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Target Company and its ultimate beneficial owners are Independent Third Parties.

Subscription of Shares in the Target Company

Pursuant to the Subscription Agreement, among others, the Subscriber has agreed to subscribe for 2,000 shares in the Target Company for a consideration of HK\$4 million. The Subscription Shares will rank pari passu in all respects among themselves and with the Target Company's existing shares in issue and free from Encumbrance. Upon Completion, the Subscriber will hold 20% of the enlarged issued share capital of the Target Company.

The Completion shall take place on the Completion Date.

Upon Completion, (i) the Subscriber shall pay to the Target Company the Consideration in full; and (ii) Target Company shall allot and issue the Subscription Shares to the Subscriber.

The Consideration will be satisfied by the Group's internal resources.

Provision of the Shareholder's Loan to the Target Company

Pursuant to the Subscription Agreement, the Subscriber has agreed to provide the Shareholder's Loan in the principal sum of HK\$2 million to the Target Company. The Shareholder's Loan will bear an interest of 6% per annum and will be drawn down by the Target Company on 10 December 2022 (or such other date as may be agreed between the Subscriber and the Target Company) (the "**Drawdown Date**"). The Target Company shall repay the Shareholder's Loan in full (together with interests) upon the expiry of one year from the Drawdown Date (the "**Repayment Date**"). The Subscriber is entitled to demand immediate repayment upon service of a written notice if any event of default occurs.

The Shareholder's Loan will be funded by the Group's internal resources.

Each of the amount of the Consideration and the Shareholder's Loan was arrived at after arm's length negotiations between the Subscriber and the Target Company with reference to the prospects of the Target Company.

INFORMATION ON THE GROUP

The principal business of the Group is distribution and service in medical equipment and consumables, provision of hospital operation and management service, business factoring and property investment.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong. It is principally engaged in the investment in the research, development, and manufacture of healthcare products, including rapid test kits for monkeypox virus.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

On 23 July 2022, the WHO Director-General Tedros Adhanom Ghebreyesus, PhD declared that the current Monkeypox outbreak as a Public Health Emergency International Concern after cases of Monkeypox have been reported in more than 70 countries. On 6 September 2022, there was a first confirmed case of Monkeypox in a resident returning to Hong Kong from overseas. In response to the first confirmed case of Monkeypox, the Centre for Health Protection of Hong Kong has implemented a response plan, which includes requiring the government to strengthen health surveillance measures at borders.

Principally engaging in the distribution in medical equipment and consumables, the Group finds itself socially responsible to use its best endeavours to stand up to the potential epidemic of Monkeypox in Hong Kong. The Group is of the view that early detection of monkeypox virus carriers would help contain the potential spread of the monkeypox virus, which would reduce the risk of the potential outbreak of Monkeypox, thereby lessening the burden of the already overloaded healthcare system of Hong Kong.

The Target Company has invested in the research, development, and manufacture of rapid test kits for monkeypox virus. Upon Completion, the Group will be able to synergise the Target Company's investment. By capturing this opportunity, the Group might be able to further develop business in relation to the prevention of widespread of the monkeypox virus and enhance the profitability of the Group in the future, as well as adhere to the corporate social responsibility goals of the Group.

The Board is of the view that the terms of the Subscription Agreement are fair and reasonable, that the Subscription and the provision of the Shareholder's Loan are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Subscription Agreement are below 5%, they are not subject to the disclosure requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

- “Board”** : the board of Directors
- “Business Day”** : a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
- “Company”** : China Health Group Limited (stock code: 673), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
- “Completion”** : completion of the Subscription
- “Completion Date”** : the eighth Business Day after the date of the Subscription Agreement (or such later date as may be agreed in writing between the Subscriber and the Target Company)
- “connected persons”** : has the meaning ascribed thereto under the Listing Rules
- “Consideration”** : the aggregate subscription price of HK\$4 million for the Subscription Shares
- “Director(s)”** : the director(s) of the Company
- Encumbrance** : encumbrances of whatsoever nature, including but not limited to any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights and includes any agreement for any of the same

“Group”	:	the Company and its subsidiaries and the expression “member of the Group” shall be construed accordingly
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	:	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	:	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected person(s)
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Monkeypox”	:	an infectious viral disease caused by the monkeypox virus
“Shareholder(s)”	:	the holder(s) of the Shares
“Shareholder’s Loan”	:	the shareholder’s loan in the principal amount of HK\$2 million to be provided by the Subscriber to the Target Company
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Subscriber”	:	Long Heng Investments Limited(隆恆投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	:	the subscription of the Subscription Shares by the Subscriber
“Subscription Agreement”	:	the subscription agreement dated 8 September 2022 entered into between the Subscriber and the Target Company
“Subscription Shares”	:	the 2,000 shares of the Target Company, representing 20% of the enlarged issued share capital of the Target Company
“Target Company”	:	Trillion Silver Limited, a company incorporated in Hong Kong with limited liability

“WHO” : the World Health Organisation

“%” : per cent

By order of the Board
China Health Group Limited
Zhang Fan
Chairman and Executive Director

Hong Kong, 8 September 2022

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Fan (chairman) and Mr. Chung Ho; three non-executive Directors, namely, Mr. Xing Yong, Mr. Huang Lianhai and Mr. Wang Jingming; and three independent non-executive Directors, namely, Mr. Jiang Xuejun, Mr. Du Yanhua and Mr. Lai Liangquan.