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)

INTERIM RESULTS ANNOUNCEMENT 2021

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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This announcement, for which the directors (the "Directors") of China Health Group Inc. (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the "Group"). The Directors, having made all reasonable enquires, 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.

中国医疗集团
China Health Group

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FINANCIAL HIGHLIGHTS

1. The Group achieved a turnover of RMB48,093,000 for the six months ended 30 June 2021 (the "Period") representing an increase of approximately 14.44% compared with the corresponding period of 2020.

2. The Group achieved profit before taxation of about RMB27,977,000 for the six months ended 30 June 2021 representing an increase of approximately 9.56% compared with the corresponding period of 2020.

3. Basic earnings per share are approximately 2.33 cents for the six months ended 30 June 2021, representing an increase of approximately 4.95% compared with the corresponding period of 2020.

4. The Board does not recommend the payment of any interim dividends for the Period.

INTERIM RESULTS (UNAUDITED)

The board of Directors (the "Board") is here to present the condensed unaudited consolidated interim results of the Group for the six months ended 30 June 2021, together with the comparative condensed unaudited consolidated figures for the corresponding period in 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2021

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
		2021	**2020**	**2021**	**2020**
	Notes	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Turnover	4	**21,867**	20,452	**48,093**	42,023
Cost of sales		**(3,181)**	(3,995)	**(9,737)**	(9,140)
Staff cost		**(2,944)**	(2,189)	**(4,764)**	(4,764)
Other income		**185**	44	**253**	63
Administrative expenses	5	**(3,255)**	(795)	**(5,853)**	(2,620)
Profit from operations		**12,672**	13,517	**27,992**	25,562
Finance costs		**1**	(8)	**(15)**	(26)
Profit before taxation		**12,673**	13,509	**27,977**	25,536
Income tax	7	**(2,669)**	(2,035)	**(4,789)**	(3,489)
Profit for the period		**10,004**	11,474	**23,188**	22,047
Attributable to:					
owners of the Company		**10,004**	11,474	**23,188**	22,047
Profit for the period		**10,004**	11,474	**23,188**	22,047
Earnings per share (cents)					
- basic	6	**1.01**	1.16	**2.33**	2.22
- diluted	6	**1.01**	1.16	**2.33**	2.22

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2021

	Notes	Unaudited 30 June 2021 RMB'000	Audited 31 Dec 2020 RMB'000
Non-current assets			
Property, plant and equipment		**1,633**	1,751
		1,633	1,751
Current assets			
Investments at fair value through profit or loss		**13,160**	12,160
Contract costs		**18,175**	24,800
Trade and bills receivables	9	**116,367**	86,056
Trade deposit paid		**1,800**	1,800
Prepayments and other receivables		**22,486**	17,135
Cash and cash equivalents		**11,582**	16,193
		183,570	**158,144**
Current liabilities			
Trade payables, other payables and accrued charges	10	**21,897**	18,594
Contract liabilities		**1,161**	1,161
Tax payable		**19,710**	19,965
Bank borrowings		**-**	1,500
		42,768	41,220
Net current assets		**140,802**	116,924
Total assets less current liabilities		**142,435**	**118,675**
Net assets		**142,435**	**118,675**
Capital and reserves			
Share capital		**88,906**	88,906
Reserves		**53,529**	29,769
Total equity		**142,435**	118,675

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2021

	Unaudited Six months ended 30 June	
	2021	**2020**
	RMB'000	**RMB'000**
Net cash (used in)/generated from operating activities	**(2,344)**	3,113
Net cash used in investing activities	**(752)**	(9,842)
Net cash used in financing activities	**(1,515)**	-
Net decrease in cash and cash equivalents	**(4,611)**	(6,729)
Cash and cash equivalents at beginning of the period	**16,193**	8,459
Cash and cash equivalents at end of the period	**11,582**	1,730

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Share Based payment reserve RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Statutory enterprise expansion fund RMB'000	Retained (losses)/ earnings RMB'000	Total equity RMB'000
At 1 January 2020	88,673	-	2,894	6,039	6,231	12,738	6,986	(66,581)	56,980
Profit for the period	-	-	-	-	-	-	-	22,047	22,047
At 30 June 2020	88,673	-	2,894	6,039	6,231	12,738	6,986	(44,534)	79,027
At 1 January 2021	88,906	1,402	2,273	6,039	6,231	19,551	6,986	(12,713)	118,675
Profit for the period	-	-	-	-	-	-	-	23,188	23,188
Equity settled Share-based transactions	-	-	572	-	-	-	-	-	572
At 30 June 2021	88,906	1,402	2,845	6,039	6,231	19,551	6,986	10,475	142,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 June 2021

1. Corporate information

The Company was incorporated in the Cayman Islands on 21 May 2002 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and its principal place of business is Building 17, Jianwai SOHO, Chaoyang District, Beijing, the People's Republic of China (the "PRC"). The Company has had its shares listed on The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since 10 July 2003.

The Company is an investment holding company. The principal activities of its subsidiaries are to provide fully integrated pharmaceutical services including clinical research services, post marketing surveillance, real-world study, medical science events, medical marketing and product promotion service, and other medical services. The Company is focusing on building itself into a group corporation providing comprehensive terminal medical service under international architecture.

2. Adoption of new and revised international financial reporting standards

In the current Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current Period and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Accounting policies and basis of preparation

These unaudited condensed consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The accounting polices adopted in the preparation of these unaduited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2020 except for the changes in accounting policies, if required, in adopting new or revised HKFRSs and interpretations that are first effective for accounting periods beginning on or after 1 January 2021.

These unaudited condensed consolidated financial statements are presented in Renminbi ("RMB") and it is also the functional currency of the Company.

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**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Provision of post marketing surveillance, real-world study, medical science events, and medical marketing (PMS)	**21,867**	**19,603**	**48,093**	**41,174**
Provision of contracted pharmaceutical(PDS)	**-**	**849**	**-**	**849**
	21,867	**20,452**	**48,093**	**42,023**

The turnover for the Period increases 14.44% compared with the corresponding period of 2020. Moreover, turnover of PMS for the six months ended 30 June 2021 increased 16.80% compared with the corresponding period of 2020. During the Period, the turnover of related parties was RMB14,435,000, accounting for 30.01% of the total turnover.

5. Administrative expenses

	Unaudited Three months ended 30 June		**Unaudited Six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Administrative expenses	**(3,255)**	(795)	**(5,853)**	(2,620)

Administrative expenses increased about 123.40% compared with the corresponding period of 2020.

6. Earnings per share

Basic earnings per share is calculated by dividing the unaudited net profit approximately RMB23,188,000 (2020: RMB22,047,000) attributable to owners of the Company by the weighted average number of 995,351,660 ordinary shares of the Company for the Period (2020:992,771,660 Shares).

The calculation of the diluted earnings per share for the Interim is same as basic earnings per share which based on unaudited net profit attributable to owners of the Company. The weighted average number of ordinary shares of 995,555,127, being the weighted average number of ordinary shares of 995,351,660 in issue during the Period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 203,467 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting Period. (2020:992,771,660 Shares).

7. Income tax

No Hong Kong profit tax has been provided for, as the Group had no estimated assessable profits in Hong Kong for the Period (the corresponding period: Nil).

"PRC" Enterprise Income Tax has been calculated on the estimated assessable profit for the Period according to the relevant laws and regulations. The applicable income tax rate is ranging from 9% to 25% as at 30 June 2021 (the corresponding period: 9%-25%). During the Period, some subsidiaries of the Company are eligible for tax incentives due to their location and industry. These subsidiaries are subject to a preferential tax rate of 9%. Taxation of other overseas subsidiaries are charged at the appropriate current rates of taxation ruling in the relevant countries.

	Unaudited		**Unaudited**	
	Three months ended 30 June		**Six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Chinese Income Tax -current period	**2,669**	2,035	**4,789**	3,489

8. Dividends

The Board does not recommend the payment of any dividend for the Period (2020:Nil).

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 2021 RMB'000	Audited 31 December 2020 RMB'000
Within 30 days	**85,492**	77,135
31 to 60 days	**1,000**	6,899
61 to 90 days	**1,000**	-
91 to 365 days	**28,793**	1,940
Over 365 days	**82**	82
	116,367	86,056

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 2021 RMB'000	Audited 31 December 2020 RMB'000
Within 30 days	**2,578**	2,146
31 to 90 days	**2,609**	899
91 to 365 days	**3,651**	2,546
Over 365 days	**3,573**	3,096
	12,411	8,687

11. Equity settled Share-based transactions

The Company has a share option scheme which was adopted on 20 June 2003 whereby the directors of the Company are authorized, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at predetermined considerations to subscribe for shares of the Company.

(a) The terms and conditions of the grants given are as follows:

2021:

Grant date	Exercise price	Notes	At 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 June 2021
30 June 2015	HK$0.450	(i)	10,850,000		-	-	10,850,000
24 March 2021	HK$0.504	(ii)	-	14,650,000	-	-	14,650,000
			10,850,000	14,650,000	-	-	25,500,000

2020：

Grant date	Exercise price	Notes	At 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	At 30 June 2020
30 June 2015	HK$0.450	(i)	13,490,000	-	-	(60,000)	13,430,000
			13,490,000	-	-	(60,000)	13,430,000

Notes:

(i) These options are exercisable in three trenches with the maximum percentage of options exercisable with the periods commencing from 30 June 2016 to 29 June 2017, 30 June 2017 to 29 June 2018 and on 30 June 2018 being 40%, 70% and 100%, respectively.

(ii) These options are exercisable in three trenches with the maximum percentage of options exercisable with the periods commencing from 24 March 2022 to 23 March 2023, 24 March 2023 to 23 March 2024 and 24 March 2024 being 40%, 70% and 100%, respectively.

(b) The number and weighted average exercise prices of share options are as follows:

	2021 Weighted average exercise price HK$	2021 Number of options	2020 Weighted average exercise price HK$	2020 Number of options
Outstanding at the beginning of the period	0.45	10,850,000	0.45	13,490,000
Lapsed during the period	-	-	0.45	(60,000)
Granted during the period	0.504	14,650,000	-	-
Outstanding at the end of the period	0.48	25,500,000	0.45	13,430,000
Exercisable at the end of the period	0.452	11,170,000	0.45	13,430,000

The options outstanding at 30 June 2021 had a weighted average remaining contractual life of 8.41 years (2020: 5 years).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSSINESS REVIEW

In terms of scientific research services, the Group's "RWS Wanquan center" is to re-screen and group existing drugs through real clinical research of big data to find the best treatment. The Group established a biological sample testing laboratory, equipped with Waters UPLC-MS/MS.xevo TQS, which is officially open to the public. The laboratory mainly serves clinical research, especially the clinical research experiment of antiviral drugs.

The Company proposes two models in the epidemic situation and the new era of medical treatment.

1. "Research based treatment RWS therapy model" is to carry out clinical and big data research on Five specialty clinical through real world clinical research, guide drug treatment in the research, and obtain medical big data guidance research in the treatment.

2. The D-CRCO model (Digital-Clinical Research Commercialization Organization) is a digital clinical research promotion platform. It uses big data clinical research to precisely enable the commercialization of products. These two models will redefine research-based treatment and research-based promotion to replace traditional treatment and commercialization.

In terms of big data medical services, we have established research digital special area medical diagnosis with many top medical institutions in Beijing, Shanghai, Guangzhou and other places, as well as the top 100 chain and digital medical groups such as Gaoji medical, haiwangxingchen, micro medical group and miaozhou medical group, such as yuequit smoking research and treatment specialty, Hein psychological research and treatment specialty, baimin fever and cough research and treatment specialty, disease resistance and treatment specialty Poison research and treatment areas will play an important role in the epidemic and post epidemic era.

Around the core treatment field, we have built a digital medical terminal service complex under the Internet architecture, forming a closed-loop system from scientific research to rehabilitation.

1. From hospital big data clinical research to digital scientific research product promotion service,

2. To jointly build digital research clinical research specialty,

3. To self-supporting O2O special specialty medical diagnosis,

4. To explore rehabilitation medical and tourism medical services.

FINANCIAL REVIEW

The Group achieved a turnover of RMB48,093,000 during the Period, representing an increase of approximately 14.44% compared with that in the corresponding period of last year.

The condensed consolidated turnover included approximately RMB48,093,000 derived from the post marketing surveillance, real-world clinical research, medical science and medical market services (PMS), amounted to 100% of the total turnover, which was representing an increase of approximately 16.80% from RMB41,174,000 compared with the corresponding period of 2020.

The Group recorded a profit before taxation of approximately RMB27,977,000 for the Period, representing an increase of 9.56% as compared with the corresponding period of last year. Profit for the Period was approximately RMB23,188,000, and in the corresponding period of last year was approximately RMB22,047,000.

Total condensed consolidated administrative expenses and staff costs were approximately RMB10,617,000 for the Period and the corresponding period of last year was approximately RMB7,384,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2021, the Group's net current assets and its net assets were approximately RMB140,802,000 (31 December 2020: approximately RMB116,924,000) and approximately RMB142,435,000 (31 December 2020: approximately RMB118,675,000) respectively.

During the Period, the Group financed its operations with its own working capital. The Group did not have any bank borrowings (31 December 2020: secured bank borrowing of approximately RMB1,500,000) and hence the gearing ratio (31 December 2020: approximately 0.94%) was not applicable as at 30 June 2021.

Meanwhile, considering the working capital and long term fund demand for future development, the Group will consider to raise further funds through bank loans, issuance of new shares, convertible notes, and issuance of new debts, etc.

PROSPECTS

With the change of business model of Chinese pharmaceutical enterprises, CHG has assumed the responsibility of replacing traditional CSO model with CRO and CSO model combination. The Group has continuously invested in enhancing its market promotion ability and expanding its market network. It has launched a value-added business model in the local market, focusing on treatment products in the whole value chain, with CHG and its sub-brands Xienwanquan, Baimin Wanquan, Jianshou Wanquan and Yuejie Yan. The Board will also review and assess of potential project or investment according to reliable principles, in order to improve the Group business performance and return to shareholders.

DIVIDENDS

The Board does not recommend the payment of any interim dividends for the Period (2020: Nil).

SIGNIFICANT INVESTMENT

Saved as disclosed in this announcement, there was no significant investment during the Period (2020: Nil).

COMMITMENTS

As at 30 June 2021, the Group had no operating lease commitment as a lessee and capital commitments (31 December 2020: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

During the Period, the Group did not carry out any material acquisitions and disposals in respect of subsidiaries and associates (2020: Nil).

CHARGE ON ASSETS

As at 30 June 2021, no banking facilities were available to the Group (31 December 2020: RMB1,500,000) .

As at 30 June 2021, the Group did not charge on any of its assets (31 December 2020: Nil).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

CAPITAL STRUCTURE

During the Period, there had been no changes in the Company's capital including ordinary shares and capital reserve structure. As at 30 June 2021, the issued shares amounted to 995,351,660.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS OR CAPITAL ASSETS

Other than those disclosed in the Company's public announcements, the Group does not have any other plans for significant investments or capital assets.

FOREIGN EXCHANGE EXPOSURE

During the Period, the Group's transactions were substantially denominated in Renminbi ("RMB"). The Group closely monitors its foreign currency risk from time to time and will use appropriate hedging when necessary.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash and maintaining a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

EVENT AFTER THE REPORTING PERIOD

On 5 July 2021, a winding-up petition (the "Petition") in relation to a claim of HK$292,263.33 (the "Outstanding Sum") was filed by Lawrence Chan & Co., (the "Petitioner"), a law firm in Hong Kong, with the High Court of the Hong Kong Special Administrative Region (the "High Court"), for an order the Company be wound up by the High Court pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) for failing to settle the Outstanding Sum being the outstanding legal fees that the Company could not reach consensus with the Petitioner. The hearing of the Petition was fixed to be heard on 15 September 2021 at the High Court. The Company has instructed legal adviser to settle the Outstanding Sum on its behalf was also given to understand that the Petitioner will withdraw the Petition upon receiving the Outstanding Sum. The management does not consider the Petition to have any adverse impact on its operation.

For details, please refer to the Company's announcement dated 26 July 2021.

Saved as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2021 and up to the date of this announcement.

HUMAN RESOURCES

The Group's remuneration policy is basically determined by the performance of individual employees. In addition to salaries and bonuses, The Group also provided various other benefits to its employees. Employee benefits included medical and pension contributions and share options schemes.

The Group monitored closely the remuneration and fringe benefits of the employees and rewarded employees in accordance with the Group's business performance. In addition, training and development opportunities for the employees were also provided by the Group.

EMPLOYEE AND REMUNERATION POLICY

The Group employed 82 employees as at 31 December 2020 and 85 employees as at 30 June 2021. During the Period, staff cost, including directors' remuneration, is approximately RMB4,764,000 (2020: approximately RMB4,764,000). The Group remunerates its employees based on their performance, and the prevailing market price.

The Company adopted the share option scheme where share options to subscribe for shares of the Company have been granted to the eligible participants of the Group.

The movements in the share options granted under the share option scheme of the Company during the Period are set out in the section headed "Share Option Scheme" in this announcement.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the Period.

COMPETING INTERESTS

None of the Directors or the substantial shareholders of the Company or their respective close associates (as defined in the GEM Listing Rules) has interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Period and up to the date of this announcement.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors and chief executives 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 (the "SFO"), which are required (a) to notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

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%
SU Yi	Beneficial owner	-	320,000 (note 2)	320,000	0.03%
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%

Notes:

1. According to information available to the Company, 349,368,873 shares were beneficially owned by Winsland Agents Limited, a company wholly owned by Mr. GUO Xia. 91,915,181 shares were beneficially owned by Bright Excel Assets Limited, a company wholly owned by Venturepharm Holdings Inc., approximately 49.00% of its shares were held Winsland Agents Limited and approximately 47.63% were held by Mr. GUO Xia. 149,432,583 shares were beneficially owned by Venturepharm Holdings Inc. As such, Mr. GUO Xia is deemed to be interested in the above companies under the SFO.
2. These share options were granted by the Company under the Share Option Scheme. For details, please refer to the paragraph headed "Share Option Scheme".

Saved as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2021, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and any Associated Corporations" above, the following person has an interest or short position in the Shares or underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the Shares are listed as follows:

Long Positions in the Shares:

Name of Shareholders	Capacity/ Nature of interests	Number of ordinary shares held/ interested	Approximate percentage of the total number of issued shares of the Company
Winsland Agents Limited	Beneficial Owner	349,368,873	35.10%
	Interest in a controlled corporation	241,347,764 (note)	24.25%
Bright Excel Assets Limited	Beneficial owner	91,915,181	9.23%
Venturepharm Holdings Inc.	Beneficial owner	149,432,583	15.01%
	Interest in a controlled corporation	91,915,181 (note)	9.23%

Note: According to information available to the Company, 91,915,181 shares were beneficially owned by Bright Excel Assets Limited, a company wholly owned by Venturepharm Holdings Inc., approximately 49.00% of its shares were held Winsland Agents Limited and approximately 47.63% were held by Mr. GUO Xia. As such, Winsland Agents Limited and Venturepharm Holdings Inc. are deemed to be interested in the shares of the Company owned by Bright Excel Assets Limited under the SFO, and Winsland Agents Limited is deemed to be interested in the shares of the Company owned by Venturepharm Holdings Inc. under the SFO.

Saved as disclosed above, as at 30 June 2021, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and any Associated Corporations” above) who had, or deemed to have, interests or short positions in the shares, underlying Shares which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the headings “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation“ above and “Share Option Scheme” below, at no time during the Period was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement that would enable the Directors and chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

On 30 June 2015, the Company passed an ordinary resolution at the annual general meeting to adopt a new share option scheme (the "Share Option Scheme"). The Share Option Scheme will remain in force for a period of 10 years commencing from the date of adoption of the Share Option Scheme from 30 June 2015 (the "Date of Adoption") (that is from 30 June 2015 to 29 June 2025), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all aspect. The major terms of the Share Option Scheme are summarised as follows:

Purpose of the Share Option Scheme

(a) The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions and potential contributions which the eligible participants have made or may make to the Group.

(b) The Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivating the Eligible Participants to utilize their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

The Eligible Participants

The participants of the Share Option Scheme include (i) any director, employee (whether full time or part time employee), consultant or adviser of or contractor to the Group or any entity in which any member of the Group holds any interest (the "Invested Entity"); (ii) any discretionary trust whose discretionary objects include any director, employee (whether full time or part time employee), consultant or adviser of or contractor to the Group or any Invested Entity; and (iii) a company beneficially owned by any director, employee (whether full time or part time employee), consultant or adviser of or contractor to the Group or any Invested Entity, who, in the absolute discretion of the Board (the "Eligible Participants"), has contributed or may contribute to the Group.

The exercise price of a share option

The exercise price of a share option under the Share Option Scheme will not be less than the highest of (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (iii) the nominal value of a share on the offer date of the particular option.

Maximum number of shares available for subscription under the Share Option Scheme

(a) 30% limit

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (the "Scheme Limit").

(b) 10% limit

In addition to the Scheme Limit, and subject to the following paragraph, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme (excluding any options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) (the "Scheme Mandate Limit").

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the Shareholders at a general meeting. Once refreshed, the total number of securities which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and/or any other share option schemes, including without limitation any options which are outstanding, cancelled, lapsed or exercised, will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

Maximum entitlement of each Eligible Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting.

The total number of Shares available for issue under the Share Option Scheme, including the outstanding options, is 78,087,166 Shares, representing 7.85% of the total number of Shares in issue as at the date of this announcement.

Performance target

Unless otherwise determined by the Directors at their sole discretion, there is no performance target which must be satisfied or achieved before the options can be exercised.

Minimum period for which an option must be held

Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before such an option can be exercised under the terms of the Share Option Scheme.

Subscription price of Shares

The Subscription Price must be at least the highest of: (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a Business Day; and (b) the average of the closing prices of the Shares as shown on the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the date of grant; and (c) the nominal value of a Share.

Amount payable upon acceptance of option

HK$1.00 is payable by each Eligible Participant to the Company on acceptance of an Offer of an option, which shall be paid within 21 days from the date of offer.

Time of exercise of option

An option shall be exercisable at any time during an option period to be notified by the Board to each grantee, provided that no option shall be exercisable later than ten years after its date of grant.

Details of the share options movements during the Period under the Share Option Scheme are as follows:

Name or category of grantees	Exercise Price (HK$)	Date of grant	Exercisable period	Number of share options					
				Balance as at 1 January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at 30 June 2021
Directors									
GUO Xia	0.450	30 June 2015	Note 1	9,150,000	-	-	-	-	9,150,000
	0.504	24 March 2021	Note 2	-	9,000,000	-	-	-	9,000,000
SONG Xuemei	0.450	30 June 2015	Note 1	250,000	-	-	-	-	250,000
	0.504	24 March 2021	Note 2	-	160,0000	-	-	-	160,000
SU Yi	0.450	30 June 2015	Note 1	220,000	-	-	-	-	220,000
	0.504	24 March 2021	Note 2	-	100,000	-	-	-	100,000
QIU Rui	0.504	24 March 2021	Note 2	-	120,000	-	-	-	120,000
NI Binhui	0.504	24 March 2021	Note 2	-	100,000	-	-	-	100,000
ZHEN Ling	0.504	24 March 2021	Note 2	-	100,000	-	-	-	100,000
Employees of the Group									
In aggregate	0.450	30 June 2015	Note 1	1,230,000	-	-	-	-	1,230,000
	0.504	24 March 2021	Note 2	-	5,070,000	-	-	-	5,070,000
Total				**10,850,000**	**14,650,000**	**-**	**-**	**-**	**25,500,000**

Notes:

1. *These options are under the Share Option Scheme. The options may not be exercised within one year from 30 June 2015. The option will vest (i) to the extent of a maximum of 40% of the offered shares on 30 June 2016; (ii) to the extent of a maximum of 70% of the offered shares on 30 June 2017; and (iii) to extent of all offered shares on 30 June 2018.*

2. *These options of the independent non-executive directors shall be exercisable immediately from 24 March 2021, and the options of other persons may not be exercised within one year from 24 March 2021. The options will vest (i) to the extent of a maximum of 40% of the offered shares on 24 March 2022; (ii) to the extent of a maximum of 70% of the offered Shares on 24 March 2023; and (iii) to extent of all offered shares on 24 March 2024. The options must be exercised in whole board lots of 20,000 shares. The closing price of the shares of the Company immediately before 24 March 2021, the date on which those options were granted, was HK$0.500.*

Saved as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the Period.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the Period, with the exception for the following deviation:

Under code provision A.2.1, the responsibilities between chairman and chief executive officer should be separated. However, the chief executive officer of the Company has not yet been appointed. Currently, the day-to-day management of the Company's business is handled by the executive directors and senior management, who take the responsibility to run the Group's business and to implement the Group's strategy so as to achieve the overall commercial objectives of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transaction by Directors during the Period.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") was established with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual reports and accounts, half-yearly reports and quarterly reports and internal control system of the Group and provide advice and comments to the Board. The Audit Committee has three members comprising the three independent non-executive Directors, namely Mr. QIU Rui, Dr. NI Binhui and Mr. ZHEN Ling. Mr. QIU Rui is the chairman of the Audit Committee. The unaudited consolidated results of the Group for the Period had been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float.

By Order of the Board
GUO Xia
Chairman

Beijing, 13 August 2021

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