



# 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)

### FIRST QUARTERLY RESULTS ANNOUNCEMENT 2023

FOR THE THREE MONTHS ENDED 31 MARCH 2023

#### CHARACTERISTIC OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-size companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risk of investing in such companies and should make the decision to invest after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

*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.*



## 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)

#### FINANCIAL HIGHLIGHTS

1. For the three months ended 31 March 2023, the Group recorded operating income of approximately RMB4,001,000, representing a decrease by approximately 71.73% compared to the same period in 2022.
2. For the three months ended 31 March 2023, the Group recorded a profit before tax of approximately RMB248,000 for the current period, Compared to the same period in 2022, the profit before tax decreased by approximately 87.62%.
3. Earnings per share (basic) for the three months ended 31 March 2023 were approximately RMB0.09 cents, representing a decrease by approximately 87.67% compared to the same period in 2022.
4. The Board recommends no dividend payment for the three months ended 31 March 2023.

## FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) is here to present the condensed unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2023, together with the comparative condensed unaudited consolidated figures for the corresponding period in 2022.

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

		Unaudited figures ended 31 March	
		2023	2022
	notes	RMB '000	RMB '000
Revenue	4	4,001	14,151
Cost of services		(1,025)	(3,553)
Gross profit		2,976	10,598
Other income		38	58
Administrative expenses	5	(1,962)	(2,197)
Finance costs		(4)	6
Profit before taxation		1,048	8,465
Income tax expenses	7	<u>(157)</u>	<u>(1,176)</u>
Profit and total comprehensive income for the period		<u>891</u>	<u>7,289</u>
Profit and total comprehensive income for the period attributable to		-	-
Equity holders of the Company		<u>891</u>	<u>7,289</u>
Minority interests		-	-
Full profit for the year		891	7,289
Earnings per share (cents).			
-Basic and diluted	6	<u>0.09</u>	<u>0.73</u>
- Dilution	6	<u>0.09</u>	<u>0.73</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

*As of 31 March 2023*

	Legal Enterprise									
	Share capital	Share premium	Share based payment reserve	Special reserve	Capital reserve	Statutory reserve	Development statutory enterprise expansion fund	Retained enterprise profit	Total	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
In 2022	88,906	1,402	2,845	6,039	6,231	23,661	6,986	19,502	155,572	
January 1st										
Net profit for the-	-	-	-	-	-	-	-	7,289	7,289	
period										
	88,906	1,402	2,845	6,039	6,231	23,661	6,986	26,791	162,861	
In 2022										
March 31										
	88,906	1,402	4,970	6,039	6,231	23,661	6,986	3,688	141,883	
In 2022										
January 1st										
Net profit for the-			-	-	-	-	-	891	891	
period		-								
	88,906	1,402	2,845	6,039	6,231	23,661	6,986	4,579	142,774	
In 2023										
March 31										

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three months ended 31 March 2023*

### **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 4th Floor, PO Box 2804, Scotia Centre, George Town, Grand Cayman, Cayman Islands and its principal place of business is Boda Building, 28 Beiqing Road, Life Science Park, Zhongguancun, Changping District, Beijing, China. The Company has had its shares listed on GEM 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 year, the Company 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 2018. 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 Company's accounting policies, presentation of the Company's financial statements and amounts reported for the current year and prior years except as stated below.

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 Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"),

accounting principles generally accepted in Hong Kong and disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”).

The accounting policies adopted in the preparation of these unaudited condensed financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2022 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 2023.

The condensed consolidated financial statements for the three months ended 31 March 2023 have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Board.

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

#### 4. Revenue

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:

	<b>Unaudited for</b>	
	<b>the three months ended March 31</b>	
	<b>In 2023</b>	<b>In 2022</b>
	RMB ' 000	RMB ' 000
Revenue		
Provide post-marketing medical clinical services, clinical research, Medical Liaison, and Medical Marketing Services (PMS).	<b>4,001</b>	14,151
Provide Contract Drug Development Services (PDS).		
	<b>4,001</b>	14,151

For the three months ended 31 March 2023, the Group recorded operating income of approximately RMB4,001,000, representing a decrease by approximately 71.73% compared to the same period in 2022.

During the period, income of related parties was zero.

## 5. Administrative expenses

	Unaudited as of	
	Three months ended March 31	
	2023	2022
	RMB '000	RMB '000
Administrative expenses	<u>1,962</u>	<u>2,197</u>

Administrative expenses decreased by 10.70% compared to the quarter of 2022

## 6. Earnings per share

Basic earnings per share are calculated based on profit attributable to unaudited ordinary shareholders of the Company for the period of approximately RMB 891,000 (RMB7,289,000 for the quarter of 2022) and the weighted average number of outstanding ordinary shares of approximately 995,351,660 shares (2022: 995,351,660 shares) during the period.

Diluted earnings per share are calculated on the basis of unaudited profit attributable to common shareholders of the Company during the period, in the same way as underlying earnings per share. The weighted average number of common shares is approximately 995,351,660 shares (2022: 995,351,660 shares).

No adjustments were made to basic earnings per share during the three months ended March 31, 2023 and March 31, 2022 because the dilution of stock options issued had an anti-dilution effect on basic earnings per share.

## 7. Income Taxes

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits in Hong Kong for the three months ended 31 March 2023 (the corresponding period: Nil).

Provision for PRC Enterprise Income Tax has been calculated on the estimated assessable profit for the three months ended 31 March 2023 according to the relevant laws and regulations. The applicable income tax rate is ranging from 9% to 25% as at 31 March 2023 (the Last Year Period:

9%-25%). During the three months ended 31 March 2023, 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 is charged at the appropriate current rates of taxation ruling in the relevant countries.

	Unaudited as of three months ended March 31	
	2023	2022
	RMB '000	RMB '000
PRC Enterprise Income Tax		
- current	157	1,176
	<u>          </u>	<u>          </u>

#### 8. Dividends

The Board does not recommend the payment of any dividend for the three months ended 31 March 2023 (2022: Nil).



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSSINESS REVIEW**

The Company's business vision is to become a leader in real-world clinical research services, focusing on five major areas: mental and psychological diseases, neurological diseases, anti-allergy diseases, rare diseases and viral infectious diseases, through the construction of three core capabilities: RWD (Real World Data), RWS (Real World Clinical Research) and AI (Artificial Intelligence).

Provide three major business services for life sciences,

- 1 "Research-oriented specialty" of precision digital medicine
2. RWS drug clinical research alternative RCT
- 3 Replace CSO with "research-based product promotion CRSO services."

The Group's cure focuses on brain science to respond to two centuries of diseases, and builds five specialty brands:

Allergy Bymin Clinical Research Center

Clinical Research Center for Psychopsychiatric Center

Dementia and Stroke Clinical Research Center

Center for Addiction Disorders

Frozen Man ALS Rare Disease Center

Real-world clinical research services are the new 100 billion new market with great opportunities for future drug development and post-marketing full life cycle management, with the in-depth landing of clinical value-oriented R&D and the deepening of the pharmaceutical marketing system based on the premise of compliance, this track will become the mainstream of clinical research and sales promotion services, the company chose this right track, and the directors believe that in 2023 and many years to come, the business volume will continue to increase, and the revenue will grow greatly.

### **FINANCIAL REVIEW**

For the three months ended 31 March 2023(the "Period"), the Group recorded an operating income of approximately RMB4,001,000, represented a decrease by approximately 71.73% compared to the same period in 2022.

Among them, the revenue from post-listing medical clinical services, clinical research, medical liaison and medical market services was approximately RMB4,001,000, accounting for 100% of the total revenue. Related party revenue for the quarter was \$0, representing approximately 0% of total revenue.

The total comprehensive administrative expenses and staff costs for the Period were approximately RMB1,962,000 respectively, compared to same period of 2022 is RMB 2,197,000.

The Group recorded a profit before tax of approximately RMB1,048,000 for the Period and the same period of 2022 is 8,465,000. The net profit for the current period and last year are approximately RMB 891,000 and RMB 7,289,000 respectively.

## **PROSPECTS**

With the country's announcement of the end of the new crown epidemic, especially the victory of the 20th National Congress, all walks of life in the country are full of confidence in the growth of the economy. Health is to promote the all-round development of the inevitable requirements, is the basic conditions for economic and social development, is the national prosperity and the country prosperity and strength of the important symbol, the management firmly believes that what we do, is to serve the people's health, with big data, artificial intelligence and real-world clinical research as a means, especially for allergies, psychological, dementia stroke and other diseases to provide high-quality, efficient services, will also create value for employees and shareholders.

## **DIVIDENDS**

The Board does not recommend the payment of any interim dividends for the Period (2022: Nil).

## **SIGNIFICANT INVESTMENTS**

Save as disclosed in this announcement, there was no significant investment during the Period (31 December 2022: Nil).

## **CONTINGENT LIABILITIES**

As of 31 March 2023, the Group did not have any contingent liabilities (31 December 2022: Nil).

## **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 RMB. The Group closely monitors its foreign currency risk from time to time and will use appropriate hedging when necessary.

## **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 three months ended 31 March 2023.

### **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 EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which will be 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 which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, will be as follows:

### Long positions in shares and underlying shares of the Company

name	identity	Based on physical		Total number of shares	Equity Estimates Percentage (%)
		Holding interests Number of shares (share capital derivatives) Except	settlement Equity derivative holdings The number of shares in the equity		
Guo Xia	Beneficial owners	114,701,941	18,150,000 (Note 1).	132,851,941	13.35%
	Interests of controlled corporations	590,716,637 (Note 2).		590,716,637	59.35%
Song Xuemei	Beneficial owners	6,500	410,000 (Note 3).	416,500	0.04%
Zhang Li	Beneficial owners	960,000		960,000	0.10%
Ni Binhui	Beneficial owners	100,000	100,000 (Note 4).	200,000	0.02%
Qiu Rui	Beneficial owners		120,000 (Note 4).	120,000	0.01%
Zhen Ling	Beneficial owners		100,000 (Note 4).	100,000	0.01%

Annotations:

1. The Company granted 9,150,000 stock options on 30 June 2015 under the stock option plan approved and approved by the Company on 30 June 2015. The option cannot be exercised for one year from 30 June 2015 and the option has been granted at an exercise price of HK\$0.45 per share. The Company granted 9,000,000 stock options under the Stock Option Plan on 24 March 2021. Options cannot be exercised for 1 year from March 24, 2021. (i) up to 40% of the granted share options on 24 March 2022; (ii) up to 70% of the granted equity on 24 March 2023; (iii) The maximum exercise of the fully granted shares on 24 March 2024 at an exercise price of HK\$0.504 per share.

2. According to the information held by the Company, 349,368,873 shares are beneficially owned by Winsland Agents Limited, wholly owned by Mr. Guo Xia. 91,915,181 shares are beneficially held by Bright Excel Assets, a wholly-owned subsidiary of Venturepharm Holdings Inc., approximately 49.00% of the shares are held by Winsland Agents Limited and approximately 47.63% of the shares are held by Mr. Guo Xia. 149,432,583 shares are beneficially owned by Venturepharm Holdings Inc. Accordingly, under the SFO, Mr. Kwok is deemed to have an interest in the said companies.

3. The Company granted 250,000 stock options under the Stock Option Scheme on 30 June 2015. The option cannot be exercised for one year from 30 June 2015 and the option has been granted. The exercise price of the option is HK\$0.45 per share. The Company granted 160,000 stock options under the Stock Option Scheme on 24 March 2021. Options cannot be exercised for 1 year from March 24, 2021. (i) up to 40% of the granted share options on 24 March 2022; (ii) up to 70% of the granted equity on 24 March 2023; (iii) The maximum exercise of the fully granted shares on 24 March 2024 at an exercise price of HK\$0.504 per share.

4. The Company granted these stock options under the Stock Option Scheme on March 24, 2021. Options are immediately available for exercise from 24 March 2021. The exercise price of the option is HK\$0.504 per share.

Subject to the above disclosure, as at 31 March 2023, neither the Directors nor the Chief Executive Officer of the Company held any other interest or short position in any shares, underlying shares and bonds of the Company or its affiliates (within the meaning of Part 15 of the SFO) and (a) the Company and the stock exchange (including under the SFO) are required to notify the Company and the stock exchange pursuant to Sections 7 and 8 of Part 15 of the SFO interests or short positions acquired or deemed to be possessed by such provisions); or (b) required to be kept in the register referred to in section 352 of the SFO; or (c) be required to notify the Company and the Stock Exchange in accordance with the criteria for trading as directed by Rules 5.46 to 5.67 of the GEM Listing Rules.

## **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 31 March 2023, 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***

<b>Name of Shareholders</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares held/ interested</b>	<b>Approximate percentage of the total number of issued shares of the Company</b>
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 owned by Bright Excel Assets Limited under the SFO, and Winsland Agents Limited is deemed to be interested in the Shares owned by Venturepharm Holdings Inc. under the SFO.

Saved as disclosed above, as at 31 March 2023, 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**

Save as disclosed above, 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.

## **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 three months ended 31 March 2023, with the exception for the following deviations:

Under code provision c2.1, 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. GUO Tong. Mr. QIU Rui is the chairman of the Audit Committee.

The Audit Committee has reviewed the financial statements of the Group for the three months ended 31 March 2023 pursuant to the relevant provisions contained in the code provisions and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

## **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**  
**China Health Group Inc.**  
**GUO Xia**  
**Chairman**

Beijing, 15<sup>th</sup>, May , 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 three independent non-executive Directors, being Mr. QIU Rui, Dr. NI Binhui and Mr. GUO Tong.*

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at <http://www.hkgem.com> 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>.*