*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** **INC.**

(中國醫療集團有限公司)

(Carrying on business in Hong Kong as “萬全醫療集團”) (*Incorporated* *in* *the* *Cayman* *Islands* *with* *limited* *liability)*

(Stock Code: 08225)

**Supplementary** **Announcement** **to** **the** **Annual** **Report** **for** **the** **Year** **ended** **31** **December** **2022**

Reference is made to China Health Group Inc. (the “Company”) dated 14 April 2023 in relation to the annual report for the year ended 31 December 2022 (the “Annual Report”). Unless otherwise stated, capitalized terms used by the Company shall have the same meanings as those defined in the Annual Report. The Company is hereby merely providing further information in relation to GEM Rule 18.47 requiring issuers to provide more detailed or additional information.

**Details** **of** **the** **qualified opinion** **and** **their** **actual** **or** **potential** **impact** **on** **the** **Group’s consolidated financial** **position**

As set out on pages 48 to 54 under the section headed “Independent auditor’s report” in the Annual Report, during the year ended 31 December 2021, the Group recognised provision for ECL on trade and bills receivables of approximately RMB381,000 (the “Prior Year Provision for ECL”) which did not comply the requirements of Hong Kong Financial Reporting Standard (‘‘HKFRS’’) 9 (Revised) Financial Instrument.

During the year ended 31 December 2022, the directors of the Company have performed ECL assessments on the Group’s trade and bills receivables at 31 December 2021 in accordance with the requirements of HKFRS 9. Based on the revised ECL assessments, the Group should make further allowance for credit losses of approximately RMB2,851,000 on its trade and bills receivables for the year ended 31 December 2021. However, such allowance for credit losses has been recognised in the consolidated financial statements for the year ended 31 December 2022. As a consequence, the net carrying value of trade and bills receivables as at 31 December 2021, the profit and total comprehensive income for year ended 31 December 2021, the accumulated profits at 31 December 2021 and the loss and total comprehensive expense for the year ended 31 December 2022 and had been overstated by approximately RMB2,851,000.

The auditor therefore qualified the aforesaid opening balances at 31 December 2021 and the allowance for ECL of trade and bills receivables recognised in the profit/loss and total comprehensive income/expenses during the years ended 31 December 2021 and 2022 due to disagreement on the accounting treatment. However, the allowance for ECL of trade and bills receivables at 31 December 2022 was fairly stated.

**The board of directors’ position**

The board of directors understood the basis for qualification on the allowance for ECL of trade and bills receivables and agreed with the auditor’s qualification on this matter. The auditor is satisfied with the allowance for ECL of trade and bills receivables at 31 December 2022. However, since the audit qualification will have impact on the comparative figures for the year ending 31 December 2023 results of the Company, this qualified opinion is therefore expected to be uplifted in the audit report for the year ending 31 December 2024. Apart from that, the board of directors do not anticipate any other further impact from the matters relating to the audit qualification in future financial years.

**Audit** **committee’s** **view**

The Audit Committee confirmed that they understood the basis of the qualified opinion. They have also reviewed and agreed with the board of directors’ position as set out above.

Shareholders and potential investors should exercise caution when trading in the Company's shares and, if in doubt, seek independent advice from professionals or financial advisors.

By order of the Board

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

*Chairman*

Hong Kong, July 7, 2023

*As* *at* *the* *date* *hereof,* *the* *Board* *comprises* *two* *executive* *directors,* *being* *Mr.* *GUO* *Xia* *and* *Dr.* *Maria* *Xue* *Mei* *SONG;* *one* *non-executive* *director,* *being* *Ms.* *Zhang* *LI;* *and* *three* *independent* *non-executive* *directors,* *being* *Mr.* *Rui* *QIU,Dr.* *Bin* *Hui* *NI* *and* *Mr.* *Tong GUO.*

*This* *announcement,* *for* *which* *the* *directors* *of* *the* *Company* *collectively* *and* *individually* *accept* *full* *responsibility,* *includes* *particulars* *given* *in* *compliance* *with* *the* *Rules* *Governing* *the* *Listing* *of* *Securities* *on* *the* *GEM* *of* *The* *Stock* *Exchange* *of* *Hong* *Kong* *Limited for* *the* *purpose* *of giving* *information* *with* *regard* *to* *the* *Company.* *The* *directors,* *having* *made* *all* *reasonable* *inquiries,* *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.*

*This* *announcement* *will* *remain* *on* *the* *GEM* *website* *with* *the* *domain* *name* *of* *www.hkgem.com* *on* *the* *“Latest* *Company* *Announcements”* *page* *for* *at* *least* *7days* *from* *the* *date* *of* *its* *posting* *and* *on* *the* *Company’s* *website* *at* *[www.chgi.net](http://www.chgi.net).*