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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)

### **VOLUNTARILY ANNOUNCEMENT**

#### **BUSINESS UPDATE**

This announcement is made voluntarily by China Health Group (the "Company"), together with its subsidiaries and consolidated affiliated entities, collectively referred to as "We".

Reference is made to the Annual Results Announcement of China Health Group Limited (the "Company") dated 14 April 2023 for the year 2022. Unless otherwise stated, capitalized terms used by the Company shall have the same meanings as those defined in the Announcement.

In view of the irresistible factor of the novel coronavirus epidemic, all the company's academic activities have been changed from offline to online since the beginning of 2022. The effect of online academic research activities is still a certain gap from the effect of offline academic research activities, and there are obstacles in the collection of patient cases. Later, customers have raised objections and did not accept the service effect. In view of the initial implementation phase of the online activities and considering the long-term cooperation with the customer, the finance personnel also wrote off some of the previously identified revenue during the annual pre-audit period following the release of the Company's third quarter results, after discussion by management and at the request of the Board. Therefore, there is a significant difference in revenue between the quarterly results announcement dated November 14, 2022 and the 2022 annual results announcement dated April 14, 2023. Since 2023, with the end of the COVID-19 epidemic, all offline academic activities have returned to normal, and this irresistible factor no longer exists, and income will not fluctuate significantly.

The management attaches great importance to the recovery of accounts receivable. The board of Directors supervises the business process of revenue and accounts receivable throughout the process, strictly reviews whether the business department has formulated a collection plan in accordance with the contract, service progress and customer credit rating, and whether each responsible person has called for payment in accordance with the payment recovery plan. If the accounts that cannot be recovered on time, the responsible department is required to send a letter to urge and send someone to communicate and negotiate. For those that cannot be recovered, the board of directors not only analyzed and evaluated the provision for bad debts, but also discussed in detail in view of special circumstances, and analyzed litigation issues, formulated plans and dealt with them in combination with the opinions of external legal advisers. In view of the irresistible factors of the COVID-19 pandemic, and taking into account the actual situation of customers and their ability to repay, the grace period for payment will be adjusted from 30 days to 180 days in 2022. After the outbreak ends in 2023, the grace period will be adjusted back to 30

days.

Since its listing, China Health Group has been committed to provide drug services from research to registration, and premarket clinical research in the early stage. In the later stage, focusing on post-marketing clinical research, especially real-world clinical research; post-market clinical research-led marketing outreach services (CRSO) and specialty medical services. Our main customers are pharmaceutical manufacturers. Due to the continuous impact of the epidemic in 2020-2022, the medical business of the hospital has been greatly impacted and affected. At the same time, due to the national financial focus on fighting the epidemic, resulting in a shortage of medical insurance funds, the government has expanded the scope of centralized procurement, affecting almost 90% of drugs; Associated drug manufacturers do not have sufficient funds for clinical research activities. At present, our company makes full use of the geographical advantages of Hainan Company affiliated to the Group and the geographical advantages of Hainan becoming an international free trade port to obtain new customers. Hainan, as the first national real world research platform, attracts overseas customers to enter China quickly, and provides customers with a package of services for follow-up registration, clinical research, and post-market promotion. In recent years, the Chinese medicine policy has continued to improve, encouraging the inheritance and innovation of Chinese medicine, our company has continued and innovated the reform of Chinese medicine drug review and approval, and improved the Chinese medicine review and approval system in line with the characteristics of Chinese medicine. Focus on Chinese medicine clinical research services, become the industry leader.

Mr. Guo Xia, the founder and chairman of the Group, and the directors including Dr. Song Xuemei, Dr. Zhang Li, Dr. Ni Binhui and Dr. Guo Tong all have very good professional background and more than 20 years of industry experience. Although some adjustments have been made to the staff due to the temporary decline in business, in 2023, the company still bucked the trend and recruited a number of outstanding talents to prepare for the group's explosive business growth.

By order of the Board  
**China Health Group Inc.**  
**Xia GUO**  
*Chairman*

Hong Kong, 11 September 2023

*As at the date hereof, the Board comprises two executive directors, being Mr. Xia GUO 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.*

