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**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)

**DISCLOSEABLE TRANSACTION-**  
**ACQUISITION OF LIMITED PARTNERSHIP INTEREST**  
**AND INDIRECT INVESTMENT IN**  
**湖南博創科建產業投資基金(有限合伙)**  
**(HUNAN BOCHUANG TECHNOLOGY CONSTRUCTION INDUSTRY**  
**INVESTMENT FUND (LIMITED PARTNERSHIP)\*)**

**THE AGREEMENT**

After the Stock Exchange trading hours on 5 July 2021, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor agreed to transfer the Partnership Interest to the Purchaser for a cash consideration of RMB1 payable by the Purchaser. In consideration of the Vendor transferring the Partnership Interest to the Purchaser, the Purchaser shall take up the obligation of the Vendor to contribute registered capital in the amount of RMB30,000,000 to the Target.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer is more than 5% but are all less than 25%, the Transfer constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Reference is made to the announcement of the Company dated 26 June 2020 in relation to the strategic cooperation memorandum of understanding entered into between the Company and the General Partner regarding the potential investment by the Company in the Fund.

The Board is pleased to announce that after the Stock Exchange trading hours on 5 July 2021, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Agreement, pursuant to which the Vendor agreed to transfer the Partnership Interest to the Purchaser for a cash consideration of RMB1 payable by the Purchaser. In consideration of the Vendor transferring the Partnership Interest to the Purchaser, the Purchaser shall take up the obligation of the Vendor to contribute registered capital in the amount of RMB30,000,000 to the Target. Details of the Agreement are set out as below.

## **THE AGREEMENT**

### **Date**

5 July 2021

### **Parties**

- (i) The Purchaser; and
- (ii) the Vendor.

### **Subject matter**

Pursuant to the Agreement, the Vendor agreed to transfer the Partnership Interest to the Purchaser, for a cash consideration of RMB1 payable by the Purchaser. In consideration of the Vendor agreeing to transfer the Partnership Interest to the Purchaser, the Purchaser shall take up the obligation of the Vendor to contribute to the registered capital of the Target in the amount of RMB30,000,000.

The transfer of the Partnership Interest shall take effect upon the Purchaser having completed the aforesaid capital contribution in accordance with the schedule to be set out in the Cooperation Agreement (as disclosed below). The consideration of RMB1 for the Transfer shall be payable by the Purchaser in cash within three days of the signing of the Agreement.

The consideration for the Transfer and the capital contribution to the Target were determined by the Purchaser and the Vendor after arm's length negotiations taking into account the opportunity for the Purchaser to participate in the investment in the Fund which is further discussed in the section headed "Reasons for and benefits of the Transfer" below and the terms of the partnership agreements for the Target and the Fund respectively. The consideration and the capital contribution shall be funded by the internal resources of the Group.

## INFORMATION OF THE TARGET AND THE FUND

### The Target

The Target is a limited partnership established in the PRC. Details of the Target based on the existing partnership agreement are set out below:

|                                   |                                                                                                                                                                                                                                                                       |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of establishment:            | 7 February 2018                                                                                                                                                                                                                                                       |
| Fund life:                        | The Target is a long term fund which does not have a definite fund life.                                                                                                                                                                                              |
| Investment objective:             | Focuses on investment in projects involving technology development, transfer, consultancy and services, and intellectual properties.                                                                                                                                  |
| Fund manager:                     | GBZ Investment. No management fee is payable to GBZ Investment.                                                                                                                                                                                                       |
| Registered capital:               | <p>The total registered capital of the Fund is RMB675 million, of which:</p> <ul style="list-style-type: none"><li>(i) RMB150.75 million had been contributed by 31 July 2020; and</li><li>(ii) RMB524.25 million shall be contributed by 31 December 2022.</li></ul> |
| Distributions:                    | Profit and loss of the Target shall be apportioned among the partners in proportion to their capital contribution in the Target.                                                                                                                                      |
| Transferability of the interests: | The interests in the Target of a partner may not be directly or indirectly sold, assigned or transferred in whole or in part without the prior written consent of the other partners of the Target.                                                                   |

The partners had executed the Revised Partnership Agreement on the same date of the Agreement, which shall take effect upon completion of the Transfer. Details of the Revised Partnership Agreement are set out in the section headed “The Cooperation Agreement and the Revised Partnership Agreement” below.

As at the date of this announcement, the Target holds a 15% partnership interest (as limited partner) in the Fund. Apart from the investment in the Fund, the Target does not have other material investment or business. The following table summarises the key financial information of the Target extracted from the audited accounts of the Target for each of the two financial years ended 31 December 2019 and 2020 respectively.

|                 | <b>Year ended</b><br><b>31 December 2019</b><br><i>RMB</i><br>(Audited) | <b>Year ended</b><br><b>31 December 2020</b><br><i>RMB</i><br>(Audited) |
|-----------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Loss before tax | 3,063                                                                   | 22,556                                                                  |
| Loss after tax  | 3,063                                                                   | 22,556                                                                  |

As at 31 May 2021, the unaudited net assets of the Target amounted to approximately RMB150,719,000. The principal asset of the Target is the portion of registered capital in the Fund which had been paid up by the Target utilising the capital contribution of the Target's partners.

As at the date of this announcement, the interests of the partners in the registered and paid-up capital of the Target are as follows:

|                                                                                                                                             | <b>Registered capital</b> |               | <b>Paid up capital</b> |               |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|------------------------|---------------|
|                                                                                                                                             | <i>(RMB'000)</i>          | %             | <i>(RMB'000)</i>       | %             |
| The Vendor (as limited partner)<br>上海雷公工程機械設備安裝事務所<br>(Shanghai Leigong Engineering Equipment<br>Installation Office*) (as limited partner) | 571,250                   | 84.63         | 47,000                 | 31.18         |
| GBZ investment (as general partner)                                                                                                         | 100,000                   | 14.81         | 100,000                | 66.33         |
|                                                                                                                                             | 3,750                     | 0.56          | 3,750                  | 2.49          |
|                                                                                                                                             | <u>675,000</u>            | <u>100.00</u> | <u>150,750</u>         | <u>100.00</u> |

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

Upon the Purchaser having paid up the capital contribution to the Target pursuant to the Agreement, the respective interests of the partners in the registered and paid-up capital of the Target will be as follows:

|                                                                                                          | Registered capital |               | Paid-up capital |               |
|----------------------------------------------------------------------------------------------------------|--------------------|---------------|-----------------|---------------|
|                                                                                                          | (RMB'000)          | %             | (RMB'000)       | %             |
| The Vendor (as limited partner)                                                                          | 541,250            | 80.19         | 47,000          | 26.00         |
| The Purchaser (as limited partner)                                                                       | 30,000             | 4.44          | 30,000          | 16.60         |
| 上海雷公工程機械設備安裝事務所<br>(Shanghai Leigong Engineering Equipment<br>Installation Office*) (as limited partner) | 100,000            | 14.81         | 100,000         | 55.33         |
| GBZ Investment (as general partner)                                                                      | 3,750              | 0.56          | 3,750           | 2.07          |
|                                                                                                          | <u>675,000</u>     | <u>100.00</u> | <u>180,750</u>  | <u>100.00</u> |

The Purchaser's percentage interest in the Target's profit or loss shall be diluted to 4.44% if the Vendor pays up in full its share of outstanding registered capital of the Target (or any other partners make additional capital contribution to the Target).

## The Fund

The Fund is an industrial investment sub-fund of the national science and technology achievement transformation guidance fund approved by the Ministry of Science and Technology of the PRC. Details of the Fund are set out below:

Date of establishment: 10 July 2020

Fund life: The Fund has a life of seven years from the date of establishment, of which the first four years shall be investment period and the subsequent three years shall be realisation period. The fund life may be extended for a further two years upon the agreement by all the partners.

Investment objective: Focuses on investments in the medical equipment, bio-pharmaceutical and medical services sectors.

Fund manager: The General Partner.

- Registered capital: The total registered capital of the Fund is RMB2.5 billion, of which:
- (i) RMB1.0 billion had been contributed by the partners by 31 July 2020;
  - (ii) RMB750 million was originally intended to be contributed by the partners within 2021; and
  - (iii) RMB750 million shall be contributed by the partners within 2022.
- Management fees:
- (i) During the investment period, the management fee payable to the General Partner shall be 2% per annum of the paid-up capital of the partners;
  - (ii) during the realisation period, the management fee shall be 2% per annum of the total amount of investments made by the Fund which have not yet been realized; and
  - (iii) no management fee will be charged for the extension period.
- Profit sharing: Distributable cash attributable to investment projects shall be apportioned among the partners based on the following:
- (i) profit shall be firstly distributed to limited partners pro-rata to their capital contribution and any excess profits shall then be distributed to the General Partner, for the purpose of enabling the partners to recoup their invested capital;
  - (ii) if there is any excess profits after (i) above, the profit shall be distributed based on an annualised return of 8% to limited partners first, and then to the General Partner; and
  - (iii) if there is any excess after the distribution in (ii) above, the profit shall be distributed as to 80% to the limited partners and 20% to the General Partner.
- Investment decision: An investment committee shall be established with seven members to make decisions on investments and divestments, and five votes are required for forming a decision.

As at the date of this announcement, the interests of the partners in the registered and paid-up capital of the Fund are as follows:

|                                                                                                                                                     | <b>Registered capital</b> |               | <b>Paid up capital</b> |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|------------------------|---------------|
|                                                                                                                                                     | <i>(RMB'000)</i>          | %             | <i>(RMB'000)</i>       | %             |
| 福州連力創業投資基金合作企業(有限合伙)<br>(Fuzhou Lianli Venture Capital Fund<br>Partnership (Limited Partnership)*) (as<br>limited partner)                          | 850,000                   | 34.00         | 340,000                | 34.00         |
| 國家科技部風險成果轉化引導基金<br>(Guidance Fund for Transformation<br>of Risk Achievements of the Ministry<br>of Science and Technology*) (as<br>limited partner) | 750,000                   | 30.00         | 300,000                | 30.00         |
| 湖南湘江盛世股權投資基金合作企業<br>(有限合伙) (Hunan Xiangjiang Shengshi<br>Stock Investment Fund Partnership (Limited<br>Partnership)*) (as limited partner)          | 500,000                   | 20.00         | 200,000                | 20.00         |
| The Vendor (as limited partner)                                                                                                                     | 375,000                   | 15.00         | 150,000                | 15.00         |
| The General Partner (as general partner)                                                                                                            | 25,000                    | 1.00          | 10,000                 | 1.00          |
|                                                                                                                                                     | <u>2,500,000</u>          | <u>100.00</u> | <u>1,000,000</u>       | <u>100.00</u> |

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, all the partners of the Fund and their ultimate beneficial owners are Independent Third Parties.

As at the date of this announcement, the Fund has invested in two companies engaging in medical equipment business. The Fund has also entered into an agreement to subscribe for new shares in another company engaged in biopharmaceutical and medical equipment business. All these investments are minority interest investments.

## **THE COOPERATION AGREEMENT AND THE REVISED PARTNERSHIP AGREEMENT**

In conjunction with the Transfer, the Company, the General Partner, the Target and GBZ Investment entered into the Cooperation Agreement on 5 July 2021, pursuant to which, among other things, it was agreed that:

- (i) the RMB30,000,000 capital to be contributed by the Purchaser to the Target shall be deemed to have been applied towards fulfilling the obligations of the Target to pay up the capital contribution to the Fund;
- (ii) the RMB30,000,000 capital contribution by the Purchaser to the Target shall be fulfilled as to (i) RMB5,000,000 within three days from the date of the Agreement; (ii) RMB10,000,000 within 10 days from the date of the Agreement; and (iii) the balance of RMB15,000,000 within 60 days from the date of the Agreement;
- (iii) following payment in full of the capital contribution, the Purchaser shall be entitled to the profits of the Fund based on the percentage of its capital contribution to the Target to the total capital contributed by the Target to the Fund (being RMB150 million as at the date of this announcement);
- (iv) the Purchaser shall only bear the proportionate management fee charged by the General Partner to the Fund, but not any other fees or expenses of the Target; and
- (v) in the event that the Fund intends to realise its investment project(s), the Company shall have the right of first refusal to acquire such project(s) on the same terms offered by potential purchaser(s) from the Fund.

In addition, the Revised Partnership Agreement had been executed among the partners of the Target on 5 July 2021 which shall take effect upon completion of the Transfer, pursuant to which the following matters in addition to the above shall be confirmed:

- (i) the sole investment of the Target shall be its investment in the Fund;
- (ii) the Purchaser is included as a limited partner of the Target following payment in full of the RMB30,000,000 capital contribution to the Target under the Agreement;
- (iii) the profits and rights of the partners in the Target shall be determined based on their respective proportion of paid-up capital in the Target; and
- (iv) the Purchaser shall not be liable to pay up any additional capital to the Target or the Fund other than those agreed under the Agreement.



## **INFORMATION OF THE PARTIES**

### **Information of the Purchaser**

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

### **Information of the Vendor**

The Vendor is a company established in the PRC with limited liability and is principally engaged in asset management, investment consulting and management and venture capital investment. It is a limited partner of the Target. The ultimate beneficial owners of the Vendor are Mr. Nie Qi (聶奇) and Ms. Ma Li (馬麗).

### **Information of GBZ Investment**

GBZ Investment is a company established in the PRC with limited liability and is principally engaged in asset management and investment management. It is the general partner of the Target. The ultimate beneficial owner of GBZ Investment is Mr. Yang Zhansong (楊贊松).

### **Information of the General Partner**

The General Partner is a company established in the PRC with limited liability and is principally engaged in private equity investment and management. It set up the Fund and is the general partner and fund manager of the Fund. The ultimate beneficial owners of the General Partner are Mr. Yang Zhansong (楊贊松) and Ms. Guojia (國佳).

## **REASONS FOR AND BENEFITS OF THE TRANSFER**

The Group is principally engaged in the distribution of medical equipment and consumables and provision of related services, provision of hospital operation and management service and business factoring.

As disclosed in the announcement of the Company dated 26 June 2020, the Company intended to invest not more than RMB30,000,000 as a limited partner in the Fund. However, it had taken longer time than expected to materialise the transaction contemplated under the memorandum of understanding after the signing thereof. As the Fund has now been set up and is in operation, the Company understands that it would not be practicable for the Company to participate directly as an additional limited partner of the Fund. As such, the Group negotiated with the General Partner and it was agreed that the Company would participate indirectly in the Fund through its investment in the Target.

The Company considers that the Transfer provides an opportunity to invest directly in different medical and healthcare related projects through the Target and the Fund. It also allows the Group to leverage on the network and expertise of the General Partner to utilise the resources contributed by other partners of the Fund to make investments of a larger scale than those which would otherwise be made by the Group within its own financial capability. The Group would also benefit from the right of first refusal to acquire projects with potential and prospects should it sees fit if the Fund realises its investments. Having considered the above, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer is more than 5% but are all less than 25%, the Transfer constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

|                         |                                                                                                                                                                                       |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Agreement”             | the transfer agreement dated 5 July 2021 entered into between the Purchaser and the Vendor in respect of the Transfer                                                                 |
| “Board”                 | the board of Directors                                                                                                                                                                |
| “Company”               | China Health Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 673) |
| “Cooperation Agreement” | the cooperation agreement dated 5 July 2021 entered into among the Company, the General Partner, the Target and GBZ Investment                                                        |
| “Director(s)”           | director(s) of the Company                                                                                                                                                            |

|                                |                                                                                                                                                                                                                                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Fund”                         | 湖南博創科建產業投資基金(有限合伙) (Hunan Bochuang Technology Construction Industry Investment Fund (Limited Partnership*))                                                                                                                                                                                            |
| “GBZ Investment”               | 共青城博偉智鴻投資有限公司 (Gongqingcheng Bowei Zhihong Investment Co., Ltd.*), a company established in the PRC with limited liability and the general partner of the Target                                                                                                                                       |
| “General Partner”              | 北京博偉智信投資管理有限公司 (Beijing Bowei Zhixin Investment Management Co., Ltd.*), a company established in the PRC with limited liability and the general partner of the Fund                                                                                                                                    |
| “Group”                        | the Company and its subsidiaries                                                                                                                                                                                                                                                                       |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                 |
| “Independent Third Party(ies)” | any person(s) or companies and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules) |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange                                                                                                                                                                                                                                    |
| “Partnership Interest”         | the partnership interest of the Vendor in the Target to be transferred to the Purchaser pursuant to the Agreement                                                                                                                                                                                      |
| “PRC”                          | the People’s Republic of China, and for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                             |
| “Purchaser”                    | 中衛健康產業(深圳)有限公司 (Zhongwei Health Industries (Shenzhen) Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company                                                                                                                |

|                                 |                                                                                                                                                                                                                                             |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Revised Partnership Agreement” | the revision agreement signed by all the partners of the Target on 5 July 2021 setting out revisions to the partnership agreement dated 22 July 2020 entered into among all the existing partners of the Target as a result of the Transfer |
| “Stock Exchange”                | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                     |
| “Target”                        | 北京啟慧智元信息科技合夥企業(有限合夥) (Beijing Qihui Zhiyuan Information Technology Enterprise Partnership (Limited Partnership)*), a partnership established in the PRC and a limited partner of the Fund                                                   |
| “Transfer”                      | the proposed transfer of the Partnership Interest by the Vendor to the Purchaser pursuant to the terms and conditions of the Agreement                                                                                                      |
| “Vendor”                        | 寧波易達誠資產管理有限公司 (Ningbo Yidacheng Asset Management Co., Ltd.*), a company established in the PRC with limited liability and a limited partner of the Target                                                                                   |
| “RMB”                           | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                    |
| “%”                             | per cent                                                                                                                                                                                                                                    |

\* *for illustration purpose only*

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

Hong Kong, 5 July 2021

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