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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)

SUPPLEMENTAL AGREEMENT
IN RELATION TO
PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcements issued by China Health Group Limited (the “**Company**”) respectively dated 9 June 2022 related to the Placing (the “**Placing Announcement**”) and 16 June 2022 related to the Share Consolidation (the “**Share Consolidation Announcement**”). Terms used herein shall have the same meanings as defined in the Placing Announcement and the Share Consolidation Announcement unless otherwise stated.

SUPPLEMENTAL AGREEMENT

Pursuant to the Placing Agreement dated 9 June 2022, the Company has appointed the Placing Agent to place the Convertible Bonds on a best effort basis to not less than six institutional, corporate or individual investors who are recognized as professional investors under the Securities and Futures Ordinance and who and whose ultimate beneficial owners are Independent Third Parties and not acting in concert (as defined in the Takeovers Code) with each other in the aggregate principal amount of up to HK\$82,000,000 at an initial Conversion Price of HK\$0.10.

Change of Long Stop Date

On 16 June 2022, the Company and the Placing Agent entered into a supplemental placing agreement (the “**Supplemental Agreement**”) to change the Long Stop Date.

Pursuant to the Supplemental Agreement, the Long Stop Date is changed from 15 July 2022 to 30 June 2022 (or such later date as the Placing Agent and the Company may agree). Subject to fulfillment of conditions precedent set out in the Placing Agreement, the Company expects the Completion to take place no later than 30 June 2022.

Save for the aforesaid, all other terms and conditions of the Placing Agreement will remain unchanged.

Events Leading to Adjustments to the Conversion Price

In the Placing Announcement, the Company disclosed that the Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the terms and conditions of the Convertible Bonds upon the occurrence of certain events.

Save for the events disclosed in the Placing Announcement, there is no other event that would cause the Conversion Price to be adjusted under the Placing Agreement (as amended by the Supplemental Agreement).

Adjustments to the nominal value of the Conversion Shares, the Conversion Price and the maximum number of Conversion Shares

As disclosed in the Share Consolidation Announcement, the Board proposed to conduct the Share Consolidation and Change of Board Lot Size. If the Share Consolidation becomes effective, every 10 issued and unissued Shares of par value of HK\$0.10 each shall be consolidated into 1 Consolidated Share of par value of HK\$1.00 each.

Pursuant to the terms and conditions of the Convertible Bonds, if the Share Consolidation becomes effective, the initial Conversion Price will be adjusted from HK\$0.10 per Conversion Share to HK\$1.00 per Conversion Share, and the maximum number of Conversion Shares will be adjusted from 820,000,000 Shares to 82,000,000 Consolidated Shares.

Save for the above adjustments, no other adjustment to the Placing will be made as a result of the Share Consolidation.

DETAILS OF THE INTENDED USE OF NET PROCEEDS

As disclosed in the Placing Announcement, the Company intends to apply the net proceeds of approximately HK\$80,000,000 from the Placing (the “**Net Proceeds**”) (i) as the general working capital of the Group; (ii) for the development and expansion of the Group’s existing businesses; and (iii) for any possible business development and investment of the Group when there arises any appropriate opportunity.

The breakdown of the intended use of the Net Proceeds and the expected timeline for utilization are as follows:

- (i) HK\$20,000,000 of the Net Proceeds as the general working capital of the Company, usage of which include (but not limited to) payment of general operating expenses incurred from the day-to-day business operations of the Group. The Company expects to fully utilize this amount by 30 June 2023;
- (ii) HK\$20,000,000 for the development and expansion of the medical equipment and consumables distribution and service business, which is a major business segment of the Group. The Company expects to fully utilize this amount by 30 June 2023; and
- (iii) the remaining HK\$40,000,000 as reserve for possible business development and investment of the Group, which would include potential investment and acquisition. The Company expects to fully utilize this amount by 30 June 2023.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions Precedent” in the Placing Announcement and the Placing Agent not having terminated the Placing Agreement (as supplemented by the Supplemental Agreement) in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisors.

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

Hong Kong, 16 June 2022

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