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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)

**COMPLETION OF PLACING OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

Reference is made to the announcements issued by China Health Group Limited (the “**Company**”) dated 9 June 2022 (the “**Original Announcement**”), 16 June 2022, 30 June 2022, 14 July 2022 and 26 July 2022 (together with the Original Announcement, the “**Announcements**”) related to the Placing. Reference is also made to the Company’s circular dated 4 July 2022 (the “**SGM Circular**”) in relation to the Share Consolidation. Terms used herein shall have the same meanings as defined in the Announcements and the SGM Circular unless otherwise stated.

COMPLETION OF THE PLACING

The Board is pleased to announce that on 5 August 2022 (after trading hours), all conditions set out in the Placing Agreement (as amended by the 1st Supplemental Agreement, 2nd Supplemental Agreement, 3rd Supplemental Agreement and 4th Supplemental Agreement) have been fulfilled and the completion of the Placing took place on 5 August 2022.

In the Original Announcement, it was disclosed that the Company has appointed the Placing Agent to place the Convertible Bonds in the aggregate principal amount of up to HK\$82,000,000. On Completion, the Convertible Bonds with an aggregate principal amount of HK\$40,000,000 have been successfully placed to not less than six Placees. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placees and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Based on the initial Conversion Price of HK\$0.10 per Conversion Share (subject to adjustments), 400,000,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds successfully placed, representing approximately 8.35% of the issued share capital of the Company as enlarged by the issue of such Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of such Convertible Bonds).

ADJUSTMENT TO THE CONVERSION PRICE AND NUMBER OF CONVERSION SHARES

As disclosed in the Original Announcement, 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 occurrence of, among other things, consolidation of the Shares.

When the Share Consolidation becomes effective on 8 August 2022, being the effective date of the Share Consolidation (the “**Effective Date**”), the Conversion Price will be adjusted from HK\$0.10 to HK\$1.00, and the number of Conversion Shares will be adjusted from 400,000,000 Existing Shares to 40,000,000 Consolidated Shares.

CHANGE IN THE INTENDED USE OF NET PROCEEDS

Since not all the Convertible Bonds have been placed, at Completion, the gross proceeds and the net proceeds of the Placing amounted only to HK\$40,000,000 and approximately HK\$38,800,000, after deducting commission and other related expenses of Placing. The intended use of net proceeds disclosed in the Original Announcement and the announcement dated 16 June 2022 could not be fully achieved. As such, the intended use has to be changed and the breakdown of the revised intended use of the net proceeds from the Placing and the expected timeline for utilization are as follows:

- (i) HK\$13,800,000 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; and
- (ii) HK\$25,000,000 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.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) on the Effective Date (assuming none of the Placees will exercise the Conversion Right between the date of this announcement and the Effective Date); and (ii) immediately after the allotment and issue of the Conversion Shares (being Consolidated Shares) at the adjusted Conversion Price upon exercise of the conversion rights attached to the Convertible Bonds in full (assuming no further Shares will be issued or repurchased from the date of this announcement to the date of the full conversion of the Convertible Bond).

Shareholders	Shareholding on the Effective Date		Shareholding immediately after the issue of the Conversion Shares (being Consolidated Shares) upon full exercise of the Convertible Bonds	
	<i>Number of Consolidated Shares</i>	<i>%</i>	<i>Number of Consolidated Shares</i>	<i>%</i>
<i>Directors</i>				
Zhang Fan ¹	117,307,400	26.72	117,307,400	24.49
Xing Yong	139,800	0.03	139,800	0.03
Wang Jingming	2,340,600	0.53	2,340,600	0.49
<i>Substantial Shareholder</i>				
Best Robust Ventures Limited ²	25,000,000	5.70	25,000,000	5.22
<i>Public Shareholders</i>				
– Placees	–	–	40,000,000	8.35
– Others	294,206,963	67.02	294,206,963	61.42
Total	<u>438,994,763</u>	<u>100</u>	<u>478,994,763</u>	<u>100</u>

Notes:

1. Mr. Zhang Fan is the chairman of the Board and an executive Director. He is personally interested in 13,074,000 Existing Shares, and 1,160,000,000 Existing Shares through Treasure Wagon Limited (“**Treasure Wagon Limited**”), a company incorporated in the Independent State of Samoa with limited liability, which is wholly owned by him. When the Share Consolidation becomes effective, Mr. Zhang Fan will be personally interested in 1,307,400 Consolidated Shares, and 116,000,000 Consolidated Shares through Treasure Wagon Limited.
2. Best Robust Ventures Limited is a company incorporated in the Independent State of Samoa with limited liability and is owned as to 50% by each of Mr. Sun Chunlei and Mr. Yang Huijun

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

Hong Kong, 5 August 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.