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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)*

- (I) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE;**  
**(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS**  
**SHARES FOR EVERY TEN (10) SHARES HELD ON**  
**THE RECORD DATE;**  
**(III) CONNECTED TRANSACTION AND SPECIAL DEAL IN RELATION TO**  
**THE UNDERWRITING AGREEMENT;**  
**(IV) SPECIAL DEAL IN RELATION TO THE PLACING AGENT AGREEMENT;**  
**(V) APPLICATION FOR WHITEWASH WAIVER;**  
**(VI) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;**  
**AND**  
**(VII) RESUMPTION OF TRADING**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Company**



**Placing Agent of the Rights Issue**



## **THE PROPOSAL**

The Company proposes to proceed with the Subscriptions and the Rights Issues to address the Group's financial challenges and need for capital to support ongoing operations and future development.

## **THE SUBSCRIPTIONS**

On 30 April 2025 (after trading hours), the Company entered into the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C in relation to the issue and subscription of 500,000,000 new Shares, 100,000,000 new Shares and 100,000,000 new Shares (a total of 700,000,000 new Shares) at the Subscription Price of HK\$0.1 per Subscription Share to Subscriber A, Subscriber B and Subscriber C respectively. Pursuant to the Subscription Agreements, the Subscription Shares shall be allotted and issued simultaneously with that of the Rights Shares. For the avoidance of doubt, the Subscription Shares will not be entitled to the Rights Issue.

Completion of the Subscription Agreement A is conditional on, among others, each of the Underwriting Agreement and the Placing Agent Agreement and the transactions contemplated thereunder having become unconditional and not terminated pursuant to the terms thereof.

Completion of each of the Subscription Agreement B and the Subscription Agreement C is conditional on, among others, each of the Subscription Agreement A, the Underwriting Agreement and the Placing Agent Agreement and the transactions contemplated thereunder having become unconditional and not terminated pursuant to the terms thereof.

Further details of respective conditions precedent of the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C are set out in the paragraph headed "Conditions to the Subscriptions" in the section headed "The Subscriptions" below of this announcement.

Assuming there being no other change in the issued share capital of the Company from the date of this announcement and up to the Subscription Completion (other than the issue of the Subscription Shares and the Rights Shares), the total number of 700,000,000 Subscription Shares represent (i) approximately 142.4% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 52.3% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Rights Shares immediately upon completion of the Subscriptions and the Rights Issue.

## **THE RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders on the Record Date at the Issue Price of HK\$0.1 per Rights Share to raise a gross amount of in the range of between approximately HK\$14.7 million and approximately HK\$15.0 million.

The Rights Issue and the Underwriting Agreement are subject to conditions precedent including, among others, each of the Subscription Agreement A and the Placing Agent Agreement having become unconditional and not terminated pursuant to the terms thereof. Further details of conditions precedent of the Rights Issue and the Underwriting Agreement are set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in the section headed “The Underwriting Agreement” below of this announcement.

The Rights Issue will not be extended to the Non-Qualifying Shareholders. Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained.

### **Deed of Covenants and Undertaking**

Each of Mr. Zhang (an executive Director and the Chairman) and Treasure Wagon Limited (a company wholly owned by Mr. Zhang and being the Underwriter) has unconditionally and irrevocably undertaken to the Company that, among other things, each of them will take up the 392,220 Rights Shares and the 40,797,600 Rights Shares, respectively, under each of their entitlement pursuant to the terms of the Rights Issue.

### **The Compensatory Arrangements and the Placing Agent Agreement**

The Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to the Placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue and the Non-Qualifying Shareholders. On 30 April 2025 (after the trading hours), the Company and the Placing Agent entered into the Placing Agent Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price determination will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares during the Placing.

## **THE UNDERWRITING AGREEMENT**

On 30 April 2025 (after the trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, pursuant to which the Underwriter has agreed to subscribe for the Untaken Rights Shares, being all the Unsubscribed Rights Shares that are not successfully placed by the Placing Agent, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

## **LISTING RULES IMPLICATIONS**

The Subscription Shares will be allotted and issued under the Specific Mandate which will be sought from the Independent Shareholders at the SGM.

As the Company has not conducted any rights issue or open offer within the 12 months period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules.

The Underwriter is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. The Underwriter is wholly owned by Mr. Zhang. Therefore, Mr. Zhang and his associates (including the Underwriter) are required to abstain from voting on the resolution(s) in relation to the Underwriting Agreement at the SGM. Moreover, Mr. Ying and his associates are also required to abstain from voting on the resolution(s) in relation to the Underwriting Agreement.

Mr. Zhang abstained from voting at the meeting of the Board convened to consider the Subscription Agreements, the Rights Issue, the Underwriting Agreement and the Placing Agent Agreement due to his interest in the Underwriting Agreement arising from his shareholding in the Underwriter.

## **TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEALS**

### **(i) Whitewash Waiver**

As at the date of this announcement, Mr. Ying is directly interested in 16,211,900 Shares, representing approximately 3.30% of the issued share capital of the Company. Save as disclosed, none of the Subscribers or parties acting in concert with any of them is interested in any Shares as at the date of this announcement. Accordingly, Mr. Ying, Subscriber A, Subscriber B, Subscriber C and parties acting in concert with any of them are interested in 16,211,900 Shares representing approximately 3.30% of the issued share capital of the Company as at the date of this announcement. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and the Rights Shares, the Subscribers and parties acting in concert with any of them will, in aggregate, be interested in approximately 53.08% (assuming all Share Options not subject to the Optionholders' Undertakings having been exercised before the closure date of register of members for determining entitlements to the Rights Issue) or 53.49% (assuming no Share Options having been exercised prior to the closure date of register of members for determining entitlements to the Rights Issue) of the issued share capital of the Company as enlarged by the issue of all the Subscription Shares and the Rights Shares.

Accordingly, the Subscribers would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities not already owned or agreed to be acquired by them and parties acting in concert with them, unless the Whitewash Waiver is granted.

An application will be made by Subscriber A to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Subscription Agreements and the transactions contemplated thereunder.

**If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders and the Subscriptions become unconditional, the aggregate shareholding of Subscriber A and parties acting in concert with it in the Company will exceed 50% immediately upon the Subscription Completion and completion of the Rights Issue. Subscriber A and parties acting in concert with it may further increase their shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

## **(ii) Special Deals**

As at the date of this announcement, the Underwriter, wholly owned by Mr. Zhang, is a Shareholder interested in 135,992,000 Shares and Mr. Zhang is directly interested in 1,307,400 Shares. As the Underwriting Agreement was not extended to all other Shareholders, the Underwriting Agreement and the transactions contemplated thereunder constitute a special deal under Rule 25 of the Takeovers Code.

As at the date of this announcement, the Placing Agent is a Shareholder interested in 804,000 Shares. As the Placing Agent Agreement was not extended to all other Shareholders, the Placing Agent Agreement and the transactions contemplated thereunder also constitute a special deal under Rule 25 of the Takeovers Code.

The Special Deals are subject to the approval by more than 50% of the Independent Shareholders at the SGM by way of poll and require the consent of the Executive. An application will be made by the Company to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Special Deals.

Such consent of the Executive, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Special Deals.

## **(iii) Voting at SGM**

Mr. Zhang was involved in the negotiation of the Subscriptions. The Subscribers, the Underwriter, the Placing Agent and their respective parties acting in concert with them (including Mr. Ying and Mr. Zhang respectively) are required to abstain from voting on the relevant resolution(s) in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver at the SGM.

The Subscriptions are conditional on, among others, each of the Underwriting Agreement and the Placing Agent Agreement becoming unconditional, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the SGM. The Subscription Agreement A having become unconditional is one of conditions precedent for each of the Subscription Agreement B and the Subscription Agreement C. The Underwriting Agreement and the Placing Agent Agreement (i.e. the Special Deals) are conditional on, among others, the Subscription Agreement A having become unconditional, the consent of the Executive and the approval of the Independent Shareholders at the SGM. If the Whitewash Waiver or consent for the Special Deals is not granted by the Executive or approvals by the Independent Shareholders of the Whitewash Waiver or the Special Deals are not obtained, the Group's fundraising plan by way of the Subscriptions and the Rights Issue will not proceed.

## **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the non-executive Directors and the independent non-executive Directors, namely, Mr. Huang Lianhai, Mr. Wang Jingming, Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin, has been established to advise the Independent Shareholders in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver, and as to the voting action therefor.

With the approval of the Independent Board Committee, Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS**

The Circular containing, among other things, (i) further details of the Subscription Agreements, the Rights Issue, the Underwriting Agreement, the Placing Agent Agreement and the Whitewash Waiver; (ii) letter of recommendations from the Independent Board Committee in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regards of the above; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Company may not be able to despatch the Circular by the deadline stipulated under Rule 14A.68(11) of the Listing Rules and Rule 8.2 of the Takeovers Code. An application will be made by the Company to seek the consent from the Executive for the extension of the deadline for the despatch of the Circular. Further announcement(s) will be made in this regard, as and when necessary, in compliance with the Takeovers Code.

Subject to, among other things, the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.



## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 2 May 2025 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 23 May 2025 following the publication of this announcement.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES**

**Shareholders and potential investors of the Company should note the Subscriptions are subject to the fulfillment and/or waiver (as the case may be) of a number of conditions precedent and therefore may or may not materialise and proceed.**

**In addition, the Rights Issue is conditional upon, among other things, the Subscription Agreement A and the Placing Agent Agreement having become unconditional, and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” in the section headed “The Underwriting Agreement” of this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 4 August 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 15 August 2025 to Friday, 22 August 2025. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or waived (as the case may be) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and securities of the Company.**



## INTRODUCTION

In view of the Group's financial challenges and its need for capital to support ongoing operations and future development, the Company and Subscriber A entered into the Letter of Intent in November 2024, pursuant to which Subscriber A expressed its intention to subscribe for new Shares for an aggregate amount of not less than HK\$50 million. Details of the Letter of Intent are set out in the announcement of the Company dated 13 November 2024.

The Board is pleased to announce that on 30 April 2025 (after trading hours), the Company and each of the Subscribers entered into the Subscription Agreements in relation to the issue and subscription of a total of 700,000,000 new Shares at the Subscription Price of HK\$0.1 for each of the Subscription Share to raise a total gross amount of HK\$70 million.

In order to provide the Qualifying Shareholders with an opportunity to participate in the fund raising exercise at the same Subscription Price as the Subscribers, the Company proposes to conduct the Rights Issue on the basis of three (3) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders on the Record Date at the Issue Price of HK\$0.1 for each of the Rights Share to raise a gross amount of in the range of between approximately HK\$14.7 million and approximately HK\$15.0 million. The Rights Issue is fully underwritten by the Underwriter, a substantial Shareholder and wholly owned by Mr. Zhang who is the Chairman and an executive Director. The Subscription Shares will not be entitled to the Rights Issue.

Details of each of the Subscriptions and the Rights Issue are set out below.

## THE SUBSCRIPTIONS

On 30 April 2025 (after trading hours), the Company entered into three Subscription Agreements in relation to the issue and subscription of a total of 700,000,000 new Shares at the Subscription Price with major terms as follows:

**Date** : 30 April 2025

### Parties and number of the Subscription Shares

<b>Subscription Agreements</b>	<b>Parties</b>	<b>Number of the Subscription Shares</b>	<b>Consideration (HK\$)</b>
Subscription Agreement A	1) the Company; and 2) Subscriber A	500,000,000	50,000,000
Subscription Agreement B	1) the Company; and 2) Subscriber B	100,000,000	10,000,000
Subscription Agreement C	1) the Company; and 2) Subscriber C	100,000,000	10,000,000
	<b>Total</b>	<b>700,000,000</b>	<b>70,000,000</b>

Subscriber A is wholly owned by Mr. Ying. Mr. Ying is interested in 16,211,900 Shares as at the date of this announcement and was a former non-executive Director. Subscriber B is wholly owned by Ms. Ying who is a daughter of Mr. Ying. Subscriber A is an investment holding company and holds other investment as at the date of this announcement. Subscriber B is also an investment holding company and save for the entering into of the Subscription Agreement B, Subscriber B does not have other existing business as at the date of this announcement. Subscriber C is an acquaintance of Mr. Ying.

As at the date of this announcement, Subscriber A, Subscriber B and their respective ultimate beneficial owners together with Subscriber C, are (i) third parties independent of the Company and its connected persons; and (ii) third parties independent of and not acting in concert with any of the Underwriter, Mr. Zhang and parties acting in concert with any of them.

### **Subscription Shares**

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 700,000,000 Subscription Shares at the Subscription Price of HK\$0.1 per Subscription Share.

The Subscription Shares will be allotted and issued under the Specific Mandate which will be sought from the Independent Shareholders at the SGM.

The Subscription Shares, when issued, will be issued fully paid up, free from all liens, charges, encumbrances, security interests and claims of third parties of whatsoever nature, and will rank *pari passu* and carry the same rights and privileges in all respects among themselves and with the Shares then in issue, including the right to receive all dividends and other distributions declared, paid or made thereon the record date of which falls on or after the date of issue.

For the avoidance of doubt, the Subscription Shares will not be entitled to the Rights Issue.

Assuming there being no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Subscriptions and the Rights Issue (other than the issue of the Subscription Shares and the Rights Shares), the total number of 700,000,000 Subscription Shares represent (i) approximately 142.4% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 52.3% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Rights Shares immediately upon completion of the Subscriptions and the Rights Issue. The respective number of Subscription Shares to be issued to Subscriber A, Subscriber B and Subscriber C represent approximately 37.3%, 7.5% and 7.5% of the total number of issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Rights Shares immediately upon completion of the Subscriptions and the Rights Issue on the basis there being no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Subscriptions and the Rights Issue (other than the issue of the Subscription Shares and the Rights Shares).

## Subscription Price

The Subscription Price of HK\$0.1 per Subscription Share represents:

- (a) a discount of approximately 28.6% to the closing Share price of HK\$0.140 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 37.1% to the average closing Share price of approximately HK\$0.159 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day;
- (c) a discount of approximately 41.9% to the average closing Share price of approximately HK\$0.172 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the Last Trading Day;
- (d) a discount of approximately 51.5% to the average closing Share price of approximately HK\$0.206 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately preceding the Last Trading Day; and
- (e) a premium of approximately 12.4% over the net asset value attributable to the Shareholders of approximately HK\$0.089 per Share based on the unaudited net asset value attributable to the Shareholders of approximately HK\$43.9 million as at 30 September 2024 set out in interim report of the Company for the six months ended 30 September 2024 and 491,644,763 total issued Shares as at 30 September 2024.

The Subscription Price has been determined after arm's length negotiation between the Company and the Subscribers with reference to, among others, (i) the Group's financial position and historical loss-making financial performance; (ii) the prevailing market prices of the Shares and market conditions; (iii) the net asset value per Share; and (iv) the potential strategic contributions of Subscriber A to the Group.

The Company considers that the Subscriptions offer an opportunity to introduce Subscriber A to be a new controlling Shareholder, which is expected to bring (i) access to broad business network in the healthcare sector in the PRC; and (ii) strategic support to enhance the Group's operations, broaden its business scope and facilitate its recovery efforts.

Taking into account (i) the prevailing market prices of the Shares; (ii) the fact that the Subscription Price represents a premium over the net asset value per Share as at 30 September 2024; and (iii) the potential strategic benefits by introducing Subscriber A, the Directors (excluding members of the Independent Board Committee, whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## Conditions to the Subscriptions

### *For each of the Subscription Agreements:*

The Subscription Completion is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (a) the passing by the Independent Shareholders at the SGM of (i) an ordinary resolution to approve the Subscription Agreements and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the SGM by way of poll); and (ii) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (b) the Executive having granted the Whitewash Waiver and such waiver not having been subsequently revoked or withdrawn;
- (c) the Listing Committee having granted approval (either unconditionally or subject to conditions) for the listing of, and permission to deal in, the Subscription Shares and such approval not having been subsequently revoked or withdrawn;
- (d) all necessary internal and external authorisations, consents, approvals and filings for the Subscription Completion having been obtained or duly filed (as applicable) by the Company and such consents and approvals remaining in full force and effect;
- (e) all necessary internal and external authorisations, consents, approvals and filings for the Subscription Completion having been obtained or duly filed (as applicable) by the Subscribers and such consents and approvals remaining in full force and effect;
- (f) the Subscribers having completed their due diligence of the Company to their satisfaction by no later than the Last Due Diligence Day;
- (g) each of the representations, warranties and undertakings of the Company set out in the Subscription Agreements being true and accurate or otherwise fulfilled in all material respects and not misleading when made and as at the date of the Subscription Completion; and
- (h) each of the representations, warranties and undertakings of the Subscribers set out in the Subscription Agreements being true and accurate or otherwise fulfilled in all material respects and not misleading when made and as at the date of the Subscription Completion.

Pursuant to the Subscription Agreements, the SGM will be convened on a date no earlier than 20 June 2025 or such other date as the parties to the Subscription Agreements may agree in writing. If any of the Subscribers is not satisfied with its respective due diligence of the Company, such Subscriber may terminate its respective Subscription Agreement by notice in writing to the Company on or before the Last Due Diligence Day. If no such written notification is given to the Company on or before the Last Due Diligence Day, the condition precedent set out in paragraph (f) above shall be deemed to be and treated as being satisfied to the Subscribers' satisfaction.

Neither the Company nor the Subscribers may waive compliance with the conditions precedent set out in paragraphs from (a) to (e) above. Condition precedent set out in paragraph (h) above can be waived by the Company while conditions precedent set out in paragraphs (f) and (g) above can be waived by the Subscribers.

***For the Subscription Agreement A***

Save for the conditions precedent applicable to each of the Subscription Agreements as mentioned above, completion of the Subscription Agreement A is also conditional on each of the Underwriting Agreement and the Placing Agent Agreement having been entered into by the parties thereto and the transactions contemplated thereunder having become unconditional and not terminated pursuant to the terms thereof. This additional condition precedent cannot be waived by the parties to the Subscription Agreement A.

***For each of the Subscription Agreement B and Subscription Agreement C***

Save for the conditions precedent applicable to each of the Subscription Agreements as mentioned above, completion of each of the Subscription Agreement B and the Subscription Agreement C is also conditional on each of the Subscription Agreement A, the Underwriting Agreement and the Placing Agent Agreement having been entered into by the parties thereto and the transactions contemplated thereunder having become unconditional and not terminated pursuant to the terms thereof. This additional condition precedent cannot be waived by the relevant parties to the Subscription Agreement B and the Subscription Agreement C. For the avoidance of doubt, the Subscription Agreement B and the Subscription Agreement C are not inter-conditional to each other.

The Company will apply to the Listing Committee for listing of, and permission to deal in, the Subscription Shares.

If any of the conditions precedent under any of the Subscription Agreements has not been satisfied or waived (as the case may be) on or before the Subscription Long Stop Date, the relevant Subscription Agreements shall automatically terminate with immediate effect (save for the clauses in relation to confidentiality, announcements and governing law and process agent) and no party will have any claim against the other party (save for any antecedent breaches thereof).

## **Completion**

Each of the completion of the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C shall take place on the fifth Business Day upon the satisfaction and waiver (as the case may be) of all respective conditions precedent to each of the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C or such other date as the Company, Subscriber A, Subscriber B and Subscriber C (as the case may be) may agree in writing.

Pursuant to the Subscription Agreements, the Subscription Shares shall be allotted and issued simultaneously with that of the Rights Shares.

It is stipulated in the Subscription Agreement B and the Subscription Agreement C that in the event that Subscriber A fails to complete in respect of the Subscription Agreement A, the respective obligations of the Company, Subscriber B and Subscriber C (as the case may be) to proceed with the completion of each of the Subscription Agreement B and the Subscription Agreement C shall immediately cease.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of three (3) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders on the Record Date at the Issue Price of HK\$0.1 per Rights Share. The Rights Issue and the Underwriting Agreement are subject to conditions precedent including, among others, each of the Subscription Agreement A and the Placing Agent Agreement having become unconditional and not terminated pursuant to the terms thereof. Further details of conditions precedent of the Rights Issue and the Underwriting Agreement are set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in the section headed “The Underwriting Agreement” below. The principal terms of the Rights Issue are set out below:

### **Rights Issue Statistics**

Basis of the Rights Issue	:	Three (3) Rights Shares for every ten (10) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Issue Price	:	HK\$0.1 per Rights Share
Number of Shares in issue as at the date of this announcement	:	491,644,763 Shares



Maximum number of Rights Shares to be issued pursuant to the Rights Issue	:	149,848,428 Rights Shares (assuming that 7,850,000 new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options not subject to the Optionholders' Undertakings, but otherwise no other Shares are issued or repurchased on or before the Record Date)
Minimum number of Rights Shares to be issued pursuant to the Rights Issue	:	147,493,428 Rights Shares (assuming there being no new issue or repurchase of Shares on or before the Record Date)
Maximum enlarged issued share capital upon completion of the Subscriptions and the Rights Issue	:	1,349,343,191 Shares (assuming 7,850,000 new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options not subject to the Optionholders' Undertakings, but otherwise no other Shares are issued or repurchased immediately before the completion of the Subscriptions and the Rights Issue)
Minimum enlarged issued share capital upon completion of the Subscriptions and Rights Issue	:	1,339,138,191 Shares (assuming no new Shares are issued or repurchased immediately before the completion of the Subscriptions and the Rights Issue)

As at the date of this announcement, there are outstanding Share Options carrying the right to subscribe for a total number of 19,050,000 new Shares at an exercise price of HK\$1.8 per Share (subject to adjustments), of which 6,850,000 Share Options exercisable from 27 April 2020 to 25 April 2029 (both dates inclusive) and 12,200,000 Share Options exercisable from 21 October 2020 to 20 October 2030 (both dates inclusive), granted and exercisable under the Share Option Scheme. Save for the foregoing, there are no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

As at the date of this announcement, the Undertaken Optionholders hold the Share Options which entitle them to subscribe for an aggregate of 11,200,000 new Shares. The Undertaken Optionholders have executed the Optionholders' Undertakings in favour of the Company and the Underwriter in respect of the Share Options entitling them to subscribe for a total of 11,200,000 new Shares, pursuant to which each of them has irrevocably undertaken not to exercise any of the Share Options which have been granted to each of them from the date of the Optionholders' Undertakings until the Record Date (both dates inclusive).



Assuming 7,850,000 new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options not subject to the Optionholders' Undertakings, but otherwise no other Shares are issued or repurchased on or before the Record Date, the maximum number of 149,848,428 Rights Shares represents approximately 30.5% of the total number of the existing issued Shares of 491,644,763 as at the date of this announcement and approximately 11.1% of the issued Shares as enlarged by the allotment and issue of all the Subscription Shares and the Rights Shares immediately upon completion of the Subscriptions and the Rights Issue.

Assuming no new Shares are issued or repurchased on or before the Record Date, the minimum number of 147,493,428 Rights Shares represents 30.0% of the total number of the existing issued Shares as at the date of this announcement and approximately 11.0% of the total number of the issued Shares as enlarged by the allotment and issue of the Subscription Shares and the Rights Shares immediately upon completion of the Subscriptions and the Rights Issue.

### **The Issue Price**

The Issue Price of HK\$0.1 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Issue Price for the Rights Issue represents a discount of approximately 23.7% to the theoretical ex-rights price of approximately HK\$0.131 based on the closing Share price of HK\$0.140 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Issue Price for the Rights Issue was determined by the Company with reference to the Subscription Price paid by the Subscribers for the Subscription Shares. The equal pricing for Rights Issue can ensure that the Qualifying Shareholders have the opportunity to participate at the same price as the Subscribers. This helps partially alleviate the dilutive effect of the Subscriptions on the Qualifying Shareholders.

On this basis, the Directors (excluding members of the Independent Board Committee, whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider the Issue Price for the Rights Issue to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all dividends and distributions which may be declared, made or paid with a record date which falls on or after the date of allotment of the Rights Shares in their fully-paid form.

## **Qualifying Shareholders**

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on 5 August 2025.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

## **Closure of register of members**

The register of members of the Company will be closed from 6 August 2025 to 12 August 2025 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

## **Basis of provisional allotments**

The basis of the provisional allotments shall be three (3) Rights Shares (in nil-paid form) for every ten (10) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

## **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

## **Arrangements for the NQS Rights Shares**

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Placees under the Placing.

## **Share certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before 11 September 2025 to those entitled thereto by ordinary post, at the respective Qualifying Shareholders' own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before 11 September 2025 by ordinary post, at the respective Qualifying Shareholders' own risk, to their registered addresses.

### **Fractional entitlement to the Rights Shares**

No fractional entitlements to the Rights Shares shall be issued to the Qualifying Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

### **Deed of Covenants and Undertaking**

As at the date of this announcement, Mr. Zhang is interested in an aggregate of 137,299,400 Shares (representing approximately 27.9% of the entire issued share capital of the Company as at the date of this announcement), of which 1,307,400 Shares are held by him and 135,992,000 Shares are held by the Underwriter, a company wholly owned by him.

Pursuant to the Deed of Covenants and Undertaking,

- (a) Mr. Zhang unconditionally and irrevocably undertakes to the Company:
- (i) to subscribe for 392,220 Rights Shares which represent the full amount of provisional entitlements in respect of the 1,307,400 Shares beneficially held by Mr. Zhang;
  - (ii) to procure subscription for 40,797,600 Rights Shares which represent the full amount of provisional entitlements in respect of the 135,992,000 Shares beneficially held by the Underwriter;
  - (iii) not to and will procure the Underwriter not to dispose of, or agree to dispose of, any of the 1,307,400 Shares and 135,992,000 Shares owned by Mr. Zhang and the Underwriter, respectively, and such Shares will remain beneficially owned by Mr. Zhang and the Underwriter, respectively, up to and including the Record Date; and
  - (iv) to and to procure the Underwriter to lodge or procure the subscription of the 392,220 Rights Shares and 40,797,600 Rights Shares, respectively, which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to Mr. Zhang and the Underwriter, respectively, under the Rights Issue, with the Registrar.

- (b) the Underwriter unconditionally and irrevocably undertakes to the Company:
- (i) to subscribe for the full amount of provisional entitlements in respect of the 135,992,000 Shares beneficially held by the Underwriter;
  - (ii) not to dispose of, or agree to dispose of, any of the 135,992,000 Shares owned by the Underwriter, and such Shares will remain beneficially owned by the Underwriter, respectively, up to and including the Record Date; and
  - (iii) to lodge the subscription of the 40,797,600 Rights Shares, which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to the Underwriter, under the Rights Issue, with the Registrar.

Save for the Deed of Covenants and Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholder of his/her/its intention in relation to the Rights Shares (in both nil-paid and fully-paid forms) to be provisionally allotted to him/her/it under the Rights Issue as at the date of this announcement.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 6,000) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both nil-paid and fully-paid forms will be subject to the payment of stamp duty, the Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Taxation**

Qualifying Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. None of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from receiving, purchasing, holding, exercising, disposing of or dealing in the Rights Shares (in both nil-paid and fully-paid forms).

## **Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements**

The Underwriter is a substantial Shareholder, together with Mr. Zhang, are interested in an aggregate of 137,299,400 Shares, representing approximately 27.9% of the entire issued share capital of the Company as at the date of this announcement. Pursuant to the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue and the Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Issue Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on 3 September 2025, acquirers of those Unsubscribed Rights Shares at a price not less than the Issue Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- (a) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and
- (b) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

If the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.



## THE UNDERWRITING AGREEMENT

The Rights Shares (other than those agreed to be taken up by Mr. Zhang and the Underwriter pursuant to the Deed of Covenants and Undertaking) will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date : 30 April 2025 (after trading hours)

Underwriter : The Underwriter is Treasure Wagon Limited, a substantial Shareholder interested in 135,992,000 Shares. The Underwriter is wholly owned by Mr. Zhang, the Chairman and an executive Director, who is directly interested in 1,307,400 Shares. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules.

The Underwriter is an investment holding company and does not engage in securities underwriting as part of its ordinary course of business.

Number of Rights Shares underwritten by the Underwriter : Up to 108,658,608 Rights Shares, being the maximum number of Rights Shares (assuming 7,850,000 new Shares are issued on or before the Record Date pursuant to the full exercise of all outstanding exercisable Share Options not subject to the Optionholders' Undertakings, but otherwise no other Shares are issued or repurchased on or before the Record Date) and no less than 106,303,608 Rights Shares, being the minimum number of Rights Shares under the Rights Issue, and in both cases, excluding the Rights Shares undertaken to be taken up by Mr. Zhang and the Underwriter pursuant to the Deed of Covenants and Undertaking.

Underwriting Commission : nil

Subject to the fulfilment and/or waiver (as the case may be) of the conditions precedent of the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, the Underwriter has agreed to subscribe for the Untaken Rights Shares (being any Unsubscribed Rights Shares that are not successfully placed by the Placing Agent under the Placing Agent Agreement).



As no underwriting commission is payable by the Company, the Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue and the obligations of the Underwriter contemplated thereunder are conditional upon the following conditions being fulfilled or waived (as the case may be):

- (a) all necessary resolutions approving or ratifying (as the case may be) the Underwriting Agreement and the transactions contemplated thereunder having been duly passed by the Independent Shareholders in accordance with the requirements of the Listing Rules at the SGM no later than the Prospectus Posting Date;
- (b) the delivery to the Stock Exchange, and filing and registration with the Registrar of Companies in Hong Kong, of the Prospectus Documents (and all other documents required to be attached thereto) in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders (if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue no later than the Prospectus Posting Date);
- (d) the Underwriter having received from the Company all the documents set out in the schedule to the Underwriting Agreement in such form and substance satisfactory to the Underwriter no later than the Business Day immediately before the Prospectus Posting Date;
- (e) the Listing Committee having granted approval (subject to allotment) for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such approval not having been subsequently revoked or withdrawn;
- (f) all necessary internal and external authorisations, consents, approvals and filings for the completion of the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder having been obtained or duly filed (as applicable) by the Company and such consents and approvals remaining in full force and effect;

- (g) all necessary internal and external authorisations, consents, approvals and filings for the completion of the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder having been obtained or duly filed (as applicable) by the Underwriter and such consents and approvals remaining in full force and effect;
- (h) there being no breach of the undertakings and obligations of the parties to the Underwriting Agreement under the Underwriting Agreement and all representations and warranties of the parties to the Underwriting Agreement referred to in the Underwriting Agreement remaining true and accurate in all material respects and not misleading;
- (i) the Underwriting Agreement not being terminated pursuant to the terms thereof; and
- (j) each of the Subscription Agreement A and the Placing Agent Agreement having been entered into by the parties thereto and having become unconditional and not terminated pursuant to the terms thereof.

Save for the conditions precedent set out in paragraphs (d) and (h) above which may be waived in whole or in part by the Underwriter at its sole discretion, none of the other conditions precedent can be waived by any party to the Underwriting Agreement.

If any of the conditions precedent has not been satisfied or waived (as the case may be) at or before the Latest Time for Termination, the Underwriting Agreement shall automatically terminate with immediate effect (save for the clauses relating to fees and expenses, announcements, indemnity, and governing law and process agent) and no party will have any claim against the other party (save for any antecedent breaches thereof).

### **Connected transaction and special deal**

As mentioned above, the Underwriter is a substantial Shareholder and therefore a connected person of the Company in accordance with the Listing Rules. The Underwriting Agreement and the transactions contemplated thereunder therefore constitutes a connected transaction for the Company under the Listing Rules, which require, among other things, approval by the Independent Shareholders at a general meeting of the Company by way of poll. In accordance with the Listing Rules, condition precedent (a) above will be by way of an ordinary resolution which requires more than 50% of the Independent Shareholders' voting (in person or by proxy) at the SGM.

Additionally, by reason of the Underwriter being a Shareholder and that the Underwriting Agreement was not extended to all other Shareholders, the Underwriting Agreement and the transactions contemplated thereunder constitute a special deal under Rule 25 of the Takeovers Code, and are subject to (i) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll; and (ii) the consent of the Executive. Based on legal advice obtained by the Company, the Company considers that fulfilment of (i) the condition precedent set out in paragraph (a) above relating to the Company having obtained requisite Independent Shareholders' approval; and (ii) the condition precedent set out in paragraph (f) above relating to the Company having obtained all necessary internal and external authorisations, consents and approvals for the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder covers (1) the Independent Shareholders' approval requirements stipulated under both the Listing Rules and the Takeovers Code; and (2) the special deal consent requirement from the Executive stipulated under the Takeovers Code in relation to the Underwriting Agreement. Further details regarding the implications of the Listing Rules and the Takeovers Code are set out in the sections headed "Listing Rules implications" and "Takeovers Code implications, application for Whitewash Waiver and Special Deals" respectively below.

### **Termination of the Underwriting Agreement**

If prior to the Latest Time for Termination:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties or undertakings in the Underwriting Agreement being untrue, inaccurate, misleading or breached, or there is any matter which would reasonably be expected to give rise to a material breach or claim, and in case the same is, in the reasonable opinion of the Underwriter, material in the context of the Rights Issue; or
- (b) there shall be:
  - (i) introduction of any new law, regulation, rule, policy, order or notice or any change in existing laws or regulations or any change in the interpretation or application thereof by any court, government authority or regulatory body or any other competent authority, whether in Hong Kong or elsewhere;
  - (ii) any event or circumstance in the nature of force majeure, including but not limited to any act of government, any local, national or international event or change of a political, financial, economic or other nature affecting local securities markets, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act of terrorism (whether or not responsibility has been claimed), act of God, declaration of a state of emergency or calamity or crisis, in Hong Kong;

- (iii) any material adverse change in market conditions, including but not limited to any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities; or
- (iv) any material adverse change in the business or in the financial or trading position of the Group as a whole,

which is in the reasonable opinion of the Underwriter so material as to make it inappropriate, inadvisable or inexpedient to proceed with the Rights Issue,

then the Underwriter may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by written notice to the Company at or before the Latest Time for Termination, terminate the Underwriting Agreement. If this happens, rights and obligations of the parties to the Underwriting Agreement shall cease immediately upon termination, save for the clauses relating to fees and expenses, announcements, indemnity, and governing law and process agent.

**If (i) the Underwriter terminates the Underwriting Agreement; or (ii) either the Subscription Agreement A or the Placing Agent Agreement does not become unconditional, the Rights Issue will not proceed. Further details of conditions precedent of the Rights Issue and the Underwriting Agreement are set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” above in this section. In the event that any of these circumstances arise, further announcement will be made by the Company.**

## **THE PLACING AGENT AGREEMENT**

On 30 April 2025 (after trading hours), the Company and the Placing Agent entered into the Placing Agent Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agent Agreement are as follows:

Date	:	30 April 2025 (after trading hours) and as supplemented by an amendment deed dated 22 May 2025
Placing agent	:	Great Bay Securities Limited was appointed as the placing agent to place, or procure the placing of, a maximum of 108,658,608 Unsubscribed Rights Shares, on a best effort basis, to the Placee(s).

The Placing Agent is interested in 804,000 Shares as at the date of this announcement, representing approximately 0.16% of the total number of existing issued Shares. It acted as overall coordinator and placing agent for a top-up placing of the Company under general mandate in July 2024, details of which are set out in the announcements of the Company dated 8 July 2024 and 17 July 2024.

The Placing Agent has confirmed that it is an independent third party of and not acting in concert with the Underwriter, the Subscribers and their respective parties acting in concert with them.

Placing commission payable to the Placing Agent : 2% of the gross proceeds from successful placements of Unsubscribed Rights Shares.

Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Issue Price.

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares during the Placing.

Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who shall be Independent Third Party of, not acting in concert with and not connected with the Underwriter, the Subscribers and their respective parties acting in concert with them and/or any of the Company's connected persons.

Ranking of Unsubscribed Rights Shares : The Unsubscribed Rights Shares shall rank *pari passu* and carry the same rights and privileges in all respects among themselves and with the Shares then in issue.

Placing conditions : The Placing is subject to and conditional upon the following conditions being fulfilled:

- (a) all necessary resolutions approving or ratifying (as the case may be) the Placing Agent Agreement and the transactions contemplated thereunder having been duly passed by the Independent Shareholders in accordance with the requirements of the Listing Rules and the Takeovers Code at the SGM no later than the Prospectus Posting Date;

- (b) the Listing Committee having granted approval (subject to allotment) for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such approval not having been subsequently revoked or withdrawn;
- (c) all necessary internal and external authorisations, consents, approvals and filings for the entering into and completion of the Placing Agent Agreement, the Rights Issue and the transactions contemplated thereunder, including but not limited to the consent of the Executive in relation to the Placing Agent Agreement and the transactions contemplated thereunder as a “special deal” under Rule 25 of the Takeovers Code, having been obtained or duly filed (as applicable) by the Company and such consents and approvals remaining in full force and effect;
- (d) all necessary internal and external authorisations, consents, approvals and filings for the entering into and completion of the Placing Agent Agreement, the Rights Issue and the transactions contemplated thereunder having been obtained or duly filed (as applicable) by the Placing Agent and such consents and approvals remaining in full force and effect;
- (e) the Placing Agent Agreement not being terminated pursuant to the terms thereof; and
- (f) each of the Subscription Agreement A and the Underwriting Agreement having been entered into by the parties thereto and having become unconditional and not terminated pursuant to the terms thereof.

None of the above conditions precedent is capable of being waived.

Placing period : The period from 2 September 2025 up to 4:00 p.m. on 3 September 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

As the Placing Agent is a Shareholder and the Placing Agent Agreement was not extended to all other Shareholders, the Placing Agent Agreement and the transactions contemplated thereunder constitute a special deal under Rule 25 of the Takeovers Code, and are subject to (i) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll; and (ii) the consent of the Executive. Further details regarding the implications of the Takeovers Code are set out in the section headed “Takeovers Code implications, application for Whitewash Waiver and Special Deals” below.

The terms of the Placing Agent Agreement (including the placing commission) were determined after arm’s length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Placing Agent Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders, the Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

## **FUNDRAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has conducted the following fundraising activity involving issue of equity securities during the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fundraising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
8 July 2024	Top-up placing of existing Shares and subscription of new Shares under general mandate	HK\$9,796,000	General working capital	Fully utilised as intended

Save as disclosed above, the Company has not conducted other fundraising exercise involving issue of equity securities during the 12 months immediately preceding the date of this announcement.



## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS AND THE RIGHTS ISSUE**

The Group is principally engaged in (i) medical equipment and consumables distribution and service business; and (ii) hospital operation and management services business, which together represent its core revenue streams. It previously operated two additional business segments, namely business factoring, and the research and development and sale of functional food. However, the business factoring segment was discontinued following the expiry of its license in June 2024, while the functional food segment has not generated any revenue since 31 March 2024.

Over the past decades, the Group has been dedicated to the development and provision of healthcare-related services in the PRC, including hospital management and operations, as well as the sale and marketing of medical equipment and consumables, with a particular emphasis on coronary heart disease. This strategic focus is driven by demographic trends, notably the growing elderly population and the increasing incidence of heart disease among younger age groups. Despite its established presence in the PRC healthcare sector, the Group has in recent years encountered operational and financial headwinds stemming from both macroeconomic conditions and sector-specific challenges.

Since the outbreak of COVID-19 in 2019, the Group's business has experienced significant disruptions. These challenges were further exacerbated by the gradual implementation of national healthcare reforms since 2022. Key objectives of the reforms included improving cost-effectiveness within the medical and national insurance systems, curbing excessive treatments and charges, centralising procurement of medical supplies, and standardising treatment and reimbursement costs. In response to the increasing pricing pressure of its medical equipment and consumables distribution business and reducing demand of hospital services, the Group has continued to adjust its operational strategies, capital deployment, and service models to maintain an appropriate business scale, manage operational risks, and identify new growth opportunities under the evolving regulatory environment.

Notwithstanding these efforts, the Group has been loss-making for the past few years and is facing liquidity pressure. The situation is further aggravated by the outstanding Judgment Debt, which remains unpaid following the ruling by the Court of Appeal, placing the Group under an imminent and genuine threat of winding-up proceedings, details of which are set out in the announcement of the Company dated 21 October 2024. Moreover, the Judgment Debt has triggered a cross-default clause under an acquisition of the Company completed in 2024, which may accelerate the payment of consideration even though the amount is yet to be determined, details of which are set out in the announcement of the Company dated 20 November 2024.

In light of these circumstances, the Company explored a range of financing alternatives, including bank borrowings, share placements, convertible bonds, and restructuring plans. However, all of these options were considered unfeasible due to the Group's financial position, insufficient collateral, and weak investor sentiment. Even if a large-scale placement were achievable, it would likely require a significant discount to the prevailing market price, resulting in substantial dilution for existing Shareholders without offering them the opportunity to participate, as provided by the Rights Issue. The Company also considered a restructuring involving a winding-up process. However, given the severe disruption to operations and potential destruction of shareholder value that such a process would entail, the Directors concluded that this is not a viable path at present.

Subscriber A emerged as the investor who is prepared to provide immediate capital support. The negotiations led to the formulation of the Proposal, comprising the proposed Subscriptions, Rights Issue and the Placing, which the Board considers to be a necessary and strategic financial restructuring to address both the Group's liquidity needs and long-term business sustainability.

While the Issue Price represents a discount of approximately 37.1% to the five-day average market price, it reflects a premium of approximately 12.4% over the net asset value attributable to Shareholders of approximately HK\$0.089 per Share as at 30 September 2024. The Directors consider the Rights Issue as an essential component of the fundraising plan, as it offers Qualifying Shareholders the opportunity to subscribe for Rights Shares at the same price as Subscriber A. This helps partially mitigate the dilution impact for Shareholders who elect to participate, while also raising additional working capital to support the Group's business operations and development.

The Company believes that Mr. Ying's industry expertise will be instrumental in navigating the challenges of the healthcare landscape in the PRC and driving the Group's business development. He has over 10 years of experience in investing across various sectors, including the medical industry. The funds managed by him have invested in a wide range of medical and biotechnology companies, including pharmaceutical firms and healthcare service providers based in the PRC. Leveraged on his background as further discussed in the section headed "Information on the Subscribers" below, the Proposal is expected to strengthen the Group's business platform by enhancing its hospital operations and expanding the medical equipment and consumables distribution business through a broader product portfolio and a more diversified customer base.

Assuming there being no new issue or repurchase of Shares on or before the Record Date, the estimated gross proceeds and net proceeds from the Subscriptions and the Rights Issue (after deducting all fees, costs and expenses estimated to be incurred by the Company in connection with the Subscriptions and the Rights Issue) are expected to be approximately HK\$84.7 million and HK\$80.9 million, respectively. The estimated net Subscription Price and Issue Price, after deducting such fees, costs and expenses, are therefore both at approximately HK\$0.095 per Subscription Share and Rights Share.

The Company intends to apply the net proceeds from the Subscriptions and the Rights Issue in the following manner:

- (a) as to approximately HK\$65.3 million for settlement of payables of the Group including:
  - (i) approximately HK\$31.2 million for repayment of the Judgment Debt; (ii) approximately HK\$15.5 million for settlement of loans (including estimated interest) to the Group; (iii) approximately HK\$3.6 million for settlement of overdue salaries of employees of the Group; (iv) approximately HK\$5.1 million for the settlement of certain professional fees (save for those relating to the Subscriptions and the Rights Issue); and (v) approximately HK\$9.9 million for settlement of overdue Directors remuneration; and
- (b) as to the balance amounted to approximately HK\$15.6 million as working capital of the Group.

Further announcement will be made as and when appropriate if there is a change of use of proceeds.

Having considered the factors above, the Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Subscription Agreements, the Rights Issue, the Underwriting Agreement and the Placing Agent Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE SUBSCRIBERS

### Subscriber A

Subscriber A is wholly owned by Mr. Ying as at the date of this announcement.

Mr. Ying (aged 58) joined CDH Investments as an operating partner and a managing director in 2009 according to the Chinese official website of CDH Investments and is currently a managing partner of 上海鼎暉百孚投資管理有限公司 (Shanghai CDH Baifu Investment Management Co., Ltd.) (“**Dinghui Baifu**”). According to the Chinese official website of CDH Investments, Dinghui Baifu is an investment manager of CDH Investments, managing approximately RMB70 billion in assets. Mr. Ying previously served as an executive director of China Botanic Development Holdings Limited (currently known as “China City Infrastructure Group Limited”), a company listed on the Stock Exchange (stock code: 2349) from July 2008 to July 2009. Mr. Ying is currently (i) an independent non-executive director of each of Zhongsheng Group Holdings Limited, a company listed on the Stock Exchange (stock code: 881) and Fountain Set (Holdings) Limited, a company listed on the Stock Exchange (stock code: 420); and (ii) a director of Microvast Holdings, Inc. (a company listed on American NASDAQ, stock code: MVST). Mr. Ying holds a master’s degree in Business Administration from the University of San Francisco and a bachelor’s degree in Economics from 浙江工商大學 (Zhejiang Gongshang University) (formerly known as 杭州商學院 (Hangzhou College of Commerce)).

## **Subscriber B**

Subscriber B is wholly-owned by Ms. Ying as at the date of this announcement.

Ms. Ying (aged 30) is a general manager and executive director of 脈福(深圳)醫療生物科技有限公司 (“**Maifu**”) since February 2024, and the chief executive officer of Mineup LLC (“**Mineup**”) since 2017. Maifu is a PRC company and principally engaged in the sale and distribution of medical equipment business. Mineup is a multimedia design creative agency located in the United States. Ms. Ying is mainly responsible for overseeing Mineup’s overall strategic direction, managing key partnerships, supervising executive-level operations, and leading cross-functional teams in the development of innovative creative and digital media solutions.

Ms. Ying holds a master’s degree in Architecture from Columbia University.

## **Subscriber C**

Ms. Wu Linling (aged 61) acted as the vice president of Government and Legal Affairs (Asia-Pacific) at Owens Corning (China) Investment Co., Ltd. from April 2012 to March 2025. Ms. Wu also acts as an arbitrator at the China International Economic and Trade Arbitration Commission Shanghai Sub-Commission since 2016 and the Shenzhen Court of International Arbitration since 2022. Ms. Wu is an independent non-executive director of 惠而浦(中國)股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600983) since December 2023.

Ms. Wu is a practicing attorney in New York, the United States and holds master’s degrees in Law from Wuhan University and Columbia University.

## **INTENTION OF SUBSCRIBER A**

It is intention of Subscriber A to continue the existing principal business of the Group. Subscriber A does not intend to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group (except for a proposed nomination of new director(s) to the Board at a time no earlier than that as permitted under the Takeovers Code or such later time as Subscriber A considering to be appropriate).

Subscriber A intends to nominate new director(s) to the Board with effect from a date as Subscriber A considering to be appropriate, which is no earlier than such date as permitted under the Takeovers Code. As at the date of this announcement, Subscriber A has not concluded any potential candidate to be appointed as a new director to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules. Further announcement(s) will be made as and when appropriate.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Subscription Completion and completion of the Rights Issue, assuming full acceptance by all Qualifying Shareholders; (iii) immediately after Subscription Completion and completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Mr. Zhang and the Underwriter who shall take up their respective entitlements) have taken up any entitlements of the Rights Shares and all the Unsubscribed Rights Shares are fully placed to the Placees (“**Scenario I**”); and (iv) immediately after Subscription Completion and completion of the Rights Issue assuming none of the Qualifying Shareholders (other than Mr. Zhang and the Underwriter who shall take up their respective entitlements) have taken up any entitlements of the Rights Shares and all the Untaken Rights Shares are taken up by the Underwriter (“**Scenario II**”).

(A) Assuming no Share Options are exercised prior to the closure date of register of members for determining entitlements to the Rights Issue:

Shareholders	As at the date of this announcement		Following Subscription Completion and completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders)		Scenario I		Scenario II	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Zhang together with his associates and concert parties (including the Underwriter) (Note 1)	137,299,400	27.93	178,489,220	13.33	178,489,220	13.33	284,792,828	21.26
Mr. Wang Jingming (a non-executive Director)	2,850,600	0.58	3,705,780	0.28	2,850,600	0.21	2,850,600	0.21
Mr. Xing Yong (an executive Director)	139,800	0.03	181,740	0.01	139,800	0.01	139,800	0.01
<i>Mr. Ying and his concert parties:</i>								
Mr. Ying and Subscriber A (Note 2)	16,211,900	3.30	521,075,470	38.91	516,211,900	38.55	516,211,900	38.55
Subscriber B	–	–	100,000,000	7.47	100,000,000	7.47	100,000,000	7.47
Subscriber C	–	–	100,000,000	7.47	100,000,000	7.47	100,000,000	7.47
Sub-total	16,211,900	3.30	721,075,470	53.85	716,211,900	53.49	716,211,900	53.49
Placees	–	–	–	–	106,303,608	7.93	–	–
Other public Shareholders	335,143,063	68.16	435,685,981	32.53	335,143,063	25.03	335,143,063	25.03
<b>Total</b>	<b>491,644,763</b>	<b>100.00</b>	<b>1,339,138,191</b>	<b>100.00</b>	<b>1,339,138,191</b>	<b>100.00</b>	<b>1,339,138,191</b>	<b>100.00</b>

Notes:

- 1) Mr. Zhang is directly interested in 1,307,400 Shares and indirectly interested in 135,992,000 Shares through the Underwriter, the entire issued share capital of which is owned by Mr. Zhang.
- 2) Mr. Ying is directly interested in 16,211,900 Shares as at the date of this announcement. The entire issued share capital of Subscriber A is owned by Mr. Ying.

(B) Assuming all Share Options (save for those subject to the Optionholders' Undertakings) having been exercised before the closure date of register of members for determining entitlements to the Rights Issue:

Shareholders	As at the date of this announcement		Upon exercise of all Share Options (save for those subject to the Optionholders' Undertakings)		Following Subscription Completion and completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders)		Scenario I		Scenario II	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Zhang together with his associates and concert parties (including the Underwriter) (Note 1)	137,299,400	27.93	137,299,400	27.49	178,489,220	13.23	178,489,220	13.23	287,147,828	21.28
Mr. Wang Jingming (a non-executive Director)	2,850,600	0.58	2,850,600	0.57	3,705,780	0.27	2,850,600	0.21	2,850,600	0.21
Mr. Xing Yong (an executive Director)	139,800	0.03	139,800	0.03	181,740	0.01	139,800	0.01	139,800	0.01
<i>Mr. Ying and his concert parties:</i>										
Mr. Ying and Subscriber A (Note 2)	16,211,900	3.30	16,211,900	3.25	521,075,470	38.62	516,221,900	38.26	516,211,900	38.26
Subscriber B	–	–	–	–	100,000,000	7.41	100,000,000	7.41	100,000,000	7.41
Subscriber C	–	–	–	–	100,000,000	7.41	100,000,000	7.41	100,000,000	7.41
Sub-total	16,211,900	3.30	16,211,900	3.25	721,075,470	53.44	716,221,900	53.08	716,221,900	53.08
Placees	–	–	–	–	–	–	108,658,608	8.05	–	–
Other public Shareholders	335,143,063	68.16	342,993,063	68.66	445,890,981	33.05	342,993,063	25.42	342,993,063	25.42
<b>Total</b>	<b>491,644,763</b>	<b>100.00</b>	<b>499,494,763</b>	<b>100.00</b>	<b>1,349,343,191</b>	<b>100.00</b>	<b>1,349,343,191</b>	<b>100.00</b>	<b>1,349,343,191</b>	<b>100.00</b>

Notes:

- 1) Mr. Zhang is directly interested in 1,307,400 Shares and indirectly interested in 135,992,000 Shares through the Underwriter; the entire issued share capital of which is owned by Mr. Zhang.
- 2) Mr. Ying is directly interested in 16,211,900 Shares as at the date of this announcement. The entire issued share capital of Subscriber A is owned by Mr. Ying.

## EXPECTED TIMETABLE

The expected timetable for the Subscriptions and the Rights Issue is set out below.

Event	Time and date (Hong Kong time) 2025
Expected despatch date of the Circular, proxy form and the notice of the SGM.....	Friday, 11 July
Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM.....	4:30 p.m. on Wednesday, 23 July
Closure of register of members of the Company (both dates inclusive) .....	Thursday, 24 July to Wednesday, 30 July
Latest time for lodging proxy forms for the SGM .....	11:00 a.m. on Monday, 28 July
Record date for attendance and voting at the SGM .....	Wednesday, 30 July
Expected time and date of the SGM .....	11:00 a.m. on Wednesday, 30 July
Announcement of the poll results of the SGM .....	Wednesday, 30 July
Last day of dealings in the Shares on cum-rights basis relating to the Rights Issue .....	Friday, 1 August
First day of dealings in the Shares on ex-rights basis relating to the Rights Issue .....	Monday, 4 August
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Rights Issue.....	4:30 p.m. on Tuesday, 5 August
Closure of register of members of the Company for the Rights Issue (both dates inclusive).....	Wednesday, 6 August to Tuesday, 12 August
Record date for the Rights Issue .....	Tuesday, 12 August
Despatch of the Prospectus Documents .....	Wednesday, 13 August
First day of dealings in nil-paid Rights Shares .....	Friday, 15 August



<b>Event</b>	<b>Time and date (Hong Kong time) 2025</b>
Latest time for splitting of nil-paid Rights Shares .....	4:30 p.m. on Tuesday, 19 August
Last day of dealings in nil-paid Rights Shares .....	Friday, 22 August
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements.....	4:00 p.m. on Wednesday, 27 August
Latest time for acceptance of and payment for the Rights Shares .....	4:00 p.m. on Wednesday, 27 August
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.....	Monday, 1 September
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent.....	Tuesday, 2 September
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent.....	4:00 p.m. on Wednesday, 3 September
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional.....	4:00 p.m. on Thursday, 4 September
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements).....	Wednesday, 10 September
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place .....	Thursday, 11 September
Completion of the Subscription Agreements .....	Thursday, 11 September
Refund cheques, if any, to be despatched (if the Rights Issue is terminated) .....	Thursday, 11 September

**Event****Time and date (Hong Kong time) 2025**

Commencement of dealings in fully-paid Rights Shares..... 9:00 a.m. on  
Friday, 12 September

Payment of Net Gain to relevant No Action Shareholders  
and net proceeds from sale of nil-paid Rights Shares  
to the relevant Non-Qualifying Shareholders (if any) .....Monday, 15 September

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Subscriptions and the Rights Issue set out above and all dates and deadlines specified in this announcement are indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

**LISTING RULES IMPLICATIONS**

The Subscription Shares will be allotted and issued under the Specific Mandate which will be sought from the Independent Shareholders at the SGM.

As the Company has not conducted any rights issue or open offer within the 12 months period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules.

The Underwriter is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to requirements relating to reporting, announcement and Independent Shareholders' approval (by way of poll) at the SGM under the Listing Rules. The Underwriter is wholly owned by Mr. Zhang. Therefore, Mr. Zhang and his associates (including the Underwriter) are required to abstain from voting on the resolution(s) in relation to the Underwriting Agreement at the SGM. Moreover, Mr. Ying and his associates are also required to abstain from voting on the resolution(s) in relation to the Underwriting Agreement.

Mr. Zhang abstained from voting at the meeting of the Board convened to consider the Subscription Agreements, the Rights Issue, the Underwriting Agreement and the Placing Agent Agreement due to his interest in the Underwriting Agreement arising from his shareholding in the Underwriter.

The Subscriptions and the Rights Issue will result in a maximum theoretical dilution effect of 23.6%.

## **TAKEOVERS CODE IMPLICATIONS, APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEALS**

### **(i) Whitewash Waiver**

As at the date of this announcement, Mr. Ying is directly interested in 16,211,900 Shares, representing approximately 3.30% of the issued share capital of the Company. Save as disclosed, none of the Subscribers or parties acting in concert with any of them is interested in any Shares as at the date of this announcement. Accordingly, Mr. Ying, Subscriber A, Subscriber B, Subscriber C and parties acting in concert with any of them are interested in 16,211,900 Shares representing approximately 3.30% of the issued share capital of the Company as at the date of this announcement. Assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Shares and the Rights Shares, the Subscribers and parties acting in concert with any of them will, in aggregate, be interested in approximately 53.08% (assuming all Share Options not subject to the Optionholders' Undertakings having been exercised before the closure date of register of members for determining entitlements to the Rights Issue) or 53.49% (assuming no Share Options having been exercised prior to the closure date of register of members for determining entitlements to the Rights Issue) of the issued share capital of the Company as enlarged by the issue of all the Subscription Shares and the Rights Shares.

Accordingly, the Subscribers would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares and other securities not already owned or agreed to be acquired by them and parties acting in concert with them, unless the Whitewash Waiver is granted.

An application will be made by Subscriber A to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Subscription Agreements and the transactions contemplated thereunder.

**If the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders and the Subscriptions become unconditional, the aggregate shareholding of Subscriber A and parties acting in concert with it in the Company will exceed 50% immediately upon the Subscription Completion and completion of the Rights Issue. Subscriber A and parties acting in concert with it may further increase their shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

## **(ii) Special Deals**

As at the date of this announcement, the Underwriter, wholly owned by Mr. Zhang, is a Shareholder interested in 135,992,000 Shares and Mr. Zhang is directly interested in 1,307,400 Shares. As the Underwriting Agreement was not extended to all other Shareholders, the Underwriting Agreement and the transactions contemplated thereunder constitute a special deal under Rule 25 of the Takeovers Code.

As at the date of this announcement, the Placing Agent is a Shareholder interested in 804,000 Shares. As the Placing Agent Agreement was not extended to all other Shareholders, the Placing Agent Agreement and the transactions contemplated thereunder also constitute a special deal under Rule 25 of the Takeovers Code.

The Special Deals are subject to the approval by more than 50% of the Independent Shareholders at the SGM by way of poll and require the consent of the Executive. An application will be made by the Company to the Executive for consent under Rule 25 of the Takeovers Code in relation to the Special Deals.

Such consent of the Executive, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Special Deals are fair and reasonable; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Special Deals.

## **(iii) Voting at SGM**

Mr. Zhang was involved in the negotiation of the Subscriptions. The Subscribers, the Underwriter, the Placing Agent and their respective parties acting in concert with them (including Mr. Ying and Mr. Zhang respectively) are required to abstain from voting on the relevant resolution(s) in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver at the SGM.

Save as disclosed in this announcement, no other Shareholder is involved or interested in or has a material interest in the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and, hence, is required to abstain from voting on the resolutions to approve the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver at the SGM.

The Subscriptions are conditional on, among others, each of the Underwriting Agreement and the Placing Agent Agreement becoming unconditional, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the SGM. The Subscription Agreement A having become unconditional is one of conditions precedent for each of the Subscription Agreement B and the Subscription Agreement C. The Underwriting Agreement and the Placing Agent Agreement (i.e. the Special Deals) are conditional on, among others, the Subscription Agreement A having become unconditional, the consent of the Executive and the approval of the Independent Shareholders at the SGM. If the Whitewash Waiver or consent for the Special Deals is not granted by the Executive or approvals by the Independent Shareholders of the Whitewash Waiver or the Special Deals are not obtained, the Group's fundraising plan by way of the Subscriptions and the Rights Issue will not proceed.

**(iv) Others**

The Company will ensure that it will continue to comply with the public float requirements under Rule 8.08(1)(a) of the Listing Rules after completion of the Proposal.

As at the date of this announcement, the Company does not believe that the Subscriptions, the Rights Issue, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscriptions, the Rights Issue, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder do not comply with other applicable rules and regulations.

**DEALINGS OF THE SHARES BY THE SUBSCRIBERS AND PARTIES ACTING IN CONCERT WITH THEM**

As at the date of this announcement, the Subscribers and any parties acting in concert with them (including Mr. Ying):

- (a) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for 16,211,900 Shares held by Mr. Ying;
- (b) have not received any irrevocable commitment to vote for or against the Subscription Agreements and/or the Whitewash Waiver;

- (c) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Subscription Agreements and/or the Whitewash Waiver, with any other persons, except for the Letter of Intent and the Subscription Agreements;
- (e) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreements and/or the Whitewash Waiver, except for the Letter of Intent and the Subscription Agreements; and
- (f) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement,

- (i) the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Subscribers and parties acting in concert with any of them (including Mr. Ying) in connection with the Subscription Agreements;
- (ii) there is no other understanding, arrangement or special deal between the Group on the one hand, and the Subscribers and parties acting in concert with any of them (including Mr. Ying) on the other hand; and
- (iii) save for the Underwriting Agreement and the Placing Agent Agreement, there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) the Subscribers and parties acting in concert with any of them (including Mr. Ying); or the Company, its subsidiaries or associated companies.

During the six-month period preceding the date of this announcement, neither the Subscribers nor any parties acting in concert with any of them (including Mr. Ying) has dealt in any relevant securities of the Company.

## **SGM**

The register of members of the Company will be closed from 24 July 2025 to 30 July 2025 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolutions to approve the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver at the SGM.

## **THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the non-executive Directors and the independent non-executive Directors, namely, Mr. Huang Lianhai, Mr. Wang Jingming, Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin, has been established to advise the Independent Shareholders in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and transactions contemplated thereunder as well as the Whitewash Waiver, and as to the voting action therefor.

With the approval of the Independent Board Committee, Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS**

The Circular containing, among other things, (i) further details of the Subscription Agreements, the Rights Issue, the Underwriting Agreement, the Placing Agent Agreement, and the Whitewash Waiver; (ii) letter of recommendations from the Independent Board Committee in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regards of the above; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code. Having taken into account the estimated time required for the Company to compile the information required for the Circular, the Company may not be able to despatch the Circular by the deadline stipulated under Rule 14A.68(11) of the Listing Rules and Rule 8.2 of the Takeovers Code. An application will be made by the Company to seek the consent from the Executive for the extension of the deadline for the despatch of the Circular. Further announcement(s) will be made in this regard, as and when necessary, in compliance with the Takeovers Code.



Subject to, among other things, the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

## **ADJUSTMENTS IN RELATION TO THE OUTSTANDING SHARE OPTIONS**

As at the date of this announcement, there are 19,050,000 outstanding Share Options. Pursuant to the terms and conditions of the Share Option Scheme, the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the terms and conditions of the Share Option Scheme, if any, in the event of an alteration in the capital structure of the Company by way of the Rights Issue. The Company will make further announcement(s) in respect of such adjustments as and when appropriate.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted with effect from 9:00 a.m. on 2 May 2025 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:00 a.m. on 23 May 2025 following the publication of this announcement.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES**

**Shareholders and potential investors of the Company should note the Subscriptions are subject to the fulfillment and/or waiver (as the case may be) of a number of conditions precedent and therefore may or may not materialise and proceed.**

**In addition, the Rights Issue is conditional upon, among other things, the Subscription Agreement A and the Placing Agent Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” in the section headed “The Underwriting Agreement” of this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Monday, 4 August 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 15 August 2025 to Friday, 22 August 2025. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or waived (as the case may be) (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and securities of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday, or a day on which a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is in force in Hong Kong between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Capital Foresight”	Capital Foresight Limited, a company incorporated in the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	chairman of the Board
“Circular”	the circular to be despatched by the Company to the Shareholders relating to, among other things, the Subscription Agreements, the Rights Issue, the Underwriting Agreement, the Placing Agent Agreement and the Whitewash Waiver

“Company”	China Health Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange (Stock Code: 673)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agent Agreement in accordance with the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Deed of Covenants and Undertaking”	the deed of covenants and undertaking dated 30 April 2025 executed among the Company, Mr. Zhang and the Underwriter as described in the paragraph headed “Deed of Covenants and Undertaking” in the section headed “Proposed Rights Issue” of this announcement
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all of the non-executive Directors and the independent non-executive Directors, namely, Mr. Huang Lianhai, Mr. Wang Jingming, Mr. Jiang Xuejun, Mr. Du Yanhua, Mr. Lai Liangquan and Ms. Yang Huimin, which has been established to give recommendation to the Independent Shareholders in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver, and as to the voting action therefor

“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee, for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver, and as to the voting action therefor
“Independent Shareholder(s)”	Shareholders other than (i) the Subscribers, the Underwriter, the Placing Agent and their respective parties acting in concert with them (including Mr. Ying and Mr. Zhang respectively); and (ii) any Shareholders who are involved in, or interested in, or have a material interest in the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and transactions contemplated thereunder as well as the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Issue Price”	issue price of HK\$0.1 per Rights Share
“Judgment Debt”	US\$4 million with no interest payable to Capital Foresight pursuant to judgment handed down by the Court of Appeal
“Last Due Diligence Day”	the end of the Business Day immediately prior to the date of the SGM
“Last Trading Day”	30 April 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on the eleventh Business Day after the Record Date, being the latest time for acceptance of and payment for the Rights Shares to be set out in the Prospectus, which is expected to be 27 August 2025

“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time of placing of the Unsubscribed Rights Shares by the Placing Agent, being the latest time to terminate the Underwriting Agreement, which is expected to be 4 September 2025
“Letter of Intent”	a non-legally binding letter of intent dated 13 November 2024 entered into between the Company and Subscriber A, pursuant to which Subscriber A expressed its intention to subscribe for new Shares for an aggregate amount of not less than HK\$50 million
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mr. Ying”	Mr. Ying Wei who owns the entire issued share capital of Subscriber A and is a Shareholder
“Mr. Zhang”	Mr. Zhang Fan, the Chairman and an executive Director, who owns the entire issued share capital of the Underwriter which is a substantial Shareholder
“Ms. Ying”	應任斯 (Ms. Ying Rensi), daughter of Mr. Ying, who owns the entire issued share capital of Subscriber B
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renouncees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form

“Optionholder(s)”	holder(s) of the Share Option(s) which are outstanding as at the date of this announcement and are capable of being exercised on or before the Record Date
“Optionholders’ Undertakings”	the irrevocable undertakings dated 30 April 2025 given by the Undertaken Optionholders in favour of the Company and the Underwriter, as described in the paragraph headed “Rights Issue Statistics” in the section headed “Proposed Rights Issue” of this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders in respect of their pro rata entitlement under the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who shall be Independent Third Party of, not acting in concert with and not connected with the Underwriter, the Subscribers and their respective parties acting in concert with them and/or any of the Company’s connected persons
“Placing”	the placing of a maximum of 108,658,608 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agent Agreement
“Placing Agent”	Great Bay Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under SFO, being the placing agent appointed by the Company pursuant to the Placing Agent Agreement
“Placing Agent Agreement”	the conditional placing agent agreement dated 30 April 2025 entered into between the Company and the Placing Agent in relation to the Placing and as supplemented by an amendment deed dated 22 May 2025 executed between the Company and the Placing Agent
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan

“Proposal”	the Subscriptions and the Rights Issue, and the transactions contemplated in the Rights Issue, including but not limited to the Placing
“Prospectus”	the prospectus (including any supplementary prospectus) to be despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	the first Business Day after the Record Date, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be), which is expected to be 13 August 2025
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	12 August 2025, or such other date as may be agreed in writing between the Company and the Underwriter, being the record date for determining entitlements to the Rights Shares
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of new Shares by way of rights on the basis of three (3) Rights Shares for every ten (10) Shares held at the close of business on the Record Date at the Issue Price pursuant to the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)



“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreements, the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder
“Share Option Scheme”	the share option scheme of the Company adopted on 28 August 2012
“Special Deals”	the Underwriting Agreement, the Placing Agent Agreement and the transactions contemplated thereunder
“Specific Mandate”	the specific mandate to be obtained from the Independent Shareholders at the SGM to allot and issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Ample Colour Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Ying
“Subscriber B”	Perfect Link Group Limited, a company incorporated in Samoa with limited liability and wholly owned by Ms. Ying
“Subscriber C”	鄔琳玲 (Ms. Wu Linling)
“Subscribers”	Subscriber A, Subscriber B and Subscriber C, and each a “Subscriber”
“Subscriptions”	the proposed subscriptions of the Subscription Shares under the Specific Mandate pursuant to the terms and subject to the conditions of each of the Subscription Agreements

“Subscription Agreement A”	the conditional subscription agreement dated 30 April 2025 entered into between the Company and Subscriber A regarding the subscription of 500,000,000 new Shares
“Subscription Agreement B”	the conditional subscription agreement dated 30 April 2025 entered into between the Company and Subscriber B regarding the subscription of 100,000,000 new Shares
“Subscription Agreement C”	the conditional subscription agreement dated 30 April 2025 entered into between the Company and Subscriber C regarding the subscription of 100,000,000 new Shares
“Subscription Agreements”	the Subscription Agreement A, the Subscription Agreement B and the Subscription Agreement C, and each a “Subscription Agreement”
“Subscription Completion”	completion of the Subscriptions
“Subscription Long Stop Date”	31 October 2025 or such other date as the Company and each of the Subscribers may agree in writing
“Subscription Price”	the subscription price of HK\$0.1 per the Subscription Share
“Subscription Share(s)”	new Shares to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“substantial Shareholder(s)”	has the meaning as ascribed to this term under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaken Optionholders”	(1) Mr. Zhang, Mr. Chung Ho and Mr. Xing Yong (all being executive Directors); (2) Mr. Huang Lianhai and Mr. Wang Jingming (all being non-executive Directors); and (3) Mr. Jiang Xuejun, Mr. Du Yanhua and Mr. Lai Liangquan (all being independent non-executive Directors)
“Underwriter”	Treasure Wagon Limited, a company incorporated in Samoa with limited liability and wholly owned by Mr. Zhang
“Underwriting Agreement”	the conditional underwriting agreement dated 30 April 2025 entered into among the Company and the Underwriter in relation to the Rights Issue

“Unsubscribed Rights Shares”	those Rights Shares that (i) are not subscribed by the Qualifying Shareholders by the Latest Time for Acceptance; and (ii) the NQS Rights Shares and/or fractional Rights Share(s) (both in nil-paid form) that are not successfully sold by the Company
“Untaken Rights Shares”	the Unsubscribed Rights Shares that are not successfully placed by the Placing Agent
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of Subscriber A to make a mandatory general offer to the Shareholders and the Optionholders in respect of the Shares and the Share Options not already owned or agreed to be acquired by Subscriber A and parties acting in concert with it as a result of the Subscription Completion
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**China Health Group Limited**  
**Chung Ho**  
*Chief Executive Officer and Executive Director*

Hong Kong, 22 May 2025

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

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*