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)

PROFIT WARNING

This announcement is made by China Health Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

PROFIT WARNING REGARDING THE RESULTS FOR THE YEAR ENDED 31 MARCH 2025

The board of directors (the "**Directors**") of the Company (the "**Board**") wishes to inform the shareholders (the "**Shareholders**") and potential investors of the Company that based on the latest available unaudited consolidated management accounts of the Group for the year ended 31 March 2025 ("**FY2025**"), subject to audit, the Group is expected to record net loss attributable to the Shareholders in the vicinity of HK$66 million and HK$70 million for FY2025, as compared to a net loss attributable to the Shareholders of approximately HK$40.2 million for the year ended 31 March 2024 ("**FY2024**").

The increase in the loss for FY2025 was mainly attributable to the following factors:

(i) a provision for litigation expense of US$4 million (approximately HK$31.2 million) (FY2024: nil) arising from the judgment (with no interest payable) (the "**Appeal Judgment**") entered into by the Court of Appeal against the Company in October 2024 in respect of a claim (the "**Claim**") by Capital Foresight Limited (the "**Claimant**") against the Company for the payment of a US$4 million promissory note. The Claim was dismissed by the High Court of Hong Kong on 20 December 2023 (the "**High Court Dismissal**"), but upon appeal by the Claimant, the Court of Appeal had handed down the Appeal Judgment. Details of the circumstances pertaining to the Appeal Judgment was set out in the announcement of the Company dated 21 October 2024;

(ii) a decrease in other income by approximately HK$15 million in the account of "reversal of other payables" from approximately HK$31.2 million in FY2024 to approximately HK$16.3 million in FY2025. Prior to the High Court Dismissal, the Claim had been accounted for as a "payable" of the Company. Upon the High Court Dismissal, a one-off reversal of the payable amounting to HK$31.2 million was therefore recognised for FY2024. Regarding the amount of reversal of payable of HK$16.3 million for FY2025, it represented the aggregate sum of reversals of certain other payables due to (a) expiry of the time bar for bringing payment claims in court by the relevant creditors under the applicable laws and contracts; or (b) the waiver of payments having been obtained from the relevant creditors;

(iii) a decrease in gross profit by approximately HK$4.4 million to approximately HK$9.2 million for FY2025 (FY2024: approximately HK$13.6 million); and

(iv) the abovementioned negative factors were partly offset by a decrease in selling, distribution and administrative costs (excluding provision for litigation expense mentioned in paragraph (i) above) by approximately HK$14.7 million in aggregate for FY2025 to approximately HK$37.0 million (FY2024: approximately HK$51.7 million).

The information contained in this announcement is based on the Company's latest available unaudited consolidated management accounts of the Group and have not been audited or reviewed by the Company's auditors. The audit of the Group's financial results for FY2025 is underway. It is expected that the Group's audited annual results for FY2025 will be published on 30 June 2025.

TAKEOVERS CODE IMPLICATIONS

The Board wishes to draw the Shareholders' attention to (i) the announcement of the Company dated 22 May 2025 (the "**Capital Raising Announcement**") in relation to, among others, the proposed subscriptions of new shares of the Company and rights issue (the "**Proposal**"); and (ii) the announcement of the Company dated 12 June 2025 in relation to extension of the latest time for despatch of the circular to the Shareholders (the "**Circular**") in respect of the Proposal to a date falling on or before 11 July 2025.

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Listing Rules, which requires timely disclosure. The Company is required to issue this announcement as soon as practicable.

However, the financial information contained in this announcement constitutes a profit forecast of the Company in the context of the Proposal under Rule 10 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") and requires to be reported on by the Company's financial adviser and auditors or accountants in accordance with the requirements stipulated under Rule 10.4 of the Takeovers Code. Given the time constraints, the Company has encountered genuine practical difficulties in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code in this announcement.

Pursuant to Rule 10.4 and Practice Note 2 to the Takeovers Code, the financial information contained in the announcement must be repeated in full together with the reports from the Company's financial advisers and auditors or accountants in the next document to be sent to the Shareholders by the Company, which being the Circular. However, Rule 10.9 of the Takeovers Code further provides that profit forecast provision under Rule 10 of the Takeovers Code does not apply to unaudited statements of annual results which have been published.

As mentioned above, it is expected that the Company's announcement of annual results for FY2025 will be published on 30 June 2025, which will be prior to the despatch of the Circular, and the relevant results together with the notes to the financial statements will be included in the Circular, the requirement under Rule 10 of the Takeovers Code in connection with the financial information contained in this announcement will be superseded by publication of the annual results announcement for FY2025. In any case, the Company will ensure duly compliance with the Takeovers Code and the Listing Rules.

WARNING

The financial information contained in this announcement has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and hence does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors should exercise caution in placing reliance on the financial information contained in this announcement in assessing the merits and demerits of the Proposal.

In addition, Shareholders and potential investors should be aware that the completion of the Proposal is subject to fulfillment and/or waiver (as the case may be) of a number of conditions under the Subscription Agreements, the Underwriting Agreement and the Placing Agent Agreement (as defined in the Capital Raising Announcement). Therefore, the Proposal may or may not materialise and proceed.

In light of the above, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 June 2025

As at 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 inquiries, 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.