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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)

INTERNAL CONTROL REVIEW –
(1) COMPLETION OF IMPLEMENTATION OF THE REMEDIAL ACTIONS;
AND
(2) RESULTS OF THE FOLLOW-UP REVIEW

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

Reference is made to (i) the announcement of the Company dated 4 March 2025 in respect of, among others, remedial measures taken by the Group to ensure that the Listing Rules are strictly complied with (the "**March Announcement**") including, among others, undertaking an internal control review in respect of compliance with the Listing Rules (the "**IC Review**"); and (ii) the announcement of the Company dated 26 May 2025 in respect of, among others, the results of the IC Review and the remedial actions taken and to be taken by the Group to address the key findings of the IC Review (the "**May Announcement**"). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the March Announcement and the May Announcement.

INTERNAL CONTROL REVIEW

The IC Review was completed in May 2025. Details of the IC Review including, among others, the key findings and the remedial actions taken and to be taken by the Group (the "**Remedial Actions**"), are set out in the May Announcement.

Completion of implementation of the Remedial Actions

As at the date of this announcement, the Group has implemented all of the Remedial Actions, which it considers to be sufficient to address the key findings in the Group's internal control system in respect of compliance with Listing Rules identified in the IC Review. Details of the Remedial Actions implemented by the Group are set out in the section headed "Findings of the Follow-up Review" below in this announcement.

Findings of the Follow-up Review

On 21 July 2025, the IC Consultant completed its follow-up review to assess the implementation of the Remedial Actions (the "**Follow-up Review**"). **The key findings of the Follow-up Review are summarised in the table below.**

Key findings	Recommendation(s)	Remedial Actions implemented
1. Need to strengthen and integrate Listing Rules compliance manuals		
The Group currently has the following policies in place in relation to the Listing Rules, including: • "Corporate Governance Policy" (approved on 1 April 2019) • "Shareholders Communication Policy" • "Continuous Disclosure and Communication Policy" • "Whistle-blower Policy, System and Procedures"	(i) The Company should supplement its written procedures on notifiable transactions, connected transactions, financial information disclosure process, approval process for submitting responses to the Stock Exchange, approval process for releasing announcements to the public, and continuous training on the Listing Rules as soon as possible. At the same time, the Group should collect and integrate the various policies of the Group to effectively control them. The policies should be issued to each director and employee after obtaining appropriate approval.	The Company has: (i) on 7 July 2025, supplemented its written procedures by adopting and implementing policies in respect of notifiable transactions, connected transactions, financial information disclosure process, approval process for submitting responses to the Stock Exchange, approval process for releasing announcements to the public, and continuous training on the Listing Rules. A control list of the policies has been set up to more effectively control them. The amended and supplemented policies have been provided to Directors and employees.;

Key findings	Recommendation(s)	Remedial Actions implemented
Among them, the IC Consultant found the following: (i) No written procedures have been established for notifiable transactions, connected transactions and financial information disclosure process, review and approval process for submission of responses to the Stock Exchange, review and approval process for release of announcements to the public, and continuous training on the Listing Rules. As there is currently no written system in place regarding notifiable transactions, connected transactions, financial information disclosure procedures, the approval process for submitting responses to the Stock Exchange, the approval process for issuing announcements to the public, and continuous training on Listing Rules, it is difficult to effectively convey Listing Rules requirements and the Group's work processes for compliance with the Listing Rules to employees.	(ii) The Company should update its Corporate Governance Policy as soon as possible in accordance with Appendix C1 of the Listing Rules, i.e. the Corporate Governance Code (the "**CG Code**"). (iii) The Company should supplement and list out the matters in materiality guidelines contained in the Continuous Disclosure and Communication Policy. (iv) The Company should provide Chinese translations of the English policies (Corporate Governance Policy, Shareholders Communication Policy and Continuous Disclosure and Communication Policy) for Directors and employees to review. (v) The Company should prepare a acknowledgement letter as soon as possible and provide it to all Directors and employees for signature to ensure that everyone understands and agrees to comply with the Group's policies.	(ii) on 7 July 2025, updated its Corporate Governance Policy in accordance with the latest version of the CG Code; (iii) on 7 July 2025, listed out the matters that may constitute inside information in the policy; (iv) on 7 July 2025, provided the Chinese version of the internal control policies to the Directors and employees; (v) prepared acknowledgement letters, which have been signed by all Directors and senior management, confirming they understand and agree to comply with the Group's internal control policies. The Company has circulated its internal control policies to all employees and new employees will be required to sign the acknowledgement letter.

Key findings	Recommendation(s)	Remedial Actions implemented
(ii) The Corporate Governance Policy has not been updated since it was approved on 1 April 2019. As the Corporate Governance Policy system has not been updated in a timely manner, it is difficult to ensure that everyone is aware of the relevant changes in a timely manner and continues to comply with the policy. (iii) No specific details stating which matters are included in materiality guidelines contained in the Continuous Disclosure and Communication Policy. As the Continuous Disclosure and Communication Policy does not specify what matters are included in the materiality guidelines, it is difficult to effectively inform employees which matters are price sensitive or require disclosure. (iv) The Corporate Governance Policy, Shareholders Communication Policy and Continuous Disclosure and Communication Policy are only available in English, and currently all the Group's Directors and employees are located in China. As such, it is difficult to ensure that everyone clearly understands the Company's policies without a Chinese version of such policies.		

Key findings	Recommendation(s)	Remedial Actions implemented
(v) The Group did not require Directors and employees to sign a confirmation letter to confirm that they understand and agree to comply with the relevant policies of the Group. As a result, it is difficult to ensure that everyone clearly understands the requirements for compliance with the Listing Rules and the Company's policies.		
2. No policy for preserving Directors' responses to meeting minutes		
The company secretary currently provides meeting minutes, reports on material contracts and daily communications with Directors mainly through instant messaging apps/emails. The attendance list and meeting minutes of the Board and the various Board committees are signed by the chairman of the meeting on behalf of the Board or the committee members, as the case may be. As the Directors' replies on instant messaging apps/emails are not individually recorded and meeting minutes are signed by the chairman of such meeting, it is difficult to determine whether the members of the Board/Board committees have reviewed and agreed to the contents of the meeting minutes.	After receiving the meeting minutes, the Directors attending the meeting should reply whether they have any comments on the content, and a record of the reply should be kept. For other minor matters, the Company may consider establishing a written policy to stipulate that if the Directors have any comments on the content mentioned in the instant chat program/email, they should reply within a specified reasonable time.	As mentioned in paragraph 1 above, on 7 July 2025, the Company updated the Continuous Disclosure and Communication Policy, which now requires that: (i) the company secretary shall communicate with the Directors primarily through instant chat program/email for the purposes of providing meeting minutes for review, reporting material contract matters, etc; (ii) in respect of minutes of Board, audit committee, remuneration committee, and nomination committee meetings, each Director must reply whether he/she has any comments thereon after receiving such minutes, and the record of the reply shall be maintained by the company secretary; and

Key findings	Recommendation(s)	Remedial Actions implemented
		(iii) in respect of other matters, if the Directors have any comments on the relevant information, they should provide such comments within 2 weeks of receiving the information. In the event the company secretary does not receive a reply from a Director within 2 weeks, it will be deemed that such Director has no objection and an executive Director may make the final decision on such matter.

3. No signed confirmation that the list of connected persons is complete and up to date.

Key findings	Recommendation(s)	Remedial Actions implemented
Directors have not been asked to sign a confirmation that the list of connected persons provided is complete and up to date. In addition, the connected persons list is not regularly distributed to key personnel of the Group's subsidiaries to ensure timely identification of connected transactions. Since Directors were not required to sign a confirmation letter stating the completeness and update of the list of connected persons, the Company may not be able to accurately identify all connected persons. This may result in connected transactions not being fully and accurately disclosed.	The Company should request all Directors to sign a confirmation as soon as possible, stating that the list of connected persons provided is complete and up-to-date. A regular review mechanism should be established, such as a comprehensive review of the list of connected persons every quarter or half year to ensure the accuracy of the list. The company secretary should also regularly issue the list of connected persons to the key personnel of the Group's subsidiaries to ensure that the subsidiaries can obtain the latest connected persons information in a timely manner.	As mentioned in paragraph 1 above, on 7 July 2025, the Company supplemented its written policies on, among others, connected transactions. The Company has also implemented a connected persons declaration form, which have been duly completed by each of the Directors and provided to the Company. The policy also requires the company secretary to (i) coordinate and organise the compilation and storage of the list of connected persons; (ii) contact the Directors every six months to determine whether there are any updates to the list; and (iii) circulate the list of connected persons to the heads of relevant business departments and subsidiaries.

Key findings	Recommendation(s)	Remedial Actions implemented
At the same time, the list of connected persons is not regularly issued to the responsible personnel of the Group's subsidiaries, making it difficult for them to identify connected transactions in a timely manner in their daily operations. Subsidiaries may therefore unwittingly engage in transactions with connected persons.		

4. No timetable has been formulated for dissemination to responsible parties for preparation of annual and interim reports

Key findings	Recommendation(s)	Remedial Actions implemented
The Company currently relies mainly on the company secretary to coordinate and ensure the timely publication of annual and interim reports. No timetable has been formulated and sent to the responsible parties to ensure timely completion of annual or interim reports. As a result, the relevant personnel may be unclear about the requirements of timelines and progress for preparation of financial reports, which may lead to delays in the publication thereof.	The company secretary should communicate with the responsible parties to formulate and distribute a timetable for preparation of the annual and interim reports. The schedule should specify timing for each key milestone, such as provision of financial data, commencement of auditors' work and provision of the first draft of the audit report, and the date of report approval, ensuring that all responsible parties are clear about their responsibilities and requirement of timelines.	As mentioned in paragraph 1 above, on 7 July 2025, the Company has supplemented its written policies on financial information disclosure process, which requires that the company secretary and the chief financial officer shall prepare a timetable for the preparation and disclosure of annual and interim reports at least two months prior to the publication date of such report, which shall be confirmed by the management and notified to the relevant responsible parties to ensure they understand their responsibility and time requirements.

Key findings	Recommendation(s)	Remedial Actions implemented
		In relation to the delay publication of the annual results for the year ended 31 March 2025, as set out in the announcement of the Company dated 30 June 2025, the Company considers that all parties involved had used their best endeavours to satisfy the audit requirements as soon as practicable. The annual result were published on 4 July 2025. The Company considers that the delay in publication of the results did not arise from any deficiencies in its existing internal processes or systems, but rather from the particular circumstances. Accordingly, the Company is of the view that no additional measures or improvements to its internal procedures are considered necessary.
5. Appropriate insurance has not been arranged for legal proceedings against Directors		
Pursuant to the CG Code, companies are required to arrange appropriate insurance coverage in respect of legal proceedings against Directors. According to the Management, due to the Group's involvement in litigations, the Company was unable to identify any insurance company to provide Directors' insurance during the Review Period.	The Group should properly resolve the litigation disputes as soon as possible to improve the likelihood of insurance companies offering Directors' insurance coverage.	On 17 June 2025, the Company purchased Directors' liability insurance from an independent licensed insurance broker.

Key findings	Recommendation(s)	Remedial Actions implemented
When potential director candidates consider joining the Company, whether the Company can provide Directors' insurance is an important factor. If the Group cannot procure Directors' insurance, it may be difficult to attract directors with rich experience and professional ability. At the same time, it also increases the risk of Directors leaving, which in turn affects the stability of the Board. Furthermore, if any Director is facing legal proceedings in the absence of insurance protection, the Company may have to bear all legal fees and compensation liabilities. If the lawsuit involves a significant amount of money, it could cause substantial financial pressure to the Group, affecting the Company's liquidity and financial stability.		
6. Company seals are not kept separately by different persons		
The seals of the Group's major subsidiaries in China – including official seals, financial seals, legal representative's private seals and contract seals – are all kept by one person. Since a single person holds all key seals, the risk of unauthorized use of seals increases.	The Company should assign different seals to personnel in different departments or positions for safekeeping, based on the purpose and importance of each seal. For example, the official seal may be kept by the head of the administrative department, the financial seal by the head of finance, the legal representative's private seal by the legal representative or his authorized person, and the contract seal by the head of the legal or contract management department.	The Company has implemented the separate safekeeping of official seals, financial seals and legal representative's seals of its major subsidiaries in China with different responsible persons. In addition, on 7 July 2025, the Company adopted the "Seal Management Policy" which stipulates, among other things, that the various seals of the Chinese subsidiaries of the Group must be kept by different responsible persons.

Key findings	Recommendation(s)	Remedial Actions implemented
7. Approval records for contracts or use of company seals have not been retained		
According to the Management, for contract approvals at a certain subsidiary, the applicant would bring the hard copy contract documents to the management for approval, and the management would directly stamp the documents if they agreed. The Group therefore currently has no documented records of contract/seal approvals for that subsidiary. As a result, it is difficult for management to track whether each transaction has been properly approved.	The Company should establish an "Approval Form" to record the approval process of contract and use of seal, and the form should be properly kept together with the relevant contract.	As mentioned in paragraph 6 above, on 7 July 2025, the Company approved and adopted and implemented the Seal Management Policy, pursuant to which, among other things, the applications for contract approval and for seal use shall be consolidated to the Seal Approval Form and for which the general manager of the Chinese subsidiary will be responsible for approval.

Results of the Follow-up Review

The Follow-up Review has been completed by the IC Consultant. Having considered the completion of implementation of the Remedial Actions according to the recommendations of the IC Consultant and the findings of the Follow-up Review, the Company believes that the Company has adequate internal controls, policies and procedures in respect of compliance with the Listing Rules in place.

The IC Consultant has confirmed that, based on their Follow-up Review, nothing has come to their attention that causes them to believe the Company do not have in place adequate internal control systems, policies and procedures to ensure compliance with the Listing Rules.

VIEW OF THE BOARD

The Board have reviewed and considered (i) the reports by the IC Consultant in respect of the IC Review and the Follow-up Review; and (ii) the Remedial Actions implemented by the Group. The Board is of the view that the enhanced internal control measures implemented based on the IC Consultant's recommendations are adequate and sufficient to address the key findings of the IC Review set out in the report in respect thereof. The Group will continue to implement these enhanced internal control measures on an ongoing basis to further strengthen its internal control system and ensure continued compliance with the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing or contemplating dealing in the Company's shares or other securities.

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

Hong Kong, 21 July 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.