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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)

INSIDE INFORMATION
UPDATE ON THE LITIGATION

This announcement is made by the board of directors (the "**Board**") of China Health Group Limited (the "**Company**") pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement dated 13 September 2024 regarding the Writ filed by the Company (the "**Announcement**"). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcement.

As stated in the Announcement, on 12 September 2024, the Writ filed by the Company against the First Defendant and the Second Defendant was accepted by the Intermediate People's Court of Chengde City, Hebei Province (the "**Chengde Intermediate Court**").

The Company would like to provide an update to its shareholders and potential investors. The Company was recently notified by its litigation counsel that it has received the civil judgment dated 12 May 2026 from the Chengde Intermediate Court (the "**Civil Judgment**"). The Civil Judgment was served on 21 May 2026, pursuant to which the Chengde Intermediate Court held, among other things, that:

1. The re-confirmation in the Termination Agreement regarding the conversion of the amount of creditor's rights contribution into a loan and the payment thereof represents the genuine intention of both parties, does not violate any mandatory provisions of laws or regulations, is lawful and valid, and each party shall perform its obligations in accordance with the agreement;

2. Neither the Undertaking Letter nor the relevant Reply Letter issued by the Company to the Second Defendant raised any objection to the outstanding balance of repaid and unpaid amounts (being RMB38,237,329.17 and RMB47,157,962.16, respectively) as expressly stated in the Repayment Demand Letter dated 15 June 2022 issued by the Company to the Second Defendant. Moreover, upon verification, such amounts were corroborated by evidence including the payment entrustment vouchers and bank corporate customer special receipt slips provided by the Second Defendant. Therefore, the Chengde Intermediate Court confirmed that, as of 1 June 2022, the Second Defendant had repaid an aggregate of RMB38,237,329.17 to the Company, with an outstanding balance of RMB47,157,962.16 remaining unpaid;

3. The Company contended that the Defendants failed to perform their repayment obligations as agreed, and that interest on the amounts in question shall be calculated from 1 March 2021, with the repayments made including such interest (the "**Assertion**"). However, as the Termination Agreement expressly stipulated that no further interest in any form would be demanded from the Second Defendant, and the confirmation letters issued by the Company upon receipt of each payment clearly specified the purpose of each payment (which was not the interest on the overdue amount as alleged in the Assertion), the Assertion was considered by the Chengde Intermediate Court to be lacking factual basis and was therefore not upheld;

4. The Repayment Demand Letter dated 25 October 2023 issued by the Company to the Second Defendant stated that the Second Defendant had repaid RMB500,000.00 on 29 June 2022 in accordance with the agreement. In addition, the Second Defendant claimed that it had made a further repayment of RMB200,000.00 on 6 July 2024. As both of the above payments were supported by bank transfer records, the Chengde Intermediate Court confirmed the same;

5. In light of the foregoing, the Chengde Intermediate Court ruled that, as of 6 July 2024, the Second Defendant had repaid an aggregate of RMB38,937,329.17 to the Company, with an outstanding balance of RMB46,457,962.16 remaining unpaid;

6. Although the Termination Agreement expressly stipulates that interest on the principal amount of the loan in question shall be calculated only up to 28 February 2021, and that the Company shall not demand any further interest from the Second Defendant in any form, the Termination Agreement also explicitly provides for default interest in the event of overdue repayment. The Company now claims interest on the amount in question at a rate of 7% per annum, which does not exceed the calculation standard of 0.02% per day on the overdue payment amount as set out in the Termination Agreement. Accordingly, the Company's claim for interest has been upheld by the Chengde Intermediate Court;

7. Neither the Repayment Demand Letter dated 15 June 2022 issued by the Company to the Defendants nor the Reply Letter issued by the Company in response to the Second Defendant's Undertaking Letter claimed interest on the amount in question. By accepting the terms of the Second Defendant's Undertaking Letter in the Reply Letter, the Company and the Second Defendant should be regarded as having reached a new agreement on repayment. Until 25 October 2023, when the Company issued another Repayment Demand Letter demanding the Defendants to pay interest on the occupied funds at the annual rate of 7% as originally agreed under the contract, the parties did not reach any further agreement on repayment thereafter. Accordingly, the interest on the amount in question shall accrue from the day following the delivery of the said Repayment Demand Letter to the Second Defendant, i.e., from 31 October 2023;

8. As the Second Defendant repaid RMB200,000.00 to the Company on 6 July 2024, the Chengde Intermediate Court held that the interest claimed by the Company shall be specifically calculated as follows: interest calculated on the basis of RMB46,657,962.16 from 31 October 2023 to 5 July 2024 at an annual interest rate of 7%; and interest calculated on the basis of RMB46,457,962.16 from 6 July 2024 until the date of full repayment of the loan at an annual interest rate of 7%;

9. The case concerns a cooperative investment legal relationship between the Company and the First Defendant. As the Termination Agreement expressly provides that the creditor's rights contribution shall be treated as a loan, and that such amount constitutes a borrowing by the Second Defendant from the Company, with no provision imposing repayment obligations on the First Defendant. The termination agreement represents the genuine and unanimous intention of the parties with respect to their rights and obligations, and each party shall perform its obligations in accordance with the agreement. Accordingly, the First Defendant does not bear any repayment obligation.

Based on, among other things, the foregoing reasons, the judgment of the Chengde Intermediate Court is as follows:

1. The Second Defendant shall, within ten days after the judgment under the Civil Judgment takes effect, repay to the Company the outstanding principal amount of the loan of RMB46,457,962.16 together with interest thereon (calculated on the basis of RMB46,657,962.16 from 31 October 2023 to 5 July 2024 at an annual interest rate of 7%; and calculated on the basis of RMB46,457,962.16 from 6 July 2024 until the date of full repayment of the loan at an annual interest rate of 7%);

2. The other litigation claims of the Company are dismissed.

Pursuant to the Civil Judgment, if the obligation to make monetary payment is not performed within the period specified in the judgment, default interest shall be doubled on the overdue amount during the period of delayed performance in accordance with Article 264 of the Civil Procedure Law of the People's Republic of China. The court acceptance fee of RMB337,187.19 shall be borne by the Company as to RMB37,187.19 and by the Second Defendant as to RMB300,000.00.

Any party who is dissatisfied with the judgment under the Civil Judgment may submit an appeal with the Chengde Intermediate Court within the prescribed period from the date of service of the Civil Judgment, and the appeal shall be filed with the Hebei Provincial Higher People's Court.

The Company, together with its legal counsel, is evaluating the Civil Judgment and considering the actions to be taken in respect thereof, including but not limited to whether to file an appeal against the Civil Judgment.

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

By order of the Board
China Health Group Limited
Cao Xu
Chairman of the Board and Executive Director

Hong Kong, 26 May 2026

As of the date of this announcement, the Board comprises three executive Directors, namely, Mr. Cao Xu (Chairman), Mr. Chung Ho and Ms. Ying Rensi; two non-executive Directors, namely, Mr. Ying Wei and Mr. Huang Lianhai; and three independent non-executive Directors, namely, Mr. Li Hongyi, Mr. Wu Hui and Ms. Yang Huimin.