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China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

INSIDE INFORMATION EXPECTED DECREASE IN LOSS

This announcement is made by China Medical & HealthCare Group Limited (the “**Company**”, together with its subsidiaries, collectively 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) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on its preliminary review of the relevant unaudited consolidated management accounts of the Group for the five months ended 31 May 2023 and information currently available, subject to any impairment adjustment(s), fair value change and/or provision adjustment(s) on properties or other adjustments, the Group is expected to record a loss attributable to the Shareholders for the five months ended 31 May 2023 which represents an approximately 87% to 97% decrease in loss as compared with (i) the loss for the corresponding period in 2022; and (ii) the loss for the six months ended 30 June 2022 respectively. This was mainly due to (i) the increase in revenue from operations of the healthcare division; and (ii) the decrease in cost of medical consumables but was partially off-set by (iii) the increase in cost of pharmaceutical and medicine, amid the relaxation of epidemic preventive measures and the resumption of economic and social activities in the People’s Republic of China.

As the Company has not started preparing the interim results of the Group for the six months ended 30 June 2023, the information contained in this inside information announcement is only based on the preliminary review of the relevant unaudited consolidated management accounts of the Group for the five months ended 31 May 2023 and information currently available, which have not been confirmed or reviewed by the auditor or the audit committee of the Company and therefore may be subject to adjustments. The Company expects to announce its unaudited interim results for the six months ended 30 June 2023 in August 2023. Further announcement(s) will be made by the Company as and when appropriate.

Reference is made to the joint announcement (the “**Joint Announcement**”) jointly issued by the Company, Fareast Global Limited (the “**Offeror**”), Tian An China Investments Company Limited (“**Tian An**”) and Allied Group Limited on 16 June 2023 (as supplemented by the clarification announcement dated 19 June 2023), in relation to, among other things, the mandatory conditional cash offer made by Yu Ming Investment Management Limited for and on behalf of the Offeror to acquire all of the issued Shares (other than those already owned and/or to be acquired by the Offeror and the parties acting in concert with it (excluding Borrower A)). Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Joint Announcement.

The estimated loss attributable to the Shareholders for the five months ended 31 May 2023 set forth above in this inside information announcement constitutes a profit forecast for the purposes of Rule 10 of the Takeovers Code and should be reported on by the Company’s financial adviser and its auditors or consultant accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions under the SFO, the Company is required to issue this inside information announcement as soon as practicable. Given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the requirements set out in Rule 10.4 of the Takeovers Code.

The profit forecast in this inside information announcement does not meet the standard required by Rule 10 of the Takeovers Code and the Shareholders and potential investors should exercise caution in placing reliance on the forecast in assessing the merits and demerits of the CMH Offer. The profit forecast in this inside information announcement will be reported on in accordance with Rule 10.4 of the Takeovers Code as soon as reasonably practicable by the Company’s financial adviser and its auditors or consultant accountants and the relevant reports are proposed to be contained in the Composite Document, being the next document to be sent to the Shareholders by the Company. Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror, Tian An and the Company as and when appropriate.

The Shareholders and potential investors should note that the profit forecast in this inside information announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Accordingly, the Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and should consult their professional adviser if in any doubt about their position.

By Order of the Board
China Medical & HealthCare Group Limited
Chong Sok Un
Deputy Chairman

Hong Kong, 11 July 2023

As at the date of this announcement, the Board comprises: –

Executive Directors

Ms. Chong Sok Un (Deputy Chairman), Mr. Kong Muk Yin, Mr. Guo Meibao and Mr. Zhou Haiying

Non-Executive Directors

Mr. Lai Hin Wing Henry Stephen and Mr. Gao Zhaoyuan

Independent Non-Executive Directors

Mr. Zhang Jian, Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert and Ms. Yang Lai Sum, Lisa

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 statements in this announcement misleading.