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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)

UPDATE ON THE POSSIBLE ACQUISITION

References are made to the announcements of China Health Group Limited (the “Company”) dated 30 April 2015, 30 June 2015, 28 August 2015, 30 October 2015 and 31 December 2015 in relation to, among others, the Possible Acquisition. Capitalized terms used in this announcement shall have the same meanings as those defined in the abovementioned announcements, unless otherwise stated.

Pursuant to the Framework Agreement, the Company has paid to the Procurers an earnest money of HK\$10 million, which was intended to be applied to set off part of the cash consideration of the Possible Acquisition if the Formal Agreement was concluded. According to the terms of the Framework Agreement, in the event that the Formal Agreement is not concluded due to reasons caused by the Procurers or the Vendors, the earnest money shall be refunded to the Company and the Procurers shall pay an additional compensation of HK\$10 million to the Company. In case the Formal Agreement is not concluded due to reasons caused by the Purchaser or the Company, the earnest money shall be forfeited. If the Formal Agreement is not concluded due to reasons caused by other third parties, the earnest money shall be refunded to the Company.

As disclosed in the announcement of the Company dated 31 December 2015, the Framework Agreement was lapsed and of no effect as no Formal Agreement was concluded on or before the Long Stop Date and no agreement was reached by the parties to the Framework Agreement to further extend the Long Stop Date.

Since different reasons for not concluding the Formal Agreement shall lead to different settlements of the earnest money and the parties to the Framework Agreement have diverse opinions on the ultimate cause of not concluding the Formal Agreement, the Company is in negotiation with the Vendors and the Procurers for a mutually acceptable settlement for the earnest money. As at the date hereof, no conclusion on the settlement of the earnest money has been reached by the parties to the Framework Agreement yet. The management of the Company shall use their best endeavour to finalize the

settlement of the earnest money with the Vendors and the Procurers at the earliest possible time. Further announcement(s) regarding the settlement of the earnest money will be made by the Company as and when appropriate.

By order of the Board
China Health Group Limited
Zhou Bao Yi
Executive Director

Hong Kong, 22 January 2016

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Jia Hong Sheng (Chairman), Dr. Li Zhong Yuan, Mr. Zhou Bao Yi, Mr. Chung Ho, Mr. Wang Jingming and Mr. Zhao Kai; and four independent non-executive Directors, namely, Mr. Mu Xiangming, Mr. Jiang Bo, Dr. Yan Shi Yun and Mr. Zhao Hua.