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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)

**(1) UPDATE ON MATTERS IN RELATION TO
TIANJIN AGREEMENT; AND
(2) RESUMPTION OF TRADING**

This announcement is made by 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 SFO.

Reference is made to the following announcements of the Company:

- (i) the announcement dated 18 August 2014 in relation to, among other matters, a cooperative agreement (the “**Cooperative Agreement**”) entered into by the Company with TCPA and 天津益世社會服務中心 (YiShi Catholic Social Service Centre of Tianjin Diocese*) (“**YCSSC**”) in respect of the cooperation for establishment and operation of hospitals in Tianjin, China;
- (ii) the Tianjin Announcement in relation to, among other matters, the agreement dated 20 September 2015 purportedly entered into among the Company, TCPA and 天津益瑞康科技發展有限公司 (Tianjin Yi Rui Kang Technology Development Co., Ltd.*) (“**Yi Rui Kang**”) ostensibly for the provision of a loan in an aggregate principal amount of RMB100,000,000 by the Company to Sheng You Hospital and the grant of the operating right of Sheng You Hospital to the Company;
- (iii) the announcement dated 11 December 2015 in relation to, among other matters, the Company’s legal proceedings against Chung for breach of director’s fiduciary duties and against Zheng Hua Investment Limited and Pacas Worldwide Limited in relation to the CN Subscription Agreements purportedly entered into with the Company and the subsequent purported issue of the Convertible Notes by the Company;

* For identification purposes only

- (iv) the announcement dated 14 January 2016 (the “**Inside Information Announcement**”) in relation to, among other matters, suspension of duties and authorities of Chung and actual and further legal proceedings against Chung; and
- (v) the announcement dated 25 January 2016 in relation to the trading halt in the shares in the Company pending an update announcement on the matters set out in the Inside Information Announcement.

Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Inside Information Announcement.

As stated in the Inside Information Announcement, the Tianjin Announcement was issued on the instructions of Chung which stated that the Tianjin Agreement had been entered by the parties thereto on 20 September 2015; however, the Tianjin Agreement, which was negotiated by Chung and represented by him as having been signed by all parties named therein appears not to have been executed by TCPA.

Upon investigation and based on the facts currently known to the Company as at the date of this announcement, the board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to announce the following:

1. On 6 January 2016, the Board received a termination notice dated 5 January 2016 issued by TCPA. This was followed by another termination notice dated 5 January 2016 jointly issued by YCSSC and TCPA and received by the Board on 14 January 2016 (collectively, the “**Termination Notices**”). It is stated in the Termination Notices, among other matters:
 - (i) since the signing of the Cooperative Agreement, TCPA, Yi Rui Kang, YCSSC and the Company had not signed any implementation agreement and the Company had not made any contribution in relation to the finance of Sheng You Hospital pursuant to the Cooperative Agreement; and
 - (ii) the Cooperative Agreement shall be terminated.
2. On 19 January 2016, the Board received a letter (the “**19 January Letter**”) jointly issued by TCPA and Yi Rui Kang by fax (with original copy received on 22 January 2016) in relation to, among other matters, the Inside Information Announcement. It is stated in the 19 January Letter, among others:
 - (i) the content of the Inside Information Announcement in relation to the Tianjin Agreement is not true, distorted and misleading; and
 - (ii) Yi Rui Kang and TCPA had signed the Tianjin Agreement on 20 September 2015.

3. The Company issued a letter to Chung on 29 December 2015 to request Chung to deliver to the Company all documents, records, information, or other properties of the Company, including the CN Subscription Agreements. As at the date of this announcement, save as disclosed below, Chung has yet to deliver any of such information to the Company.
4. On 25 January 2016, the Board received a letter from Chung, with purported certified true copies of the Tianjin Agreement purportedly executed in two counterparts (both undated), with one copy purportedly executed by TCPA and Yi Rui Kang and the other copy purportedly executed by Chung on behalf of the Company.
5. It was not expressly and specifically confirmed or denied in the Termination Notices or the 19 January Letter that the Tianjin Agreement had been duly executed by *all* three parties thereto, namely the Company, TCPA and Yi Rui Kang. As at the date of this announcement, the Company has yet to receive and, despite repeated demands made at Board meetings, Chung had failed to deliver to the Company an executed copy of the Tianjin Agreement containing the signatures of the Company, TCPA and Yi Rui Kang.
6. At a meeting held on 22 January 2016 between, among others, Mr. Jia Hong Sheng (“**Jia**”), the Chairman and an executive Director, and the official representative of TCPA, Father Zhu Li Ge, vice chairman, it was represented to Jia at the said meeting that TCPA had not delivered any copy of the Tianjin Agreement which had been executed by TCPA to Chung. This is consistent with a draft termination agreement for the Cooperative Agreement sent to the Company by TCPA, in which it is stated that the Company had not entered into any implementation agreement pursuant to the Cooperative Agreement.
7. Based on the matters as disclosed above, the Board is of the view that the Tianjin Agreement had never been duly executed by all three parties thereto. It is suspected that Chung and Mr. Wang Jingming, another executive Director, who was also involved in the negotiations of the Tianjin Agreement for the Company, had perpetrated fraud in matters in relation to the Tianjin Agreement.
8. Apart from the criminal complaint made to the Hong Kong Police on 13 January 2016 as set out in the Inside Information Announcement, the Company also reported the above matters to the Public Security Bureau in Tianjin, the PRC, and the Tianjin Public Security Bureau confirmed on 25 January 2016 that it had officially accepted such report and commenced criminal investigation into the Company’s complaint on 25 January 2016.

Further announcement(s) will be made by the Company as and when appropriate to keep its shareholders and potential investors informed of the material developments in this matter.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on 25 January 2016 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28 January 2016.

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

Hong Kong, 27 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, 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.