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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)

SUSPENSION OF DUTIES OF
MR. WANG JINGMING, AN EXECUTIVE DIRECTOR

Reference is made to the announcement (the “**Announcement**”) of China Health Group Limited (the “**Company**”) dated 24 July 2015 in relation to, among other matters, the Agreement, i.e. the agreement dated 23 July 2015 entered into among the Company, the Management Company and the Shuangluan Government in relation to the provision of the Loan and the grant of the operating right of Shuangluan Hospital to the Management Company. Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Announcement.

Upon investigation and based on the facts currently known to the Company, the Board wishes to announce the following:

1. Mr. Wang Jingming (“**Wang**”), an executive Director, is currently the general manager of the Management Company and the superintendent of Shuangluan Hospital. Wang is responsible for the daily operations of the Management Company and Shuangluan Hospital.
2. As at the date of this announcement, Ms. Zhen Kelan (甄克蘭) (“**Zhen**”), the spouse of Wang, held approximately 47% of the equity interest of 北京極目雲軟件有限公司 (Beijing Ji Mu Yun Software Co., Ltd.*) (“**Beijing JMY**”). Zhen is also the former executive director and the former legal representative of Beijing JMY prior to 26 November 2014.
3. On 8 July 2015, the Management Company, a wholly-owned subsidiary of the Company, entered into an agreement (the “**Website Construction Agreement**”) with Beijing JMY, pursuant to which the Management Company engaged Beijing JMY for the planning, design and construction of the website of the Management Company. As at the date of this announcement, approximately RMB55,000 had been paid to Beijing JMY pursuant to the Website Construction Agreement (the “**Website Construction Engagement**”).

4. Shuangluan Hospital had purportedly purchased information software (the “**Software Purchase**”) from Beijing JMY in the amount of approximately RMB4,110,000, of which approximately RMB2,267,000 had been paid to Beijing JMY as at the date of this announcement.
5. Since Zhen is a substantial shareholder of Beijing JMY and its former director and legal representative, the Board is of the view that Wang should have disclosed such information to the Board to avoid any potential conflict of interest in relation to the Website Construction Engagement and the Software Purchase. The Board considers Wang’s failure in declaring his potential conflict of interest in the Website Construction Engagement and the Software Purchase to the Board and/or avoiding such potential conflict of interest to be in breach of the bye-laws of the Company.
6. In light of the above matters, the Company has suspended the duties of Wang as an executive Director with effect from 30 March 2016. Meanwhile, Wang’s other duties in the Group shall remain unaffected, pending results of further investigation by the Company, including but not limited to, whether any of the transactions contemplated under the Website Construction Engagement and the Software Purchase constituted connected transactions for the Company which are required to be disclosed under the Listing Rules or subject to approval by independent shareholders.

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.

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

Hong Kong, 30 March 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.

* *For identification purposes only*