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)

ANNOUNCEMENT IN RESPECT OF A WRIT OF SUMMONS AGAINST LI ZHONG YUAN, CAPITAL FORESIGHT LIMITED AND LI HONG HOLDINGS LIMITED

Reference is made to the announcement of China Health Group Limited (the "**Company**") dated 28 September 2016, 3 October 2016 and 30 March 2017 in relation to, among others, an originating summons against Li Hong Holdings Limited and the annual report of the Company for the year ended 31 March 2017 (the "**Announcements**").

This announcement is made by the board of directors (the "**Board**") of the Company 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Writ of Summons

Further to a demand received by the Company and upon internal investigation, the Company believes that the US$4 million in connection with HCMP2593/2016 as set out in the Announcements belongs to the Company on the following grounds:

(1) that the agreement dated 23 November 2012 between the Company and Capital Foresight Limited (the "**Agreement**") executed by Dr. Li Zhong Yuan, a then executive director and chairman of the Company and removed on 18 June 2016 ("**Li**"), was purportedly entered into in breach of Li's fiduciary duties and without authority, and Capital Foresight Limited was knowingly complicit in this arrangement;

(2) that the loan note dated 1 August 2015 and issued by the Company (under its former name China Healthcare Holdings Limited) (the "**Loan Note**"), executed by Li purportedly on behalf of the Company in favour of Li Hong Holdings Limited ("**Li Hong**") was purportedly entered into in breach of Li's fiduciary duties, without authority and inconsistent with the Company's articles of association; and

(3) the Agreement and the Loan Note were and are void or voidable and unenforceable.

On this basis, a writ of summons (the "**Writ**") under action number HCA 2549/2017 has been issued in the High Court of the Hong Kong Special Administrative Region by the Company against Li as 1st Defendant, Capital Foresight Limited as 2nd Defendant and Li Hong as 3rd Defendant on 7 November 2017.

Pursuant to the Writ, the Company is seeking, amongst others, the following reliefs against the Defendants:–

(1) a declaration that the Agreement is void or voidable and unenforceable;

(2) a declaration that the Loan Note is void or voidable and unenforceable;

(3) damages and/or equitable compensation as against the 1st Defendant;

(4) interests; and

(5) costs.

The Company will report the same matter to a law enforcement agency for investigation in due course.

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

By order of the Board
China Health Group Limited
Weng Yu
Executive Director

Hong Kong, 8 November 2017

As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Weng Yu, Mr. Wang Yongqing, Mr. Chung Ho, Mr. Wang Jingming and Mr. Zhang Fan; eight non-executive directors, namely, Mr. Ying Wei, Mr. Zhang Song, Mr. Xing Yong, Mr. Wang Zili, Mr. Wang Yuexiang, Mr. Li Xuguang, Mr. Ma Zhaorui and Mr. Huang Lianhai; and six independent non-executive directors, namely, Mr. Xiao Zuhe, Mr. Wang Qingyou, Mr. Zou Lian, Ms. Yang Huimin, Mr. Xin Hua and Mr. Jiang Xuejun.