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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)

STRATEGIC COOPERATION AGREEMENT

This announcement is made by China Health Group Limited (the “**Company**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 16 January 2017, the Company entered into a strategic cooperation agreement (the “**Agreement**”) with Shenzhen Gaoxinqi Hosin Investment Fund Management Co., Ltd. (“**Gaoxinqi Hosin**”) in relation to the possible cooperation in respect of a healthcare business project in the PRC.

Pursuant to the Agreement:

- (i) Gaoxinqi Hosin is establishing a healthcare industry investment fund (the “**Healthcare Fund**”) and becoming a general partner of the Healthcare Fund, responsible for the operation of the Healthcare Fund. The Healthcare Fund will have an initial investment amount of RMB150 million (equivalent to HK\$168 million). The Company intends to become a limited partner of the Healthcare Fund and invest no more than RMB20 million (equivalent to HK\$22.4 million). The conditions precedent to the investment by the Company in the Healthcare Fund are (a) the Company completes the due diligence report on Gaoxinqi Hosin and is satisfied with the results of due diligence and (b) the Company is satisfied with the risk assessment in respect of investment in the Healthcare Fund; and
- (ii) the Company agrees to provide the target hospitals to be invested in by the Healthcare Fund with high-quality healthcare management services and operation services and assist the target hospitals in improving their management and operation. The Company also undertakes to provide necessary financial support when providing the target hospitals with management services or acquiring the right to operate the target hospitals. Gaoxinqi Hosin agrees that the Company shall have the right of first refusal to acquire the target hospitals under the same conditions if the Healthcare Fund intends to dispose of the target hospitals in which it invests.

Gaoxinqi Hosin is a fund management company jointly established by Shenzhen Hosin Collaboration Investment Co. Ltd. (“**Hosin Collaboration**”) and Shenzhen Gaoxinqi Investment Co., Ltd. (“**Gaoxinqi Investment**”) focusing on investment in the healthcare industry, and currently has two funds under its management. Hosin Collaboration is a professional investment institution focusing on investments in industry mergers and acquisitions and equity investments in growth enterprises. It has established strategic cooperative relationships with a number of large enterprise groups and listed companies and has extensive experience and strong industry merger and acquisition and operation capability in healthcare, environmental protection, consumption and automation areas. Gaoxinqi Investment is an investment holding company under Shenzhen Gaoxinqi Group (“**Gaoxinqi**”, a well-known private enterprise group in Shenzhen) and the major investment vehicle of Gaoxinqi.

If the transaction contemplated under the formal agreement constitutes a discloseable transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company will make further announcement as and when appropriate.

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

Hong Kong, 16 January 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; eleven non-executive directors, namely, Mr. Ying Wei, Mr. Zhang Song, Ms. Wei Changying, Mr. Pei Kewei, Mr. Xing Yong, Mr. Wang Zili, Mr. Yang Cheng, Mr. Wang Xiaolin, Mr. Huang Bin, Mr. Wang Yuexiang and Mr. Li Xuguang; and six independent non-executive directors, namely, Mr. Xiao Zuhe, Mr. Wang Qingyou, Mr. Zou Lian, Ms. Yang Huimin, Mr. Liang Qi and Mr. Xin Hua.