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CHINA HEALTH GROUP INC.

中國醫療集團有限公司

(Carrying on business in Hong Kong as “萬全醫療集團”)
(Formerly known as “Venturepharm Laboratories Limited”)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8225)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the Listing Rules and Inside Information Provisions under Part XIVA of SFO.

The Board would like to inform the shareholders of the Company and the potential investors that the Group is expected to record a loss for the financial year ended 31 December 2015 as compared with the profit recorded by the Group for the financial year ended 31 December 2014.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Health Group Inc. (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of the Hong Kong) (“**SFO**”).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company and potential investors that based on the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”) for the period ended 31 December 2015 and the information currently available to the Company, the Group is expected to record a loss for the financial year ended 31 December 2015 as compared with the profit recorded by the Group for the financial year ended 31 December 2014.

Changing the profit to the expected net loss is mainly attributable to (i) the fair value loss on

derivative financial liabilities arising from the preliminary assessment on the valuation of the unlisted convertible notes issued on 24 December 2014, and (ii) the gain on waiver of convertible note of RMB52,897,000 included the principal and interest accrued because in the year of 2014, the Company paid off the notes of an aggregate principal amount of CHF15,000,000, which was issued on 10 September 2007.

The Information contained in this announcement is only based on a preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2015 and the information currently available to the Company and is not based on any figures or information that have been audited or reviewed by the auditors of the Company. Shareholders of the Company and potential investors are advised to read carefully the announcement of the Company in relation to the Group's results for the financial year ended 31 December 2015, which is expected to be released in March 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

China Health Group Inc.
William Xia Guo

Chairman

Beijing RPC, 26 February 2016

As at the date of this announcement, the Board comprises two executive directors, being Mr. William Xia Guo and

Dr. Maria Xue Mei Song; one non-executive director, being Dr. Nathan Xin Zhang; and three independent non-executive directors, being Dr. Shou Yuan Wu, Mr. Mark Gavin Lotte and Dr. Bin Hui Ni.

This announcement, for which the directors of the Company (the "Directors") collectively and individually accept

responsibility, includes particulars given in compliance with the Rules Governing the Listing of securities of the

Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the

Company. The Directors, having made all reasonable enquiries, conform that, to the best of their knowledge and

belief: (1) the information contained in this announcement is accurate and complete in all material respect and not misleading; (2) there are no other matters the omission of which would make any statement in all material respects and not misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website with the domain name of www.hkgem.com on the “Latest Company Announcements” page for at least 7days from the date of its posting and on the Company’s website at www.chgi.net