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CHINA TRADITIONAL CHINESE MEDICINE CO. LIMITED
中國中藥有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 570)

**CLOSURE OF REGISTER OF MEMBERS;
PROPOSED CHANGE OF COMPANY NAME
AND
PROPOSED CHANGE OF AUDITOR**

CLOSURE OF REGISTER OF MEMBERS

The board of directors (the “**Board**”) of China Traditional Chinese Medicine Co. Limited (the “**Company**”) is pleased to announce that the annual general meeting of the Company will be held on Tuesday, 28 June 2016 (the “**AGM**”).

To ascertain the shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 23 June 2016 to Tuesday, 28 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 22 June 2016.

PROPOSED CHANGE OF COMPANY NAME

The Board also proposes to change the name of the Company from “CHINA TRADITIONAL CHINESE MEDICINE CO. LIMITED 中國中藥有限公司” to “CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED 中國中藥控股有限公司”.

CONDITIONS FOR THE CHANGE OF COMPANY NAME

The change of Company name will become effective subject to the satisfaction of all of the following conditions:–

1. the approval by the shareholders of the Company (the “**Shareholders**”) by way of special resolution at the AGM; and
2. the issuance of the certificate of change of name by the Registrar of Companies in Hong Kong confirming the change of Company name.

Further announcement will be made by the Company upon the change of Company name becoming effective.

REASON FOR THE CHANGE OF COMPANY NAME

As the Company’s name is similar to China National Traditional Chinese Medicine Corporation, which is a wholly-owned subsidiary of its parent company, China National Pharmaceutical Group Corporation (“**CNPGC**”) and CNPGC indirectly owns approximately 36% equity interests of the issued shares of the Company, the Board hereby proposes the change of the Company’s name so as to distinguish the names of two companies.

EFFECT ON THE CHANGE OF COMPANY NAME

The change of Company name will not affect any of the rights of the Shareholders. All existing share certificates bearing the Company’s existing name shall continue to be evidence of the title and valid for trading, settlement, registration and delivery for the same number of shares in the new name of the Company. There will not be any arrangements for free exchange of existing share certificates for new certificates under the new name of the Company. Should any Shareholders desire to exchange their existing certificates for certificates in the new name of the Company, they may do so on payment of a fee of HK\$2.50 for each new certificate (or such higher amount as may from time to time be allowed by the Stock Exchange). Once the change of Company name becomes effective, any issue of certificates will be under the new name of the Company.

PROPOSED CHANGE OF AUDITOR

The Board hereby announces that for the purpose of enhancing the standard of the Company’s corporate governance, upon the approval of the audit committee of the Company (the “**Audit Committee**”), the Company has recently adopted a policy of CNPGC in respect of rotation of auditor. Since the existing auditor, KPMG, is responsible for the Company’s annual audit for more than twenty years, with the recommendation from the Audit Committee, the Board will propose to change the auditor of the Company. KPMG will retire as auditor of the Company with effect from the conclusion of the AGM and will not seek re-appointment.

The Board will put forward a resolution, with the recommendation from the audit committee of the Company (the “**Audit Committee**”), to propose the appointment of Deloitte Touche Tohmatsu (“**Deloitte**”) as the auditor of the Company in place of the retiring auditor, KPMG (the “**Proposed Change of Auditor**”), to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval by the Shareholders at the AGM.

On 17 May 2016, the Board and the Audit Committee received a letter from KPMG advising that there are no matters in respect of the circumstances leading to their cessation as the auditor of the Company that in their opinion need to be reported to the Board and the Audit Committee. The Board also confirms that there is no disagreement between KPMG and the Company and there are no other matters in respect of the Proposed Change of Auditor that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to KPMG for its professional services and support to the Company in the past years.

GENERAL

A circular containing further details of the proposed change of Company Name and the proposed change of auditor together with a notice convening the AGM, will be despatched to the Shareholders as soon as practicable.

By Order of the Board
China Traditional Chinese Medicine Co. Limited
WU Xian
Chairman

Hong Kong, 19 May 2016

As at the date of this notice, the Board comprises eleven Directors, of which Mr. WU Xian, Mr. YANG Bin and Mr. WANG Xiaochun are executive Directors; Mr. LIU Cunzhou, Mr. ZHANG Jianhui, Mr. DONG Zenghe and Mr. ZHAO Dongji are non-executive Directors; and Mr. ZHOU Bajun, Mr. XIE Rong, Mr. YU Tze Shan Hailson and Mr. LO Wing Yat are independent non-executive Directors.