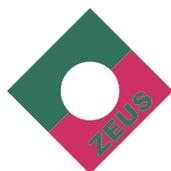


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Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

PROFIT WARNING

This announcement is made by the board of directors (the “**Board**”) of Zhongzhi Pharmaceutical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2016, a material reduction in net profit of the Group for the six months ending 30 June 2016 are expected as compared to those for the six months ended 30 June 2015. The expected material reduction in net profit is mainly attributable to the increase in selling and distribution expenses incurred due to (i) the increase in advertising expenses for promoting the Company’s modern decoction pieces and its brand “Caojinghua* (草晶華)” through different media channels and platforms; (ii) the increase in sales and marketing staff for the exploration and expansion of distribution networks, including hospital and internet channels; and (iii) the increase in the number of self-operated chain pharmacies by 32 to 233 as compared to the corresponding period.

The information set out in this announcement is only based on the information currently available to the Board and the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2016. The unaudited consolidated results of the Group for the six months ending 30 June 2016 are expected to be announced by the Company before the end of August 2016. Shareholders and potential investors are advised to read the interim results announcement of the Company when it is published.

* For identification purpose only

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Zhongzhi Pharmaceutical Holdings Limited
Mr. Lai Zhi Tian
Chairman and Executive Director

Hong Kong, 30 June 2016

As at the date of this announcement, the Board comprises seven directors. The executive directors are Mr. Lai Zhi Tian, Ms. Jiang Li Xia, Ms. Mou Li and Mr. Cao Xiao Jun. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.