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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 eleven months ended 30 November 2016, a material reduction in net profit of the Group for the year ending 31 December 2016 are expected as compared to those for the year ended 31 December 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 and promotional expense for promoting the Company’s modern decoction pieces and its brand “Caojinghua* (草晶華)” through different media channels and platforms; and (ii) the increase in sales and marketing staff for the exploration and expansion of distribution networks, including hospital and internet channels.

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 eleven months ended 30 November 2016. The audited consolidated results of the Group for the year ending 31 December 2016 are expected to be announced by the Company before the end of March 2017. Shareholders and potential investors are advised to read the annual results announcement of the Company when it is published.

Shareholders 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, 23 December 2016

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