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CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED
中國中藥控股有限公司

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

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to the provisions of inside information (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment by the Company's management with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2016, the Group is expected to record an increase of no less than 50% in consolidated net profit attributable to the Shareholders for the year ended 31 December 2016 as compared with the audited consolidated net profit from continuing operations attributable to the Shareholders for the year ended 31 December 2015 of approximately RMB627.5 million.

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

This announcement is made by China Traditional Chinese Medicine Holdings Co. Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the provisions of inside information (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on the preliminary assessment by the Company's management with reference to the unaudited consolidated management accounts of the Group for the year ended 31 December 2016, the Group is expected to record an increase of no less than 50% in consolidated net profit attributable to the Shareholders for the year ended 31 December 2016 as compared with the audited consolidated net profit from continuing operations attributable to the Shareholders for the year ended 31 December 2015 of approximately RMB627.5 million. The improvement in the Group's results was mainly attributable to the full year profit contribution of the concentrated TCM granules segment from Jiangyin Tianjiang Pharmaceutical Co., Ltd. and its subsidiaries, which were acquired by the Group in October 2015.

The information contained in this announcement is only based on the Board's preliminary assessment with reference to the unaudited consolidated management accounts of the Group and is not based on any financial data or information which has been audited or reviewed by the Company's independent auditor or the audit committee of the Company. Consequently, the actual results of the Group for the year ended 31 December 2016 may be different from what is disclosed in this announcement. The Company is in the process of finalising the annual results of the Group for the year ended 31 December 2016, which are expected to be released on or around 21 March 2017.

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

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

Hong Kong, 7 March 2017

As at the date of this announcement, the Board comprises twelve directors, of which Mr. WU Xian, Mr. YANG Bin and Mr. WANG Xiaochun are executive directors; Mr. LIU Cunzhou, Mr. DONG Zenghe, Mr. ZHAO Dongji, Ms. HUANG He and Ms. TANG Hua 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.