China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00512)

POSITIVE PROFIT ALERT

This announcement is made by China Grand Pharmaceutical and Healthcare Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of the directors (the "**Board**") of the Company would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the information currently available to the Company and the preliminary review by the management of the Company over the unaudited management accounts of the Group for the six months ended 30 June 2017, it is expected that the unaudited consolidated net profit attributable to owners of the Company recorded an increase of not less than 50% as compared to that of the six months ended 30 June 2016 (the unaudited consolidated net profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to approximately HK$110,831,000). The Board believes that the reason for the significant increment is mainly attributable to (among other things) the mid-to-long term development strategy of the Group has steadily contributed significant returns, and the product categories of the core products are enlarged through internal research and development and also merge and acquisition. The competitiveness of our products is continuously enhanced, and the synergy effects of our products have been gradually revealed. The market price of our bio-technology products and nutrition products business also increased during this period. Furthermore, the investments in 西安碑林藥業股份有限公司 (Xian Beilin Pharmaceutical Company Limited[#]) (which was acquired by the Group in the second half of 2016) and 北京九和藥業有限公司 (Beijing Jiu He Pharmaceutical Limited[#]) (which was acquired by the Group in 2015) have returns as expected, and a few products of the Group were maintained or being newly included in the "National Drug List for Basic Medical Reimbursement, Work-Related Injury Reimbursement and Maternity Reimbursement (2017 Version)" published at the beginning of the year. All these factors are the major sources and basis for the continuous increment of the overall turnover amount and average gross profit margin of the Group.

The information contained in this announcement is only based on the preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2017 and the information currently available to the Board and such information has not been reviewed by the Company's auditors or audit committee. The unaudited consolidated financial results of the Group for the six months ended 30 June 2017 have not been finalized and may be subject to adjustment. The Company expects to publish an announcement on the interim results of the Group for the six months ended 30 June 2017 in August 2017.

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

By order of the Board
China Grand Pharmaceutical and Healthcare Holdings Limited
Liu Chengwei
Chairman

Hong Kong, 3 August 2017

As at the date of this announcement, the Board comprises four executive directors, namely, Mr Liu Chengwei, Mr Hu Bo, Dr Shao Yan and Dr. Niu Zhanqi and three independent non-executive directors, namely, Ms So Tosi Wan, Winnie, Mr Lo Kai Lawrence and Dr Pei Geng.

 # In this announcement, the English names of companies are unofficial translation or transliteration from their Chinese names and are for identification purposes only.

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