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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 year ended 31 December 2019, it is expected that the consolidated net profit attributable to owners of the Company recorded an increase of not less than 50% as compared to that of the year ended 31 December 2018 (the audited consolidated net profit attributable to owners of the Company for the year ended 31 December 2018 amounted to approximately HK\$712,667,000).

The Board considers that the reason for financial results growing in a good shape is mainly attributable to (among other things) the Group’s strategy in the development of innovative and barrier medicines has continuously contributed substantive results, and the turnover of the products with competitiveness advantages and high gross profit margin recorded significant growth as compared with 2018, also Shanghai Xudong Haipu Pharmaceutical Co., Ltd (上海旭東海普藥業有限公司), an associated company being acquired in the second half of 2018, has contributed material amount of profit to the Group. These resulted the Group can maintain a substantial growth in net profit.

The information contained in this announcement is only based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2019 and the information currently available to the Board, and such information has not been reviewed by the Company’s auditors or audit committee. The consolidated financial results of the Group for the year ended 31 December 2019 have not been finalized and may be subject to adjustment. The announcement on the annual results of the Group for the year ended 31 December 2019 is expected to be published in due course.

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, 23 February 2020

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, Dr. Pei Geng and Mr. Hu Yebi.

** For identification purpose only*