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**国药集团**  
SINOPHARM

**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)**

**INSIDE INFORMATION**  
**PROFIT WARNING**

This announcement is made by China Traditional Chinese Medicine Holdings Co. Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the “**Period**”), it is expected that (a) the net profit for the Period would decrease by 90%-100% as compared to that for the same period in 2023; and (b) the adjusted net profit for the Period would decrease by 50%-60% as compared to that for the same period in 2023.

Based on the information currently available to the Board, the Board believes that:

- (a) the decrease in net profit of the Group for the Period was mainly due to the fact that (i) scale of sales and profitability of concentrated TCM granules business were affected by multiple factors including price reduction in centralized procurement, intensified market competition and relatively high costs of medicinal materials; (ii) the credit impairment, goodwill impairment and plant impairment for the Period increased; and (iii) the remedial taxes in certain subsidiaries of the Company had imposed significant impact on the net profit of the Group for the Period.

- (b) the adjusted net profit is defined as the net profit eliminating the effect of (i) provision for goodwill and plant impairment according to the operating conditions of the Period; and (ii) the remedial taxes in certain subsidiaries.

The Board believes that item (b) mentioned above would not pose adverse impacts on the Group's continuing operation. The Board wishes to highlight that "the adjusted net profit" is not defined under the Hong Kong Financial Reporting Standards. The Board believes that eliminating the effect of the adjusted net items, which are either non-operating or non-recurring expenses of the Group, would provide further information to potential investors and others in understanding and evaluating the operating results of the Group, and would be a necessary measure to significantly improve the Group's financial condition in the future.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available and the Group's consolidated management accounts for the Period which have not been audited by the independent auditor of the Company. Shareholders and potential investors of the Company are advised to refer to the announcement regarding the Group's annual results for the year ended 31 December 2024 to be published by the end of March 2025.

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

By Order of the Board  
**China Traditional Chinese Medicine Holdings Co. Limited**  
**YANG Jun**  
*Chairman*

Hong Kong, 15 January 2025

*As at the date of this announcement, the Board comprises eleven Directors, of which Mr. YANG Jun and Mr. LI Hongjian are executive Directors; Mr. LIU Haijian, Mr. LI Xiangrong, Mr. ZU Jing, Ms. XU Jinghui and Mr. HUANG Hao are non-executive Directors; and Mr. XIE Rong, Mr. YU Tze Shan Hailson, Mr. QIN Ling and Mr. LI Weidong are independent non-executive Directors.*