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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 the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform shareholders of the Company and potential investors that it is expected that the Group will record a significant increase in profit for the year ended 31 December 2010 as compared to the profit for the corresponding year in 2009.

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

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform shareholders of the Company and potential investors that, based on information currently available, it is expected that the Group will record a significant increase in profit for the year ended 31 December 2010 as compared to the profit for the corresponding year in 2009. The improvement in the Group’s results was mainly attributable to the relocation commencement fee received in December 2010 in relation to the relocation of certain properties in Wuhan and the increased profit contributions from its existing and newly acquired subsidiaries.

The relocation of our production facilities in Wuhan is progressing as planned. The Group intends to build new production facilities for the production of raw material pharmaceuticals in Hubei Grand Fuchi Pharmaceutical and Chemical Company Limited and its vicinity area. Hubei Grand EBE Pharmaceutical Company Limited will produce all ophthalmic medicines while a new production site in Wuhan Jinyin Lake will produce other pharmaceutical preparations.

Profits generated from the Group’s eye drops increased due to the outbreak of the red-eye disease in the third quarter of 2010 in China. Furthermore, the rise in demand for respiratory medicines also increased the sales and profits of acetyl cysteine and carboxymethyl-L-cysteine.

The information contained in this announcement is only based on the preliminary assessment by the Board according to the unaudited management accounts of the Group. The Company is still in the process of finalising the results for the year ended 31 December 2010, which will be published in March 2011.

**Shareholders of the Company 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, 28 February 2011

*As at the date of this announcement, the Board comprises four executive directors - Mr Liu Chengwei, Mr Hu Bo, Mr Shao Yan and Mr Zhang Ji; and three independent non-executive directors - Ms So Tosi Wan, Winnie, Mr Lo Kai Lawrence and Mr Xin Dongsheng.*

*\* For identification purpose only*