

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**BUSINESS UPDATE – ACQUISITION OF 60% OF
GUIZHOU TONGJITANG PHARMACY CHAIN CO. LTD.***

This announcement is made by China Traditional Chinese Medicine Holdings Co. Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that after the trading hours of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 September 2016, 國藥集團廣東環球製藥有限公司 (Sinopharm Group Guangdong Medi-World Pharmaceutical Company Limited*), an indirect wholly-owned subsidiary of the Company, entered into an agreement (the “**Agreement**”) with the existing owners (the “**Vendors**”) of 貴州同濟堂藥房連鎖有限公司 (Guizhou Tongjitang Pharmacy Chain Co. Ltd.*) (the “**Target**”, together with its subsidiaries, the “**Target Group**”) to acquire 60% of the registered capital of the Target (the “**Acquisition**”). The consideration for the Acquisition is approximately RMB87.72 million (equivalent to approximately HK\$101.8 million) which will be payable in cash and funded by internal resources of the Group. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange).

The Target Group is principally engaged in the operation of chain pharmacies and traditional Chinese medicine (“**TCM**”) clinics in Guizhou Province, the People’s Republic of China (the “**PRC**”). Based on the information provided by the Vendors, the Target Group recorded net profit before tax and net profit after tax of approximately RMB13.3 million (equivalent to approximately HK\$15.4 million) and approximately RMB9.7 million (equivalent to approximately HK\$11.3 million) for the year ended 31 December 2015 respectively.

The principal business activities of the Group are the manufacture and sale of concentrated TCM granules and pharmaceutical products in the PRC with a focus on respiratory system drugs, nasal preparations, cerebro-cardiovascular drugs, rheumatic diseases and bone injury drugs, and orthopaedic drugs. The Directors believe that the Acquisition is in line with the overall business strategy of the Group to enter into different sectors of the TCM industry with the aim to covering the entire TCM industry chain by upstream and downstream consolidation. The expansion into the TCM healthcare complex business is an effective channel for promoting the brands and products of the Group and will create synergies with the Group by the sharing of operating costs and distribution network. Based on the above, the Directors consider that the Acquisition is in the interests of the Company and its shareholders as a whole. The Company will continue to grow its TCM healthcare complex business through self-expansion and acquisition, gradually forming a network in major cities throughout the PRC.

The Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and this announcement is made for the purpose of keeping the shareholders of the Company and potential investors informed of the latest business development of the Group.

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

Hong Kong, 29 September 2016

For illustration purpose only, amounts in Renminbi (“RMB”) in this announcement have been translated into Hong Kong dollars (“HK\$”) at the rate of RMB1 = HK\$1.16. No representation is made that any amounts in HK\$ and RMB have been or could be converted at the above rate or at any other rates or at all.

As at the date of this announcement, the Board comprises 11 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 and Ms. HUANG He 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.

* *For identification purpose only*