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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 six months ended 30 June 2024 (the “**Period**”), it is expected that the net profit of the Group for the Period would decrease by 60%-70% as compared to that for the same period in 2023, which was mainly caused by: (1) the scale of sales and profitability of concentrated TCM granules business declined driven by multiple factors including price reduction in centralized procurement and intensified market competition; (2) the long-aging trade receivables for the Period increased, resulting in a year-on-year increase in the credit impairment losses; and (3) the remedial taxes in certain subsidiaries of the Company had imposed significant impact on the net profit of the Group for the Period (please refer to the announcement of the Company dated 21 August 2024 regarding remedial taxes in certain subsidiaries of the Company for details) (collectively, the “**Statement**”).

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 interim results for the six months ended 30 June 2024 (the **"2024 Interim Results Announcement"**) to be published by the end of August 2024 in accordance with the Listing Rules.

## **PRE-CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF THE COMPANY**

Reference is made to the joint announcement dated 21 February 2024 (the **"Joint Announcement"**) jointly issued by Sinopharm Common Wealth Company Limited (the **"Offeror"**) and the Company in relation to, amongst other things, the pre-conditional proposal to privatise the Company by the Offeror by way of a scheme of arrangement under section 673 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Unless otherwise defined, capitalised terms used in this sub-section shall have the same meanings as those defined in the Joint Announcement.

The offer period (within the meaning of the Takeovers Code) in respect of the Proposal has commenced on the date of the Joint Announcement, i.e. 21 February 2024. As such, the Statement included in this announcement constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by both the Company's financial advisers and its auditors or accountants in accordance with Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code. In view of the requirements of timely disclosure of inside information under Rule 13.09 of the Listing Rules and Part XIVA of the SFO, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (timewise or otherwise) in meeting the reporting requirements set out in Rule 10 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code, if the Statement is published first in an announcement, it must be repeated in full, together with the reports from the Company's financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders (the **"Shareholders' Document"**). However, as the 2024 Interim Results Announcement (which falls within the ambit of Rule 10.9 of the Takeovers Code) will be published by the end of August 2024 and prior to the despatch of the next Shareholders' Document, and the relevant results together with the notes to the financial statements will be incorporated by reference in the next Shareholders' Document, the requirement to report on the Statement under Rule 10.4 of the Takeovers Code will no longer apply after the publication of the 2024 Interim Results Announcement.

**Shareholders and potential investors should note that the Statement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when placing reliance on the Statement in assessing the merits and demerits of the Proposal, and when dealing in the securities of the Company.**

By Order of the Board  
**China Traditional Chinese Medicine Holdings Co. Limited**  
**CHEN Yinglong**  
*Chairman*

Hong Kong, 21 August 2024

*As at the date of this announcement, the Board comprises eleven Directors, of which Mr. CHEN Yinglong is executive Director; Mr. CHENG Xueren, Mr. YANG Wenming, Ms. LI Ru, Mr. YANG Binghua, Mr. WANG Kan and Mr. MENG Qingxin 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*