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四环医药
SihuanPharm

SIHUAN PHARMACEUTICAL HOLDINGS GROUP LTD.
四環醫藥控股集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 0460)

PROFIT WARNING

This announcement is made by Sihuan Pharmaceutical Holdings Group Ltd. (the "**Company**" or "**Sihuan Pharmaceutical**" 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**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on preliminary review of the unaudited consolidated management accounts of the Group and information currently available, the Group is expected to record a decrease in net profit for the six months ended 30 June 2016 as compared with the same period in 2015. The Board considers that the decrease in the Group's net profit is mainly attributable to (i) the net profit for the same period in 2015 including a substantial amount of a one-off profit from the disposal of equity interest in Jilin Sichang Pharmaceutical Co., Ltd.; (ii) Kelinao (Cinepazide maleate) no longer being an exclusive drug of the Company. Cinepazide maleate from five different pharmaceutical companies in the PRC have been approved for launch to the market. In order to boost distributors' appetite for Kelinao, the Company reduced its selling price. Furthermore, the selling prices of various competitive products have been adjusted downwards in varying degrees; (iii) various provinces and municipalities introducing the "Key Monitored Drug List (重點監控藥品目錄)" in order to control medical expenditure which posed major impact to the sales of oncology and cardio-cerebral vascular drugs; and (iv) the "Two-Invoice" System to be implemented in the PRC, which aims to reduce the number of layers between drug manufacturers and medical institutions, caused distributors to reduce their inventory level, resulting in a drop in the sales of products.

The information above is only based on the preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2016 and information currently available. It is not based on any figures or information reviewed or audited by the Company's auditors or audit committee of the Company. Further details of the Group's financial results and performance will be disclosed in the Company's interim results announcement in August 2016.

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

By order of the Board
Sihuan Pharmaceutical Holdings Group Ltd.
Che Fengsheng
Chairman and Executive Director

Hong Kong, 15 July 2016

As at the date of this announcement, the executive directors of the Company are Dr. Che Fengsheng (Chairman), Dr. Guo Weicheng (Deputy Chairman and Chief Executive Officer) and Mr. Meng Xianhui; the non-executive directors of the Company are Dr. Zhang Jionglong and Mr. Homer Sun; and the independent non-executive directors of the Company are Mr. Patrick Sun, Mr. Tsang Wah Kwong and Mr. Zhu Xun.