WUYI INTERNATIONAL PHARMACEUTICAL COMPANY LIMITED
武夷國際藥業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1889)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board hereby informs shareholders of the Company and potential investors that the Group expects to record a significant decrease in its consolidated net profit for the six-month period ended 30 June 2016 as compared to that for the six-month period ended 30 June 2015 or may even record a loss for the six-month period ended 30 June 2016.

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 Wuyi International Pharmaceutical Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors (the "**Board**") of the Company hereby informs shareholders of the Company and potential investors that, based on the information currently available to the Group, the Group expects to record a significant decrease in its consolidated net profit for the six-month period ended 30 June 2016 as compared to that for the six-month period ended 30 June 2015 or may even record a loss for the six-month period ended 30 June 2016. The Board believes that the Group's financial performance has been affected by a drop in gross profit margin of the Group mainly due to the following reasons:

1. The continuingly increasing pressure on the cost of sales, including labour costs, raw material and packing material costs in the market of the People's Republic of China, hence the gross profit of pharmaceutical enterprises was affected.

2. During the six-month ended 30 June 2015, there was a one-off net gain amounted to approximately RMB35 million from the disposal of the use rights and property, plant and equipment held by Fuzhou Sanai Pharmaceutical Co., Ltd. (福州三愛藥業有限公司), a wholly owned subsidiary of the Company.

3. On 18 December 2015, an aggregate of 171,000,000 ordinary shares of the Company were issued as deposit paid for the acquisition of a subsidiary. The Group is in the process of assessing the recoverability and the impairment loss of the deposit. Nevertheless, the Board would like to emphasize that the impairment loss of the deposit (if any) is a non-cash expense with no impact on the Group's cash flow or business and production operations.

4. The management of the Group continuously reviews the profitability of fixed assets, e.g. factories and production equipment, etc. Due to the decrease in the gross profit margin and the impact of the above reasons, the Group and the independent valuer are now conducting certain assessments on the profitability and the impairment loss for these assets in order to reflect the fair value of the relevant assets. Nevertheless, the Board would like to emphasize that the impairment loss of these fixed assets (if any) is a non-cash expense with no impact on the Group's cash flow or business and production operations.

Despite a substantial decrease in profit or even a loss may potentially be recorded by the Group for the six-month ended 30 June 2016, the Board considers that the Group's overall financial position is still healthy and the Board remains positive on the long term prospect of the Group.

As the Company is still in the process of finalizing its interim results for the six-month ended 30 June 2016, the information contained in this announcement is a preliminary estimate by the management of the Group according to the latest unaudited management account of the Group and is not based on any figures or information that has been reviewed by the Company's independent auditor. Further details of the Group's performance will be disclosed when the Group's interim results for the six-month ended 30 June 2016 are announced.

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
Wuyi International Pharmaceutical Company Limited
Lin Ou Wen
Chairman and Chief Executive Officer

Hong Kong, 28 July 2016

As at the date of this announcement, the Board comprises 3 Executive Directors, namely, Mr. Lin Ou Wen (Chairman), Mr. Lin Qing Ping and Mr. Lin Min, and 3 Independent Non-executive Directors, namely, Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han.