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.

武夷药业
Wuyi Pharmaceutical

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 year ended 31 December 2016 as compared to that for the year ended 31 December 2015 or may even record a loss for the year ended 31 December 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 year ended 31 December 2016 as compared to that for the year ended 31 December 2015 or may even record a loss for the year ended 31 December 2016. The Board believes that such decrease was mainly due to the following reasons:

1. Upon the expiry of the Good Manufacturing Practice ("**GMP**") certification granted to the new plant (the "**Haixi Plant**") located in the Haixi Industrial and Trading Development Zone on 31 December 2015, certain parts of the plant were required to undergo upgrades and enhancement of the existing production equipment so as to obtain new GMP certification (the "**Transformation**"). During the year ended 31 December 2016, two production lines of the plant were involved in the Transformation and have suspended productions, affecting the sales performance for the year.

2. As disclosed in the Company's announcement dated 8 November 2016, the operations of all the production compartments in the Haixi Plant have been temporarily suspended as a result of a rupture of the main underground steam pipelines connecting all the production compartments, which affected the sales performance for the year ended 31 December 2016.

3. The decrease in turnover which resulted in a decrease in purchase costs. Among the costs of sales, the fixed costs (in particular, depreciation charges) did not decrease as the turnover did, which caused an increase in the proportion of the fixed costs in the overall costs of sales, affecting to the overall gross profit margin.

4. During the year ended 31 December 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.

5. On 14 October 2016, the Company has granted a total of 164,000,000 share options, the fair value of these share options granted was recognized as share option expenses during the year ended 31 December 2016.

6. The management of the Group continuously reviews the profitability of fixed assets, e.g. factories and production equipment, etc. As disclosed in the 2016 interim report of the Company, the Group recognized approximately RMB199.2 million impairment loss for these assets for the six months ended 30 June 2016. The Group and the independent valuer are now conducting certain assessments on the profitability and the Group expects to recognize further impairment loss for these assets for the year ended 31 December 2016.

Nevertheless, the Board would like to emphasize that the above share option expenses and impairment loss of the fixed assets is non-cash expenses 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 year ended 31 December 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 annual results for the year ended 31 December 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 audited results for the year ended 31 December 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, 8 February 2017

As at the date of this announcement, the Board comprises 2 Executive Directors, namely, Mr. Lin Ou Wen (Chairman) and Mr. Lin Min, and 3 Independent Non-executive Directors, namely, Mr. Zhang Jie, Mr. Zhang Xue Wen and Mr. Wu Cheng Han.