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 increase in its unaudited consolidated net loss for the six-month period ended 30 June 2017 as compared to that 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 increase in its unaudited consolidated net loss for the six-month period ended 30 June 2017 as compared to that for the six-month period ended 30 June 2016.

The Board believes that the Group's financial performance has been affected by an increase in loss of the Group mainly due to the following reasons:

1. the turnover decreased while the fixed costs including depreciation charges and salaries did not decrease as the turnover, which affects the overall result;

2. due to the decrease in the turnover, the Group is now conducting assessments on the profitability and the impairment loss for those subsidiaries newly acquired last year in order to reflect the recoverable amount of their intangible assets and goodwill generated; however, the Board would like to emphasize that the impairment loss of those intangible assets and goodwill generated (if any) is a non-cash expense with no impact on the Group's cash flow and operations; and

3. 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 assessments on the profitability and the impairment loss for fixed assets (e.g. factories and production equipment, etc.) in order to reflect the recoverable amount of the relevant assets; however, 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 and operations.

Despite a substantial increase in loss be recorded by the Group for the six-month ended 30 June 2017, 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 2017, 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 2017 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
Chen Chengqing
Chairman

Hong Kong, 4 August 2017

As at the date of this announcement, the Board comprises 2 executive directors, namely, Mr. Chen Chengqing (Chairman) and Ms. Hung Hoi Lan, and 3 independent non-executive directors, namely, Mr. Wang Zihao, Mr. Tu Fangkui and Professor Zhang Rongqing.