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
MAINLY ATTRIBUTABLE TO WRITE-OFF OF GOODWILL

This announcement is made by Sihuan Pharmaceutical Holdings Group Ltd. (the "**Company**" 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 of the Company that, based on a preliminary review and analysis of the latest unaudited consolidated management accounts of the Group for the six months ended 30 June 2019 (the "**Period**"), the Group is expected to record a net loss for the Period, mainly attributable to a possible impairment loss on goodwill of approximately RMB2.84 billion, primarily arising from business combination of certain subsidiaries acquired in previous years. The possible impairment is based on an assessment of the possible impact on prescription and procurement patterns after the promulgation of the *National Catalog of the First Batch of Drugs under Close Monitoring of Rational Drug Use (for Chemical Medicines and Biological Products)* in July 2019. The Board would like to emphasize that the Group expects to record a net profit for the Period before the recognition of the impairment loss on goodwill. This impairment loss on goodwill is a **non-cash** item and a **one-off** item charged to the consolidated statement of profit and loss which did not and will not have impact on the Group's daily operations and cash flow.

The information above is only based on a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group for the Period. It is not based on any figures or information reviewed or audited by the Company's auditors or the 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 2019.

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.
Chairman and Executive Director
Dr. Che Fengsheng

Hong Kong, 19 July 2019

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), Mr. Choi Yiau Chong, Dr. Zhang Jionglong and Ms. Chen Yanling; the non-executive director of the Company is Mr. Kim Jin Ha; and the independent non-executive directors of the Company are Mr. Patrick Sun, Mr. Tsang Wah Kwong and Dr. Zhu Xun.