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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(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, although there have been improvements in the Group's turnover in the second half of 2011, it is presently expected that the consolidated net profits of the Group for the financial year ended 31 December 2011 is likely to record a decline as compared to the consolidated net profits for the financial year ended 31 December 2010.

Shareholders 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(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that having assessed the currently available information, although there have been improvements in the Group's turnover in the second half of 2011, the Group is likely to record a decline in the consolidated net profits for the year ended 31 December 2011 as compared with the consolidated net profits for the financial year ended 31 December 2010. The Board believes that the Group's financial performance has been affected mainly by the following reasons:

1. The drop in gross profit margin of the Group for the following reasons of:
 - i. in the face of multiple challenges from the State policies and market pressure, some of the products have undergone price downward adjustments so to align with the purchasing power of the market;
 - ii. the increase in depreciation charges and modification charges in cost of sales in part of the existing and new manufacturing facilities, resulting from

- the new GMP certification implemented by the State Food and Drug Administration of the People's Republic of China on 28 March 2011; and
- iii. the continuing increase in both raw material and packing material costs;
 2. The State polices have undergone uniform revision in October 2010 and some of the local tax treatments and exemptions originally enjoyed by foreign investment enterprises have been cancelled since 30 November 2010, leading to an increase of urban construction and maintenance tax and education surtax amounting to approximately RMB8,000,000 for the year ended 31 December 2011; and
 3. The 50% reduction of the tax rate of 25% available to the major PRC whole owned subsidiary, Fujian Sanai Pharmaceutical Co., Ltd., expired on 31 December 2010. This subsidiary was then subject to the PRC corporate tax rate of 25% since 1 January 2011. Income tax expenses increased approximately RMB10,000,000 for the year ended 31 December 2011.

As the Company is still in the process of finalizing its results for the year ended 31 December 2011, the information contained in this announcement is a preliminary estimate by the management of the Group according to the management account of the Group and is not based on any figures or information that has been audited or reviewed by the Company's auditor. Further details of the Group's performance will be disclosed when the Group's annual results for the financial year ended 31 December 2011 are announced.

Despite the lower profit for the year ended 31 December 2011, 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.

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, 30 January 2012

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. Xu Chao Hui, 2 Non-executive Directors, namely Mr. Tang Bin and Mr. John Yang Wang, and 3 Independent Non-executive Directors, namely, Mr. Liu Jun, Mr. Lam Yat Cheong and Mr. Du Jian.