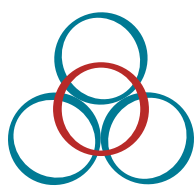


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四环医药
SihuanPharm

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

This announcement is issued by Sihuan Pharmaceutical Holdings Group Ltd. (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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, 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 that, based on the preliminary assessment of the unaudited consolidated management accounts of the Company for the six months ended 30 June 2022 (the “**Period**”) and the information currently available to the Board, mainly attributable to continued development of COVID-19 pandemic in the PRC and material impact of policy change in pharmaceutical industry on generic drug business of the Group and a continued drastic increase of the investment by the Group in research and development (R&D), the Group is expected to record a net loss of no more than RMB100 million for the Period. The Company’s operating profit (before tax) is expected to be no less than RMB200 million and the profit attributable to owners of the Company (after deduction of non-controlling interests) will remain profitable for the Period.

The expected loss for the Period is partly attributable to huge challenges brought about by the continued development of COVID-19 pandemic in the first half of this year in the PRC on the performance of both medical aesthetics and generic drug business of the Group. The policy change in pharmaceutical industry also has different degrees of negative impact on the revenue and gross profit generated by the Group from a number of generic drugs, and such negative impact is likely to continue. In addition, the expected loss during the Period is also mainly attributable to the R&D expenses and other various non-cash items of the Group, such as interest costs of the repurchase rights resulted from the equity financing and spin-off listing of innovative drug subsidiary of the Group, employee equity incentive expenses and fair value loss of unlisted equity investment in the investees of the Group due to the impact of policies on the procurement of pharmaceuticals.

The Company also wishes to take this opportunity to emphasize that, despite the above financial impact and business challenges, due to the Company's transformation to R&D and innovation, medical aesthetics and other high-growth new business since 2012 and the outstanding performance and great progress the Company has achieved, the Company still maintains a healthy operational foundation with a sufficient cash flow, and all business segments of the Company have strong financing capability. With the gradual carve-out and disposal of certain generic drug business and non-core business which fail to achieve the anticipated performance results, continued development of the Company's medical aesthetics segments and large-scale commercialization of our R&D results in biopharmaceutical sector, the Company is very confident of its future business. The Company also intends to repurchase the shares of the Company in the future when appropriate.

The Board reminds Shareholders and potential investors that the information contained in this announcement has not been reviewed or audited by the independent auditor or the audit committee of the Company and may subject to adjustments. The actual results of the Company for the Period may differ from the information contained in this announcement. Detailed financial information of the Company for the Period will be disclosed in the interim results announcement of the Company for the Period, which is expected to be published before the end of August 2022.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Sihuan Pharmaceutical Holdings Group Ltd.
Dr. Che Fengsheng
Chairman and Executive Director

Hong Kong, 16 August 2022

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