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康臣藥業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1681)

PROFIT ALERT

This announcement is made by Consun Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) 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 (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) hereby informs the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (the “**FY2019**”) and the information currently available to the Board, it is expected that the profit attributable to equity shareholders of the Company for FY2019 would record a decrease of approximately 70% to 80% as compared to that for the year ended 31 December 2018 (the “**FY2018**”), mainly due to the decrease in sales revenue of the Yulin Pharmaceutical Segment and the recognition of impairment of goodwill relating thereto.

The Group has two major business segments, namely Consun Pharmaceutical Segment (the “**Consun Pharmaceutical Segment**”) and Yulin Pharmaceutical Segment (the “**Yulin Pharmaceutical Segment**”). The sales revenue of the Yulin Pharmaceutical Segment is expected to decrease by approximately 50% for FY2019 as compared to that for FY2018, mainly because, for the sake of adopting to the changes and intensified competition in the over-the-counter drug market in the People’s Republic of China, the Group had made adjustments and integration to the marketing model, channels and network as well as promotion teams of such segment, which led to a decrease in its sales revenue during the period.

Nevertheless, the sales revenue of the Consun Pharmaceutical Segment continued to grow, and its sales revenue for FY2019 is expected to increase by approximately 15% as compared to that for FY2018. The Group is thereby expected to record a decrease of just less than 10% in total sales revenue for FY2019 as compared to that for FY2018.

In light of the decrease in the sales revenue of the Yulin Pharmaceutical Segment, according to the preliminary assessment by the Board, it is expected that the Group would need to recognise partial or full impairment in respect of the goodwill (with book value of approximately RMB320 million) related to the Yulin Pharmaceutical Segment in its consolidated financial statements for FY2019. The impairment of goodwill is a non-cash item and will not cause any impact on the Group’s cash flows from operating activities.

The Group is still in the process of finalising its consolidated results for FY2019. The information contained in this announcement is only based on preliminary assessment made by the Board pursuant to the data and information currently available to it, and is not based on any data or information which have been audited or reviewed by the Company's auditor. The information and other details regarding to the finalised consolidated results of the Company will be disclosed when the Group publishes its annual results announcement for FY2019. There may be discrepancies between such information and the information set out above.

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

By order of the Board
Consun Pharmaceutical Group Limited
AN Yubao
Chairman

Hong Kong, 9 January 2020

As at the date of this announcement, the Board comprises Mr. AN Yubao, Ms. LI Qian, Professor ZHU Quan and Mr. TANG Ning as executive Directors; Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHEN Yujun as independent non-executive Directors.