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YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01558)

ANNOUNCEMENT PROFIT WARNING

This announcement is made by YiChang HEC ChangJiang Pharmaceutical Co., 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 and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby informs the shareholders and potential investors of the Company that, based on the currently available unaudited management accounts of the Group and the preliminary assessment by the Company’s management, the Group’s net profit attributable to the parent company for the six months ended 30 June 2021 (taking into account of convertible bonds) is expected to decrease by approximately 180–190% as compared to the six months ended 30 June 2020. The Group’s net profit attributable to the parent company for the six months ended 30 June 2021 (without taking into account of convertible bonds) is expected to decrease by approximately 145–155% as compared to the six months ended 30 June 2020. The expected decrease is primarily attributed to the fact that 1. terminal medical institutions had high demand for Kewei, the Company’s core product, during the early period of the COVID-19 pandemic in 2020, which was also the flu peak season, leading more Kewei products were delivered by the Company at the early period of the pandemic; 2. the domestic pandemic prevention and control measures were severe after the outbreak of the COVID-19 pandemic in 2020, resulting in a rapid decline in the traffic of patients in terminal medical institutions, and thus a decline in terminal prescriptions. During the pandemic, the inventory consumption rate of Kewei was low due to an enhanced awareness of protection and sharp drop in social frequency of the public; 3. Kewei has been in the destocking stage since last year due to the large number of deliveries of Kewei at the early period of the pandemic and the decrease in the demand for terminal Kewei prescriptions after the outbreak of pandemic, leading to a significant decline in the Company’s performance in the first half of 2021 as compared with the first half of 2020.

The number of prescriptions in terminal medical institutions has recovered significantly in 2021 due to the currently stable trend of domestic pandemic, the normalization in terms of flow of personnel and daily social activities as well as the increased efforts in academic promotion and newly developed channels by the Company, resulting in a smooth destocking of Kewei. In addition, the Company's multiple products have been approved to launch, which is conducive to the Company's active development of new markets and brings new opportunities for the Company's development; meanwhile, the Company's multiple products have won the bid for centralized bulk purchase of drugs, which is conducive to the Company's further expansion of the sales of related products, so as to increase market share and enhance the Company's brand appeal; furthermore, the "Amendments to the Non-Competition Agreement" entered into between the Company and Sunshine Lake Pharma Co., Ltd. is conducive to the Company's introduction of more new products in a timely manner based on market demand and its optimization of product structure and business model, which has a positive impact on the Company's future performance.

The information set out in this announcement is only based on a preliminary assessment by the management of the Company based on the unaudited management accounts of the Group for the six months ended 30 June 2021 and other information currently available to the Company, which has not been reviewed or audited by the Company's auditors. Details of the financial information for the six months ended 30 June 2021 of the Group will be disclosed in the interim results announcement of the Company, which is expected to be published on 27 August 2021.

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

On behalf of the Board
YiChang HEC ChangJiang Pharmaceutical Co., Ltd.
TANG Xinfa
Chairman

Hubei, the PRC
20 August 2021

As at the date of this announcement, the Board consists of Mr. JIANG Juncai, Mr. WANG Danjin, Mr. CHEN Yangui and Mr. LI Shuang as executive directors; Mr. TANG Xinfa and Mr. Eddy HUANG as non-executive directors; and Mr. TANG Jianxin, Mr. ZHAO Dayao, Ms. XIANG Ling and Mr. LI Xuechen as independent non-executive directors.