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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)

INSIDE INFORMATION
POSSIBLE SHARE TRANSFER BY CONTROLLING SHAREHOLDER
OF THE COMPANY

This announcement is made by YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the **“Company”**) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and 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 PROPOSED TRANSFER

The Company was informed by its immediate controlling shareholder Guangdong HEC Technology Holding Co., Ltd.* (廣東東陽光科技控股股份有限公司) (the **“Parent Company”**) that, the Parent Company intends to transfer no more than 452,400,000 shares in the Company, representing no more than 51.41% of the issued share capital of the Company in the Company, to Sunshine Lake Pharma Co., Ltd.* (廣東東陽光藥業有限公司) (**“Sunshine Lake Pharma”**) and/or its subsidiary (the **“Proposed Transfer”**).

INFORMATION ABOUT THE PARTIES

Sunshine Lake Pharma is a company established on 29 December 2003 in the PRC and a subsidiary of Shenzhen HEC Industrial Development Co. Ltd.* (深圳市東陽光實業發展有限公司) (the **“HEC Group Company”**). As at the date of this announcement, HEC Group Company directly and indirectly controls approximately 46.65% shareholding interest in Sunshine Lake Pharma, and when taking into account of the shares held by parties “acting in concert” (as defined under the Shanghai Stock Exchange Listing Rules) with it, an aggregate of approximately 60.89% shareholding interest in Sunshine Lake Pharma.

The Parent Company is a Shanghai Stock Exchange-listed company (Shanghai Stock Exchange Code: 600673) and a subsidiary of HEC Group Company. As at the date of this announcement, HEC Group Company directly and indirectly controls approximately 49.07% shareholding interest in the Parent Company, and when taking into account of the shares held by parties “acting in concert” (as defined under the Shanghai Stock Exchange Listing Rules) with it, an aggregate of 53.32% shareholding interest in the Parent Company.

The Company’s controlling shareholders, Mr. Zhang Yushuai (張寓帥先生) (“**Mr. YS Zhang**”), and his mother, Ms. Guo Meilan (郭梅蘭女士) (“**Ms. Guo**”), together beneficially own approximately 89.33% shareholding interest in HEC Group Company. Mr. YS Zhang and Ms. Guo will remain the ultimate controlling shareholders of the Company after the Proposed Transfer.

IMPLICATIONS UNDER THE TAKEOVERS CODE

The Proposed Transfer will result in Sunshine Lake Pharma holding more than 30% of the voting rights in the Company. Accordingly, Sunshine Lake Pharma has applied to the Securities and Futures Commission (the “**SFC**”) for a waiver of its obligation to make a mandatory general offer for the shares of the Company under Note 6(a)(i) to Rule 26.1 of The Codes on Takeovers and Mergers (the “**Takeovers Code**”).

Based on the information and representation provided to the SFC, the executive director of the SFC has waived the obligation of Sunshine Lake Pharma to make a general offer for the shares of the Company under the Takeovers Code which may otherwise arise as a result of the Proposed Transfer.

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
31 August 2021

As at the date of this announcement, the board of directors of the Company 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.

* For identification purposes only