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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
UPDATE ON SHARE TRANSFER BY CONTROLLING
SHAREHOLDER OF THE COMPANY**

Financial Adviser to 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 (the “**Listing Rules**”) 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).

Reference is made to the announcements of the Company dated 31 August 2021, 11 November 2021, 10 December 2021 and 20 December 2021 (the “**Announcements**”) in relation to the proposed transfer of 452,400,000 shares in the Company by Guangdong HEC Technology Holding Co., Ltd.* (廣東東陽光科技控股股份有限公司) (the “**Parent Company**”), representing no more than 51.41% of the issued share capital of the Company (the “**Subject Assets**”), to Sunshine Lake Pharma Co., Ltd.* (廣東東陽光藥業有限公司) (“**Sunshine Lake Pharma**”) and its wholly-owned subsidiary, HEC (Hong Kong) Sales Co., Limited (“**HEC (Hong Kong)**”) (the “**Proposed Transfer**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company has been informed by the Parent Company that the Parent Company has entered into a “Memorandum of Understanding on the Completion of the Major Asset Disposal” (the “**MOU**”) with Sunshine Lake Pharma and HEC (Hong Kong) on 29 December 2021 for the purpose of determining the completion date of the Proposed Transfer is on 29 December 2021 (the “**Completion Date**”). Since the Completion Date, the Parent Company loses control of the Company, and the Company is no longer a subsidiary of the Parent Company by means of its financial accounts is not consolidated to the financial accounts of the Parent Company.

According to the MOU, the Parent Company confirmed with Sunshine Lake Pharma and HEC (Hong Kong) that since the Completion Date, the rights and obligations as well as the risk and return of the Subject Assets shall be transferred to, enjoyed and assumed by Sunshine Lake Pharma and HEC (Hong Kong), respectively, including but not limited to the Company's corresponding share voting rights, profit distribution rights, nomination rights and other rights, and all related legal obligations and responsibilities are completely transferred to, enjoyed and assumed by Sunshine Lake Pharma and HEC (Hong Kong).

As of the date of this announcement, (i) 226,200,000 domestic shares of the Company (equivalent to 25.71% of the issued share capital of the Company) held by the Parent Company have been transferred and registered under the name of Sunshine Lake Pharma; and (ii) 114,298,800 H shares out of the 226,200,000 H shares of the Company (equivalent to 12.99% of the issued share capital of the Company) held by the Parent Company have been transferred and registered under the name of HEC (Hong Kong), and the remaining 111,901,200 H shares (the “**Remaining Shares**”) have not been transferred and registered under the name of HEC (Hong Kong). The parties will continue to carry out the transfer and registration procedures for the Remaining Shares in accordance with the major asset disposal agreement entered into by the parties.

The Company will issue further announcement after the completion of the transfer and registration procedures of the Remaining Shares.

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

Hubei, the PRC
30 December 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*