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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, for the year ended 31 December 2021, the Group is expected to record a net loss attributable to the parent company (taking into account of convertible bonds) of approximately RMB546 million to approximately RMB630 million, as compared to the year ended 31 December 2020, the net profit attributable to the parent company (taking into account of convertible bonds) was approximately RMB839 million (representing a decrease of approximately 165% to 175%). For the year ended 31 December 2021, the Group is expected to record a net loss attributable to the parent company (without taking into account of convertible bonds) of approximately RMB384 million to approximately RMB443 million, as compared to the year ended 31 December 2020, the net profit attributable to the parent company (without taking into account of convertible bonds) was approximately RMB590 million (representing a decrease of approximately 165% to 175%). The expected decrease is primarily attributed to the fact that 1. terminal medical institutions had high demand for Kewei, the Company’s core product in the early period of the Covid-19 pandemic, which was also the flu peak season, leading to more Kewei products distributed 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, 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 frequency of social interaction; 3. Kewei has been in the destocking stage 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 annual performance in 2021 as compared with 2020.

The number of prescriptions in terminal medical institutions has recovered significantly in 2021 due to the current gradually stable trend of domestic pandemic, the normalization 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, 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 year ended 31 December 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 year ended 31 December 2021 of the Group will be disclosed in the annual results announcement of the Company, which is expected to be published on 21 March 2022.

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
11 March 2022

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.