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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
POSITIVE PROFIT ALERT**

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 (the “**Board**”) of directors (“**Directors**”) 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 made by the Company’s management, the Group is expected to record a turnover of approximately RMB3.2 billion for the six months ended 30 June 2023, representing an increase of approximately 147% as compared to the turnover of approximately RMB1.293 billion recorded for the six months ended 30 June 2022. The Group is expected to record a net profit attributable to the parent company of approximately RMB1 billion to approximately RMB1.2 billion for the six months ended 30 June 2023, representing an increase of approximately RMB1.033 billion to approximately RMB1.233 billion as compared to a net loss attributable to the parent company of approximately RMB33 million for the six months ended 30 June 2022. The expected increase is mainly due to the overall lifting of domestic epidemic prevention and control policies, the gradual improvement of social and economic performance, the footfall and daily social activities have gradually resumed to normal, and the traffic, diagnosis activities and the volume of prescriptions in frontline medical facilities have shown encouraging signs of recovery, and the good performance of the Group’s business pipelines.

(1) Anti-infective paediatric product pipeline represented by Kewei

The Group’s Kewei has established a stable supply chain security system, a professional academic promotion team and a rapid influenza warning system, and has established a good brand image and reputation. In the first half of 2023, the Group unswervingly followed the path of academic promotion and brand building. In the hospital market, the Group invested significantly in academic promotion and has been continuously building the brand awareness of Kewei among doctors, patients, especially pediatricians and parents. In the out-of-hospital market, the Group endeavors to implement the concept of “Course of Brand Building” to shape Kewei into the No.1 brand as an anti-influenza medicine, and continued to enhance the brand awareness of Kewei among patients.

(2) Other business pipelines

For the chronic disease business represented by insulin, the Group continued to strengthen the professional marketing team, strengthened the training and professionalism of sales personnel in major regions and provinces, optimised and integrated channels at all levels such as hospitals at different tiers and customer-end retail, and sales promoted rapid growth in the chronic disease business pipeline. In the pipeline of new drugs represented by Yimitasvir Phosphate, the Group has actively participated in the elimination of hepatitis C through precise drug development and promotion of the establishment of diagnosis and treatment plans in various regions. Currently, the Group has achieved accurate product allocation in sales of drug and testing coverage for regional medical institutions and pharmacies situate at areas with certain incidence rate in respect of particular disease; In the centralised procurement and new retail product business line represented by generic drugs, the Group actively developed large clinical varieties suitable for centralised procurement, continuously increased the number of products for centralised procurement and the number of selected products, and promoted the expansion of the hospital market through centralised procurement. Currently, the centralised procurement business has become one of the important business segments of the Group. Meanwhile, the Group relied on large and medium chain stores and big e-commerce platforms to develop new retail of generic drugs, driving the growth of out-of-hospital retail business with in-hospital prescriptions, and has formed an integrated online and offline new pharmaceutical retail channel. Currently, all business lines are advancing together to further improve the Group's business structure and enhance the Group's comprehensive strength.

The Company is still in the process of finalising its interim results announcement for the six months ended 30 June 2023. The information set out in this announcement is only based on a preliminary assessment made by the management of the Company based on the unaudited management accounts of the Group for the six months ended 30 June 2023 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 2023 of the Group will be disclosed in the interim results announcement of the Company, which is expected to be published on 31 August 2023.

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 People's Republic of China
26 July 2023

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 as a non-executive Director; and Mr. TANG Jianxin, Ms. XIANG Ling and Mr. LI Xuechen as independent non-executive Directors.