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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

(1) COMPLETION OF PROPOSED ISSUE OF US\$400,000,000

3.0% H SHARE CONVERTIBLE BONDS TO BLACKSTONE

AND

(2) CHANGE IN DIRECTORS

Placing Agent



We refer to the announcement of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the “**Company**”) dated 14 August 2018 (the “**Announcement**”) in relation to the proposed issue of the H Share Convertible Bonds, the announcement of the Company dated 30 August 2018 in relation to the proposed appointment of director of the Company (the “**Director**”), the poll results announcement of the Company dated 15 October 2018 and the circular of the Company dated 11 September 2018 (the “**Circular**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

COMPLETION OF THE ISSUE AND SUBSCRIPTION OF THE H SHARE CONVERTIBLE BONDS

The Board is pleased to announce that all the Conditions Precedent for the issue and subscription of the H Share Convertible Bonds under the Subscription Agreement have been fulfilled and that Completion took place on 20 February 2019.

The approval for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bonds has been granted by the Listing Committee of the Stock Exchange.

Based on the initial Conversion Price of HK\$38 and assuming full conversion of the H Share Convertible Bonds at the initial Conversion Price, a maximum of 82,631,578 Conversion Shares will be allotted and issued, representing:

- (a) approximately 18.28% of the existing issued share capital of the Company as at the date of the Announcement; and
- (b) approximately 15.46% of the total share capital of the Company as enlarged by the issue of the Conversion Shares.

The following table illustrates, so far as is known to the Directors, the shareholding structure of the Company as at the date of this announcement and after the H Share Convertible Bonds are fully converted into Conversion Shares at the initial Conversion Price of HK\$38, assuming that (i) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the full conversion of the H Share Convertible Bonds save for the issue of the Conversion Shares as a result of the full conversion of the H Share Convertible Bonds, and (ii) the Bondholders do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the H Share Convertible Bonds.

Shareholder	Class of Shares	As at the date of this announcement		After the full conversion of the H Share Convertible Bonds into Conversion Shares at the initial Conversion Price	
		No. of Shares	% of issued share capital	No. of Shares	% of issued share capital
Guangdong HEC	Domestic Shares	226,200,000	50.042%	226,200,000	42.308%
North & South Brother Pharmacy Investment Company Limited	H Shares	81,456,400	18.020%	81,456,400	15.235%
Subscriber (collectively)	H Shares	–	–	82,631,578	15.455%
Other H Shareholders	H Shares	144,366,450	31.938%	144,366,450	27.002%
Total issued Shares		452,022,850	100.00%	534,654,428	100.00%

CHANGE IN DIRECTORS

Resignation of Director

The Board hereby announces that it received a resignation letter tendered by Mr. ZHU Qiaohong, resigning from his positions as an executive Director and a member of the nomination committee of the Board due to other commitments with effect from 20 February 2019.

Mr. ZHU Qiaohong has confirmed that he has no disagreement with the Board. In addition, there is no other matter in relation to the resignation of Mr. ZHU Qiaohong that needs to be brought to the attention of the Shareholders. The Board would like to take this opportunity to express its sincere gratitude to Mr. ZHU Qiaohong for his contribution to the Company during the tenure of his service.

Appointment of Director

The proposed appointment of Mr. Eddy HUANG (“**Mr. Huang**”) as a non-executive Director was approved at the extraordinary general meeting of the Company held on 15 October 2018. The Board further announces that the term of office of Mr. Huang as a non-executive Director commenced on 20 February 2019 and shall end at the expiry of term of the second session of the Board. On the same day, Mr. Huang was also appointed as a member of the nomination committee of the Board.

The Company has entered into a service contract with Mr. Huang. Mr. Huang will not receive any remuneration as a non-executive Director from the Company.

For the biographical details of Mr. Huang, please refer to the Circular. As of the date of this announcement, there has been no change in such information.

As at the date of this announcement, save as disclosed in the Circular, Mr. Huang confirmed that (i) he did not hold any directorship in any other listed companies during the past three years; (ii) he does not hold any other position in the Group; (iii) he has no relationship with any Director, supervisor, senior management member, substantial shareholder or controlling shareholder of the Company; and (iv) he has not owned any interest as defined in Part XV of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) in the shares or underlying shares of the Company.

Save as disclosed in the Circular, Mr. Huang has no involvement in any matter which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the Shareholders.

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

Hubei, the PRC, 20 February 2019

As of 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 Xinfu and Mr. Eddy HUANG as non-executive Directors; and Mr. TANG Jianxin, Mr. FU Hailiang and Mr. LEE Chi Ming as independent non-executive Directors.