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**華潤醫藥集團有限公司**

**China Resources Pharmaceutical Group Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3320)**

**ANNOUNCEMENT  
RESULTS FORECAST OF DONG-E-E-JIAO  
FOR THE YEAR ENDED 31 DECEMBER 2019**

On 19 January 2020, Dong-E-E-Jiao released its results forecast for the year ended 31 December 2019.

Dong-E-E-Jiao Company Limited (東阿阿膠股份有限公司) (“**Dong-E-E-Jiao**”) is a company incorporated in the People’s Republic of China. The shares of Dong-E-E-Jiao are listed on the Shenzhen Stock Exchange. As of the date of this announcement, Dong-E-E-Jiao is directly held as to 8.86% of its equity interests by China Resources Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and approximately 23.14% is held by the Company through its non-wholly owned subsidiary, China Resources Dong-E-E-Jiao Company Limited (華潤東阿阿膠有限公司). The Group controls approximately 21.96% of Dong-E-E-Jiao. Dong-E-E-Jiao is a subsidiary of the Company.

On 19 January 2020, Dong-E-E-Jiao released its annual results forecast for the year ended 31 December 2019. In which, it announced that the net loss attributable to the shareholders of Dong-E-E-Jiao for the year ended 31 December 2019 would range from RMB333.60 million to RMB458.60 million, representing a decrease between 116% and 122% as compared to the net profit of RMB2,084.8661 million for the same period last year (the “**Dong-E-E-Jiao Results Forecast**”).

The change in results was mainly due to the impact of various factors in recent years, such as the general macro-environment and the gradually receding market expectation for value recovery. There has been a continuous overstock in the distribution channels of Dong-E-E-Jiao. In order to safeguard the long-term and positive corporate health from adverse impact, Dong-E-E-Jiao mainly focused on the destocking of distribution channels during the year and proactively imposed strict controls over the dispatch of goods and comprehensive reduction of inventory in distribution channels. Particularly, greater effort was devoted to destocking of distribution channels in the second half of the year, which imposed greater impact on the operating results. The above forecast for the annual results 2019 was made accordingly.

Currently, closely centering on the accumulated brand value and the innovation of consumer resources allocation, Dong-E-E-Jiao actualized consumer operation through digitized transformation of marketing. With focus on the long-term positive and healthy development after the consolidation period, Dong-E-E-Jiao will proactively optimize and modify its development strategy and enhance clinical and academic promotion while enriching product portfolio and continuously launching “E-Jiao+ (阿膠+)” and “+ E-Jiao (+阿膠)” series of products with promotion of “instantly edible E-Jiao” in order to integrate into the new consumption model and transform into new marketing model with new customer base and more varieties of products. Effort was devoted to promoting the transformation of marketing model with focus shifted from E-Jiao industry to nutrition industry. Through transformation of business model, organization ability of accelerating the adaptation to the transition to digitized environment can be achieved in order to facilitate the positive and healthy development of the Company.

In 2018, the contribution by Dong-E-E-Jiao to the overall revenue of the Group and net profit attributable to the parent company were approximately 5.6% and 13%, respectively (based on PRC Generally Accepted Accounting Principles). Subject to the respective results of other subsidiaries of the Group (including listed subsidiaries), the significant decline of results and turnaround loss of Dong-E-E-Jiao may impose certain impact on the annual results of the Group. We are now assessing, with the auditors of the Company, the proportion of impact of the change in results of Dong-E-E-Jiao on the annual results of the Group and further communications will be made with the investors subsequently. Investors are advised to pay attention to the above.

The Dong-E-E-Jiao Results Forecast was prepared in accordance with the PRC Generally Accepted Accounting Principles and has not been reviewed or audited. For the details of financial data, those to be disclosed in the annual report to be issued by Dong-E-E-Jiao for the year ended 31 December 2019 shall prevail.

The financial information in this announcement is limited to Dong-E-E-Jiao only and does not represent or provide a complete view of the operational or financial status of the Group.

**Shareholders and potential investors should exercise caution when dealing in securities of the Company and should not rely solely on such information.**

By order of the Board  
**China Resources Pharmaceutical Group Limited**  
**WANG Chuncheng**  
*Chairman*

Shenzhen, 20 January 2020

*As of the date of this announcement, the Board comprises Mr. WANG Chuncheng as chairman and non-executive Director, Mr. HAN Yuewei, Mr. LI Xiangming and Mdm. WENG Jingwen as executive Directors, Mr. YU Zhongliang, Mdm. GUO Wei, Mr. WANG Shouye and Mr. LYU Ruizhi as non-executive Directors and Mdm. SHING Mo Han Yvonne, Mr. KWOK Kin Fun, Mr. FU Tingmei and Mr. ZHANG Kejian as independent non-executive Directors.*