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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)

VOLUNTARY ANNOUNCEMENT
PHASES II/III CLINICAL TRIAL APPROVAL GRANTED FOR JOINTLY-DEVELOPED CLASS 1.1 PATENTED INNOVATIVE DRUG "YIMITASVIR PHOSPHATE" BY CHINA FOOD AND DRUG ADMINISTRATION

This is a voluntary announcement made by YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**").

The board of directors of the Company (the "**Board**") is pleased to announce that Class 1.1 innovative drug "Yimitasvir Phosphate" jointly developed by the Company and the innovative drug research and development team of Sunshine Lake Pharma Co., Ltd. ("**Sunshine Lake Pharma**", a non-wholly owned subsidiary of the controlling shareholder of the Company, Shenzhen HEC Industrial Development Co., Ltd.), has obtained phases II/III clinical trial approval from China Food and Drug Administration.

Pursuant to the agreement on the joint development of treatments for hepatitis C virus (HCV) entered into between Sunshine Lake Pharma and the Company, upon the successful development of Yimitasvir Phosphate, the Company will acquire the global exclusive license for research, development, production and sale of such drug.

Yimitasvir Phosphate is a NS5A protein inhibitor against HCV, which is intended for antiviral treatment, in combination with other drugs, for hepatic dysfunction chronic hepatitis C.

As the next step, the Company plans to combine the innovative drug with Furaprevir, a NS3/4A protease inhibitor against hepatitis C as developed by the Company's strategic collaboration partner TaiGen Biopharmaceuticals Co. (Beijing), Ltd., to develop a new fully-oral and interferon-free combined therapy for hepatitis C.

GENERAL INFORMATION

According to World Health Organization, approximately 185 million people are infected with HCV globally. Each year, approximately 350,000 people died from hepatitis C and its complications. As estimated, China has more than 40 million carriers of HCV. As a result of broader screening of HCV, China has recorded an increasing number of reported hepatitis C cases over recent years. According to a statutory report on infectious disease epidemic situation from Chinese Center for Disease Control and Prevention, 138,059 hepatitis C incidences are reported merely in the 8 months from early 2016 to August 2016.

Yimitasvir Phosphate as an innovative drug is expected to enjoy vast market potential. When successfully launched, it will provide clinicians and patients a better treatment option, and meanwhile allow the Company to enter the major disease segment of hepatitis C, thus further consolidating the Group's diversified product lines for sustainable growth of its products in the prescription drug market.

This announcement is made by the Company on a voluntary basis to keep investors informed of the latest business development of the Group, and contains no advertisement or intention regarding the use of any drug, surgical device, therapy or oral product.

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

Hubei, the PRC
12 December 2016

As at the date of this announcement, the executive directors of the Company are Mr. JIANG Juncai, Mr. WANG Danjin and Mr. CHEN Yangui; the non-executive directors of the Company are Mr. TANG Xinfa, Mr. ZHU Yingwei and Mr. MO Kit; and the independent non-executive directors of the Company are Mr. TANG Jianxin, Mr. FU Hailiang and Mr. LEE Chi Ming.