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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)

INSIDE INFORMATION THE PROPOSED INTERNAL REORGANIZATION INVOLVING CR ZIZHU

This announcement is made by China Resources Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

THE PROPOSED INTERNAL REORGANIZATION

The board of directors (the “**Board**”) of the Company is pleased to announce that, the Board has passed a resolution and approved that China Resources Double-Crane Pharmaceutical Co., Ltd. (華潤雙鶴藥業股份有限公司) (“**CR Double-Crane**”, a non-wholly-owned subsidiary of the Company) and Beijing Pharmaceutical Group Company Limited (北京醫藥集團有限責任公司) (“**Beijing Pharmaceutical**”, a wholly-owned subsidiary) will enter into a share transfer agreement (“**Share Transfer Agreement**”), pursuant to which CR Double-Crane will agree to acquire, and Beijing Pharmaceutical will agree to sell, 100% interest in China Resources Zizhu Pharmaceutical Co., Ltd (華潤紫竹藥業有限公司) (“**CR Zizhu**”) for a total consideration of RMB3,115,453,100.00 (equivalent to approximately HK\$3,429,303,845.29) (the “**Proposed Internal Reorganization**”).

As at the date of this announcement, CR Zizhu is wholly owned by Beijing Pharmaceutical and is accounted for as a wholly-owned subsidiary of the Company. CR Double-Crane is a non-wholly-owned subsidiary of the Company owned as to approximately 60.19% by the Company as at the date of this announcement, and the shares of CR Double-Crane is listed on the Shanghai Stock Exchange (stock code: 600062). Upon completion of the Proposed Internal Reorganization, it is expected that the Company's interest held in CR Zizhu will be diluted from 100% to approximately 60.19%. Therefore, the Proposed Internal Reorganization will constitute the Company's disposal of interest in CR Zizhu under Chapter 14 of the Listing Rules.

The consideration for the Proposed Internal Reorganization was determined after arm's length negotiation among the parties, taking into account the appraised value of the total equity interest of CR Zizhu according to an asset appraisal report issued on 21 December 2023 by Pan-China Appraisal Co., Ltd (北京天健興業資產評估有限公司) (the "**Independent Valuer**"), an independent valuer engaged by Beijing Pharmaceutical (the "**Appraisal Report**"). According to the Appraisal Report, the appraised value of the total equity interest of CR Zizhu amounted to RMB3,115.4531 million, which were valued based on income approach with a valuation base date of 31 August 2023. As the Appraisal Report was prepared based on income approach, it is regarded as profit forecast as defined under Rule 14.61 of the Listing Rules. In accordance with the Listing Rules, KPMG ("**KPMG**") has been engaged by the Company to report on the calculations of the discounted future cash flows used in the Appraisal Report prepared by the Independent Valuer, and a report from KPMG will be included in the announcement to be made by the Company in relation to the Proposed Internal Reorganization pursuant to the requirements under Chapter 14 of the Listing Rules if and when required.

REASONS FOR AND BENEFITS OF THE PROPOSED INTERNAL REORGANIZATION

CR Zizhu is principally engaged in research and development, production and sales of women's health drugs and medical devices, oral drugs, ophthalmic drugs and diabetes drugs. CR Double-Crane is principally engaged in research and development of new drugs, manufacturing of preparations, sales of medicines, API production, medical devices and other businesses, and has been actively deploying its four major business platforms of generic drug business, infusion business, differentiated drug business and innovative drug business, developing chronic diseases, infusion, pediatrics, renal science, psychiatry, neurology and other fields in depth.

The Proposed Internal Reorganization signifies the Group's internal reorganization to optimize its resource allocation and demonstrates its integration capability with a view to integrating their chemical drug businesses and enhancing the economies of scale and synergies between CR Zizhu and CR Double-Crane, thereby promoting the overall performance of the Company. This also showcases the Company's adherence to SASAC's requirements to continuously improve its operation efficiency, overall quality and performance.

The Board (including the independent non-executive Directors) considered that the terms of the Proposed Internal Reorganization are on normal commercial terms after arm's length negotiation, fair and reasonable, and in the interest of the Company and its shareholders as a whole. As part of good corporate governance measures, Mr. Bai Xiaosong, Mr. Tao Ran and Mdm. Deng Rong, the executive Directors have abstained from voting on the relevant Board resolutions, as they serve as Directors in CR Double-Crane and/or Beijing Pharmaceutical and/or CR Zizhu.

IMPLICATIONS UNDER THE LISTING RULES

Upon completion of the Proposed Internal Reorganization, it is expected that the Company's interest held in CR Zizhu will be diluted from 100% to approximately 60.19%. Therefore, the Proposed Internal Reorganization will constitute the Company's disposal of interest in CR Zizhu under Chapter 14 of the Listing Rules. As the Share Transfer Agreement for the Proposed Internal Reorganization has not been executed as of the date of this announcement, the Company will make further announcement(s) pursuant to the requirements of the Listing Rules if and when required.

As the Share Transfer Agreement for the Proposed Internal Reorganization has not been executed as of the date of this announcement and the completion of the Proposed Internal Reorganization will be subject to the terms and conditions stated in the Share Transfer Agreement, the Proposed Internal Reorganization may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

For the purpose of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.10074. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

For ease of reference, the names of the PRC established companies or entities have been included in this announcement in both the Chinese and English languages, and in the event of any inconsistency, the Chinese version shall prevail.

By order of the Board
China Resources Pharmaceutical Group Limited
Han Yuewei
Chairman

Shenzhen, 23 February 2024

As at the date of this announcement, the Board comprises Mr. Han Yuewei as chairman and non-executive Director, Mr. Bai Xiaosong, Mr. Tao Ran and Mdm. Deng Rong as executive Directors, Mdm. Guo Wei, Mr. Sun Yongqiang, Mr. Hou Bo and Mdm. Jiao Ruifang 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.