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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)

**(1) DISCLOSEABLE TRANSACTION
PROPOSED ACQUISITION OF GREEN CROSS HK
(2) STRATEGIC COOPERATION FRAMEWORK AGREEMENT**

(1) PROPOSED ACQUISITION OF GREEN CROSS HK

The Board is pleased to announce that, on 17 July 2024, CR Boya Bio-pharmaceutical and the Vendors entered into the Share Purchase Agreement, pursuant to which CR Boya Bio-pharmaceutical has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell, an aggregate of 100% interest in Green Cross HK for a total cash Consideration of RMB1,820,000,000 (equivalent to approximately HK\$1,992,154,000). Upon Completion, CR Boya Bio-pharmaceutical will hold 100% interest in Green Cross HK, and Green Cross HK will be accounted as a non-wholly-owned subsidiary of the Company.

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

(2) STRATEGIC COOPERATION FRAMEWORK AGREEMENT

In addition to the Share Purchase Agreement, on 17 July 2024, the Company, CR Boya Bio-pharmaceutical and GC Corp entered into the Strategic Cooperation Framework Agreement, pursuant to which the Company, CR Boya Bio-pharmaceutical and GC Corp agreed to strengthen communication and collaboration in various aspects including business integration, import and export sales of pharmaceuticals, product technical cooperation, and exploration of further cooperation areas.

As Completion of the Proposed Acquisition is subject to the terms and conditions and the fulfilment or waiver of the conditions precedent stated in the Share Purchase Agreement, the Proposed Acquisition may or may not proceed. Furthermore, the Strategic Cooperation Framework Agreement only establishes a general intent of the parties to collaborate. The implementation of any specific cooperation projects between the parties will be determined through separate agreements to be signed in the future, which may be subject to uncertainties arising from changes in market conditions or unforeseeable circumstances. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

(1) PROPOSED ACQUISITION OF GREEN CROSS HK

INTRODUCTION

The Board is pleased to announce that, on 17 July 2024, CR Boya Bio-pharmaceutical and the Vendors entered into the Share Purchase Agreement, pursuant to which CR Boya Bio-pharmaceutical has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell, an aggregate of 100% interest in Green Cross HK for a total cash Consideration of RMB1,820,000,000 (equivalent to approximately HK\$1,992,154,000). Upon Completion, CR Boya Bio-pharmaceutical will hold 100% interest in Green Cross HK, and Green Cross HK will be accounted as a non-wholly-owned subsidiary of the Company.

THE PROPOSED ACQUISITION

A summary of the principal terms of the Share Purchase Agreement are set out as follows:

(1) Date

17 July 2024

(2) Parties

- (a) CR Boya Bio-pharmaceutical (a non-wholly-owned subsidiary of the Company), as the Purchaser;
- (b) GC Corp, as one of the Vendors;
- (c) Synaptic, as one of the Vendors; and
- (d) 46 Individual Vendors, who are Korean nationals and the officers and employees of Green Cross HK Group, as the Vendors.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Vendors (and their respective ultimate beneficial owner(s), in the case of the Entity Vendors) are third parties independent of the Company and its connected persons. For further details of the parties to the Share Purchase Agreement, please refer to the section headed "Information of the Parties" below.

(3) **Subject Matter**

Pursuant to the Share Purchase Agreement, CR Boya Bio-pharmaceutical has conditionally agreed to acquire, and each of the Vendors has conditionally agreed to sell, an aggregate of 100% interest in Green Cross HK for a total cash Consideration of RMB1,820,000,000 (equivalent to approximately HK\$1,992,154,000).

Upon Completion, CR Boya Bio-pharmaceutical will hold 100% interest in Green Cross HK and Green Cross HK will be accounted as a non-wholly-owned subsidiary of the Company.

(4) **Consideration**

The Consideration for the Proposed Acquisition shall be RMB1,820,000,000 (equivalent to approximately HK\$1,992,154,000), of which: (i) RMB1,407,787,000 (equivalent to approximately HK\$1,540,950,000) shall be payable to GC Corp; (ii) RMB279,019,000 (equivalent to approximately HK\$305,411,000) shall be payable to Synaptic; and (iii) RMB133,194,000 (equivalent to approximately HK\$145,793,000) shall be payable to the Individual Vendors.

The Consideration was determined after arm's length negotiation among the parties, taking into account appraised value of the total equity interest of Green Cross HK according to an asset appraisal ("**Appraisal**") conducted by China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司) (the "**Independent Valuer**"), an independent valuer engaged by CR Boya Bio-pharmaceutical. According to the asset appraisal report issued by the Independent Valuer on 8 July 2024 (the "**Appraisal Report**"), the appraised value of the total equity interest of Green Cross HK amounted to RMB1,677,365,000, which was valued based on income approach with a valuation base date of 30 September 2023 (the "**Valuation Base Date**"). The requisite filing of the Appraisal Report with CR Holdings has been completed as of the date of this announcement.

The security deposit and the Consideration shall be payable by CR Boya Bio-pharmaceutical by instalments pursuant to the Share Purchase Agreement. The payment procedures pursuant to the Share Purchase Agreement are summarized as follows:

- (i) Within two (2) business days after the execution of the Share Purchase Agreement, CR Boya Bio-pharmaceutical shall pay the security deposit in the amount of RMB182,000,000 (equivalent to HK\$199,215,000, representing 10% of the total Consideration) to a designated escrow account;
- (ii) Within 15 business days after CR Boya Bio-pharmaceutical obtains the requisite overseas direct investment approval for the Proposed Acquisition, CR Boya Bio-pharmaceutical shall pay RMB168,681,000 (equivalent to HK\$184,636,000, representing 10% of the Consideration payable to the Entity Vendors) (the “**First Instalment**”);
- (iii) Within ten (10) business days after the First Instalment is paid, the security deposit (including any accrued interest, less any withholding tax, if applicable) shall be refunded to CR Boya Bio-pharmaceutical in full; and
- (iv) On Completion Date, CR Boya Bio-pharmaceutical shall (a) pay to the Entity Vendors RMB1,518,125,000 (equivalent to HK\$1,661,725,000, representing the amount of Consideration payable to the Entity Vendors less the First Instalment and any retained amount withheld by CR Boya Bio-pharmaceutical on behalf of the Entity Vendors pursuant to Announcement No. 7); and (b) pay to the Individual Vendors RMB133,194,000 (equivalent to HK\$145,793,000, representing the amount of Consideration payable to the Individual Vendors less any retained amount withheld by CR Boya Bio-pharmaceutical on behalf of the Entity Vendors pursuant to Announcement No. 7), and each Individual Vendor shall receive the portion of Consideration based on his/her shareholding in Green Cross HK.

It is expected that CR Boya Bio-pharmaceutical will satisfy the payment of the Consideration by using its own internal resources.

(5) Conditions precedent and Completion

The Proposed Acquisition is subject to the fulfillment of certain conditions precedent, including without limitation:

- (i) no statute, rule, regulation, executive order, decree, ruling or injunction having been enacted, entered, promulgated or endorsed by any governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Share Purchase Agreement;
- (ii) all requisite governmental approvals and third-party consents (where applicable) required to have been obtained prior to the Completion having been obtained;
- (iii) the representations and warranties respectively made by CR Boya Bio-pharmaceutical and each of the Vendors under the Share Purchase Agreement remaining true and correct in all material respects as of the Completion Date as though made on and as of such date (other than representations and warranties which address matters only as of a certain date, which shall be as of such date);
- (iv) all covenants, agreements and conditions required by the Share Purchase Agreement to be performed, satisfied or complied with by CR Boya Bio-pharmaceutical and each of the Vendors, respectively, at or prior to the Completion Date having been duly performed, satisfied or complied with in all material respects;
- (v) Green Cross HK having obtained its board and the shareholders' approval for the execution, delivery and performance of the Share Purchase Agreement, and the transfer of the Sale Shares and updating its register of members and issuing share certificates to CR Boya Bio-pharmaceutical;
- (vi) Green Cross HK's current directors having tendered resignation letters in the form and substance satisfactory to the Purchaser; and
- (vii) delivery and transfer of corporate documents (including certificate of incorporation, business registration certificate, duly updated register of members and register of directors, articles of association), seals, licenses and approvals, books and records, and all other deliverables as required under the Share Purchase Agreement.

Completion Date shall be three (3) business days following the fulfilment or waiver of the conditions precedent set forth in the Share Purchase Agreement or such other dates as the Purchaser and Vendors may mutually agree. Upon Completion, CR Boya Bio-pharmaceutical shall become the beneficial owners of the Sale Shares from the Completion Date.

PROFIT FORECAST UNDER RULES 14.60A AND 14.61 OF THE LISTING RULES

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.

Principal assumptions of the Appraisal

Pursuant to Rule 14.60A of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Appraisal Report was based are set out as follows:

General assumptions:

- (1) Transaction assumption: It is assumed that all assets to be appraised are already in the process of transaction, and the valuer conducts the valuation based on the trading conditions of the assets to be appraised in a simulated market.
- (2) Open market assumption: It is assumed that the buyer and sellers of assets in the market, or the assets intended to be traded in the market, have equal footing and have the opportunity and time to access adequate market information where they can make trading decisions on a voluntary and rational basis, and can make rational judgment on the functions, use and trading price of the assets.
- (3) Going-concern assumption: It is assumed that the assets being appraised will continue to be used in accordance with its objectives and manner of usage, and that the enterprise will continue to operate on an ongoing basis based on the actual conditions as of the Valuation Base Date.

Special assumptions:

- (1) It is assumed that there are no significant changes in the current applicable laws, regulations and policies of the PRC, the PRC macroeconomic condition, or in the political, economic and social environment in the regions where the parties to the Share Purchase Agreement are located.
- (2) It is assumed that there are no material changes to the interest rates, exchange rates, tax bases, tax rates and policy levies, etc. since the Valuation Base Date.
- (3) It is assumed that the management of the enterprise takes accountability and remains stable, and is capable of fulfilling their duties.
- (4) It is assumed that the enterprise fully complies with all relevant laws and regulations unless otherwise specified.
- (5) It is assumed that there are no material adverse impacts caused by other unpredictable and force majeure factors.
- (6) It is assumed that the accounting policies adopted by the enterprise after the Valuation Base Date are generally consistent with the accounting policies adopted when preparing the Appraisal Report in all material respects.
- (7) It is assumed that based on the current management methodologies and standards of the enterprise, its business scope and manner of operation after the Valuation Base Date will remain consistent with the current direction.
- (8) It is assumed that the enterprise's forecasted cash inflow and cash outflow will be generated uniformly after the Valuation Base Date.
- (9) It is assumed that Green Cross HK (China) Biological Products Co., Ltd. (綠十字(中國)生物製品有限公司) (“**GC China**”) can continue to enjoy the 15% high-tech enterprise income tax incentive, and the appraisal is made on the premises the enterprise can continue to enjoy the current national tax incentives according to the relevant identification standards and tax incentives for “high-tech enterprises” in the PRC and the region where the enterprise is located.

- (10) It is assumed that the agency sales agreement(s) between Anhui Gelinke Pharmaceutical Sales Co., Ltd. (安徽格林克醫藥銷售有限公司) (“**Anhui Gelinke**”), GC Biopharma Corp, and GC Wellbeing Corporation with certain prescribed key terms based on the preliminary negotiation among such parties will be executed and performed in accordance with their terms and conditions.
- (11) It is assumed that certain technology can be used by the Target Company without any further charges and certain technology transfer fees will no longer be payable by GC China, with effect from 1 July 2024 based on the preliminary negotiation among such parties, and that the above agreement will be executed and performed in accordance with its terms and conditions. It is further assumed that the existing agreement GC China and GC Corp with respect to payment of any such technology transfer fees will be terminated as scheduled and in accordance with the terms and conditions of such termination agreement.
- (12) The new process for intravenous human immunoglobulin of GC China has been completed and submitted to relevant departments for approval, and such new process is expected to be approved by the end of 2026 with formal production commencing in early 2027, on the assumption that the new process is approved and is put into production within the estimated period.

Methodologies and key inputs adopted in the Appraisal

According to the Appraisal Report, under the methodology adopted for the Appraisal, the appraised value of the total equity interest of Green Cross HK as at the Valuation Base Date is the sum of the appraised values of (A) free cash flow; (B) surplus assets; (C) net non-operating assets/ liabilities; and (D) long-term equity investment; less (E) interest-bearing debt.

(A) Free cash flow

The free cash flow was projected based on the net cash flow forecast and a discount rate for the Relevant Period (as defined below), based on the Independent Valuer's analysis of the Target Company's expected income, having taken into account the relevant management fees incurred given that Green Cross HK is a holding company which mainly provides operating capital support for its subsidiary, GC China, and does not have any independent business or sales activities or any relevant staff members. The Independent Valuer was of the view that it is highly likely that Green Cross HK will continue to operate after year 2031, and therefore, the forecasted term of operation of Green Cross HK is perpetual for the purpose of the Appraisal, and the net cash flow forecast of Green Cross HK was prepared for the period from October 2023 to December 2031 ("**Relevant Period**").

Set forth below is the free cash flow forecast for the Relevant Period prepared by the Independent Valuer in the Appraisal Report:

Unit: RMB in ten thousands

Item	From October to December 2023	2024	2025	2026	2027	2028	2029	2030	2031	Perpetual period
Operating income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total profit	-217.84	-262.03	-266.47	-271.01	-275.63	-280.35	-285.16	-290.07	-295.08	-295.08
Net profit	-217.84	-262.03	-266.47	-271.01	-275.63	-280.35	-285.16	-290.07	-295.08	-295.08
Free cash flow	-252.62	-264.78	-267.21	-271.76	-276.40	-281.14	-285.96	-290.89	-295.91	-295.08

Weighted average cost of capital (WACC) model was adopted to determine the discount rate used in the Appraisal, which was calculated with reference to various factors, including the 10-year annualized yield of treasury bond in the Hong Kong market, market risk premium, enterprise-specific risk adjustment coefficient, interest-bearing debt capital cost, income tax rate, and the capital structure and equity systematic risk coefficient of comparable listed companies in the Shanghai Stock Exchange and Shenzhen Stock Exchange. The discount rate for the Relevant Period was assessed at 11.65%, while the terminal growth rate was nil.

Operating assets refer to those assets and liabilities that are relevant to the principal business of Green Cross HK in the income forecast process. Based on the discount rate for the Relevant Period, the appraised value of Green Cross HK's operating assets was RMB-27,576,000, the calculation of which is set out as follows:

Unit: RMB in ten thousands

Item	From October to December 2023	2024	2025	2026	2027	2028	2029	2030	2031	Perpetual period
Free cash flow	-252.62	-264.78	-267.21	-271.76	-276.40	-281.14	-285.96	-290.89	-295.91	-295.08
Discount rate	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%	11.65%
Discount period	0.1250	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75	-
Discount factor	0.9863	0.9207	0.8246	0.7386	0.6615	0.5925	0.5307	0.4753	0.4257	3.6541
Discounted value of operating assets	-249.16	-243.78	-220.34	-200.72	-182.84	-166.57	-151.76	-138.26	-125.97	-1,078.24
Total discounted value of operating assets	-2,757.64									

(B) Surplus assets

Based on the Independent Valuer's analysis, Green Cross HK had surplus assets (being those assets that are not required for the continual operations of Green Cross HK) of a book value of RMB31,008,000 as of the Valuation Base Date.

(C) Net non-operating assets/liabilities

Non-operating assets and liabilities refer to those assets and liabilities that are not considered in the forecast cashflow or are unrelated to the principal business of Green Cross HK in the income forecast process. When analyzing the non-operating assets and non-operating liabilities of Green Cross HK, the Independent Valuer assessed the book values of Green Cross HK's internal borrowings, shareholders' loans and other related items.

Through analysis of the breakdown of the assets and liabilities of Green Cross HK, the appraised values of non-operating assets and non-operating liabilities of Green Cross HK were RMB262,962,000 and RMB417,000, respectively, as at the Valuation Base Date.

(D) Long-term equity investment

Based on the Independent Valuer's analysis, Green Cross HK had long-term equity investment, which represents the investment in its unconsolidated subsidiaries, of a book value of RMB1,442,674,000 as of the Valuation Base Date.

(E) Interest-bearing debts

Based on the Independent Valuer's analysis, Green Cross HK had interest-bearing debts of a book value of RMB31,284,800 as of the Valuation Base Date.

Accordingly, based on the Appraisal by the Independent Valuer using income approach, the appraised value of the total equity interest of Green Cross HK amounted to RMB1,677,365,000, and the book value of the owners' equity of Green Cross HK attributable to its parent in Green Cross HK's consolidated financial statements as at the Valuation Base Date amounted to RMB645,211,000, representing an appreciation rate of 159.97%.

The Appraisal concerning Green Cross HK and the profit forecast for purpose of Rules 14.60A and 14.61 of the Listing Rules do not in any way represent or provide a complete view of the operational or financial status of the Group. Shareholders and potential investors should not rely solely on such information and should exercise caution when dealing in the securities of the Company.

Baker Tilly Hong Kong Limited ("**Baker Tilly**") has been engaged by the Company to report on the calculations of the discounted future cash flows on which the valuation in the Appraisal Report is based.

A letter from the Board and a report from Baker Tilly are included in the appendices to this announcement for the purposes of Rule 14.60A of the Listing Rules.

Experts and Consents

The names and qualifications of the experts who have given their opinion and advice in this announcement are as follows:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified public accountants
China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司)	Independent valuer

Each of Baker Tilly and the Independent Valuer has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report or letter and all references to its names and qualifications in the form and context in which they are included.

Each of Baker Tilly and the Independent Valuer has confirmed that it has not held any shareholding, directly or indirectly, in any member of the Group and has not held any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(2) STRATEGIC COOPERATION FRAMEWORK AGREEMENT

A summary of the principal terms of the Strategic Cooperation Framework Agreement are set out as follows:

(1) Date

17 July 2024

(2) Parties

- (a) The Company;
- (b) CR Boya Bio-pharmaceutical (a non-wholly-owned subsidiary of the Company); and
- (c) GC Corp

(3) Scope of Strategic Cooperation

Pursuant to the Strategic Cooperation Framework Agreement, with a view to explore development opportunities jointly and to achieve the goals of win-win and mutual development, the Company, CR Boya Bio-pharmaceutical and GC Corp agreed to establish a strategic cooperative relationship and to strengthen communication and collaboration in the following aspects:

- (a) **Business integration:** The parties will ensure stable business operations of Green Cross HK and its subsidiaries, and smooth transition of the transfer of control of Green Cross HK prior to the Completion of the Proposed Acquisition;
- (b) **Pharmaceutical import and export sales:** GC Corp will procure GC Wellbeing Corporation, an affiliate of GC Corp, and the Company and CR Boya Bio-pharmaceutical will procure Anhui Gelinke, to perform the product distribution agreement entered into amongst Anhui Gelinke, GC Corp, GC Biopharma Corp, and GC Wellbeing Corporation. Parties will also establish a strategic partnership for pharmaceutical import and export sales, leveraging the capabilities of the Company and CR Boya Bio-pharmaceutical in clinical research, registration filing, and sales channels in the Chinese market, and the leading position of GC Corp in the Korean market;

- (c) **Product technical cooperation:** The parties will work together to introduce product technologies in the fields of blood products, vaccines, cell and gene therapies, and diagnostic businesses. Through various forms such as technology licensing, joint R&D, technology transfer, and expanding overseas business through the CDMO model, the parties will jointly promote product technology innovation and upgrade, and realise the commercialization of technological achievements and the win-win development of the parties' businesses; and
- (d) **Exploration of further cooperation areas:** The parties can amicably negotiate and further expand the areas of cooperation based on the progress of their collaboration.

INFORMATION OF THE PARTIES

GC Corp

Founded in 1967, GC Corp is ultimately controlled by Huh Il Sup. GC Corp is the third largest biopharmaceutical company in South Korea and is the first company in South Korea to produce blood products and AIDS testing reagents, the third company in the world to develop hepatitis B vaccine, and the fourth company in the world to develop recombinant human coagulation factor VIII. Its core businesses encompass blood products, vaccines, genetic engineering, diagnostic reagents, bioengineering construction and other fields. The shares of GC Corp are listed on the Korea Stock Exchange (005257.KS).

As at the date of this announcement, GC Corp is the controlling shareholder of Green Cross HK, in which GC Corp directly holds approximately 77.35% interest in Green Cross HK and GC Corp's controller, Huh Il Sup (as one of the Individual Vendors), directly holds approximately 1.33% interest in Green Cross HK.

Synaptic

Synaptic is a private equity fund organized in Korea, and is ultimately controlled by Byung Joon Kim. As at the date of this announcement, the general partner of Synaptic is Synaptic Investment Co., Ltd., which holds approximately 1.33% partnership interest in Synaptic, and Byung Joon Kim, who acts as the chief executive officer of Synaptic Investment Co., Ltd., holds 80% partnership interest in Synaptic.

Individual Vendors

The 46 Individual Vendors are Korean nationals and the officers and employees of Green Cross HK Group.

CR Boya Bio-pharmaceutical

CR Boya Bio-pharmaceutical is principally engaged in pharmaceutical manufacturing businesses, and mainly develops, produces and sells blood products, anti-infective chemicals, biochemical drugs, and other products. As at the date of this announcement, the Company indirectly holds approximately 29.28% of the total share capital and approximately 40.59% voting rights in the total share capital of CR Boya Bio-pharmaceutical, and therefore, CR Boya Bio-pharmaceutical is a non-wholly owned subsidiary of the Company. The shares of CR Boya Bio-pharmaceutical are listed on the Shenzhen Stock Exchange (stock code: 300294).

The Group

The Group's core business encompasses research and development, manufacturing, distribution and retail of an extensive range of pharmaceutical and other healthcare products.

INFORMATION ABOUT GREEN CROSS HK

As of the date of this announcement, the shareholding structure of Green Cross HK is set forth as below:

Name of shareholders	Approximate percentage of the total issued shares of Green Cross HK (%)
GC Corp	77.35%
Synaptic	15.33%

Name of shareholders	Approximate percentage of the total issued shares of Green Cross HK (%)
Individual Shareholders:	
HUH Yong Jun	1.52%
HUH Il Sup	1.33%
HUH Eun Chul	0.71%
PARK Yongtae	0.69%
KAM Young Geun	0.31%
LEE Soungmin	0.31%
CHO Soon Tae	0.18%
KIM Changsup	0.16%
KIM Hyung Jun	0.13%
OH Younghun	0.12%
JEONG Su Hyun	0.12%
RHEE Byung Geon	0.12%
YOO Seung Youl	0.11%
LEE Gukmyung	0.10%
PARK Soon Young	0.09%
KIM Seok Hoon	0.07%
SEOG Jung Hwan	0.07%
HAN Joon Hwan	0.06%
RYU Byung Yel	0.06%
CHOI Byung Sup	0.06%
HAN Sang Heung	0.06%
HUH Jae Hoe	0.06%
LEE Young Chan	0.06%
PARK Bok Soo	0.06%
PARK Doo Hong	0.06%
YOO Young Hyo	0.06%
KIM Young Pill	0.05%
CHUNG Mun Ho	0.04%
HAN Jee Hoon	0.04%

Name of shareholders	Approximate percentage of the total issued shares of Green Cross HK (%)
JANG Heung Sik	0.04%
JANG Pyong Joo	0.04%
JEON Do Gyu	0.04%
KIL Won Sup	0.04%
KIM Byung Wha	0.04%
KIM Kyung Jo	0.04%
LEE Chan Hyung	0.04%
LEE Chang Hee	0.04%
LEE In Jae	0.04%
LEE Sun Ouk	0.04%
PARK Dae Woo	0.04%
JEONG Jin Dong	0.04%
LEE Eun Hee	0.02%
NOH Jong Ho	0.02%
JI Hyi Jeong	0.01%
KIM Sang Man	0.01%
LEE Min Taek	0.01%
Subtotal	7.32%
 Total	 100.00%

Green Cross HK is a holding company, which wholly owns all of its subsidiaries in the PRC, among which GC China is a blood products manufacturing company based in the PRC. GC China focuses on the research and development, production and sales of blood products. It currently has varieties of albumin, intravenous immunoglobulin, factor VIII, and fibrinogen. It has four plasma stations, and the plasma collection volume in 2023 would be 104 tons, with a compound growth rate of 13% from 2017 to 2023. It also imports albumin, recombinant factor VIII and medical beauty products for sales in the PRC through Anhui Gelinke, its sales platform company in the PRC. GC China has production, market and brand advantages in the field of coagulation products, especially human factor VIII. It has also introduced recombinant factor VIII. It is one of the few blood product companies in China that possess the right to sell both human factor VIII and recombinant factor VIII.

According to the audited consolidated financial statements of Green Cross HK for the years ended 31 December 2022 and 31 December 2023, each prepared in accordance with PRC generally accepted accounting principles, the net consolidated loss before and after taxation of Green Cross HK are set out as follows:

	For the year ended 31 December	
	2022	2023
	<i>(audited)</i>	<i>(audited)</i>
Net consolidated loss before taxation	RMB-25,175,000 (equivalent to HK\$-27,556,000)	RMB-18,659,000 (equivalent to HK\$-20,424,000)
Net consolidated loss after taxation	RMB-23,271,000 (equivalent to HK\$-25,472,000)	RMB-17,648,000 (equivalent to HK\$-19,317,000)

According to the audited consolidated financial statements of Green Cross HK prepared in accordance with PRC generally accepted accounting principles, as at 31 December 2023, the total assets and net asset value of Green Cross HK amounted to approximately RMB842,281,000 (equivalent to approximately HK\$921,952,000) and approximately RMB535,732,000 (equivalent to approximately HK\$586,407,000), respectively.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

Since May 2001, no further license has been granted in the PRC for new blood product manufacturers, and overall quantity control has been imposed on blood product manufacturers. At present, there are fewer than 30 blood product companies operating in China. Very few blood product companies have multiple production licenses and the industry has high entry barriers with scarce blood product production licensing resources. GC China is a blood product production company established in China held by GC Cross HK and is one of the few domestic companies possessing the right to sell both plasma-derived factor VIII and recombinant factor VIII. Upon Completion of the Proposed Acquisition, the Company will be able to wholly own a blood product production company in China, obtain one more blood product production license, acquire four more plasma stations, and expand the coverage of plasma collection in two more provinces. This enables the Company to integrate industry resources and open up new pathways in expanding coverage of plasma stations, thereby accelerating the expansion of its business scale and the enhancement of its core competitiveness.

In addition, the Strategic Cooperation Framework Agreement and the product distribution agency agreement signed by Anhui Gelinke, GC China's wholly owned subsidiary and relevant parties will lay the foundation of long-term collaboration and accelerate the Company's market internationalization.

The Board (including the independent non-executive Directors) considered that the terms of the Share Purchase Agreement, the Strategic Cooperation Framework Agreement and the transactions contemplated thereunder 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. None of the Directors is required to or has abstained from voting on the relevant Board resolutions in respect of the Proposed Acquisition and the Strategic Cooperation Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

The entering into of the Strategic Cooperation Framework Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As Completion of the Proposed Acquisition is subject to the terms and conditions and the fulfilment or waiver of the conditions precedent stated in the Share Purchase Agreement, the Proposed Acquisition may or may not proceed. Furthermore, the Strategic Cooperation Framework Agreement only establishes a general intent of the parties to collaborate. The implementation of any specific cooperation projects between the parties will be determined through separate agreements to be signed in the future, which may be subject to uncertainties arising from changes in market conditions or unforeseeable circumstances. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement No. 7”	Announcement of the State Taxation Administration on Several Issues Relating to Corporate Income Tax on Gains from Indirect Transfer of Assets by Non-resident Enterprises, Gong Gao [2015] No. 7 (國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告(國家稅務總局公告2015年第7號)), as amended and supplemented;
“Board”	the board of Directors;
“Company”	China Resources Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability;

“Completion”	the completion of the Proposed Acquisition pursuant to the terms and conditions of the Share Purchase Agreement;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	the total consideration payable by CR Boya Bio-pharmaceutical for the Proposed Acquisition pursuant to the terms and conditions of the Share Purchase Agreement;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“CR Boya Bio-pharmaceutical”	China Resources Boya Bio-pharmaceutical Group Company Limited (華潤博雅生物製藥集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300294) and a non-wholly-owned subsidiary of the Company as of the date of this announcement;
“CR Holdings”	China Resources (Holdings) Company Limited (華潤(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company. CR Holdings is ultimately beneficially owned by CRC;
“CRC”	China Resources Company Limited (中國華潤有限公司), a company incorporated in the PRC with limited liability and the ultimate controlling shareholder of the Company. CRC is beneficially owned by the SASAC;
“Director(s)”	the director(s) of the Company;
“Entity Vendors”	collectively, GC Corp and Synaptic, and each an Entity Vendor;

“GC Corp”	Green Cross HK Holdings Corp., a company organized and existing under the laws of Korea, holding approximately 77.35% interest in the Target Company as at the date of this announcement;
“Green Cross HK” or the “Target Company”	Green Cross HK Holdings Limited, a company incorporated in Hong Kong with limited liability;
“Green Cross HK Group” or the “Target Group”	Green Cross HK and its subsidiaries;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Individual Vendors”	46 individual shareholders, who are officers and employees of Green Cross HK Group, holding in aggregate approximately 7.32% interest in the Target Company as at the date of this announcement;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Acquisition”	the proposed acquisition of 100% interest in the Target Company by CR Boya Bio-pharmaceutical from the Vendors pursuant to the terms and conditions of the Share Purchase Agreement, the details of which are set forth in the section headed “The Proposed Acquisition” in this announcement;

“Purchaser”	CR Boya Bio-pharmaceutical, being the purchaser of the Sale Shares under the Share Purchase Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	115,075,935 ordinary shares and 11,049,052 redeemable convertible preference shares in the Target Company, representing all the issued shares in the Target Company;
“SASAC”	State-owned Assets Supervision and Administrative Commission of the State Council;
“Share Purchase Agreement”	the share purchase agreement dated 17 July 2024 entered into between CR Boya Bio-pharmaceutical (as the Purchaser) and GC Corp, Synaptic and 46 Individual Vendors (as the Vendors) with respect to the Proposed Acquisition;
“Strategic Cooperation Framework Agreement”	the strategic cooperation framework agreement dated 17 July 2024 entered into between the Company, CR Boya Bio-pharmaceutical and GC Corp in relation to the strategic cooperation amongst the parties;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Synaptic”	Synaptic 1st Private Equity Fund, a private equity fund organized and existing under the laws of Korea, holding approximately 15.33% interest in the Target Company as at the date of this announcement;
“Vendors”	collectively, the Entity Vendors and the Individual Vendors, being the seller of the Sale Shares held by it/him/her in the Target Company under the Share Purchase Agreement, and each a Vendor.

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\$1.09459. 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.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

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

PRC, 17 July 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. Guo Chuan 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.

APPENDIX I – LETTER FROM THE BOARD

The following is the text of a letter from the Board for inclusion in this announcement.

17 July 2024

Dear Sirs,

Discloseable Transaction – Proposed Acquisition of Green Cross HK

We refer to the announcement of China Resources Pharmaceutical Group Limited (the “**Company**”) dated 17 July 2024 in relation to the captioned transaction (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meaning as those defined in the Announcement.

We refer to the Appraisal Report dated 8 July 2024 prepared by China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), an Independent Valuer, which showed that the appraised value of the total equity interest of Green Cross HK amounted to RMB1,677,365,000 based on the income approach. The aforesaid valuation of Green Cross HK in the Appraisal Report is regarded as profit forecast as defined under Rule 14.61 of the Listing Rules.

We hereby confirm that we have considered various aspects, including (without limitation) the bases of the assumptions based upon which the valuation and forecast in the Appraisal Report have been prepared, and reviewed calculations in the Appraisal Report for which the Independent Valuer is responsible. We have also considered the report from Baker Tilly, the reporting accountants of the Company engaged for purpose of Rule 14.60A(2) of the Listing Rules, as set out in Appendix II to the Announcement regarding the calculations of the discounted cash flows on which the valuation in the Appraisal Report is based.

On the basis of the foregoing, in accordance with Rule 14.60A(3) of the Listing Rules, we hereby confirm that the valuation and forecast in the Appraisal Report were prepared after due and careful enquiry.

Yours faithfully,

For and on behalf of the Board

China Resources Pharmaceutical Group Limited

Han Yuewei

Chairman

APPENDIX II – REPORT FROM BAKER TILLY

The following is the text of a report received from Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

INDEPENDENT ASSURANCE REPORT

TO THE BOARD OF DIRECTORS OF CHINA RESOURCES PHARMACEUTICAL GROUP LIMITED (THE “COMPANY”)

We have examined the calculations of the discounted future estimated cashflows on which the valuation prepared by China Enterprise Appraisals Co., Ltd. dated 8 July 2024 in respect of 100% equity interest in Green Cross HK Holdings Limited (the “**Target Company**”) as at 30 September 2023 (the “**Valuation**”) is based. The Valuation, prepared based on the discounted future cash flows, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future estimated cashflows in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors as set out in the valuation report of China Enterprise Appraisals Co., Ltd. dated 8 July 2024. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cashflows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form an assurance conclusion on the calculations of the discounted future estimated cashflows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future estimated cashflows based upon the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future estimated cashflows have been properly compiled, in all material aspects, based upon the Assumptions.

Other Matters

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Our opinion is not qualified in respect of this matter.

For the purpose of this engagement, we do not review the accounting policies for the Valuation as the Valuation relates to discounted future cash flows and no accounting policies have been adopted in the preparation of the Valuation. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 17 July 2024

Cheung Yam Yung

Practising certificate number P08299