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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)

VOLUNTARY ANNOUNCEMENT UPDATE ON THE PROPOSED INTERNAL REORGANIZATION INVOLVING CR SHENGHUO

This announcement is made by China Resources Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Reference is made to the announcement dated 11 June 2024 (the “**Announcement**”) made by the Company in relation to the Proposed Internal Reorganization involving Kunming China Resources Shenghuo Pharmaceutical Company Limited (昆明華潤聖火藥業有限公司) (“**CR Shenghuo**”), a non-wholly-owned subsidiary of the Company. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

THE PROPOSED INTERNAL REORGANIZATION

The Board is pleased to announce that, on 21 November 2024, CR Sanjiu and KPC entered into the Share Transfer Agreement, pursuant to which CR Sanjiu has conditionally agreed to sell, and KPC has conditionally agreed to acquire, 51% interest in CR Shenghuo for a total consideration of RMB1,791 million (equivalent to approximately HK\$1,938 million). It is expected that CR Sanjiu will use the proceeds from the disposal of 51% interest in CR Shenghuo for supplementing its working capital.

CR Sanjiu is an indirect non-wholly-owned subsidiary of the Company owned as to approximately 63.02% by the Company as at the date of this announcement, and the shares of CR Sanjiu are listed on the Shenzhen Stock Exchange (stock code: 000999). KPC is an indirect non-wholly-owned subsidiary of the Company owned as to approximately 28.05% by the Company as at the date of this announcement, and the shares of KPC are listed on the Shanghai Stock Exchange (stock code: 600422).

Upon completion of the Proposed Internal Reorganization, it is expected that the Company's interest held in CR Shenghuo will be diluted from approximately 63.02% to approximately 39.90% while CR Shenghuo will remain as a non-wholly-owned subsidiary of the Company.

As disclosed in the Announcement, the Board (including the independent non-executive Directors) had considered that the terms of the Proposed Internal Reorganization, the Share Transfer 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.

REASONS FOR AND BENEFITS OF THE PROPOSED INTERNAL REORGANIZATION

The Proposed Internal Reorganization facilitates the implementation of the Company's "14th Five-Year Plan" strategic plan, optimizes the layout of the industrial chain, promotes the high-quality development of the panax notoginseng industry chain, further enhances the influence of CR Sanjiu in the panax notoginseng industry, and resolves the competition issue involving Xuesaitong soft capsule products between CR Shenghuo and KPC. It is believed that the Proposed Internal Reorganization will put the advantages of each of CR Sanjiu and KPC in terms of their products, sales and distribution network, branding, supply chain, etc. into full play and create synergistic value. It is also expected that the Proposed Internal Reorganization will help accelerate the integration of supply chain of panax notoginseng, create a benchmark for the industry and further enhance the influence of the Group's panax notoginseng products in the market, thereby improving the promoting the high quality development of TCM industry chain represented by the panax notoginseng products, with a view to building a solid foundation for growth of the Company's overall performance.

IMPLICATIONS UNDER THE LISTING RULES

As the Company's interest held in CR Shenghuo will be diluted from approximately 63.02% to approximately 39.90% while CR Shenghuo will remain as a non-wholly-owned subsidiary of the Company upon completion of the Proposed Internal Reorganization, the Proposed Internal Reorganization constitutes a disposal of interest in CR Shenghuo by the Company. All applicable percentage ratios under Rule 14.07 of the Listing Rules (other than the consideration ratio) in respect of the Proposed Internal Reorganization are below 5%. Given the nature of the Proposed Internal Reorganization involving a transaction between two subsidiaries within the Group, the Company has applied to, and an approval has been obtained from, The Stock Exchange of Hong Kong Limited, for the adoption of alternative test in respect of the Proposed Internal Reorganization (the "**Alternative Test**").

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules (including the Alternative Test) in respect of the Proposed Internal Reorganization are below 5%, the Share Transfer Agreement and the transactions contemplated thereunder therefore do not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are hereby announced on a voluntary basis.

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\$1.08196. 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
Mr. Bai Xiaosong
Chairman

PRC, 21 November 2024

As at the date of this announcement, the Board comprises Mr. Bai Xiaosong as chairman and executive Director; 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.