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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)

**DISCLOSEABLE TRANSACTION
AND CONNECTED TRANSACTION
PROPOSED INCREASE OF REGISTERED CAPITAL
BY CR PHARMACEUTICAL COMMERCIAL**

References are made the announcements dated 30 October 2023 and 27 November 2023 made by the Company in relation to, among others, the transactions contemplated under the Subscription Agreement.

The Board is pleased to announce that the Bidding Process for the Proposed Subscription expired on 25 December 2023, and on 28 December 2023, CR Pharmaceutical Commercial entered into the Subscription Agreement with Beijing Pharmaceutical, CR Pharmaceutical Investment and the Investor Subscribers, pursuant to which CR Pharmaceutical Commercial has agreed to increase its registered capital from RMB15,000,000,000 to RMB19,646,531,357.61 by RMB4,646,531,357.61, of which (i) the Investor Subscribers have agreed to subscribe for an aggregate amount of the Increased Registered Capital of RMB3,904,273,952.24 for a total consideration of RMB5.26 billion, and (ii) Beijing Pharmaceutical and CR Pharmaceutical Investment (as Existing Shareholder Subscribers) have agreed to subscribe for an aggregate amount of the Increased Registered Capital of RMB742,257,405.37 for a total consideration of RMB1 billion.

The Proposed Increase in Registered Capital and the Proposed Subscription constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules. Upon Completion, CR Pharmaceutical Commercial will continue to be accounted for as a subsidiary of the Company.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceed 5% but are all less than 25%, the Subscription Agreement and the transactions contemplated thereunder constitute discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As of the date of this announcement, BSCOMC is a substantial shareholder of the Company holding approximately 18.99% interest in the Company. As BSCOMC is a substantial shareholder of the Company and Beijing Guorui Investment Management is a wholly-owned subsidiary of BSCOMC, Beijing Guorui Zhongxin is therefore a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed subscription by Beijing Guorui Zhongxin of the Increased Registered Capital of CR Pharmaceutical Commercial exceed 0.1% but are all less than 5%, such proposed subscription by Beijing Guorui Zhongxin constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Completion of the Proposed Increase in Registered Capital and the Proposed Subscription is subject to the fulfilment (or waiver) of the conditions precedent stated in the Subscription Agreement, the Proposed Increase in Registered Capital and the Proposed Subscription may or may not proceed. Accordingly, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

References are made the announcements dated 30 October 2023 and 27 November 2023 made by the Company in relation to, among others, the transactions contemplated under the Subscription Agreement.

The Board is pleased to announce that the Bidding Process for the Proposed Subscription expired on 25 December 2023, and on 28 December 2023, CR Pharmaceutical Commercial entered into the Subscription Agreement with Beijing Pharmaceutical, CR Pharmaceutical Investment and the Investor Subscribers, pursuant to which CR Pharmaceutical Commercial has agreed to increase its registered capital from RMB15,000,000,000 to RMB19,646,531,357.61 by RMB4,646,531,357.61, of which (i) the Investor Subscribers have agreed to subscribe for an aggregate amount of the Increased Registered Capital of RMB3,904,273,952.24 for a total consideration of RMB5.26 billion, and (ii) Beijing Pharmaceutical and CR Pharmaceutical Investment (as Existing Shareholder Subscribers) have agreed to subscribe for an aggregate amount of the Increased Registered Capital of RMB742,257,405.37 for a total consideration of RMB1 billion.

THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED SUBSCRIPTION

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

(1) Date

28 December 2023

(2) Parties

- (a) CR Pharmaceutical Commercial (a subsidiary of the Company);
- (b) Beijing Pharmaceutical (a subsidiary of the Company);
- (c) CR Pharmaceutical Investment (a subsidiary of the Company);
- (d) CCB Financial Asset Investment Co., Ltd. (“**CCB Financial Asset Investment**”);
- (e) ABC Financial Asset Investment Co., Ltd. (“**ABC Financial Asset Investment**”);
- (f) ICBC Financial Asset Investment Co., Ltd. (“**ICBC Financial Asset Investment**”);
- (g) BOCOM Financial Asset Investment Co., Ltd. (“**BOCOM Financial Asset Investment**”);
- (h) BOC Financial Asset Investment Co., Ltd. (“**BOC Financial Asset Investment**”);
- (i) Beijing Guorui Zhongxin Equity Investment Fund (Limited Partnership) (“**Beijing Guorui Zhongxin**”); and
- (j) Beijing PICC Health Pension Industry Investment Fund (Limited Partnership) (“**Beijing PICC Health Pension Fund**”).

For further details of the parties to the Subscription Agreement, please refer to the sections headed “Information of the Parties” and “Information about CR Pharmaceutical Commercial” below.

(3) Subject Matter

Pursuant to the Subscription Agreement, CR Pharmaceutical Commercial has agreed to conditionally increase its registered capital from RMB15,000,000,000 to RMB19,646,531,357.61 by RMB4,646,531,357.61, of which:

- (a) Beijing Pharmaceutical (as an Existing Shareholder Subscriber) has conditionally agreed to subscribe for RMB658,167,436.53 of the Increased Registered Capital for a total consideration of RMB886,710,502;
- (b) CR Pharmaceutical Investment (as an Existing Shareholder Subscriber) has conditionally agreed to subscribe for RMB84,089,968.84 of the Increased Registered Capital for a total consideration of RMB113,289,498;
- (c) CCB Financial Asset Investment (as an Investor Subscriber) has conditionally agreed to subscribe for RMB742,257,405.37 of the Increased Registered Capital for a total consideration of RMB1,000,000,000;
- (d) ABC Financial Asset Investment (as an Investor Subscriber) has conditionally agreed to subscribe for RMB742,257,405.37 of the Increased Registered Capital for a total consideration of RMB1,000,000,000;
- (e) ICBC Financial Asset Investment (as an Investor Subscriber) has conditionally agreed to subscribe for RMB742,257,405.37 of the Increased Registered Capital for a total consideration of RMB1,000,000,000;

- (f) BOCOM Financial Asset Investment (as an Investor Subscriber) has conditionally agreed to subscribe for RMB742,257,405.37 of the Increased Registered Capital for a total consideration of RMB1,000,000,000;
- (g) BOC Financial Asset Investment (as an Investor Subscriber) has conditionally agreed to subscribe for RMB675,454,238.89 of the Increased Registered Capital for a total consideration of RMB910,000,000;
- (h) Beijing Guorui Zhongxin (as an Investor Subscriber) has conditionally agreed to subscribe for RMB111,338,610.80 of the Increased Registered Capital for a total consideration of RMB150,000,000; and
- (i) Beijing PICC Health Pension Fund (as an Investor Subscriber) has conditionally agreed to subscribe for RMB148,451,481.07 of the Increased Registered Capital for a total consideration of RMB200,000,000.

Upon Completion, Beijing Pharmaceutical and CR Pharmaceutical Investment will in aggregate hold approximately 80.13% interest in CR Pharmaceutical Commercial, and CR Pharmaceutical Commercial will continue to be accounted for as a subsidiary of the Company.

(4) Consideration

The Consideration for the Proposed Subscription shall be RMB6.26 billion (equivalent to approximately HK\$6.89 billion), of which RMB5.26 billion shall be payable by the Investor Subscribers and RMB1 billion shall be payable by the Existing Shareholder Subscribers.

The Increased Registered Capital is based on an asset appraisal of CR Pharmaceutical Commercial as at 31 December 2022 as the valuation base date. As of the date of this announcement, the results of the asset appraisal have been submitted to CRC for the appraisal filing procedures.

The Increased Registered Capital has been carried out by way of public bidding on the China Beijing Equity Exchange, and the consideration for the Increased Registered Capital shall not be less than the appraisal results as filed.

In the Bidding Process, each of the Investor Subscribers has paid an Investor Subscription Deposit for their respective subscription in CR Pharmaceutical Commercial, the amount of which will be directly deducted from the capital contribution respectively agreed to be paid and subscribed by the relevant Investor Subscribers. Within 20 business days upon fulfillment (or waiver) of the conditions precedent pursuant to the Subscription Agreement (the “**Completion Date**”), each of the Investor Subscribers shall pay the remaining sum of the capital contribution for their respective subscription, and each of the Existing Shareholder Subscribers shall pay the capital contribution for their respective subscription, in CR Pharmaceutical Commercial to a designated account in cash.

It is expected that Beijing Pharmaceutical and CR Pharmaceutical Investment will satisfy the payment of such capital contribution using their internal resources.

(5) Conditions precedent

The Proposed Increase in Registered Capital by CR Pharmaceutical Commercial and the Proposed Subscription by the Subscribers under the Subscription Agreement are subject to the fulfillment of the following conditions (unless otherwise waived by CR Pharmaceutical Commercial), including but not limited to:

- (i) there being no judgment, ruling or injunction by the applicable PRC laws, courts or relevant governmental authorities that restrict, prohibit or nullify the Proposed Increase in Registered Capital, nor any pending litigation, arbitration, judgment, award, order or injunction initiated against CR Pharmaceutical Commercial Group which has a material adverse impact on the Proposed Increase in Registered Capital;
- (ii) all prior consents, approvals, filings and registrations (“**prior procedures**”) necessary for the Existing Shareholder Subscribers and CR Pharmaceutical Commercial to execute all transaction documents in relation to the Proposed Increase in Registered Capital and Proposed Subscription and perform their respective obligations thereunder having been obtained and not having been invalidated, where such prior procedures include (without limitation): (1) the resolutions on approving the Proposed Increase in Registered Capital issued by CRC, the filing of the Appraisal Report with CRC, and other prior approvals, filings or registrations (if any) from other competent government authorities; and (2) approval by the Existing Shareholder Subscribers of all transaction documents in relation to the Proposed Increase in Registered Capital and Proposed Subscription;

- (iii) all transaction documents in relation to the Proposed Increase in Registered Capital and Proposed Subscription having been duly executed and delivered by each of CR Pharmaceutical Commercial and the Subscribers;
- (iv) the representations and warranties given by each of CR Pharmaceutical Commercial and the Subscribers remaining to be true, accurate and complete from the date of the Subscription Agreement up to the Completion Date;
- (v) there being no events, circumstances, conditions or changes which have or may reasonably have a material adverse impact on the assets, financial performance, business, prospects and operations of CR Pharmaceutical Commercial Group;
- (vi) approvals by the shareholders and board of directors of CR Pharmaceutical Commercial of the Proposed Increase in Registered Capital and Proposed Subscription and all transaction documents in relation thereto having been obtained; and
- (vii) internal approvals by each of the Investor Subscribers of the Proposed Subscription having been obtained (including, without limitation, investment committee resolutions or other form of written documentary proof of such internal approval).

Completion of the proposed subscription of the Increased Registered Capital of CR Pharmaceutical Commercial by each Subscriber under the Subscription Agreement is not inter-conditional.

(6) Corporate governance

Upon Completion, it is contemplated that the composition of the board of directors and supervisory board of CR Pharmaceutical Commercial will be as follows:

- (a) the board of directors of CR Pharmaceutical Commercial will consist of six members, of which five directors will be appointed by the Existing Shareholder Subscribers, and one director will be appointed by each of BOC Financial Asset Investment, ICBC Financial Asset Investment, ABC Financial Asset Investment, BOCOM Financial Asset Investment, CCB Financial Asset Investment sequentially (for the avoidance of doubt, the term of appointment of each such director appointed by such Investor Subscriber shall not be less than three years);

- (b) the supervisory board of CR Pharmaceutical Commercial will consist of three members, of which one supervisor will be appointed by the Existing Shareholder Subscribers, one supervisor will be appointed by each of CCB Financial Asset Investment, ABC Financial Asset Investment, BOCOM Financial Asset Investment, ICBC Financial Asset Investment and BOC Financial Asset Investment sequentially (for the avoidance of doubt, the term of appointment of each such supervisor appointed by such Investor Subscriber shall not be less than three years), and one supervisor will be elected by employees as employee representative.

(7) Transitional undertakings

From the date of the Subscription Agreement up to the Completion Date, CR Pharmaceutical Commercial undertakes, and shall ensure members of the CR Pharmaceutical Commercial Group, among others, (i) to operate its business in substantially the same manner as currently operated and to obtain and/or maintain the requisite approvals and permits for its operations; (ii) to perform signed contracts and agreements in a timely manner; (iii) not to distribute dividends or repurchase equity, or (except for the Proposed Increase of Registered Capital) in any way cause any change or encumbrance in the equity of CR Pharmaceutical Commercial or otherwise cause any change or encumbrance in the equity of other members of CR Pharmaceutical Commercial Group which will result in material adverse impact; (iv) not to waive material rights in any major litigation arbitration or dispute (if any); and (v) not to merge with any third party, or otherwise violate the representations and warranties given under the Subscription Agreement.

INFORMATION OF THE PARTIES

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.

CR Pharmaceutical Commercial

As at the date of this announcement, CR Pharmaceutical Commercial is owned as to approximately 88.67% by Beijing Pharmaceutical and approximately 11.33% by CR Pharmaceutical Investment, and is accounted for as a wholly-owned subsidiary of the Company.

Beijing Pharmaceutical and CR Pharmaceutical Investment

Each of Beijing Pharmaceutical and CR Pharmaceutical Investment is a wholly-owned subsidiary of the Company. The Company is indirectly owned as to 53.05% by CR Holdings, which is ultimately beneficially owned by CRC.

CCB Financial Asset Investment

CCB Financial Asset Investment is a company incorporated in the PRC with limited liability, and is principally engaged in debt-for-equity swaps and relevant supporting businesses in the PRC. CCB Financial Asset Investment is wholly owned by China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 939).

ABC Financial Asset Investment

ABC Financial Asset Investment is a company incorporated in the PRC with limited liability, and is principally engaged in debt-for-equity swap and related business in the PRC. ABC Financial Asset Investment is wholly owned by Agricultural Bank of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601288) and the Stock Exchange (stock code: 1288).

ICBC Financial Asset Investment

ICBC Financial Asset Investment is a company incorporated in the PRC with limited liability, and is principally engaged in debt-for-equity swap and related business in the PRC. ICBC Financial Asset Investment is wholly owned by Industrial and Commercial Bank of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code: 1398).

BOCOM Financial Asset Investment

BOCOM Financial Asset Investment is a company incorporated in the PRC with limited liability, and is principally engaged in non-banking financial services in the PRC. BOCOM Financial Asset Investment is wholly owned by Bank of Communications Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601328) and the Stock Exchange (stock code: 3328).

BOC Financial Asset Investment

BOC Financial Asset Investment is a company established in the PRC with limited liability, and is principally engaged in debt-for-equity swap and related business in the PRC. BOC Financial Asset Investment is wholly owned by Bank of China Limited (“**Bank of China**”), a company listed on the Shanghai Stock Exchange (stock code: 601988) and the Stock Exchange (stock code: 3988).

Beijing Guorui Zhongxin

Beijing Guorui Zhongxin is a limited partnership established in the PRC. It is a private equity fund principally engaged in equity investment, investment management and asset management. Bank of China Investment Management Co., Ltd. (中銀資產基金管理有限公司) (“**BOC Investment Management**”) and Beijing Guorui Investment Management Co., Ltd (北京京國瑞投資管理有限公司) (“**Beijing Guorui Investment Management**”) jointly act as the general partners of Beijing Guorui Zhongxin, where BOC Investment Management is wholly owned by Bank of China, and Beijing Guorui Investment Management is wholly owned by BSCOMC, which is ultimately controlled by Beijing SASAC. Limited partners holding one-third or more interest in Beijing Guorui Zhongxin include BOC Financial Asset Investment and BSCOMC.

As of the date of this announcement, BSCOMC is a substantial shareholder of the Company holding approximately 18.99% interest in the Company. As BSCOMC is a substantial shareholder of the Company and Beijing Guorui Investment Management is a wholly-owned subsidiary of BSCOMC, Beijing Guorui Zhongxin is therefore a connected person of the Company under the Listing Rules. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, except for BSCOMC being a limited partner of Beijing Guorui Zhongxin and Beijing Guorui Investment Management, one of the general partners, being ultimately owned by BSCOMC, the other general partner and limited partner of Beijing Guorui Zhongxin and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Beijing PICC Health Pension Fund

Beijing PICC Health Pension Fund is a limited partnership established in the PRC and is principally engaged in investment management and consultancy. The general partner of Beijing PICC Health Pension Fund is PICC Capital Equity Investment Company Limited (人保資本股權投資有限公司), which is ultimately controlled by the Ministry of Finance of the PRC. Limited partners of Beijing PICC Health Pension Fund include PICC Life Insurance Co., Ltd. (中國人民人壽保險股份有限公司) and PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司), which are ultimately controlled by the Ministry of Finance of the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of CCB Financial Asset Investment, ABC Financial Asset Investment, ICBC Financial Asset Investment, BOCOM Financial Asset Investment, BOC Financial Asset Investment and Beijing PICC Health Pension Fund and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ABOUT CR PHARMACEUTICAL COMMERCIAL

As at the date of this announcement, CR Pharmaceutical Commercial is owned as to approximately 88.67% by Beijing Pharmaceutical and approximately 11.33% by CR Pharmaceutical Investment, and is accounted for as a wholly-owned subsidiary of the Company.

CR Pharmaceutical Commercial is principally engaged in sales and marketing and distribution of pharmaceutical products, and provision of medical supply chain solution services.

According to the audited financial statements of CR Pharmaceutical Commercial prepared in accordance with PRC generally accepted accounting principles for the years ended 31 December 2021 and 31 December 2022, the net profit before and after taxation of CR Pharmaceutical Commercial are set out as follows:

	For the year ended 31 December	
	2021	2022
Net profit before taxation	RMB2,157,345,177.08 (equivalent to HK\$2,374,330,954.99)	RMB2,489,252,249.87 (equivalent to HK\$2,739,621,241.17)
Net profit after taxation	RMB1,513,072,354.86 (equivalent to HK\$1,665,257,172.31)	RMB1,784,599,936.16 (equivalent to HK\$1,964,094,997.73)

According to the unaudited management accounts of CR Pharmaceutical Commercial, as at 30 June 2023, the total assets and net asset value of CR Pharmaceutical Commercial amounted to approximately RMB152.10 billion (equivalent to approximately HK\$167.40 billion) and approximately RMB27.56 billion (equivalent to approximately HK\$30.33 billion), respectively.

EFFECT ON THE SHAREHOLDING STRUCTURE OF CR PHARMACEUTICAL COMMERCIAL

The shareholding structure of CR Pharmaceutical Commercial (i) as at the date of this announcement, and (ii) immediately upon Completion is set out below:

	As at the date of this announcement		Immediately upon Completion	
	Registered capital (RMB)	As an approximate percentage of registered capital (%)	Registered capital (RMB)	As an approximate percentage of registered capital (%)
Beijing Pharmaceutical	13,300,657,529.97	88.67%	13,958,824,966.50	71.05%
CR Pharmaceutical Investment	1,699,342,470.03	11.33%	1,783,432,438.87	9.08%
CCB Financial Asset Investment	–	–	742,257,405.37	3.78%
ABC Financial Asset Investment	–	–	742,257,405.37	3.78%
ICBC Financial Asset Investment	–	–	742,257,405.37	3.78%
BOCOM Financial Asset Investment	–	–	742,257,405.37	3.78%
BOC Financial Asset Investment	–	–	675,454,238.89	3.44%
Beijing Guorui Zhongxin	–	–	111,338,610.80	0.57%
Beijing PICC Health Pension Fund	–	–	148,451,481.07	0.76%
Total	<u>15,000,000,000</u>	<u>100.0%</u>	<u>19,646,531,357.61</u>	<u>100.0%</u>

FINANCIAL EFFECT OF THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED SUBSCRIPTION OF CR PHARMACEUTICAL COMMERCIAL

Upon Completion, CR Pharmaceutical Commercial will be owned as to approximately 71.05% by Beijing Pharmaceutical and approximately 9.08% by CR Pharmaceutical Investment. Accordingly, the Company's interest in CR Pharmaceutical Commercial will be diluted from 100% to approximately 80.13% as a result of the Proposed Increase in Registered Capital and the Proposed Subscription.

Upon Completion, CR Pharmaceutical Commercial will continue to be a subsidiary of the Company and its financial results will continue to be consolidated in the Group's accounts. The Company does not expect to record any gain or loss on the transactions contemplated under the Subscription Agreement.

CR Pharmaceutical Commercial intends to use the Increased Registered Capital for its operation of principal businesses and the direct or indirect repayment of existing bank loans of CR Pharmaceutical Commercial and its subsidiaries.

REASONS FOR AND BENEFITS OF THE PROPOSED INCREASE IN REGISTERED CAPITAL AND THE PROPOSED SUBSCRIPTION

The Proposed Increase in Registered Capital aims to effectively respond to the challenges posed by the transformation of the pharmaceutical industry, improve the resource allocation and operation efficiency of the state-owned capital of CR Pharmaceutical Commercial, overcome the shortcoming in innovative financing capabilities, and build up differentiated competitive advantages in its business segments. At the same time, the introduction of external investors through the Proposed Subscription will help optimize the capital structure of CR Pharmaceutical Commercial, facilitate the expansion of its business scale, improve its corporate governance, promote growth in its performance, thereby bringing positive contributions to the Company.

The Board (including the independent non-executive Directors) considered that the terms of the Subscription Agreement, the Proposed Increase in Registered Capital, the Proposed Subscription 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.

IMPLICATIONS UNDER THE LISTING RULES

The Proposed Increase in Registered Capital and the Proposed Subscription constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules. Upon Completion, CR Pharmaceutical Commercial will continue to be accounted for as a subsidiary of the Company.

As one or more of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules exceed 5% but are all less than 25%, the Subscription Agreement and the transactions contemplated thereunder constitute discloseable transaction for the Company under the Listing Rules and are subject to the reporting and announcement requirements but are exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

As of the date of this announcement, BSCOMC is a substantial shareholder of the Company holding approximately 18.99% interest in the Company. As BSCOMC is a substantial shareholder of the Company and Beijing Guorui Investment Management is a wholly-owned subsidiary of BSCOMC, Beijing Guorui Zhongxin is therefore a connected person of the Company under the Listing Rules.

As one or more of the applicable percentage ratios in respect of the proposed subscription by Beijing Guorui Zhongxin of the Increased Registered Capital of CR Pharmaceutical Commercial exceed 0.1% but are all less than 5%, such proposed subscription by Beijing Guorui Zhongxin constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements but is exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Completion of the Proposed Increase in Registered Capital and the Proposed Subscription is subject to the fulfilment (or waiver) of the conditions precedent stated in the Subscription Agreement, the Proposed Increase in Registered Capital and the Proposed Subscription may or may not proceed. 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:

“Beijing SASAC” the State-Owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會);

“BSCOMC”	Beijing State-Owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), a state-owned enterprise incorporated in the PRC and a substantial shareholder of the Company;
“Beijing Pharmaceutical”	Beijing Pharmaceutical Group Company Limited (北京醫藥集團有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, and is one of the Existing Shareholder Subscribers under the Subscription Agreement;
“Bidding Process”	the bidding process for the Proposed Subscription conducted via China Beijing Equity Exchange;
“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 Increase in Registered Capital and the Proposed Subscription pursuant to the terms and conditions of the Subscription Agreement;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Consideration”	the total consideration of RMB6.26 billion payable by the Subscribers for the Proposed Subscription pursuant to the terms and conditions of the Subscription Agreement;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“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 Pharmaceutical Commercial”	China Resources Pharmaceutical Commercial Group Company Limited (華潤醫藥商業集團有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the Company as at the date of this announcement;
“CR Pharmaceutical Commercial Group”	CR Pharmaceutical Commercial and its subsidiaries, branches and controlled entities;
“CR Pharmaceutical Investment”	China Resources Pharmaceutical Investment Company Limited (華潤醫藥投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, and is one of the Existing Shareholder Subscribers under the Subscription Agreement;
“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;
“Director(s)”	the director(s) of the Company;
“Existing Shareholder Subscribers”	Beijing Pharmaceutical and CR Pharmaceutical Investment, each an existing shareholder of CR Pharmaceutical Commercial as of the date of this announcement and a subscriber under the Subscription Agreement;
“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;
“Increased Registered Capital”	registered capital of RMB4,646,531,357.61 to be increased by CR Pharmaceutical Commercial under the Proposed Increase in Registered Capital pursuant to the terms and conditions of the Subscription Agreement;

“Investor Subscriber(s)”	CCB Financial Asset Investment Co., Ltd. (建信金融資產投資有限公司), ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司), ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司), BOCOM Financial Asset Investment Co., Ltd. (交銀金融資產投資有限公司), BOC Financial Asset Investment Co., Ltd. (中銀金融資產投資有限公司), Beijing Guorui Zhongxin Equity Investment Fund (Limited Partnership) (北京國瑞中鑫股權投資基金(有限合夥)), and Beijing PICC Health Pension Industry Investment Fund (Limited Partnership) (北京人保健康養老產業投資基金(有限合夥)), each a subscriber under the Subscription Agreement;
“Investor Subscription Deposit”	the deposit paid by each of the Investor Subscribers in the Bidding Process in respect of their respective Proposed Subscription in an aggregate amount of RMB526 million;
“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 Increase in Registered Capital”	the proposed increase of registered capital by CR Pharmaceutical Commercial from RMB15,000,000,000 to RMB19,646,531,357.61 by RMB4,646,531,357.61 (representing approximately 19.87% of the enlarged registered capital of CR Pharmaceutical Commercial) pursuant to the terms and conditions of the Subscription Agreement, the details of which are set forth in the section headed “The Proposed Increase in Registered Capital and the Proposed Subscription” in this announcement;

“Proposed Subscription”	the proposed subscription for the Increased Registered Capital by each of the Subscribers pursuant to the terms and conditions of the Subscription Agreement, the details of which are set forth in the section headed “The Proposed Increase in Registered Capital and the Proposed Subscription” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Subscription Agreement”	the subscription agreement dated 28 December 2023 entered into among CR Pharmaceutical Commercial, the Existing Shareholder Subscribers and the Investor Subscribers in respect of the Proposed Increase in Registered Capital and Proposed Subscription;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	collectively, the Existing Shareholder Subscribers and the Investor Subscribers;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules.

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\$1.10058. 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.

In this announcement, amounts presented as percentages have, in certain cases, been rounded to the nearest tenth or hundredth of a percent. Any discrepancies in any table or chart 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

Hong Kong, 28 December 2023

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.