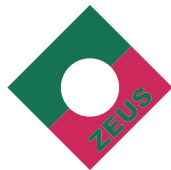


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

VOLUNTARY ANNOUNCEMENT IN RELATION TO CONTRACTUAL ARRANGEMENT

This announcement is made by Zhongzhi Pharmaceutical Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

References are made to (i) the sections headed “History and Corporate Structure” and “Continuing Connected Transactions” in the prospectus of the Company dated 30 June 2015 (the “**Prospectus**”) in relation to, among other things, the series of contracts entered into on 31 August 2014 (and supplemented or amended on 31 August 2014) (the “**Existing Contractual Arrangements**”) by, among others, Zhongzhi Pharmaceutical Group Co., Ltd. (中山市中智藥業集團有限公司) (“**Zhongzhi Pharmaceutical**”), Zhongshan Zhongzhi Chinese Medicine Herb in Pieces Co., Ltd.* (中山市中智中藥飲片有限公司) (“**Zhongzhi Herb Pieces**”), and the then shareholders of Zhongzhi Herb Pieces; and (ii) the voluntary announcement of the Company dated 3 November 2022 (the “**Voluntary Announcement**”) in relation to the update in the Existing Contractual Agreements (the “**Updated Contractual Arrangements**”). Unless otherwise defined herein, capitalized terms shall have the same meaning as those defined in the Prospectus and the Voluntary Announcement.

Background of the Existing Contractual Arrangements and Updated Contractual Arrangements

As disclosed in the Prospectus, Zhongzhi Herb Pieces is a major PRC operating subsidiary of the Group, which is principally engaged in the production of traditional and modern decoction pieces in the PRC. These production techniques, such as steaming, stir-frying, moxibustion, and calcinations, were restricted from foreign investment under the Foreign Investment Catalogue. As such, the Company was not allowed to hold any equity interest in Zhongzhi Herb Pieces under the applicable PRC laws and regulations at the material time.

As a result, the Existing Contractual Arrangements were entered into in order for the Group to manage the business of Zhongzhi Herb Pieces with all economic benefits derived from the business, financial and operating activities of Zhongzhi Herb Pieces transferred to Zhongzhi Pharmaceutical by means of service fees payable by Zhongzhi Herb Pieces to Zhongzhi Pharmaceutical. Details of the Existing Contractual Arrangements are set out in the section headed “Contractual Arrangements” in the Prospectus.

As disclosed in the Voluntary Announcement, on 3 November 2022, Zhongzhi Pharmaceutical entered into a supplemental agreement to the Existing Contractual Arrangements with Zhongzhi Herb Pieces, Mr. Lai and Guangdong Jun Ke to supplement the Existing Contractual Arrangements and restructure the shareholding structure of Zhongzhi Herb Pieces to simplify the shareholding structure of Zhongzhi Herb Pieces. Details of the Updated Contractual Arrangements are set out in the Voluntary Announcement.

Action plan for unwinding the Updated Contractual Arrangements (the “Unwinding”)

Pursuant to “Catalogue of Restricted Foreign Investment Industries (2024 version)” issued by the National Development and Reform Commission on 8 September 2024 (the “**2024 Catalogue**”), the restrictions on foreign investments in the manufacturing sector, including the application of steaming, frying, moxibustion, calcination, and other processing techniques of traditional Chinese medicine decoction pieces, as well as the production of confidential prescription products of proprietary Chinese medicines have been lifted. As a result, the Company is allowed to hold the equity interest in Zhongzhi Herb Pieces.

In light of the above, the Company intends to proceed with the Unwinding to hold the equity interest in Zhongzhi Herb Pieces. The Company had consulted its legal advisers to assess the implication of the 2024 Catalogue, and approached the local authorities to discuss the implication and the administration procedure of the Unwinding. Upon receiving the feedback from the local authorities, the Company intends to proceed with the Unwinding as soon as possible. The Company will make the necessary disclosure for the compliance with the requirements under the Listing Rules and HKEX Guidance Letter GL77-14 in relation to the Unwinding in due course.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Zhongzhi Pharmaceutical Holdings Limited
Mr. Lai Zhi Tian
Chairman and Executive Director

Hong Kong, 6 December 2024

As at the date of this announcement, the Board comprises eight directors. The executive directors are Mr. Lai Zhi Tian, Mr. Lai Ying Feng, Mr. Lai Ying Sheng and Mr. Cao Xiao Jun. The non-executive director is Ms. Jiang Li Xia. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.

* *For identification purposes only*