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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 PROPOSED ACQUISITION OF TASLY PHARMACEUTICALS**

The Board is pleased to announce that, on 4 August 2024, CR Sanjiu entered into the Share Purchase Agreement with the Vendors, pursuant to which CR Sanjiu has agreed to conditionally purchase, and the Vendors have agreed to conditionally sell, an aggregate of 418,306,002 shares of Tasly Pharmaceuticals (representing 28% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB14.85 per share, i.e., RMB6,211,844,130 in total (equivalent to approximately HK\$6,800,540,598). Upon Completion, CR Sanjiu will hold 28% equity interest in Tasly Pharmaceuticals and will become the largest shareholder of Tasly Pharmaceuticals and Tasly Pharmaceuticals will be accounted for as a non-wholly-owned subsidiary of the Company.

As one of the relevant percentage ratio(s) under the Listing Rules in respect of the Proposed Acquisition contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

**As Completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent stated in the Share Purchase Agreement, the Proposed Acquisition may or may not proceed. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **BACKGROUND**

The Board is pleased to announce that, on 4 August 2024, CR Sanjiu entered into the Share Purchase Agreement with the Vendors, pursuant to which CR Sanjiu has agreed to conditionally purchase, and the Vendors have agreed to conditionally sell, an aggregate of 418,306,002 shares of Tasly Pharmaceuticals (representing 28% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB14.85 per share, i.e., RMB6,211,844,130 in total (equivalent to approximately HK\$6,800,540,598).

## **THE PROPOSED ACQUISITION**

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

**(1) Date**

4 August 2024

**(2) Parties**

- (a) CR Sanjiu, as the purchaser; and
- (b) Tasly Biopharmaceuticals, Tianjin Heyue, Tianjin Kangshun, Tianjin Shunqi, Tianjin Shanzhen, Tianjin Tongming, and Tianjin Hongxun, 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) are third parties independent of the Company and its connected persons.

### **(3) Subject Matter**

Pursuant to the Share Purchase Agreement, CR Sanjiu has agreed to conditionally purchase, and the Vendors have agreed to conditionally sell, an aggregate of 418,306,002 shares of Tasly Pharmaceuticals (representing 28% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB14.85 per share, i.e., RMB6,211,844,130 in total (equivalent to approximately HK\$6,800,540,598), of which:

- (a) CR Sanjiu has agreed to conditionally purchase, and Tasly Biopharmaceuticals has agreed to conditionally sell 351,619,489 shares of Tasly Pharmaceuticals (representing 23.54% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB5,221,549,412;
- (b) CR Sanjiu has agreed to conditionally purchase, and Tianjin Heyue has agreed to conditionally sell 29,175,350 shares of Tasly Pharmaceuticals (representing 1.95% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB433,253,948;
- (c) CR Sanjiu has agreed to conditionally purchase, and Tianjin Kangshun has agreed to conditionally sell 12,503,722 shares of Tasly Pharmaceuticals (representing 0.84% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB185,680,272;
- (d) CR Sanjiu has agreed to conditionally purchase, and Tianjin Shunqi has agreed to conditionally sell 7,252,158 shares of Tasly Pharmaceuticals (representing 0.49% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB107,694,546;
- (e) CR Sanjiu has agreed to conditionally purchase, and Tianjin Shanzhen has agreed to conditionally sell 6,460,255 shares of Tasly Pharmaceuticals (representing 0.43% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB95,934,787;

- (f) CR Sanjiu has agreed to conditionally purchase, and Tianjin Tongming has agreed to conditionally sell 5,668,354 shares of Tasly Pharmaceuticals (representing 0.38% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB84,175,057; and
- (g) CR Sanjiu has agreed to conditionally purchase, and Tianjin Hongxun has agreed to conditionally sell 5,626,674 shares of Tasly Pharmaceuticals (representing 0.38% interest in Tasly Pharmaceuticals as at the date of this announcement) at a proposed consideration of RMB83,556,109.

Upon Completion, CR Sanjiu will hold 28% equity interest in Tasly Pharmaceuticals and will become the largest shareholder of Tasly Pharmaceuticals and Tasly Pharmaceuticals will be accounted for as a non-wholly-owned subsidiary of the Company.

#### **(4) Consideration**

The consideration for the Proposed Acquisition was determined after arm's length negotiation among the parties. Such consideration shall be further adjusted according to the appraised value of total equity interest of Tasly Pharmaceuticals according to an asset appraisal report to be issued by an independent valuer engaged by CR Sanjiu. The final consideration payable by CR Sanjiu for the Proposed Acquisition shall be confirmed by the SASAC and the Company's ultimate controlling shareholder, China Resources Company Limited. A further announcement will be made by the Company when the final Consideration is determined.

Tasly Biopharmaceuticals shall pay to CR Sanjiu a deposit in the amount of RMB100 million within five working days from the signing date of the Share Purchase Agreement. The deposit shall be returned to CR Sanjiu within 10 working days after the Registration Date.

Payment of the consideration for the Proposed Acquisition shall be made in cash in three instalments:

- (i) First instalment: 35% of the total consideration for the Proposed Acquisition (i.e., RMB2,174,145,445 (equivalent to approximately HK\$2,380 million)) shall be made by CR Sanjiu within 10 working days after all condition precedents to the Share Purchase Agreement are fulfilled;

- (ii) Second instalment: 55% of the total consideration for the Proposed Acquisition (i.e., RMB3,416,514,270 (equivalent to approximately HK\$3,740 million)) shall be made by CR Sanjiu within 10 working days after the Registration Date; and
- (iii) Third instalment: 10% of the total consideration for the Proposed Acquisition (i.e., RMB621,184,415 (equivalent to approximately HK\$680 million)) shall be made by CR Sanjiu within 10 working days after six months commencing from the Registration Date.

It is expected that CR Sanjiu will satisfy the payment of the consideration for the Proposed Acquisition by its own funds and self-raised funds.

#### **(5) Conditions precedent**

The Proposed Acquisition under the Share Purchase Agreement is subject to the fulfilment of certain conditions precedent, including without limitation:

- (a) the approval by the shareholders' meetings or partners' meetings of each of the Vendors in respect of the Proposed Acquisition;
- (b) the approval by the shareholders' meeting of CR Sanjiu in respect of the Proposed Acquisition;
- (c) the approval by each of the Company and China Resources Company Limited in respect of the Proposed Acquisition;
- (d) the passing of centralized review of operators by the State Administration for Market Regulation in respect of the Proposed Acquisition;
- (e) the approval by the SASAC of the Proposed Acquisition; and
- (f) other approvals or permits if so required by applicable laws and regulations.

## **(6) Completion**

Completion of the Proposed Acquisition will take place upon the fulfilment of all the conditions precedent stated in the Share Purchase Agreement.

Upon Completion, CR Sanjiu will hold 28% equity interest in Tasly Pharmaceuticals and will become the largest shareholder of Tasly Pharmaceuticals and Tasly Pharmaceuticals will be accounted for as a non-wholly-owned subsidiary of the Company.

## **(7) Arrangements during transitional period**

On 29 May 2024, Tasly Pharmaceuticals declared a dividend of RMB0.33 per share (inclusive of tax), which will be distributed to the Vendors in proportion to their respective interest held in Tasly Pharmaceuticals. During the transitional period from the date of the Share Purchase Agreement to the Registration Date (the “**Transitional Period**”), if Tasly Pharmaceuticals undergoes any capitalization of its reserve fund, declares or issues any cash dividends (excluding the dividends already declared on 29 May 2024), stock dividends, rights issues and other ex-rights and ex-dividend events, the Consideration for the Proposed Acquisition will be adjusted in accordance with the relevant ex-rights and ex-dividend rules. During the Transitional Period, any cash dividends declared or issued by Tasly Pharmaceuticals will be distributed to the Vendors.

Tasly Biopharmaceuticals further undertakes that, after the Registration Date, it will relinquish the voting rights corresponding to 5% of the shares of Tasly Pharmaceuticals such that the voting rights controlled by Tasly Biopharmaceuticals and its related parties or parties acting in concert will not exceed 12.50%. After the Registration Date, if Tasly Biopharmaceuticals transfers any shares of Tasly Pharmaceuticals to a party unrelated to or not acting in concert with Tasly Biopharmaceuticals, it shall first transfer such shares for which the voting rights were previously given up. However, the transferee(s) of such shares shall still be entitled to voting rights attached to such shares transferred.

## **STRATEGIC COOPERATION WITH TASLY PHARMACEUTICALS**

On 4 August 2024, the Company also entered into the Strategic Cooperation Agreement with Tasly Pharmaceuticals, pursuant to which the parties agree to carry out comprehensive strategic cooperation in the digital traditional Chinese medicine industries in the PRC in respects of research and development of innovation models, intelligent manufacturing technology and equipment, prescription drug pipelines, and industrial innovation, strengthening industrial investment layout in Tianjin, and promoting the global development of the traditional Chinese medicine industry and the economic development of Tianjin. Building upon the cooperation with Tasly Pharmaceuticals, the parties will deepen their strategic cooperation with an aim to realizing a strong collaboration and a mutual beneficial business relationship.

## **INFORMATION OF THE PARTIES**

### **The Vendors**

Tasly Biopharmaceuticals, which is a limited liability company established in the PRC principally engaged in biomedical healthcare in the “big health” industry. Tasly Biopharmaceuticals is ultimately beneficially controlled by Yan Kaijing (闫凯境). As at the date of this announcement, Tasly Pharmaceuticals was owned by Tasly Biopharmaceuticals as to 45.75%.

Each of Tianjin Heyue, Tianjin Kangshun, Tianjin Shunqi, Tianjin Shanzhen, Tianjin Tongming, and Tianjin Hongxun is a limited partnership established in the PRC ultimately managed or controlled by Tasly Biopharmaceuticals. Tasly Pharmaceuticals is held by Tianjin Heyue, Tianjin Kangshun, Tianjin Shunqi, Tianjin Shanzhen, Tianjin Tongming, and Tianjin Hongxun as to 1.95%, 0.84%, 0.49%, 0.43%, 0.38% and 0.38%, respectively.

As at the date of this announcement, Tasly Pharmaceuticals was owned by the Vendors as to 50.50% in aggregate.

### **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 Sanjiu is a non-wholly-owned subsidiary of the Company, which is indirectly owned as to 63.02% by the Company as at the date of this announcement.

## INFORMATION ABOUT TASLY PHARMACEUTICALS

Tasly Pharmaceuticals and its subsidiaries are principally engaged in research and development, production, wholesale and distribution of pharmaceuticals. Its business scope covers traditional Chinese medicine, biological drugs and chemical pharmaceuticals, with a focus on modern traditional Chinese medicine for treatment of cardiovascular and cerebrovascular diseases, digestive metabolism diseases and tumors. The shares of Tasly Pharmaceuticals have been listed on the Shanghai Stock Exchange (stock code: 600535) since August 2002.

For the year ended 31 December 2023, Tasly Pharmaceuticals recorded a revenue of approximately RMB8.67 billion (equivalent to approximately HK\$9.49 billion). With its considerable experience in the PRC pharmaceutical industry, Tasly Pharmaceuticals is listed as one of the Excellent Chinese National Pharmaceutical Brand Enterprise (年度中華民族醫藥優秀品牌企業) from 2022 to 2023.

According to the audited annual report of Tasly Pharmaceuticals prepared in accordance with the PRC generally accepted accounting principles for the years ended 31 December 2022 and 31 December 2023, the net profit before and after taxation of Tasly Pharmaceuticals are set out as follows:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
Net profit/(loss) before taxation	RMB(167,632,187.02) (equivalent to approximately HK\$(0.18) billion)	RMB1,221,096,556.72 (equivalent to approximately HK\$1.34 billion)
Net profit/(loss) after taxation	RMB(348,455,349.31) (equivalent to approximately HK\$(0.38) billion)	RMB1,016,640,047.40 (equivalent to approximately HK\$1.11 billion)

According to the audited annual report of Tasly Pharmaceuticals, as at 31 December 2023, the audited net asset value of Tasly Pharmaceuticals was approximately RMB12,690,009,062.97 (equivalent to approximately HK\$13,893 million).



## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is in line with the strategic development of the Group. Leveraging the competitive advantages of Tasly Pharmaceuticals across the modern traditional Chinese medicine industry, the Proposed Acquisition is expected to facilitate the internationalization of the Group through the synergies created. The Proposed Acquisition is expected to enhance the core competitiveness of CR Sanjiu and further improve its business scale and profitability, with an aim to further strengthening the Group's overall operational capability and performance.

The Board is of the view that the terms of the Share Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length basis negotiation, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the relevant percentage ratio(s) under the Listing Rules in respect of the Proposed Acquisition contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Strategic Cooperation Agreement provides a framework of cooperation between the Company and Tasly Pharmaceuticals, the terms thereunder do not constitute any notifiable transaction under Chapter 14 of the Listing Rules at the date of this announcement. If any of the transactions under the Strategic Cooperation Agreement materialises and constitutes notifiable transaction(s) and/or connected transaction(s) under Chapter 14 and/or Chapter 14A of the Listing Rules, the Company will comply with the applicable requirements under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

**As Completion of the Proposed Acquisition is subject to the fulfilment of the conditions precedent stated in the Share Purchase Agreement, the Proposed Acquisition 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:

“Board”	the board of Directors of the Company;
“Company”	China Resources Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability, the share of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 3320);
“Completion”	the completion of the Proposed Acquisition pursuant to the terms and conditions of the Share Purchase Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“CR Sanjiu”	China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. (華潤三九醫藥股份有限公司), a company established in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000999), and a non-wholly owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;

“PRC” or “China”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Acquisition”	the proposed acquisition by CR Sanjiu of an aggregate of 418,306,002 shares of Tasly Pharmaceuticals (representing 28% interest in Tasly Pharmaceuticals as at the date of this announcement) pursuant to the terms and conditions of the Share Purchase Agreement;
“Registration Date”	the date on which the registration of share transfer contemplated under the Share Purchase Agreement is completed;
“RMB”	Renminbi Yuan, the lawful currency of the PRC;
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) of the PRC;
“Share Purchase Agreement”	the share purchase agreement dated 4 August 2024 entered into between CR Sanjiu and the Vendors in respect of the Proposed Acquisition;
“Shareholder(s)”	the shareholder(s) of the Company;
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 4 August 2024 entered into between the Company and Tasly Pharmaceuticals in respect of certain areas of strategic cooperation between the parties as set forth therein;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;

“Tasly Biopharmaceuticals”	Tasly Biopharmaceuticals Industry Group Co., Ltd. (天士力生物醫藥產業集團有限公司), a company established in the PRC with limited liability;
“Tasly Pharmaceuticals”	Tasly Pharmaceuticals Group Co., Ltd. (天士力醫藥集團股份有限公司), a company established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600535);
“Tianjin Heyue”	Tianjin Heyue Technology Development Partnership Enterprise (Limited Partnership) (天津和悅科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;
“Tianjin Hongxun”	Tianjin Hongxun Technology Development Partnership Enterprise (Limited Partnership) (天津鴻勳科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;
“Tianjin Kangshun”	Tianjin Kangshun Technology Development Partnership Enterprise (Limited Partnership) (天津康順科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;
“Tianjin Shanzhen”	Tianjin Shanzhen Technology Development Partnership Enterprise (Limited Partnership) (天津善臻科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;
“Tianjin Shunqi”	Tianjin Shunqi Technology Development Partnership Enterprise (Limited Partnership) (天津順祺科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;

“Tianjin Tongming”	Tianjin Tonngming Technology Development Partnership Enterprise (Limited Partnership) (天津通明科技發展合夥企業(有限合夥)), a limited partnership established in the PRC;
“Vendors”	collectively, Tasly Biopharmaceuticals, Tianjin Heyue, Tianjin Kangshun, Tianjin Shunqi, Tianjin Shanzhen, Tianjin Tongming, and Tianjin Hongxun, and each a Vendor.

*For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.00 to HK\$1.09477. 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 versions shall prevail.*

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

PRC, 4 August 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.*