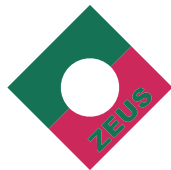


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Zhongzhi Pharmaceutical Holdings Limited

中智藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3737)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS-UNIT CUSTOMER SMART DEPOSITS

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

On 2 January 2020 and 7 July 2020, Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd.* (中山市中智藥業集團有限公司), as a subscriber and a wholly owned subsidiary of the Company, entered into the First Customer Smart Deposits Business Agreement and the Second Customer Smart Deposits Business Agreement with Guangdong Huaxing Bank Zhongshan Branch, pursuant to which, the subscriber subscribed for wealth management products of Guangdong Huaxing Bank Zhongshan Branch in the principal amount of RMB50,000,000 and RMB80,000,000, respectively, totaling RMB130,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratios in relation to the subscription of wealth management products calculated on an aggregate basis in accordance with Rule 14.22 of the Listing Rules exceed 5% but are below 25%, the subscription of wealth management products constitutes a discloseable transaction and is subject to the reporting and announcement requirements under the Listing Rules, but is exempted from the circular and shareholders' approval requirements, under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

On 2 January 2020 and 7 July 2020, Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd.* (中山市中智藥業集團有限公司), as a subscriber and a wholly owned subsidiary of the Company, entered into the First Customer Smart Deposits Business Agreement and the Second Customer Smart Deposits Business Agreement with Guangdong Huaxing Bank Zhongshan Branch, pursuant to which, the subscriber subscribed for wealth management products of Guangdong Huaxing Bank Zhongshan Branch in the principal amount of RMB50,000,000 and RMB 80,000,000, respectively, totaling RMB130,000,000.

Principal terms of respective customer smart deposits business agreement are as follows:

(I) First Customer Smart Deposits Business Agreement

Date:	2 January 2020
Parties:	(1) Subscriber (Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd.* (中山市中智藥業集團有限公司) and a wholly owned subsidiary of the Company) (2) Guangdong Huaxing Bank Zhongshan Branch
Name of the wealth management product:	“Unit customer smart deposits”
Currency for investment and return:	RMB
Principal amount subscribed:	RMB50,000,000
Agreed interest rate:	4.40%
Investment period:	Subscriber may lodge a claim for early withdrawal of the principal after the earliest of 28 December 2020 within 5 years at the above agreed interest rate. The claim for early withdrawal of the principal prior to 28 December 2020 shall be calculated at the current interest rate of Guangdong Huaxing Bank Zhongshan Branch.

(II) Second Customer Smart Deposits Business Agreement

Date:	7 July 2020
Parties:	(1) Subscriber (as a subscriber) (2) Guangdong Huaxing Bank Zhongshan Branch
Name of the wealth management product:	“Unit customer smart deposits”
Currency for investment and return:	RMB
Principal amount subscribed:	RMB80,000,000
Agreed interest rate:	4.25%
Investment period:	Subscriber may lodge a claim for early withdrawal of the principal after the earliest of 7 July 2021 within 5 years at the above agreed interest rate. The claim for early withdrawal of the principal prior to 7 July 2021 shall be calculated at the current interest rate of Guangdong Huaxing Bank Zhongshan Branch.

REASONS FOR THE SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

The Board believes that without affecting its operating liquidity, the Company (through its subsidiary) can utilise part of its idle funds to subscribe for bank wealth management products, which can provide a higher interest rates than current fixed deposit rates offered by banks or other licensed financial institutions. Whereas compared to other non-bank wealth management products, the risks of wealth management products are lower and more stable, the Board believes that such subscription will not adversely affect the working capital of the Group. Therefore, the Directors consider that the subscription of wealth management products is conducted on normal commercial terms in the ordinary course of business of the Group and is in the interests of the Company and its Shareholders.

LISTING RULES IMPLICATIONS

The subscription of wealth management products amounts are aggregated in accordance with Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the subscription of wealth management products, on an aggregate basis, exceed 5% but are below 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the circular and shareholders’ approval requirements, under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	Zhongzhi Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“First Customer Smart Deposits Business Agreement”	the customer smart deposits business agreement entered into between the Subscriber and Guangdong Huaxing Bank Zhongshan Branch on 2 January 2020 in relation to the subscription of the wealth management products in the principal amount of RMB50,000,000
“Group”	the Company and its subsidiaries
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Customer Smart Deposits Business Agreement”	the customer smart deposits business agreement entered into between the Subscriber and Guangdong Huaxing Bank Zhongshan Branch on 7 July 2020 in relation to the subscription of the wealth management products in the principal amount of RMB80,000,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”

Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd.* (中山市中智藥業集團有限公司), a limited liability company incorporated in the PRC and a directly wholly owned subsidiary of the Company

“%”

per cent

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

Hong Kong, 7 July 2020

As at the date of this announcement, the Board comprises nine directors. The executive Directors are Mr. Lai Zhi Tian, Mr. Lai Ying Feng, Mr. Cao Xiao Jun and Mr. Cheng Jin Le. The non-executive Directors are Ms. Jiang Li Xia and Mr. Yang Ai Xing. The independent non-executive Directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.

* For identification purpose only