

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint 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 joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction.

This joint announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the Applicable Laws or regulations of such jurisdiction.

**SINOPHARM COMMON WEALTH
COMPANY LIMITED
國藥集團共裕有限公司**

*(incorporated in the Cayman Islands with
limited liability)*



**国药集团
SINOPHARM**

**CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED
中國中藥控股有限公司**

*(Incorporated in Hong Kong with limited liability)
(Stock Code: 570)*

JOINT ANNOUNCEMENT

**(1) PRE-CONDITIONAL PROPOSAL TO PRIVATISE
CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED
BY THE OFFEROR
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED**

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

**(4) RESUMPTION OF TRADING IN THE SHARES OF
CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED**

Financial Adviser to the Offeror



CITIC Securities (Hong Kong) Limited

THE PROPOSAL

The board of directors of the Offeror and the Board jointly announce that on 9 February 2024, the Offeror requested the Board to put forward to the Scheme Shareholders the Proposal for the proposed privatisation of the Company which, if approved, would result in the withdrawal of listing of the Shares on the Hong Kong Stock Exchange. The Board has reviewed the Proposal and has agreed to put it forward to the Scheme Shareholders.

The Proposal will be implemented by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Upon the Scheme becoming effective:

- (a) the Controlling Shareholder Scheme Shares held by the Controlling Shareholder, representing approximately 32.46% of the issued share capital of the Company, will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration, being the allotment and issue of 1,634,705,642 Offeror Shares to the Controlling Shareholder credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all Controlling Shareholder Scheme Shares;
- (b) all other Scheme Shares (including Shares held by the Offeror Concert Parties other than the Controlling Shareholder), representing approximately 67.54% of the issued share capital of the Company, will be cancelled in consideration for the Cancellation Price of HK\$4.6 per Scheme Share, which will be paid in cash;
- (c) the issued share capital of the Company will be reduced by the cancellation of all the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of New Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created as a result of the cancellation of the Scheme Shares will be applied in paying up in full the New Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly be wholly owned by the Offeror;
- (d) the Controlling Shareholder and each member of the Investor Group shall fund, or procure the funding of their respective cash contribution amount as set out in the Consortium Agreement by way of investment in cash to the Offeror as directed by the Controlling Shareholder to repay the principal of the Debt Financing and/or to satisfy the Offeror's obligations in respect of the cash consideration payable under the Scheme and the associated costs in accordance with the Takeovers Code, and upon which, the Offeror shall allot and issue the respective number of Offeror Shares, credited as fully paid, to each of the Controlling Shareholder and the Investor Group as set out in the Consortium Agreement, provided the Scheme has become effective; and
- (e) the listing of the Shares on the Hong Kong Stock Exchange will be withdrawn with effect as soon as practicable following the Effective Date.

The Cancellation Price of HK\$4.6 in cash for every Scheme Share (other than the Controlling Shareholder Scheme Shares) cancelled under the Scheme represents:

- (a) a premium of approximately 34.11% over the closing price of HK\$3.43 per Share as quoted on the Hong Kong Stock Exchange immediately before the suspension of trading in the Shares pending publication of this joint announcement;
- (b) a premium of approximately 34.11% over the closing price of HK\$3.43 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 50.13% over the average closing price of approximately HK\$3.06 per Share as quoted on the Hong Kong Stock Exchange for the five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 40.24% over the average closing price of approximately HK\$3.28 per Share as quoted on the Hong Kong Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 29.44% over the average closing price of approximately HK\$3.55 per Share as quoted on the Hong Kong Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 28.35% over the average closing price of approximately HK\$3.58 per Share as quoted on the Hong Kong Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 13.58% over the historically highest closing price of HK\$4.05 per Share as quoted on the Hong Kong Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 2.61% to the consolidated net asset value per Share attributable to the Shareholders of approximately HK\$4.48 as at 31 December 2022 (according to the audited consolidated financial statements of the Company for the year ended 31 December 2022); and
- (i) a premium of approximately 4.12% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$4.42 as at 30 June 2023 (according to the unaudited interim consolidated financial statements of the Company for the six months ended 30 June 2023).

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$4.05 on 13 December 2023, and the lowest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$2.87 on 22 January 2024.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic traded prices of the Shares, publicly available financial information of the Company, the trading multiples of comparable trading companies and with reference to other privatisation or take private transactions in Hong Kong in recent years.

As at the date of this joint announcement, the Company has not declared any dividend which remains unpaid. The Company may declare dividend based on its current dividend policy taking into account various factors as disclosed in the Company's 2022 annual report published on 27 April 2023 as and when it deems appropriate. If after the date of this joint announcement, any dividend or other distribution is made, declared or paid in respect of the Scheme Shares and the record date to be announced by the Board for determining the entitlement of such dividend or distribution falls on a day which is on or before the trading day immediately preceding the Effective Date, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution and, unless otherwise specified or the context otherwise requires, any references in this joint announcement, the Scheme Document or any other announcement or document in relation to the Scheme to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

PRE-CONDITION(S) TO THE PROPOSAL

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the Pre-Condition(s) on or prior to the Pre-Condition Long Stop Date. The Pre-Condition(s) are as follows:

- (a) with respect to the applicable outbound direct investment laws and regulations, to the extent necessary, all relevant approvals, registrations, filings, reports (as the case may be), where applicable, have been obtained from, completed with and/or made to (as the case may be):
 - (i) the SASAC, (ii) the National Development and Reform Commission of the PRC, (iii) the Ministry of Commerce of the PRC, and (iv) the State Administration of Foreign Exchange of the PRC, or the respective local authorities or delegates or institutions authorised by each of (i) to (iv); and

(b) with respect to the PRC Anti-Monopoly Law, to the extent necessary, all relevant notifications, filings or applications (as the case may be) have been made and, where applicable, the approvals, consents or clearances from the SAMR have been received.

The Pre-Condition(s) are not waivable. All references to the Scheme in this joint announcement are references to the possible Scheme which will be implemented if and only if, the Pre-Condition(s) are satisfied.

For the avoidance of doubt, the registration/filing with the State Administration of Foreign Exchange of the PRC under paragraph (a)(iv) above is one of the regulatory approvals required for the Scheme and is not a condition required for the Debt Financing.

The Offeror proposes to make the notifications, filings or applications which are necessary with respect to the applicable outbound direct investment laws and regulations and the PRC Anti-Monopoly Law as soon as practicable after the date of this joint announcement.

The Offeror will issue a further announcement as soon as practicable (a) after the Pre-Condition(s) have been satisfied, or (b) if the Pre-Condition(s) have not been satisfied by the Pre-Condition Long Stop Date and the Proposal will lapse.

Subject to permission by the Executive, the Offeror may request for an extension if the Pre-Condition(s) are not fulfilled by the Pre-Condition Long Stop Date. In determining whether to consent to any request for the extension of the Pre-Condition Long Stop Date, the Company will consider whether it is in the best interests of the Company and the Shareholders as a whole.

CONDITIONS OF THE PROPOSAL

The Proposal is conditional upon the fulfilment or waiver, as applicable, of the Conditions as described in the section headed “7. *Conditions of the Proposal*” of this joint announcement. If the Conditions are not fulfilled or, if applicable, not waived on or before the Long Stop Date, the Scheme will lapse. The listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn if the Scheme is withdrawn, not approved or lapses.

CONFIRMATION OF FINANCIAL RESOURCES

Taking into account that the Controlling Shareholder Scheme Shares will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration, the Proposal will involve making an offer to cancel 3,401,096,210 Scheme Shares (assuming no new Shares will be issued by the Company following the date of this joint announcement) at a Cancellation Price of HK\$4.6 per Scheme Share. Therefore, the total amount of cash required for the Proposal is approximately HK\$15,645,042,566. The Offeror intends to finance the cash required for the Proposal by cash contribution to be made by the Controlling Shareholder and the Investor Group in accordance with the Consortium Agreement and/or a loan facility made available to the Offeror

by the Lender under the Facility Agreement. The facility is secured by a share charge over the Shares to be granted by the Offeror in favour of the Lender in the event the loan facility is utilised in accordance with the Facility Agreement.

The Financial Adviser is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the Controlling Shareholder is interested in 1,634,705,642 Shares, representing approximately 32.46% of the issued share capital of the Company. The Offeror Concert Parties other than the Controlling Shareholder, being relevant members of the CITICS Group, are interested in 33,746,000 Shares in aggregate, representing approximately 0.67% of the issued share capital of the Company. The other Scheme Shares are held by the Independent Shareholders, which comprise 3,367,350,210 Shares and represent approximately 66.87% of the issued share capital of the Company as at the date of this joint announcement.

As at the date of this joint announcement, save for 5,035,801,852 Shares in issue, the Company does not have any other outstanding shares, options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

Save as aforesaid, the Offeror and the Offeror Concert Parties do not hold any other Shares or any options, warrants, derivatives or securities convertible into Shares or other relevant securities in respect of securities in the Company.

VOTING AT THE COURT MEETING AND THE EGM

All Scheme Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme but the approval of the Scheme by the Scheme Shareholders will be subject to satisfaction of the Condition referred to in paragraph (a) of the section headed “7. *Conditions of the Proposal*” in this joint announcement. The Controlling Shareholder has agreed to give undertakings to the Company and the High Court to agree not to attend and vote and to agree to and be bound by the Scheme and to receive the Controlling Shareholder Cancellation Consideration in consideration for cancellation of the Controlling Shareholder Scheme Shares under the Scheme. The Offeror will also undertake to the High Court to be bound by the Scheme.

All Shareholders will be entitled to attend the EGM and vote on (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the issue to the Offeror of such number of New Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled (as set out in the Condition referred to in paragraph (b) of the section headed “7. *Conditions of the Proposal*” in this joint announcement).

SCHEME

Independent Board Committee and Independent Financial Adviser

An independent committee of the Board, comprising Mr. Xie Rong, Mr. Yu Tze Shan Hailson, Mr. Qin Ling and Mr. Li Weidong, being all the independent non-executive Directors, has been formed to make a recommendation to the Independent Shareholders as to whether (i) the Proposal and the Scheme are fair and reasonable; and (ii) to vote in favour of the resolutions in connection with the implementation of the Proposal at the EGM and the approval of the Scheme at the Court Meeting.

As the non-executive Directors, namely Ms. Li Ru, Mr. Yang Binghua, Mr. Wang Kan and Mr. Meng Qingxin also hold positions in China Traditional Chinese Medicine Co. Limited* (中國中藥有限公司), which is the holding company of the Controlling Shareholder, all the non-executive Directors are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee.

The Independent Financial Adviser will be appointed by the Board, with the approval of the Independent Board Committee, in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made after the appointment of the Independent Financial Adviser.

Scheme Document

Subject to and after satisfaction of the Pre-Condition(s), a Scheme Document including further details of the Proposal and the Scheme, an explanatory statement of the Scheme, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Applicable Laws. In the event that the Pre-Conditions cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code for despatch of the Scheme Document, the Offeror will apply to the Executive for its consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to the despatch of the Scheme Document within seven days after the Pre-Conditions are satisfied (or such later date to which the Executive, at the request of the Offeror, may consent).

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of New Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Pre-Condition(s) or any of the Conditions has not been fulfilled or waived, as applicable, on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:18 a.m. on Thursday, 8 February 2024 pending the release of this joint announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on 22 February 2024.

WARNING

Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the Pre-Condition(s) and the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to, and does not, constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote, approval or acceptance in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issue or transfer of securities of the Company in any jurisdiction in contravention of the Applicable Laws. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document and the individual circumstances of the Shareholder making the decision.

The availability of the Proposal to persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or resided or of which they are citizens. Persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong should inform themselves about, and observe, any applicable legal, regulatory or tax requirements of the relevant jurisdictions in which they are located or resided or of which they are citizens and, where necessary, seek their own legal advice. Further details in relation to overseas holders of the Scheme Shares will be contained in the Scheme Document.

Notice to U.S. investors

The Proposal and the Scheme relate to the cancellation of the securities of a company incorporated under the laws of Hong Kong by way of a scheme of arrangement provided for under the Companies Ordinance. The Proposal and the Scheme are subject to Hong Kong procedural disclosure requirements and practices which are different from those of the United States.

*The Shares are listed on the Hong Kong Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules of the Exchange Act. Accordingly, the Proposal and the Scheme are subject to the procedural and disclosure requirements and practices applicable in Hong Kong to schemes of arrangement and securities offer, which differ from the disclosure and procedural and practice requirements applicable under United States federal securities laws.*

The receipt of cash pursuant to the Proposal and the Scheme by a U.S. holder of the securities of the Company may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of the securities of the Company is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal and the Scheme applicable to him/her/it.

It may be difficult for a U.S. holder of the securities of the Company to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, as the Offeror and the Company are incorporated in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of the securities of the Company may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, a U.S. holder of the securities of the Company may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court’s judgement.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved the Proposal or the Scheme, or determined if this joint announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

This joint announcement is not intended to, and does not, constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of the Company in the United States.

Forward-Looking Statements: This joint announcement may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “envisages”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Offeror’s, the Company’s or their respective affiliates’ intentions, beliefs or current expectations. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this joint announcement, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this joint announcement are made as at the date hereof and each of the Offeror and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the Takeovers Code.

Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-U.S. accounting standards that may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

1. INTRODUCTION

On 9 February 2024, the Offeror requested the Board to put forward a proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 673 of the Companies Ordinance which, if approved, would result in the withdrawal of listing of the Shares on the Hong Kong Stock Exchange.

The Offeror has appointed CITICS HK to act as its financial advisor in connection with the Proposal.

As at the date of this joint announcement, save for 5,035,801,852 Shares in issue, the Company does not have any other outstanding shares, options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As at the date of this joint announcement, the Controlling Shareholder directly holds 1,634,705,642 Shares, representing approximately 32.46% of the issued share capital of the Company, being the Controlling Shareholder Scheme Shares. For the avoidance of doubt, these Shares form part of the Scheme Shares.

The Offeror Concert Parties other than the Controlling Shareholder, being relevant members of the CITICS Group, are interested in 33,746,000 Shares in aggregate, representing approximately 0.67% of the issued share capital of the Company. For the avoidance of doubt, these Shares also form part of the Scheme Shares.

The remaining 3,367,350,210 Shares, representing approximately 66.87% of the issued share capital of the Company, are held by the Independent Shareholders and will form part of the Scheme Shares.

Please refer to the section headed “5. *Shareholding structure of the Company*” for the simplified shareholding structures of the Company as at the date of this joint announcement and immediately upon the Scheme becoming effective.

2. THE PROPOSAL

Terms of the Proposal

If the Proposal is approved and implemented:

- (a) the Controlling Shareholder Scheme Shares held by the Controlling Shareholder, representing approximately 32.46% of the issued share capital of the Company, will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration, being the allotment and issue of 1,634,705,642 Offeror Shares to the Controlling Shareholder credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all Controlling Shareholder Scheme Shares;
- (b) all other Scheme Shares (including Shares held by the Offeror Concert Parties other than the Controlling Shareholder), representing approximately 67.54% of the issued share capital of the Company, will be cancelled in consideration for the Cancellation Price of HK\$4.6 per Scheme Share, which will be paid in cash;
- (c) the issued share capital of the Company will be reduced by the cancellation of all the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of New Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created as a result of the cancellation of the Scheme Shares will be applied in paying up in full the New Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly be wholly owned by the Offeror;
- (d) the Controlling Shareholder and each member of the Investor Group shall fund, or procure the funding of their respective cash contribution amount as set out in the Consortium Agreement by way of investment in cash to the Offeror as directed by the Controlling

Shareholder to repay the principal of the Debt Financing and/or to satisfy the Offeror's obligations in respect of the cash consideration payable under the Scheme and the associated costs in accordance with the Takeovers Code, and upon which, the Offeror shall allot and issue the respective number of Offeror Shares, credited as fully paid, to each of the Controlling Shareholder and the Investor Group as set out in the Consortium Agreement, provided the Scheme has become effective; and

- (e) the listing of the Shares on the Hong Kong Stock Exchange will be withdrawn with effect as soon as practicable following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the Cancellation Price of HK\$4.6 per Scheme Share for cancellation of the Scheme Shares (other than the Controlling Shareholder Scheme Shares) will be paid to the relevant Scheme Shareholders whose names appear in the register of members of the Company at the Record Time as soon as possible, but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date.

3. COMPARISON OF VALUE

Cancellation Price per Scheme Share

The Cancellation Price of HK\$4.6 in cash for every Scheme Share (other than the Controlling Shareholder Scheme Shares) cancelled under the Scheme represents:

- (a) a premium of approximately 34.11% over the closing price of HK\$3.43 per Share as quoted on the Hong Kong Stock Exchange immediately before the suspension of trading in the Shares pending publication of this joint announcement;
- (b) a premium of approximately 34.11% over the closing price of HK\$3.43 per Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 50.13% over the average closing price of approximately HK\$3.06 per Share as quoted on the Hong Kong Stock Exchange for the five trading days up to and including the Last Trading Day;
- (d) a premium of approximately 40.24% over the average closing price of approximately HK\$3.28 per Share as quoted on the Hong Kong Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 29.44% over the average closing price of approximately HK\$3.55 per Share as quoted on the Hong Kong Stock Exchange for the 60 trading days up to and including the Last Trading Day;

- (f) a premium of approximately 28.35% over the average closing price of approximately HK\$3.58 per Share as quoted on the Hong Kong Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 13.58% over the historically highest closing price of HK\$4.05 per Share as quoted on the Hong Kong Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 2.61% to the consolidated net asset value per Share attributable to the Shareholders of approximately HK\$4.48 as at 31 December 2022 (according to the audited consolidated financial statements of the Company for the year ended 31 December 2022); and
- (i) a premium of approximately 4.12% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$4.42 as at 30 June 2023 (according to the unaudited interim consolidated financial statements of the Company for the six months ended 30 June 2023).

Highest and lowest prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$4.05 on 13 December 2023, and the lowest closing price of the Shares as quoted on the Hong Kong Stock Exchange was HK\$2.87 on 22 January 2024.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic traded prices of the Shares, publicly available financial information of the Company, the trading multiples of comparable trading companies and with reference to other privatisation or take private transactions in Hong Kong in recent years.

Dividend payment by the Company

As at the date of this joint announcement, the Company has not declared any dividend which remains unpaid. The Company may declare dividend based on its current dividend policy taking into account various factors as disclosed in the Company's 2022 annual report published on 27 April 2023 as and when it deems appropriate. If after the date of this joint announcement, any dividend or other distribution is made, declared or paid in respect of the Scheme Shares and the record date to be announced by the Board for determining the entitlement of such dividend or distribution falls on a day which is on or before the trading day immediately preceding the Effective Date, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution and, unless otherwise specified or the context otherwise requires,

any references in this joint announcement, the Scheme Document or any other announcement or document in relation to the Scheme to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

4. TOTAL CONSIDERATION AND CONFIRMATION OF FINANCIAL RESOURCES

Taking into account that the Controlling Shareholder Scheme Shares will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration, the Proposal will involve making an offer to cancel 3,401,096,210 Scheme Shares (assuming no new Shares will be issued by the Company following the date of this joint announcement) at a Cancellation Price of HK\$4.6 per Scheme Share. Therefore, the total amount of cash required for the Proposal is approximately HK\$15,645,042,566. The Offeror intends to finance the cash required for the Proposal by cash contribution to be made by the Controlling Shareholder and the Investor Group in accordance with the Consortium Agreement and/or a loan facility made available to the Offeror by the Lender under the Facility Agreement. The facility is secured by a share charge over the Shares to be granted by the Offeror in favour of the Lender in the event the loan facility is utilised in accordance with the Facility Agreement.

The Financial Adviser is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement:

- (a) the total number of issued shares of the Company is 5,035,801,852 Shares;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) the Controlling Shareholder directly holds 1,634,705,642 Shares, representing approximately 32.46% of the issued share capital of the Company, being the Controlling Shareholder Scheme Shares. For the avoidance of doubt, these Shares form part of the Scheme Shares;
- (d) save as disclosed in this section, none of the other Offeror Concert Parties legally or beneficially owns, controls or has direction over any Shares;

- (e) the Independent Shareholders legally or beneficially own, control or have direction over a total of 3,367,350,210 Shares, representing approximately 66.87% of the issued share capital of the Company, which will form part of the Scheme Shares;
- (f) the Directors do not hold any Shares;
- (g) the Company does not have any other outstanding options, warrants, derivatives convertible securities or other relevant securities;
- (h) save for swap arrangements in respect of 9,172,000 Shares entered into by CITIC Securities International Capital Management Limited (a member of the CITICS Group), neither the Offeror nor any of the Offeror Concert Parties hold any options, warrants or securities convertible into Shares or other relevant securities in respect of securities in the Company or has entered into any outstanding derivatives in respect of securities in the Company;
- (i) none of the Offeror nor any of the Offeror Concert Parties have had any dealings for value in the Shares during the period commencing six months prior to the date of this joint announcement. For the avoidance of doubt, dealings in the Shares by CITIC Securities International Capital Management Limited, China Asset Management Co., Ltd. and China Asset Management (Hong Kong) Limited, each a member of the CITICS Group, during the period commencing six months prior to the date of this joint announcement are not considered as dealings by the Offeror Concert Parties pursuant to Rule 21.6 of the Takeovers Code, and such dealings will be disclosed in the Scheme Document in accordance with Note 5 to Rule 21.6 of the Takeovers Code; and
- (j) neither the Offeror nor any of the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Controlling Shareholder Scheme Shares will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration. All other Scheme Shares (including Shares held by the Offeror Concert Parties other than the Controlling Shareholder) will be cancelled in consideration for the Cancellation Price in cash upon the Scheme becoming effective.

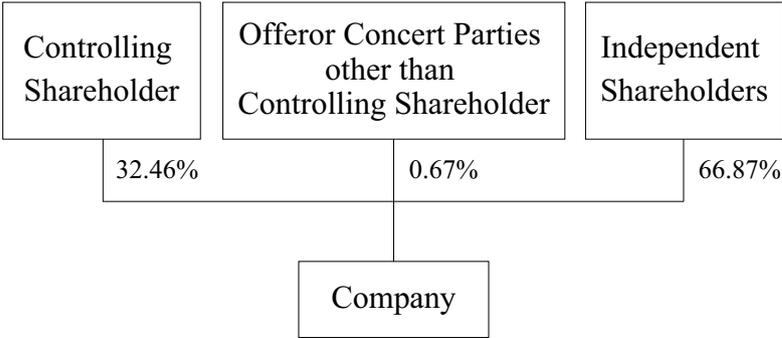
The table below sets out the shareholding structure of the Company as at the date of this joint announcement and immediately upon the Scheme becoming effective, assuming no other new Shares will be issued prior thereto:

Shareholders	As at the date of this joint announcement		Upon the Scheme becoming effective	
	Number of Shares	Approximate % of total Shares ⁽¹⁾	Number of Shares	Approximate % of total Shares ⁽¹⁾
Controlling Shareholder	1,634,705,642	32.46%	–	–
Offeror	–	–	5,035,801,852	100%
CITICS Group ⁽²⁾	33,746,000	0.67%	–	–
Aggregate number of Shares of the Offeror and the Offeror Concert Parties	1,668,451,642	33.13%	5,035,801,852	100%
Independent Shareholders	<u>3,367,350,210</u>	<u>66.87%</u>	<u>–</u>	<u>–</u>
Total Shares	<u>5,035,801,852</u>	<u>100%</u>	<u>5,035,801,852</u>	<u>100%</u>

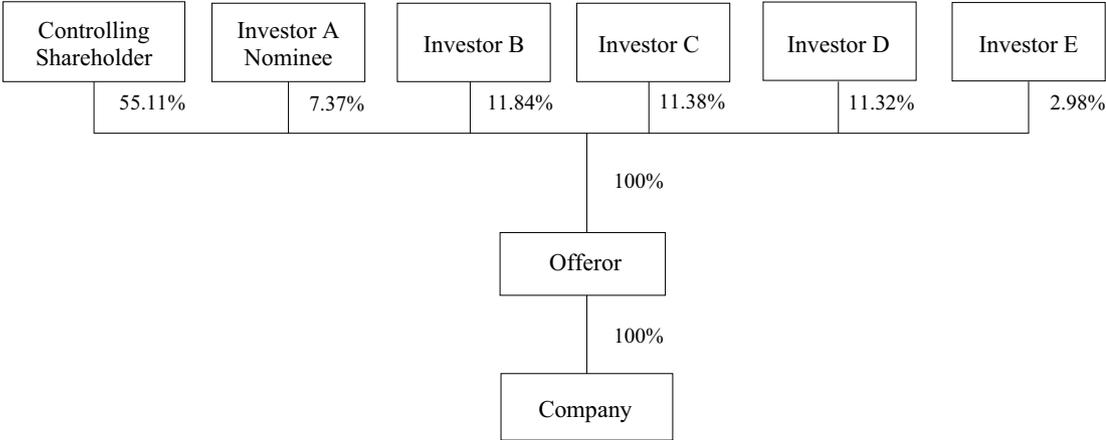
Notes:

- (1) The shareholding percentage in the table is subject to rounding adjustment.
- (2) As at the date of this joint announcement, CITIC Securities International Capital Management Limited, China Asset Management Co., Ltd. and China Asset Management (Hong Kong) Limited, each being a member of the CITICS Group and therefore each an Offeror Concert Party, holds 9,172,000, 20,838,000 and 3,736,000 Shares, respectively. CITICS HK is the financial adviser to the Offeror in connection with the Proposal. Accordingly, CITICS HK and relevant members of the CITICS Group which hold Shares are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” in the Takeovers Code. In addition, Investor E is an indirect wholly-owned subsidiary of CITIC Securities Company Limited, being the holding company of CITICS HK. As CITIC Securities International Capital Management Limited, China Asset Management Co., Ltd. and China Asset Management (Hong Kong) Limited are also connected with Investor E, the exempt statuses of CITIC Securities International Capital Management Limited, China Asset Management Co., Ltd. and China Asset Management (Hong Kong) Limited are not relevant in connection with the Proposal. The 33,746,000 Shares held by members of the CITICS Group excludes Shares held by other parts of the CITICS Group on behalf of non-discretionary investment clients.

The chart below sets out the illustrative shareholding structure of the Company as at the date of this joint announcement:



The chart below sets out the illustrative shareholding structure of the Company upon the Scheme becoming effective, subject to contribution of the respective cash contribution amount by each of the Controlling Shareholder and the Investor Group in accordance with the Consortium Agreement and assuming the number of Shares beneficially owned by the Controlling Shareholder remain unchanged from the date of this joint announcement to the Effective Date:



6. PRE-CONDITION(S) TO THE PROPOSAL

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the Pre-Condition(s) on or prior to the Pre-Condition Long Stop Date. The Pre-Condition(s) are as follows:

- (a) with respect to the applicable outbound direct investment laws and regulations, to the extent necessary, all relevant approvals, registrations, filings, reports (as the case may be), where applicable, have been obtained from, completed with and/or made to (as the case may be): (i) the SASAC, (ii) the National Development and Reform Commission of the PRC, (iii) the Ministry of Commerce of the PRC, and (iv) the State Administration of Foreign Exchange of the PRC, or the respective local authorities or delegates or institutions authorised by each of (i) to (iv); and
- (b) with respect to the PRC Anti-Monopoly Law, to the extent necessary, all relevant notifications, filings or applications (as the case may be) have been made and, where applicable, the approvals, consents or clearances from the SAMR have been received.

The Pre-Condition(s) are not waivable. All references to the Scheme in this joint announcement are references to the possible Scheme which will be implemented if and only if, the Pre-Condition(s) are satisfied.

For the avoidance of doubt, the registration/filing with the State Administration of Foreign Exchange of the PRC under paragraph (a)(iv) above is one of the regulatory approvals required for the Scheme and is not a condition required for the Debt Financing.

The Offeror proposes to make the notifications, filings or applications which are necessary with respect to the applicable outbound direct investment laws and regulations and the PRC Anti-Monopoly Law as soon as practicable after the date of this joint announcement.

The Offeror will issue a further announcement as soon as practicable (a) after the Pre-Condition(s) have been satisfied, or (b) if the Pre-Condition(s) have not been satisfied by the Pre-Condition Long Stop Date and the Proposal will lapse.

Subject to permission by the Executive, the Offeror may request for an extension if the Pre-Condition(s) are not fulfilled by the Pre-Condition Long Stop Date. In determining whether to consent to any request for the extension of the Pre-Condition Long Stop Date, the Company will consider whether it is in the best interests of the Company and the Shareholders as a whole.

7. CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment or waiver, as applicable, of the following Conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of poll) by the Scheme Shareholders representing at least 75% of the voting rights of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
 - (i) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the TC Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attached to all TC Disinterested Shares held by the Independent Shareholders;
- (b) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of New Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) all of the Authorisations which are required or desirable for or in connection with the Proposal (including its implementation) under any Applicable Laws having been obtained, completed and/or made and remaining in full force and effect without modification;

- (f) all Applicable Laws having been complied with and no requirement having been imposed by any of the Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme becomes effective;
- (g) no Relevant Authorities having taken or instituted any action, proceeding, suit, investigation or enquiry (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) and no event having occurred, in each case, which would make the Proposal or the cancellation of the Scheme Shares void, unenforceable or illegal or which would prohibit the implementation of the Proposal or impose any additional material conditions or obligations with respect to the Proposal or any part thereof or on the cancellation of the Scheme Shares or the issue of the New Shares in the Scheme; and
- (h) since the date of this joint announcement:
 - (i) there having been no material adverse change in the business, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal);
 - (ii) there not having been instituted or remaining outstanding any litigation, arbitration, proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
 - (iii) save as in connection with the implementation of the Proposal, the listing of the Company on the Hong Kong Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Hong Kong Stock Exchange to the effect that the listing of the Shares on the Hong Kong Stock Exchange is or is likely to be withdrawn.

As at the date of this joint announcement and based on the information available to the Offeror and the Company, other than those specifically set out as the Pre-Condition(s) and the Conditions referred to in paragraphs (a) to (d) (inclusive) and the application for the withdrawal

of the listing of the Shares on the Hong Kong Stock Exchange upon the Scheme becoming effective, the Company and the Offeror are not aware of any necessary Authorisations required in relation to the Proposal as set out in the Condition referred to in paragraph (e).

Conditions set out in paragraphs (a) to (d) are not waivable. The Offeror reserves the right to waive all or any of the Conditions set out in paragraphs (e) to (h) in whole or in part to the extent that any such waiver would not render the Proposal or the implementation of the Proposal in accordance with its terms illegal. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn. In accordance with Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not be permitted to invoke all or any of the Conditions of the Proposal so as to cause the Scheme to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Proposal.

As at the date of this joint announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition of the Proposal.

If the Conditions are fulfilled or validly waived (as applicable), the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

8. VOTING AT THE COURT MEETING AND THE EGM

All Scheme Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme but the approval of the Scheme by the Scheme Shareholders will be subject to satisfaction of the Condition referred to in paragraph (a) of the section headed “7. *Conditions of the Proposal*” in this joint announcement. The Controlling Shareholder has agreed to give undertakings to the Company and the High Court to agree not to attend and vote and to agree to and be bound by the Scheme and to receive the Controlling Shareholder Cancellation Consideration in consideration for cancellation of the Controlling Shareholder Scheme Shares under the Scheme. The Offeror will also undertake to the High Court to be bound by the Scheme.

All Shareholders will be entitled to attend the EGM and vote on (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the issue to the Offeror of such number of New Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled (as set out in the Condition referred to in paragraph (b) of the section headed “7. *Conditions of the Proposal*” in this joint announcement).

9. ARRANGEMENTS MATERIAL TO THE PROPOSAL

Consortium Agreement

On 21 February 2024, the Controlling Shareholder, the Investor Group and the Offeror entered into the Consortium Agreement in connection with the implementation of the Proposal and the Scheme, pursuant to which the parties have agreed, among other things, that:

- (a) the Controlling Shareholder and the Offeror shall assume the leading role and have all powers, authorities and primary responsibilities in the conduct and implementation of the Proposal and the Scheme in consultation with the Investor Group to the extent appropriate and shall at all times act in good faith and in the best interests of the parties as a whole;
- (b) the Controlling Shareholder and the Offeror shall obtain the written consent from each member of the Investor Group before (i) making any change to the Cancellation Price; (ii) making any change to the Pre-Condition Long Stop Date; (iii) making any change to the Long Stop Date; (iv) making any change to the material terms of the Proposal and/or the Scheme, including but not limited to those which would or may reasonably be expected to impact the amount invested and/or to be invested by any member of the Investor Group into the Offeror (other than in accordance with the Consortium Agreement);
- (c) the Controlling Shareholder and the Offeror shall obtain the written consent from each member of the Investor Group before any amendment of any other terms of the Proposal and/or the Scheme that affects any such member of the Investor Group disproportionately as compared to the other members of the Investor Group, which consent shall not be unreasonably withheld, delayed or conditioned;
- (d) the Controlling Shareholder and the Offeror shall, subject to paragraphs (b) and (c) above and the requirement to avoid invoking all or any Conditions so as to cause the Scheme to lapse in breach of Note 2 to Rule 30.1 of the Takeovers Code, in the case of waiving any Condition, arrange a board meeting of the Offeror for the purposes of conducting discussion among the members of the board of the Offeror, and the decision shall be made by the majority votes of the members of the board of the Offeror;
- (e) each of the parties shall use all reasonable efforts (to the extent within its power) and cooperate with the other parties in good faith to arrange and procure the Debt Financing and do such things as are necessary to ensure that the Offeror will be sufficiently funded to satisfy its obligations in respect of the cash consideration payable under the Scheme and the associated costs in accordance with the Takeovers Code;
- (f) each of the parties agrees that it shall exercise all voting rights it has in relation to the Offeror and the Group Companies (whether as a shareholder, through appointed directors or otherwise) to procure and ensure that: (i) immediately upon the incorporation of the Offeror, the board of directors of the Offeror shall comprise 9 directors where each of the

Controlling Shareholder, Investor A, Investor B, Investor C and Investor D being entitled to nominate, appoint or remove 5, 1, 1, 1 and 1 director(s), respectively; and (ii) upon the Scheme becoming effective, the majority of the board of directors, the chairman of the board of directors and the legal representative (where applicable) of the Offeror and the Group Companies shall be nominated, appointed or removed by the Controlling Shareholder or its representative(s). Each of the parties also acknowledges and agrees that the Controlling Shareholder shall have the right to control and direct the management and operation of the Offeror and the Group Companies;

- (g) subject to the satisfaction or waiver (as applicable) of the Pre-Conditions and the Conditions, the Controlling Shareholder and each member of the Investor Group shall fund, or procure the funding of their respective cash contribution amount as set out in the Consortium Agreement by way of investment in cash to the Offeror as directed by the Controlling Shareholder to repay the principal of the Debt Financing and/or to satisfy the Offeror's obligations in respect of the cash consideration payable under the Scheme and the associated costs in accordance with the Takeovers Code, and upon which, the Offeror shall allot and issue the respective number of Offeror Shares, credited as fully paid, to each of the Controlling Shareholder and the Investor Group as set out in the Consortium Agreement, provided the Scheme has become effective;
- (h) on the Effective Date immediately upon the Scheme becoming effective, all Scheme Shares (including the Controlling Shareholder Scheme Shares held by the Controlling Shareholder and Shares held by the Offeror Concert Parties other than the Controlling Shareholder) will be cancelled with the equivalent number of New Shares being simultaneously issued and credited as fully paid to the Offeror, and as consideration for the cancellation of the Controlling Shareholder Scheme Shares, the Offeror shall allot and issue 1,634,705,642 Offeror Shares credited as fully paid to the Controlling Shareholder in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all Controlling Shareholder Scheme Shares;
- (i) the Controlling Shareholder undertakes that from the date of the Consortium Agreement until the termination date of the Consortium Agreement, it shall:
 - (i) other than in connection with the Scheme and Debt Financing, not sell, transfer, redeem, repay, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Controlling Shareholder Scheme Shares, or any interest therein, except for any such actions required in order for the Existing Encumbrances to be released or discharged (which shall not, for the avoidance of doubt, include any disposal of the Controlling Shareholder Scheme Shares);
 - (ii) other than in connection with the Scheme and Debt Financing, not enter into any agreement in respect of the votes or other rights attached to any of the Controlling Shareholder Scheme Shares (including entering into any swap or other arrangement

that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership to the Controlling Shareholder Scheme Shares or interest therein);

- (iii) to the extent permitted by the Applicable Laws (including without limitation the Takeovers Code), exercise its (or procure the exercise of) voting rights in the Company to vote in favour of the reduction of the share capital of the Company and issue of New Shares as is equal to the number of Scheme Shares cancelled to the Offeror credited as fully paid at the EGM;
- (iv) implement the cancellation of the Controlling Shareholder Scheme Shares under the Scheme in consideration for the Controlling Shareholder Cancellation Consideration;
- (v) if required or desirable to do so, in lieu of a class meeting or meetings to approve the Scheme, provide undertakings to the Company and the High Court to agree not to attend and vote and to agree to be bound by the Scheme and to receive the Controlling Shareholder Cancellation Consideration in consideration for cancellation of the Controlling Shareholder Scheme Shares under the Scheme; and
- (vi) other than in connection with the Scheme, not accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights to approve or otherwise agree to any alternative proposal, or enter into any discussion, negotiation or arrangement or incur any obligation to do all or any of the aforementioned acts or make available any information to any person (other than the Investor Group, the Offeror and its affiliates and representatives) in connection with the foregoing;
- (j) the Controlling Shareholder irrevocably undertakes that from the date of the Consortium Agreement, it shall use best efforts (to the extent within its power) to procure and cause the Group as a whole to operate in compliance with the Applicable Laws in all material respects, and maintain the business operation and/or employment status of the Group as a whole in the ordinary and usual course so as to maintain its going concern; and
- (k) each of the parties undertakes, among others, that during the period commencing on the date of the Consortium Agreement and ending on the earlier of (i) the termination date of the Consortium Agreement and (ii) the Effective Date and other than in connection with the Scheme and Debt Financing, it shall not and shall procure that none of the parties acting in concert with it (save as provided otherwise) shall (x) sell, transfer, redeem, repay, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such action to occur in respect of) all or any of the Offeror Shares, or any interest therein; or (y) purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein, except with the prior written consent of the Controlling Shareholder (with respect to any parties other than the Controlling Shareholder) or the other parties (with respect to the Controlling Shareholder) and, in any event, only to the extent in compliance with the Takeovers Code.

The Consortium Agreement shall terminate upon the earliest of: (i) the date on which the Scheme is withdrawn or lapses in accordance with the Takeovers Code and the terms of the Proposal; (ii) when the Proposal is consummated and the principal of the Debt Financing and the associated interest payment, fees and costs are repaid and settled in accordance with the terms of the Consortium Agreement and the Facility Agreement; and (iii) such other date as otherwise agreed in writing by the Controlling Shareholder and the Investor Group.

Other arrangements

As at the date of this joint announcement:

- (a) save for the Proposal and a pledge of 9,076,822 Shares entered into by CITIC Securities International Capital Management Limited (a member of the CITICS Group) as pledgor as security for certain financing arrangements of CITIC Securities International Capital Management Limited, the Scheme, the Consortium Agreement and the Facility Agreement, there is no agreement or arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror or any Offeror Concert Parties which might be material to the Proposal;
- (b) save for the undertakings given by the Controlling Shareholder under the Consortium Agreement, neither the Offeror nor any Offeror Concert Parties have received any irrevocable commitment to vote for or against the Proposal;
- (c) apart from the continuing connected transactions between the Group and members of the CNPGC Group in relation to (i) the sale of certain pharmaceutical products to the CNPGC Group, (ii) the purchase of certain TCM and chemical materials from the CNPGC Group, (iii) the provision of certain financial services by a member of the CNPGC Group, and (iv) the provision of commercial factoring services by a member of the CNPGC Group as disclosed in the Company's announcements dated 11 November 2022, 18 November 2022 and 27 December 2023, each of which is carried out in the ordinary and usual course of business of the Group and the CNPGC Group on terms that are generally also available to/from other third party suppliers, customers, financial institutions or service providers, there is no understanding, arrangement or agreement or special deal (under Rule 25 of the Takeovers Code) between (i) any Shareholder of the Company; and (ii) either (A) the Offeror or any Offeror Concert Parties; or (B) the Company or the Company's subsidiaries or associated companies; and
- (d) save for the Controlling Shareholder Cancellation Consideration payable to the Controlling Shareholder and the Cancellation Price of HK\$4.6 per Scheme Share payable to the other Scheme Shareholders (including the Offeror Concert Parties other than the Controlling Shareholder) under the Scheme, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the cancellation of the Scheme Shares.

10. REASONS FOR AND BENEFITS OF THE PROPOSAL

For Scheme Shareholders other than the Controlling Shareholder: an opportunity to realise their investment at a compelling premium

- The Proposal is intended to provide Scheme Shareholders (other than the Controlling Shareholder) with an opportunity to realise their investment in the Company for cash at a compelling premium over the prevailing share price. The Cancellation Price of HK\$4.6 per Scheme Share represents a premium of approximately 34.11% and 40.24% over the closing price of HK\$3.43 on the Last Trading Day and the average closing prices of HK\$3.28 for the 30 consecutive trading days up to and including the Last Trading Day, respectively.
- The trading liquidity of the Shares has been at a low level over a period of time. The average daily trading volume of the Shares for the 90 consecutive trading days up to and including the Last Trading Day was approximately 26.62 million Shares per day, representing only approximately 0.53% of the Shares as at the date of this joint announcement, which are also caused in part by the lack of analyst coverage in respect of the Company. The low trading liquidity of the Shares could make it difficult for Scheme Shareholders (other than the Controlling Shareholder) to execute on-market disposals without adversely affecting the share price. The Proposal provides an attractive opportunity for the Scheme Shareholders (other than the Controlling Shareholder) to monetize their Shares at a compelling premium to the current market price of the Company, without having to suffer from any illiquidity discount.

For the Company:

- **The current function of the Company as a listed platform for financing is restricted:** Since the Shares have been trading at a relatively low price range with limited trading volume, the ability of the Company to raise funds from the capital markets has been restricted, making it difficult to make use of equity financing to provide sources of available funds to finance its business development, and to support the Company's development strategies.
- **The Proposal will be favourable to streamlining the Company's governance, corporate and shareholding structures and enhancing management efficiency:** The Proposal, if successfully implemented, will be favourable to streamlining the Company's governance, corporate and shareholding structures, optimising organisation layout and avoiding additional governance costs and management fees resulting from compliance and maintaining the Company's listing status.

For the Offeror, the Controlling Shareholder and the Investor Group: an opportunity to form a strategic partnership

- The Group will become wholly owned by the Offeror upon the successful implementation of the Proposal. Leveraging on the considerable experience of the Controlling Shareholder in the TCM industry and the extensive network and resources of the Investor Group with their state-owned background, the Controlling Shareholder and the Investor Group will form a strategic partnership to further develop the existing business of the Group focusing on its long-term growth.

11. INFORMATION OF THE PARTIES

Information of the Offeror

The Offeror is an exempted company incorporated under the laws of the Cayman Islands. As at the date of this joint announcement, the Offeror has 10,000 ordinary shares in issue, among which, each of the Controlling Shareholder, Investor A Nominee, Investor B, Investor C, Investor D and Investor E holds 5,511, 737, 1,184, 1,138, 1,132 and 298 Offeror Shares on a fully paid basis, respectively, representing approximately 55.11%, 7.37%, 11.84%, 11.38%, 11.32% and 2.98% of the issued share capital of the Offeror, respectively. The Offeror is set up for the implementation of the Proposal.

Information of the Controlling Shareholder

The Controlling Shareholder is a limited liability company incorporated in Hong Kong and is wholly owned by China Traditional Chinese Medicine Co. Limited* (中國中藥有限公司), which is in turn wholly owned by CNPGC. CNPGC is ultimately wholly owned by the SASAC. The Controlling Shareholder is an investment holding company, holding investments in subsidiaries including the Company and a company incorporated in Malaysia engaging in cultivation and sale of TCM. As at the date of this joint announcement, the paid-up share capital of the Controlling Shareholder amounts to HK\$2,654,998,482.

Information of the Investor Group

Investor A is a limited partnership formed under the laws of the PRC and the general partner and manager of Investor A is CS Capital Co., Ltd.* (國投招商投資管理有限公司). The largest shareholders of CS Capital Co., Ltd.* (國投招商投資管理有限公司) are China SDIC Gaoxin Industrial Investment Corp., Ltd.* (中國國投高新產業投資有限公司) and China Merchants Capital Management Co., Ltd.* (招商局資本管理有限責任公司), each holding 20% of its equity interests. Investor A is principally engaged in equity investment, investment management and consulting. Investor A Nominee is an exempted company incorporated under the laws of the Cayman Islands with limited liability and is wholly owned by Investor A.

Investor B is a state-owned enterprise incorporated under the laws of the PRC and is ultimately controlled by the SASAC. It is a national level fund approved by the State Council of the PRC. The total scale of the fund is expected to be RMB200 billion, with RMB70.7 billion raised in the first round of fund-raising. It is principally engaged in equity investment, asset management, investment consulting and enterprise management consulting.

Investor C is a company incorporated in the PRC with limited liability. It is wholly owned by China Reform Holdings Corporation Ltd.* (中國國新控股有限責任公司), which is in turn wholly owned by the SASAC. It is principally engaged in project investment and investment management.

Investor D is a state-owned enterprise incorporated under the laws of the PRC and is wholly owned by the State-owned Assets Supervision and Administration Commission of Fuling District, Chongqing* (重慶市涪陵區國有資產監督管理委員會). It is principally engaged in industrial investment and management and operation of state-owned assets.

Investor E is an exempted company incorporated under the laws of the Cayman Islands, which is ultimately owned by CITIC Securities Company Limited, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6030). Investor E is principally engaged in the business of investment holding.

Information of the Company and the Group

The Company is a limited liability company incorporated in Hong Kong, the shares of which have been listed on the Hong Kong Stock Exchange since 7 April 1993 with the stock code 570. The Group is principally engaged in the manufacture and sale of TCM and pharmaceutical products in the PRC with a focus on concentrated TCM granules, TCM finished drugs and TCM decoction pieces.

The audited consolidated financial information of the Company for each of the two years ended 31 December 2021 and 2022 and the unaudited consolidated financial information of the Company for the six months ended 30 June 2023 prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants is as follows:

	For the six months ended 30 June 2023 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2021 (RMB'000)
Profit before tax	706,812	840,109	2,520,280
Profit after tax	616,960	720,752	2,123,424

12. INTENTION OF THE OFFEROR WITH REGARD TO THE COMPANY

Upon successful implementation of the Proposal, the Offeror plans to conduct a review on the business operation of the Company and may identify and explore business opportunities to develop the existing business of the Group, subject to the Group's ability to access necessary funding and prevailing market conditions.

13. POSITIVE PROFIT ALERT ANNOUNCEMENT

Reference is made to the Positive Profit Alert Announcement. Shareholders and potential investors of the Company should be aware that the Positive Profit Alert Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code, and accordingly, must be reported on by the Company's financial advisers and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code.

However, as the annual results announcement of the Company for the year ended 31 December 2023 will have been published by the time of release of the Scheme Document, the requirements to report on the Positive Profit Alert Announcement under Rule 10.4 of the Takeovers Code will no longer apply.

Shareholders and potential investors of the Company should also note that the Positive Profit Alert Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Positive Profit Alert Announcement in assessing the merits and demerits of the Proposal and/or when dealing in the securities of the Company.

14. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The Scheme Shareholders will be notified by way of announcement(s) of the dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document. The Scheme Document will also contain, among other things, further details of the Proposal and the Scheme.

15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Pre-Condition(s) or any of the Conditions has not been fulfilled or waived, as applicable, on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Hong Kong Stock Exchange will not be withdrawn.

In accordance with Rule 31.1 of the Takeovers Code, except with the consent of the Executive, neither the Offeror nor the Offeror Concert Parties (nor any person who is subsequently acting in concert with any of them) may, within 12 months from which the Proposal is withdrawn or lapses, either announce an offer or possible offer for the Company or acquire any voting rights of the Company if the Offeror or the Offeror Concert Parties would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

If the Independent Board Committee or the Independent Financial Adviser to the Independent Board Committee does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

16. OVERSEAS SHAREHOLDERS

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the Applicable Laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to accept the offer under the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with.

In the event that the despatch or receipt of the Scheme Document to/by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company, the Offeror or their respective shareholders), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly

burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

If any such waiver is granted by the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders who are not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Scheme Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Scheme Shareholders to receive or see that notice.

17. TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Company, the Offeror and the Offeror Concert Parties or the Financial Adviser or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

18. SCHEME

Independent Board Committee and Independent Financial Adviser

An independent committee of the Board, comprising Mr. Xie Rong, Mr. Yu Tze Shan Hailson, Mr. Qin Ling and Mr. Li Weidong, being all the independent non-executive Directors, has been formed to make a recommendation to the Independent Shareholders as to whether (i) the Proposal and the Scheme are fair and reasonable; and (ii) to vote in favour of the resolutions in connection with the implementation of the Proposal at the EGM and the approval of the Scheme at the Court Meeting.

As the non-executive Directors, namely Ms. Li Ru, Mr. Yang Binghua, Mr. Wang Kan and Mr. Meng Qingxin also hold positions in China Traditional Chinese Medicine Co. Limited* (中國中藥有限公司), which is the holding company of the Controlling Shareholder, all the non-executive Directors are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee.

The Independent Financial Adviser will be appointed by the Board, with the approval of the Independent Board Committee, in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made after the appointment of the Independent Financial Adviser.

Scheme Document

Subject to and after satisfaction of the Pre-Condition(s), a Scheme Document including further details of the Proposal and the Scheme, an explanatory statement of the Scheme, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Applicable Laws. In the event that the Pre-Conditions cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code for despatch of the Scheme Document, the Offeror will apply to the Executive for its consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to the despatch of the Scheme Document within seven days after the Pre-Conditions are satisfied (or such later date to which the Executive, at the request of the Offeror, may consent).

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

19. RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange was suspended from 9:18 a.m. on Thursday, 8 February 2024 pending the release of this joint announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the Shares with effect from 9:00 a.m. on 22 February 2024.

20. DISCLOSURE OF DEALINGS

None of the Offeror nor any of the Offeror Concert Parties has had any dealings for value in the Shares during the period commencing six months prior to the date of this joint announcement. For the avoidance of doubt, dealings in the Shares by CITIC Securities International Capital Management Limited, China Asset Management Co., Ltd. and China Asset Management (Hong Kong) Limited, each a member of the CITICS Group, during the period commencing six months prior to the date of this joint announcement are not considered as dealings by the Offeror Concert Parties pursuant to Rule 21.6 of the Takeovers Code, and such dealings will be disclosed in the Scheme Document in accordance with Note 5 to Rule 21.6 of the Takeovers Code.

Associates (as defined in the Takeovers Code) of the Company and the Offeror (other than associates of the Offeror by virtue only of class (6) of the definition of “associate” under the Takeovers Code) are reminded to disclose their dealings in any securities in the Company under Rule 22 of the Takeovers Code during the offer period.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquiries. Therefore, those who deal in the securities of the Company should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Pre-Conditions and the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

In this joint announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code, and “parties acting in concert” and “concert parties” shall be construed accordingly
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Relevant Authorities that is applicable to such person
“associate(s)”	has the meaning given to it in the Takeovers Code

“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities (including the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange)
“Board”	the board of the directors of the Company
“Cancellation Price”	the consideration of HK\$4.6 in cash for every Scheme Share (other than the Controlling Shareholder Scheme Shares) cancelled
“CITICS Group”	CITICS HK and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as CITICS HK
“CITICS HK” or “Financial Adviser”	CITIC Securities (Hong Kong) Limited, the financial adviser to the Offeror in connection with the Proposal. CITICS HK is a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6030)
“CNPGC”	China National Pharmaceutical Group Co., Ltd.* (中國醫藥集團有限公司), a state-owned enterprise established in the PRC and is the parent company of the Controlling Shareholder
“CNPGC Group”	CNPGC and its subsidiaries from time to time, excluding the Group
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Company”	China Traditional Chinese Medicine Holdings Co. Limited (中國中藥控股有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Hong Kong Stock Exchange as at the date of this joint announcement (stock code: 570)
“Condition(s)”	the condition(s) of the Proposal as detailed in the section headed “7. <i>Conditions of the Proposal</i> ” of this joint announcement
“Consortium Agreement”	the consortium agreement entered into by the Controlling Shareholder, the Investor Group and the Offeror on 21 February 2024

“Controlling Shareholder”	Sinopharm Group Hongkong Co., Limited (國藥集團香港有限公司), a limited liability company incorporated in Hong Kong and is ultimately wholly owned by the SASAC, holding approximately 32.46% of the issued share capital of the Company as at the date of this joint announcement
“Controlling Shareholder Cancellation Consideration”	the consideration to be received by the Controlling Shareholder for the cancellation of the Controlling Shareholder Scheme Shares under the Scheme, being the allotment and issue of 1,634,705,642 Offeror Shares credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all Controlling Shareholder Scheme Shares pursuant to the terms of the Consortium Agreement
“Controlling Shareholder Scheme Shares”	1,634,705,642 Scheme Shares held by the Controlling Shareholder (representing approximately 32.46% of the issued share capital of the Company) which will be cancelled in consideration for the Controlling Shareholder Cancellation Consideration pursuant to the Consortium Agreement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court for the purpose of approving the Scheme
“CO Disinterested Shares”	has the meaning given to “disinterested shares” in section 674(3) of the Companies Ordinance, which provides that in the case of a takeover offer, “disinterested shares” excludes shares held (i) by the Offeror, or by a nominee on behalf of the Offeror; (ii) by an associate (as defined in section 667(1)(b) of the Companies Ordinance) of the Offeror (except a person who falls within section 667(1)(b)(iii) of the Companies Ordinance or a person specified in section 674(4) of the Companies Ordinance); or (iii) by a person who is a party to an acquisition agreement within the meaning of section 667(5) of the Companies Ordinance with the Offeror (except a person specified in section 674(4) of the Companies Ordinance), or by a nominee on behalf of the person under the acquisition agreement
“Debt Financing”	the loan facility of HK\$19,000,000,000 under the Facility Agreement
“Director(s)”	director(s) of the Company

“Effective Date”	the date on which the Scheme becomes effective and which date will, in any event, be no later than the Long Stop Date
“EGM”	an extraordinary general meeting of the Company to be held immediately following the Court Meeting for the purpose of, among others, approving the reduction of the share capital of the Company and implementing the Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Encumbrances”	the existing encumbrances created by the Controlling Shareholder and/or its affiliates in respect of the Controlling Shareholder’s existing debt financings, comprising certain negative pledges or similar restrictions undertaken by the Controlling Shareholder and/or its affiliates in respect of the Controlling Shareholder Scheme Shares under such existing debt financings. Notification to, or consent from, the existing lenders to release or disapply such negative pledges or restrictions may be required during implementation of the Proposal. For the avoidance of doubt, the Controlling Shareholder Scheme Shares are not currently pledged, charged or subject to security interest in favour of any person
“Facility Agreement”	the facility agreement dated 21 February 2024 entered into between the Offeror and the Lender, pursuant to which a loan facility of HK\$19,000,000,000 is made available by the Lender to the Offeror to finance the Proposal
“Group”	the Company and its subsidiaries from time to time, and “Group Companies” means the Company or any of its subsidiaries
“High Court”	High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent committee of the Board formed to advise the Independent Shareholders in connection with the Proposal and comprising Mr. Xie Rong, Mr. Yu Tze Shan Hailson, Mr. Qin Ling and Mr. Li Weidong, being all independent non-executive Directors

“Independent Financial Adviser”	the independent financial adviser which will be appointed to advise the Independent Board Committee in connection with the Proposal and Scheme pursuant to Rule 2.1 of the Takeovers Code
“Independent Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties. For the avoidance of doubt, Independent Shareholders exclude the Controlling Shareholder and relevant members of the CITICS Group, being Offeror Concert Parties
“Investor A”	Future Industry Investment Fund II* (先進製造產業投資基金二期 (有限合夥))
“Investor A Nominee”	FIIF Mobility (Cayman) Co., Limited, a wholly-owned subsidiary of Investor A
“Investor B”	China State-Owned Enterprise Mixed Ownership Reform Fund Co. Ltd.* (中國國有企業混合所有制改革基金有限公司)
“Investor C”	China Reform Development Investment Co., Ltd.* (國新發展投資管理有限公司)
“Investor D”	Chongqing Fuling Industrial Development Group Co., Ltd* (重慶市涪陵實業發展集團有限公司)
“Investor E”	Red Investment Limited
“Investor Group”	Investor A (and/or Investor A Nominee, as the case may be), Investor B, Investor C, Investor D and Investor E
“Last Trading Day”	7 February 2024, being the last full trading day in the Shares immediately before the suspension of trading in the Shares pending publication of this joint announcement
“Lender”	Industrial Bank Co., Ltd. (a joint stock company incorporated in the People’s Republic of China with limited liability), Hong Kong Branch
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as revised from time to time)
“Long Stop Date”	15 February 2025, or such later date as the Offeror and the Company may agree or (to the extent applicable) as the High Court may direct and as may be permitted by the Executive under the Takeovers Code

“Meeting Record Date”	the date set for determining entitlement to attend and to vote at the Court Meeting
“New Shares”	new Shares to be allotted and issued to the Offeror pursuant to the Scheme, and being the same in number as the Scheme Shares
“Offeror”	Sinopharm Common Wealth Company Limited (國藥集團共裕有限公司), an exempted company incorporated under the laws of the Cayman Islands, which is owned by the Controlling Shareholder and the Investor Group as to 55.11% and 44.89%, respectively, as at the date of this joint announcement
“Offeror Concert Parties”	the Controlling Shareholder, the Investor Group and parties acting in concert or presumed to be acting in concert with the Offeror, the Controlling Shareholder and/or any member of the Investor Group under the Takeovers Code
“Offeror Shares”	the ordinary shares in the capital of the Offeror
“Positive Profit Alert Announcement”	the announcement of the Company dated 28 January 2024 pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO
“PRC”	People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Anti-Monopoly Law”	the Anti-Monopoly Law of the PRC (of 24 June 2022, as amended), and the rules and regulations promulgated thereunder, and all other applicable statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws in the PRC that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade or lessening of competition through merger or acquisition
“Pre-Condition(s)”	the pre-condition(s) to making of the Proposal and implementation of the Scheme, as set out in the section headed “6. <i>Pre-Condition(s) to the Proposal</i> ” in this joint announcement
“Pre-Condition Long Stop Date”	the date which is 240 days after the date of this joint announcement, being 18 October 2024, or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive under the Takeovers Code

“Proposal”	the pre-conditional proposal for the privatisation of the Company by the Offeror by way of the Scheme
“Record Time”	the record time for determining entitlements of the Scheme Shareholders under the Scheme
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, courts or institutions, whether supranational, national, regional or local, including but not limited to the SFC, the Hong Kong Stock Exchange, the Hong Kong Monetary Authority and the China Securities Regulatory Commission
“SAMR”	the State Administration for Market Regulation of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Scheme”	the scheme of arrangement under Section 673 of the Companies Ordinance for the implementation of the Proposal
“Scheme Document”	the composite scheme document (which shall contain, among other things, further details of the Proposal and the Scheme), the accompanying proxy forms and notices of the Court Meeting and the EGM, to be despatched by the Offeror and the Company to all Scheme Shareholders
“Scheme Shareholders”	registered holders of the Scheme Shares
“Scheme Shares”	Shares in issue at the Record Time
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	registered holders of the Shares
“Shares”	ordinary shares in the capital of the Company
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the SFC (as revised from time to time)

“TC Disinterested Shares”	Shares in issue other than those beneficially owned by the Offeror or the Offeror Concert Parties
“TCM”	traditional Chinese medicine
“U.S.” or “United States”	United States of America

** For identification purpose only*

By the order of the board of directors
Sinopharm Common Wealth Company
Limited
CHEN Yinglong
Director

By the order of the Board
China Traditional Chinese Medicine Holdings
Co. Limited
CHEN Yinglong
Chairman

Hong Kong, 21 February 2024

As at the date of this joint announcement, the board of directors of the Offeror comprises Mr. XIAO Zhi, Mr. ZHANG Xiaowei, Mr. CHEN Yinglong, Mr. LAI Bo, Mr. YANG Binghua, Mr. MENG Qingxin, Ms. LI Ru, Mr. WANG Kan and Ms. MA Yuanru.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group and the Controlling Shareholder), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Directors and the director of the Controlling Shareholder in their respective capacity as such) have been arrived at after due and careful consideration and there are no facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the Directors of the Company are Mr. CHEN Yinglong, Mr. CHENG Xueren and Mr. YANG Wenming (each of which an executive Director); Ms. LI Ru, Mr. YANG Binghua, Mr. WANG Kan and Mr. MENG Qingxin (each of which a non-executive Director); and Mr. XIE Rong, Mr. YU Tze Shan Hailson, Mr. QIN Ling and Mr. LI Weidong (each of which an independent non-executive Director).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the Group, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Directors in their capacity as such have been arrived at after due and careful consideration and there are no facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the director of the Controlling Shareholder is Mr. CHEN Yinglong.

The director of the Controlling Shareholder accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than the opinions expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.