TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED
(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)
(Company Registration No.91120000103100784F)
(Incorporated in the People's Republic of China)

THE PROPOSED DISPOSAL OF 13% EQUITY INTEREST IN THE REGISTERED CAPITAL OF TIANJIN TSKF PHARMACEUTICAL CO., LTD. (中美天津史克制药有限公司) TO HALEON CHINA CO., LTD., AND THE ENTRY INTO AN EQUITY TRANSFER AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION

The board of directors (the "Board") and every individual director of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the "Company" and together with its subsidiaries, the "Group") hereby confirm that they will individually and collectively accept full responsibility for the accuracy of the information given in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

The Board refers to:

(1) the announcement dated 1 August 2024 made by the Company in relation to the extension of the operating period of an associated company (the "**1 August 2024 Announcement**");

(2) the announcement dated 27 September 2024 made by the Company in relation to the resolutions passed at the 6th Board meeting for the financial year ending 31 December 2024 ("**FY2024**") (the "**FY2024 6th Board Meeting**"); and

(3) the announcement dated 27 September 2024 made by the Company in relation to the proposed entry into the amended and restated equity joint venture contract with respect to Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) (the "**Restated JVA**") between Haleon UK Services Limited, Haleon China Co., Ltd. and the Company (the "**JV Partners**"), and the proposed execution of the amended and restated articles of association of Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) (the "**Amended AOA**") (the "**Restated JVA and Amended AOA Announcement**"),

(collectively, the "**Announcements**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Announcements.

1. OVERVIEW

Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) (the "**Target Company**"), an associated company of the Company as at the date of this announcement, is a Sino-foreign joint venture limited liability company incorporated in the People's Republic of China (the "**PRC**") on 23 September 1984. As at the date of this announcement, its shareholders are Haleon UK Services Limited ("**Haleon UK**"), Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("**TPH**") and the Company, holding 55%, 20% and 25% equity interests in the registered capital of the Target Company, respectively. Further to the 1 August 2024 Announcement, Haleon China Co., Ltd. (赫力昂 (中国) 有限公司) ("**Haleon China**"), a wholly-owned subsidiary of

Haleon UK, intends to acquire 13% equity interest in the registered capital of the Target Company held by the Company as at the date of this announcement (the "**DRT Equity Interest**") from the Company for a consideration that represents a premium of approximately 35% over the appraised value of the DRT Equity Interest performed by the Independent Valuer (as defined below). Consequently, the Company proposes to transfer the DRT Equity Interest to Haleon China for a consideration of RMB1,758,755,555.56 (the "**DRT Transfer Price**") (the "**Proposed DRT Disposal**"). The Proposed DRT Disposal is expected to enhance the Company's cash inflow and aligns with the Company's strategic focus on its core business operations.

On 26 September 2024, the Company duly convened its FY2024 6th Board Meeting, where the Board considered and approved, amongst others, the Proposed DRT Disposal, and the proposed entry into an equity transfer agreement in relation thereto (the "**Equity Transfer Agreement**") as an interested person transaction.

Further to the above, the Company has, on 27 September 2024, entered into the Equity Transfer Agreement with TPH and Haleon China. Under the Equity Transfer Agreement, TPH (together with the Company as the transferors) proposes to transfer 20% equity interest in the registered capital of the Target Company (the "**TPH Equity Interest**") to Haleon China for a consideration of RMB2,705,777,777.78 (the "**TPH Transfer Price**") (the "**Proposed TPH Disposal**", and together with the Proposed DRT Disposal, the "**Proposed Disposals**").

Upon completion of the Proposed Disposals, the Company will still retain 12% equity interest in the Target Company, while TPH will cease to hold any equity interest in the Target Company.

As at the date of this announcement, TPH is the controlling shareholder of the Company, holding 42.99% of the issued share capital of the Company. Accordingly, TPH is considered an "interested person"[1] of the Company for the purposes of Chapter 9 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Therefore, the entry into the Equity Transfer Agreement between the Company and TPH (both as the transferors) and Haleon China (as the transferee) constitutes an interested person transaction under Chapter 9 of the Listing Manual. In addition, as stated in the Restated JVA and Amended AOA Announcement, the Restated JVA does not grant the Company, as a Chinese shareholder of the Target Company following the completion of the Proposed Disposals, the right to acquire the equity interest in the Target Company held by the foreign shareholders in the event that the shareholders of the Target Company fail to agree on the extension of the joint venture term of the Target Company, a right that was provided in the Existing JVA (as defined in the Restated JVA and Amended AOA Announcement). This removal constitutes a waiver of rights under the listing rules of the Shanghai Stock Exchange (the "**SSE Listing Rules**") and shall be submitted for shareholders' approval at a general meeting of the Company. Please refer to the Restated JVA and Amended AOA Announcement for further information.

As at the date of this announcement, the Board comprises nine (9) directors (the "**Directors**"), of which, Mr. Guo Min is a director of TPH, Ms. Zhang Mingrui is a director and the legal representative of TPH, and Ms. Wao Weiwen is a key management personnel in TPH (collectively, the "**Interested Directors**"). Since TPH is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual, the Interested Directors have abstained from voting at the FY2024 6th Board Meeting on the resolution in respect of the Proposed DRT Disposal, and the proposed entry into the Equity Transfer Agreement as an interested person

[1] As defined under the Listing Manual, in the case of a company, "**interested person**" means:

(a) director, chief executive officer, or controlling shareholder of the issuer; or
(b) an associate of any such director, chief executive officer, or controlling shareholder.

transaction. The remaining six (6) Directors, including all three (3) independent Directors of the Company for the time being (the "**Independent Directors**"), have unanimously approved the said resolution.

The Proposed DRT Disposal and the entry into the Equity Transfer Agreement do not constitute a material asset restructuring under the *Administrative Measures for Material Asset Restructurings of Listed Companies (《上市公司重大资产重组管理办法》)*, nor a major transaction under Chapter 10 of the Listing Manual. However, as further elaborated in paragraph 10.2 of this announcement below, the entry into the Equity Transfer Agreement constitutes an interested person transaction under Chapter 9 of the Listing Manual, which is subject to the approval from the independent shareholders[2] of the Company at a general meeting.

2. INFORMATION ON TPH, HALEON CHINA AND THE TARGET COMPANY

The information on Haleon China and the Target Company in this announcement was provided by Haleon China and/or the Target Company. In respect of such information, the Company and the Board have not independently verified the accuracy and correctness of the same and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.

2.1 Information on TPH

Name of company	:	Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司)
Registered address	:	29 Youyi North Road, Hexi District, Tianjin (天津市河西区友谊北路29号)
Uniform social credit No.	:	91120000103069684N
Type of company	:	Limited liability company (有限责任公司)
Legal representative	:	ZHANG Mingrui (张铭芮)
Date of incorporation	:	27 June 1996

[2] In this announcement, "**independent shareholders**" means shareholders who are not TPH and its associates.

As defined under the Listing Manual, "**associate**" means:

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

  (i) his immediate family;
  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;

(b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more.

Registered capital	:	RMB5,492,950,000
Business scope	:	General items: wholesale of cosmetics; retail of cosmetics; sales of daily necessities; sales of instruments and meters; retail of hardware products; wholesale of hardware products; sales of glass instruments; sales of paper products; sales of rubber products; sales of special equipment for environmental protection; sales of hygiene products and disposable medical products; sales of daily chemical products; sales of household appliances; sales of communication equipment; repair of instruments and meters; conference and exhibition services; general goods warehousing services (excluding hazardous chemicals and other items subject to separate approvals); brand management; release of advertisements; production of advertisements; medical research and experimental development; technical services, technology services, development, consulting, exchange, transfer and promotion; information technology consulting services; technical research and development ("R&D") of biological and chemical products; R&D of fermentation process optimisation technology; R&D and application of cell technology; information consulting services (excluding licenced information consulting services); technology intermediary services; maintenance and repair of computer and office equipment; labour services (excluding labour dispatch); photographic and printing services; dyeing services; import and export of technology; import and export of goods; sales of chemical products (excluding licenced chemical products); sales of packaging materials and products; sales of Class I medical devices; sales of Class II medical devices; sales of food (pre-packaged food only); sales of (pre-packaged) healthcare food; leasing of non-residential real estate (except for the items that subject to approval in accordance with applicable laws, business activities shall be carried out based on its business licence in accordance with applicable laws) Operations carried out by branches only: Licenced items: development and operation of real estate; wholesale of pharmaceuticals; retail of pharmaceuticals; operation of veterinary drugs; operation of Class III medical devices; sales of disinfection equipment; publication of periodical (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities, and the specific business activities shall be based on the approval documents or permits issued by the relevant authorities)

2.2 Information on Haleon China

Name of company	:	Haleon China Co., Ltd. (赫力昂 (中国) 有限公司)

Registered address	:	Room 506, No.1 Shengang Avenue, Lingang New Area, China (Shanghai) Pilot Free-Trade Zone (中国 (上海) 自由贸易试验区临港新片区申港大道1号506室)
Uniform social credit No.	:	91310000336427729B
Type of company	:	Limited liability company (wholly owned by foreign legal person) (有限责任公司 (外国法人独资))
Legal representative	:	GU Haiying (顾海英)
Date of incorporation	:	11 August 2015
Registered capital	:	RMB270,000,000
Business scope	:	General items: sales of Class I medical devices; sales of Class II medical devices; sales of daily necessities; sales of disinfectants (excluding hazardous chemicals); wholesale of cosmetics; sales of chemical products (excluding licenced chemical products); import and export of goods; import and export of technology; procurement agency services; R&D of new material technologies; enterprise management consulting; information consulting services (excluding licenced information consulting services); market planning and marketing; online sales (excluding sales of goods requiring a licence); sales of food (pre-packaged food only); corporate headquarters management; supply chain management services; health consulting services (excluding medical treatment services); advertising publishing; technical services, technical development, technical consulting, technical exchanges, technology transfer, and technical promotion; wholesale of sports goods and equipment; retail of sports goods and equipment; sales of (pre-packaged) healthcare food (except for the items that subject to approval in accordance with applicable laws, business activities shall be carried out based on its business licence in accordance with applicable laws) Licenced items: Class II value-added telecommunications services; online sales of food; wholesale of pharmaceuticals; retail of pharmaceuticals; import and export of pharmaceuticals; online information services for pharmaceuticals (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities, and the specific business activities shall be based on the approval documents or permits issued by the relevant authorities)

As at the date of this announcement,

(i) Haleon China is a wholly-owned subsidiary of Haleon UK; and

(ii) the board of directors of Haleon China comprises Ms. Gu Haiying (顾海英), Ms. Xu Lifang (徐丽芳) and Mr. Zhao Wenfeng (赵文峰).

To the best knowledge of the Company's Directors, Haleon China and its controlling shareholder(s) are not related to any of the Company's Directors, controlling shareholder(s)[3], chief executive officer or their respective associates[4]. Based on the latest information available to the directors of the Haleon China (including the register of shareholders of Haleon China) and as at the date of this announcement, Haleon China has confirmed to the Company that neither Haleon China nor its controlling shareholder(s) has any shareholding interest, direct or indirect, in the Company.

2.3 Information on the Target Company

Name of company	:	Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司)
Registered address	:	Chenglinzhuang Industrial Zone, Dongli District, Tianjin (天津市东丽区程林庄工业区)
Uniform social credit No.	:	9112011060055017XM
Type of company	:	Limited liability company (Sino-foreign joint venture) (有限责任公司 (中外合资))
Legal representative	:	CHEN Jinzhu (陈津竹)
Date of incorporation	:	23 September 1984
Registered capital	:	USD29,940,000
Business scope	:	Licenced items: manufacturing of drugs (excluding the application of steaming, frying, roasting, calcining and other processing techniques for Chinese herbal medicines and the manufacturing of confidential prescription products of Chinese patent medicines); wholesale of drugs; retail of drugs; contract

[3] As defined under the Listing Manual, "**controlling shareholder**" means a person who (a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company. For the purposes of this definition, "**control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

[4] As defined under the Listing Manual, "**associate**" means:

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

  (i) his immediate family;
  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;

(b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more.

manufacturing of drugs; import and export of drugs; sales of pharmaceutical precursor chemicals; manufacturing of Class II medical devices; Internet information services for drugs (excluding telecommunications company business); sales of food; Internet sales of food; catering services; manufacturing of disinfectants (excluding hazardous chemicals); operation of Class III medical device (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities, and the specific business activities shall be based on the approval documents or permits issued by the relevant authorities)

General items: sales of Class II medical devices; import and export of goods; import and export of food; wholesale of cosmetics; retail of cosmetics; sales of disinfectants (excluding hazardous chemicals); sales of daily necessities; wholesale of sports goods and equipment; retail of sports goods and equipment; sales of outdoor goods; Internet sales (excluding sales of goods requiring a licence); technical services, technical development, technical consulting, technical exchanges, technology transfer, and technology promotion (excluding the development and application of human stem cells, genetic diagnosis and treatment technologies); marketing planning; health consulting services (excluding diagnosis and treatment services); medical research and experimental development (excluding the development and application of human stem cells, genetic diagnosis and treatment technologies) (except for the items that subject to approval in accordance with applicable laws, business activities shall be carried out based on its business licence in accordance with applicable laws) (Investment in sectors prohibited for foreign investment under *Special Management Measures for the Market Entry of Foreign Investment (Negative List) (外商投资准入特别管理措施 (负面清单)* is not permitted)

3. FINANCIAL INFORMATION

3.1 Key Financial Information

(a) Haleon China

The key financial information of Haleon China is set out below:

Items	**As at 31 December 2023 (audited)**	**As at 30 June 2024 (unaudited)**
Total assets	RMB3,256,141,973.81	RMB3,459,903,116.93
Total liabilities	RMB3,208,174,872.01	RMB3,195,673,940.96
Net assets	RMB47,967,101.80	RMB264,229,175.97
Items	**January to December 2023 (audited)**	**January to June 2024 (unaudited)**
Revenue	RMB783,384,489.70	RMB463,487,223.19

Operating profit/(loss)	(RMB41,482,765.38)	RMB5,461,948.62
Total profit	RMB30,271,464.34	RMB44,256,977.13
Net profit/(loss)	RMB30,271,705.56	RMB44,256,977.13

(b) The Target Company

For the purposes of the Proposed DRT Disposal, the Company has engaged CAC Certified Public Accountants LLP (中审华会计事务所) ("**CAC**") to conduct an audit on the financial statements of the Target Company and issue an audit report in relation thereto (the "**Auditors' Report**"). Based on the Auditors' Report, CAC has audited the financial statements of the Target Company, including the balance sheets as at 31 December 2023 and 31 May 2024, along with the income statement, statement of cash flows, statement of changes in owners' equity and related notes to the financial statements of Year 2023 and the period from January to May 2024. In CAC's opinion, the financial statements attached thereto are prepared, in all material respects, in accordance with the *Accounting System for Business Enterprises* and fairly present the financial status of the Target Company as at 31 December 2023 and 31 May 2024, as well as the operating results and cash flows of Year 2023 and the period from January to May 2024.

Based on the Auditors' Report, the key financial information of the Target Company is set out below:

Items	**As at 31 December 2023 (audited)**	**As at 31 May 2024 (audited)**
Total assets	RMB3,087,843,950.17	RMB2,737,666,901.43
Total liabilities	RMB1,720,711,326.54	RMB1,728,349,220.20
Net assets	RMB1,367,132,623.63	RMB1,009,317,681.23
Items	**January to December 2023 (audited)**	**January to May 2024 (audited)**
Revenue	RMB3,581,879,341.01	RMB1,573,844,345.00
Operating profit/(loss)	RMB1,313,298,587.28	RMB432,371,796.91
Total profit	RMB1,309,857,620.44	RMB432,587,248.72
Net profit/(loss)	RMB981,655,588.06	RMB324,647,224.12

A copy of the Auditors' Report will be included as an appendix to the Circular (as defined below).

3.2 Independent Valuation

In connection with the Proposed DRT Disposal, the Company has engaged China Enterprise Appraisal Co., Ltd. (北京中企华资产评估有限责任公司) as the independent valuer (the "**Independent Valuer**") to appraise the market value of the total shareholders' equity of the Target Company.

The appraisal result by income approach is selected by the Independent Valuer for the appraisal conclusion. Based on the asset appraisal report dated 24 July 2024 issued by the Independent Valuer (the "**Asset Appraisal Report**"), as at 31 May 2024 (the "**Appraisal Base Date**"), the Target Company has:

(i) a total book value of assets amounting to RMB2,737,666,901.43;

(ii) a total book value of liabilities amounting to RMB1,728,349,220.20;

(iii) a book value of net assets amounting to RMB1,009,317,681.23; and

(iv) an appraised value of total shareholders' equity amounting to RMB9,996,363,700, with an appreciation of RMB8,989,046,000 at an appreciation rate of 890.41%.

A summary of the Asset Appraisal Report will be included as an appendix to the Circular.

4. BASIS OF CONSIDERATION

The consideration for the DRT Equity Interest is RMB1,758,755,555.56 (i.e., the DRT Transfer Price), which was agreed upon after arm's length negotiations between Haleon China and the Company on a "willing buyer willing seller" basis, and taking into account prevailing market conditions, the key financial information of the Target Company as set out in paragraph 3.1(b) of this announcement, and the appraisal result as set out in paragraph 3.2 of this announcement. The DRT Transfer Price represents a premium of approximately 35% over the appraised value of the DRT Equity Interest as at the Appraisal Base Date performed by the Independent Valuer.

5. SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

As at the date of this announcement, the shareholdings in the Target Company are in the following proportions:

No.	Name of Shareholders	Equity Contribution (USD thousand)	Shareholding Proportion
1.	Haleon UK	16,467.0	55%
2.	The Company	7,485.0	25%
3.	TPH	5,988.0	20%
Total		**29,940.0**	**100%**

Upon completion of the Proposed Disposals, the shareholdings in the Target Company will be in the following proportions:

No.	Name of Shareholders	Equity Contribution (USD thousand)	Shareholding Proportion
1.	Haleon UK	16,467.0	55%
2.	Haleon China	9,880.2	33%
3.	The Company	3,592.8	12%
Total		**29,940.0**	**100%**

6. PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT

6.1 Transfer of Equity Interest

Pursuant to the Equity Transfer Agreement:

(a) The Company agrees to sell the DRT Equity Interest, free from all Encumbrances[5] and together with all rights attaching to the DRT Equity Interest (including all rights to receive dividend in respect of the DRT Equity Interest as from the Locked Box Date (i.e., 30 June 2024)), to the Transferee[6] in consideration of RMB1,758,755,555.56 (i.e., the DRT Transfer Price) and in accordance with the other terms and conditions agreed under the Equity Transfer Agreement. The Transferee agrees to acquire the DRT Equity Interest from DRT in consideration of the DRT Transfer Price and in accordance with the other terms and conditions agreed under the Equity Transfer Agreement.

(b) TPH agrees to sell the TPH Equity Interest, free from all Encumbrances and together with all rights attaching to the TPH Equity Interest (including all rights to receive dividend in respect of the TPH Equity Interest as from the Locked Box Date (i.e., 30 June 2024)), to the Transferee in consideration of RMB2,705,777,777.78 (i.e., the TPH Transfer Price) and in accordance with the other terms and conditions agreed under the Equity Transfer Agreement. The Transferee agrees to acquire the TPH Equity Interest from TPH in consideration of the TPH Transfer Price and in accordance with the other terms and conditions agreed under the Equity Transfer Agreement.

(c) The Parties[7] agree that subject to the Occurrence of Closing (as defined in paragraph 6.3(e) of this announcement below), no dividend or other distribution (whether in cash or in kind) accrued on the DRT Equity Interest and the TPH Equity Interest (collectively, the "**Equity Interest**") as from the Locked Box Date (i.e., 30 June 2024) shall be declared, paid or made to any of the Transferors[8].

(d) The Transferee shall not be obliged to complete the sale and purchase of any Equity Interest unless the sale and purchase of the entire Equity Interest is completed simultaneously in accordance with the Equity Transfer Agreement.

6.2 Conditions Precedent

Pursuant to the Equity Transfer Agreement:

(a) The closing of the transfer of the Equity Interest (the "**Closing**") shall be subject to the satisfaction of all following conditions (each a "**Condition Precedent**", and collectively the "**Conditions Precedent**"):

(i) the antitrust review of concentration of undertakings by the State Administration for Market Regulation or its local delegate, as appropriate (the "**SAMR**") in respect of the Proposed Disposals having been approved unconditionally;

[5] As defined under the Equity Transfer Agreement, "**Encumbrance**" means any mortgage, pledge, lien, assignment by way of security, attachment, seizure or other restriction of transfer, trust arrangement for the purpose of providing security or any other security interest of any kind.

[6] For the purposes of the Equity Transfer Agreement, "**Transferee**" means Haleon China.

[7] For the purposes of the Equity Transfer Agreement, "**Parties**" mean the Company, TPH and Haleon China, collectively, and each a "**Party**".

[8] For the purposes of the Equity Transfer Agreement, "**Transferors**" means the Company and TPH, collectively, and each a "**Transferor**".

(ii) the general meeting of the Company having reviewed and approved (i) the transfer of the DRT Equity Interest to the Transferee according to the terms and conditions of the Equity Transfer Agreement, and (ii) the Restated JVA and the Amended AOA;

(iii) the board of directors of TPH having reviewed and approved the transfer of the TPH Equity Interest to the Transferee according to the terms and conditions of the Equity Transfer Agreement; and

(iv) the shareholder of the Transferee having reviewed and approved the acquisition of the Equity Interest by the Transferee according to the terms and conditions of the Equity Transfer Agreement.

(b) In the event that the approval regarding the antitrust review of concentration of undertakings granted by the SAMR in respect of the Proposed Disposals is subject to any condition imposed by the SAMR, the Parties agree to discuss in good faith and to assess the impact of such condition on the Proposed Disposals, the Parties or the Target Company, with a view to properly addressing such condition and its impact. If the Parties agree to proceed with the Proposed Disposals, the Conditions Precedent under paragraph 6.2(a)(i) of this announcement may be deemed as having been satisfied.

(c) If the matters under paragraph 6.2(a)(ii) of this announcement fail to be approved by the general meeting of the Company, the Company will not be deemed as in breach of the Condition Precedent as set out in paragraph 6.2(a)(ii) of this announcement and will not be held liable for breach of contract as a result.

6.3 Closing

Pursuant to the Equity Transfer Agreement:

(a) The Closing shall take place at the office of the Target Company on the tenth (10^{th}) Business Day[9] after the date on which the last of the Conditions Precedent is satisfied (or at such other place and/or on such other date as the Parties may agree) (the "**Closing Date**").

(b) On the Closing Date,

(i) each of the Company and TPH shall deliver to the Transferee the shareholders resolutions of the Target Company duly executed by it approving (A) the Proposed Disposals (if applicable), (B) the Amended AOA, and (C) the change of directors and supervisors of the Target Company pursuant to the Amended AOA;

(ii) the Transferee shall procure that Haleon UK shall deliver to the Company and TPH the shareholders resolution of the Target Company duty executed by Haleon UK approving (A) the Proposed Disposals (if applicable), (B) the Amended AOA, and (C) the change of directors and supervisors of the Target Company pursuant to the Amended AOA;

(iii) the Company shall deliver to the Transferee, and the Transferee shall deliver to the Company, and shall procure the delivery by Haleon UK to the Company of, the

[9] For the purposes of the Equity Transfer Agreement, "**Business Day**" means day from Monday to Friday, but excluding the statutory (or public) holidays in Beijing, the PRC.

Restated JVA and the Amended AOA duly executed by it (or, in the case of Haleon UK, by Haleon UK); and

(iv) the Parties shall cause the Target Company to register the Transferee as a shareholder in the register of shareholders of the Target Company upon the Occurrence of Closing, reflecting the Transferee as the owner of the Equity Interest with effect from the Occurrence of Closing.

(c) On the Closing Date, subject to the completion of inspection of all the documents required to be delivered on the Closing Date pursuant to the provision as set out in paragraph 6.3(b) of this announcement by each Party, the Transferee shall pay the DRT Transfer Price to the Company and the TPH Transfer Price to TPH, in each case, in full in one lump sum to the designated bank account of that Transferor.

(d) All documents required to be delivered on the Closing Date pursuant to the provision as set out in paragraph 6.3(b) of this announcement shall be held by the delivering party's outside counsel to the order of the delivering party until such time as Closing shall have taken place pursuant to the provision as set out in paragraph 6.3(e) of this announcement. The documents required to be delivered by the Target Company on the Closing Date pursuant to the provision as set out in paragraph 6.3(b) of this announcement shall be held by the Transferors' outside counsel to the order of the Transferors until such time as Closing shall have taken place pursuant to the provision as set out in paragraph 6.3(e) of this announcement.

(e) Subject to the provision as set out in paragraph 6.6(d) of this announcement, simultaneously with delivery of all documents required to be delivered pursuant to the provision as set out in paragraph 6.3(b) of this announcement on the Closing Date and the receipt of the Transfer Price[10] by each of the Transferors, the documents delivered pursuant to the provision as set out in paragraph 6.3(b) of this announcement shall cease to be held to the order of the person delivering them and be released automatically, and Closing shall have taken place (the "**Occurrence of Closing**"). All documents required to be delivered on the Closing Date pursuant to the provision as set out in paragraph 6.3(b) of this announcement shall take effect and only take effect upon the Occurrence of Closing.

6.4 Registration of Transfer

(a) Within three (3) Business Days after the Occurrence of Closing, the Parties shall promptly perform, and each Transferor shall procure that the incumbent directors nominated by such Transferor to, and the Transferee shall procure Haleon UK and the incumbent directors nominated by the Transferee and Haleon UK to promptly perform any and all actions (including execution and delivery of all such other documents), and complete the registration formalities in respect of the Proposed Disposals with the SAMR.

(b) The Parties further agree that once the Amended AOA takes effect upon the Occurrence of Closing, the governance structure provided in the Amended AOA shall be adopted as the governance structure of the Target Company.

6.5 Representations, Warranties and Undertakings

Pursuant to the Equity Transfer Agreement:

[10] As defined under the Equity Transfer Agreement, "**Transfer Price**" means the DRT Transfer Price and/or the TPH Transfer Price, as the context requires.

(a) As of each of execution date of the Equity Transfer Agreement (the "**Execution Date**") and the Closing Date, each Party hereby represents, warrants and undertakes to the other Parties:

(i) it is duly organised, validly existing and in good standing under the laws of the place where it is established, and has full power and authority to enter into each of the Equity Transfer Agreement and the Amended AOA and to perform the provisions of each of the Equity Transfer Agreement and the Amended AOA;

(ii) each of the Equity Transfer Agreement (once duly executed by such Party) and the Amended AOA (once taking effect according to the provision as set out in paragraph 6.3(e) of this announcement) will constitute its legal, valid and binding obligations and will be enforceable against it in accordance with its terms;

(iii) its execution, delivery and performance of each of the Equity Transfer Agreement and the Amended AOA will not conflict with any oral or written agreement, instrument or understanding to which it is a party or to which it is subject, nor will it violate any law or regulation of any court, government authority, administrative department or other authority that has jurisdiction over it;

(iv) it has complied and will at all relevant times comply with all applicable tax filing, information and payment obligations in the PRC and any other relevant jurisdiction in relation to its shareholding (whether current, past or future) in the Target Company (including, without limitation, in relation to any acquisition or disposal thereof, and any returns of any nature therefrom); and

(v) (A) it is resident for tax purposes in the place where it is established; and (B) it is not treated for tax purposes in any jurisdiction as resident in any jurisdiction other than the place where it is established.

(b) As of each of the Execution Date and the Closing Date, the Company hereby represents, warrants and undertakes to the Transferee:

(i) it is the owner of, and has the full right to transfer the ownership in, the DRT Equity Interest to the Transferee on the terms and conditions set out in the Equity Transfer Agreement. At the Occurrence of Closing, the Transferee will be the owner of the DRT Equity Interest, free and clear of any and all Encumbrances;

(ii) the DRT Equity Interest is free of any Encumbrance; and

(iii) the registered capital of the Target Company represented by the DRT Equity Interest has been fully paid up.

(c) The Transferee represents, warrants and undertakes to each of the Transferors:

(i) there is no willful and gross negligent (A) concealment, (B) omission, (C) false recordation or (D) misleading statement, in each case, with respect to the provision of information and data by the Transferee, its representatives, its Affiliates[11] or the

[11] As defined under the Equity Transfer Agreement, "**Affiliate**" means in respect of a Party, any company, joint venture or other business entity controlling, controlled by or under the common control with such Party. For the purposes of this definition, "**control**" means, in respect of a company or other business entity, the direct or indirect

Target Company to the Transferors based on the documents and information in the possession of the Transferee, its Affiliates or the Target Company (as the case may be) for cooperating with the due diligence, or in connection with the negotiations, execution and performance of the Equity Transfer Agreement; and

(ii) it will pay:

(A) the TPH Transfer Price to TPH; and

(B) the DRT Transfer Price to the Company,

in full in a timely manner as agreed under the Equity Transfer Agreement.

(d) The Transferee undertakes to each of the Transferors that:

(i) it will submit the notification for antitrust review of concentration of undertakings to the SAMR in respect of the Proposed Disposals in accordance with applicable PRC laws no later than five (5) Business Days after the Execution Date; and

(ii) it will procure the Target Company to distribute and pay to each of the Transferors the distributable profits in respect of the equity interest held by such Transferor in the Target Company as of the Execution Date for such period starting from 1 October 2023 to the Locked Box Date (i.e., 30 June 2024) as declared by the board of directors of the Target Company, no later than twenty (20) Business Days after the Execution Date.

6.6 Termination

Pursuant to the Equity Transfer Agreement:

(a) If any of the Conditions Precedent as set out under paragraph 6.2 of this announcement fails to be satisfied on or before 30 April 2025, or such other date as agreed by the Parties (the "**Long Stop Date**"), the Equity Transfer Agreement can be terminated by any Party by serving a written notice to the other Parties, provided that, if the failure to satisfy any of the Conditions Precedent on or before the Long Stop Date is due to willful conduct or gross negligence of a Party, such Party shall not be entitled to terminate the Equity Transfer Agreement in accordance with the provisions as set out in this paragraph 6.6, and shall be held liable for breach of contract in accordance with the provision as set out in paragraph 6.7(c) of this announcement, and shall hold the other Parties harmless from any direct loss arising from such breach.

(b) The Equity Transfer Agreement may be terminated upon mutual agreement of the Parties by entering into a separate written agreement.

(c) Each Party that is not in breach (such Party, the "**Non-defaulting Party**") has the right to unilaterally terminate the Equity Transfer Agreement prior to Closing by giving a written

ownership of fifty per cent. (50%) or more of shares or interests with the voting right to elect directors of such company or business entity, or otherwise has the ability to cause any entity or individual to control or to have the right to control the board of directors or equivalent management body of such company or other entity, or to direct the management and policies of such company or business entity, which shall include, in respect of any partnership, the status as the general partner of such partnership.

notice to a Party in breach (such Party, the "**Defaulting Party**") if any of the following events occurs in respect of the Defaulting Party:

(i) The Transferee fails to pay the Transfer Price agreed under the Equity Transfer Agreement to any Transferor in full, and the payment is overdue by more than thirty (30) days, provided that in such event, only a Transferor who has not received the Transfer Price in full has the right to terminate the Equity Transfer Agreement in accordance with this paragraph 6.6(c);

(ii) The Defaulting Party is in material breach of the Equity Transfer Agreement (including as a result of any breach of the representations, warranties and undertaking as set out in paragraph 6.5 of this announcement), and to the extent such material breach is curable, fails to properly cure such breach within sixty (60) days after receiving the written notice from the Non-defaulting Party requesting such cure; and/or

(iii) The Defaulting Party is insolvent or ceases to exist for any other reason.

(d) The Parties agree that if the Closing fails to take place as a result of the occurrence of any default set forth in item (i) and (ii) as set out under paragraph 6.6(c) of this announcement, (A) in the event that such default is cured by the relevant Defaulting Party within the applicable cure period in accordance with the provision as set out in paragraph 6.6(c) of this announcement and provided that each Condition Precedent have been satisfied in accordance with the provision as set out in paragraph 6.2 of this announcement, the Closing shall be deferred to the third (3rd) Business Day after the date that such default is cured, in which case the provision as set out in paragraphs 6.3(b), (c), (d) and (e) of this announcement shall still apply to Closing as so deferred; or (B) in the event that such default is not cured by the relevant Defaulting Party within the applicable cure period in accordance with the provision as set out in paragraph 6.6(c) of this announcement, the Non-defaulting Party has the right to unilaterally terminate the Equity Transfer Agreement in accordance with the provision as set out in paragraph 6.6(c) of this announcement.

(e) Clauses in relation to confidentiality, notices, and governing law and dispute resolution under the Equity Transfer Agreement and any other clauses that shall, by virtue of its intention and purpose, continue to be effective after the termination of the Equity Transfer Agreement, shall survive the termination of the Equity Transfer Agreement.

6.7 Liability for Breach of Contract

Pursuant to the Equity Transfer Agreement:

(a) If the Transferee fails to pay the Transfer Price to any Transferor in full in time, the Transferee shall pay to any such Transferor who has not received its Transfer Price in full late payment interest at a daily rate of 0.05% of the overdue amount for each day of delay until the earlier of (i) the Occurrence of Closing or (ii) termination of the Equity Transfer Agreement.

(b) If the Equity Transfer Agreement is unilaterally terminated in accordance with the provision as set out in paragraph 6.6(c) of this announcement, the Defaulting Party shall pay to the Non-defaulting Party liquidated damages equaling to 20% of the relevant Transfer Price that is applicable to the Equity Interest contemplated between the Defaulting Party and the Non-defaulting Party under the Equity Transfer Agreement.

The Parties further agree, if any of the Transferors is in breach of any representations, warranties or undertakings as set out in paragraphs 6.5(a)(iv) or 6.5(a)(v) of this announcement, the Transferors shall not be liable for paying the liquidated damages pursuant to the provision as set out in this paragraph 6.7(b).

(c) A Party in breach of any provision of the Equity Transfer Agreement shall indemnify and hold harmless the non-breaching Party against all direct losses or damage (including without limitation any tax, penalties or interest as well as legal, financial and other advisor fees) incurred by the non-breaching Party as a result of such breach.

(d) A Party's failure or delay to exercise any right, power or remedy in relation to the Equity Transfer Agreement (the "**Lawful Right**") shall not constitute a waiver of such Lawful Right, and any exercise or partial exercise of any Lawful Right shall not prevent any additional or further exercise of such Lawful Right or any exercise of any other Lawful Right. The Lawful Right agreed under the Equity Transfer Agreement shall be cumulative and not preclude any other statutory or contractual right.

(e) The maximum amount for which the Transferee or the Company (as applicable) shall be liable to the other pursuant to the provision as set out in this paragraph 6.7 shall not exceed the DRT Transfer Price.

(f) The maximum amount for which the Transferee or TPH (as applicable) shall be liable to the other pursuant to the provision as set out in this paragraph 6.7 shall not exceed the TPH Transfer Price.

(g) If either of TPH or the Company is, or both of TPH and the Company are, liable for any default under the Equity Transfer Agreement, such Defaulting Party shall be liable to the Transferee (which shall be deemed as the Non-defaulting Party for purposes of this paragraph 6.7) on a several basis (including for the liquidated damages as set out under paragraph 6.7(b)). TPH and the Company shall not be jointly and severally liable for any default under the Equity Transfer Agreement.

6.8 Governing Law and Dispute Resolution

Pursuant to the Equity Transfer Agreement:

(a) The Equity Transfer Agreement shall be governed by and construed in accordance with the PRC laws.

(b) The representatives of the Parties shall endeavor to resolve any dispute arising from or in connection with the Equity Transfer Agreement, including any dispute concerning the existence, validity, termination, modification or performance of the Equity Transfer Agreement (a "**Dispute**") in accordance with the principle of fairness and in good faith. Upon request by either Party, the other Parties shall assign a senior management representative to participate in the discussions. Each Party shall have the right to terminate the discussions at any time by giving written notice to the other Parties.

(c) If any Dispute fails to be resolved according to the provision as set out in paragraph 6.8(b) of this announcement, such Dispute shall be submitted to China International Economic and Trade Arbitration Commission to be finally resolved through arbitration according to the Arbitration Rules of China International Economic and Trade Arbitration Commission in force at the time of submission of the arbitration notice. The tribunal shall be composed

of three (3) arbitrators. The Transferors (acting jointly) have the right to nominate one (1) arbitrator and the Transferee has the right to nominate one (1) arbitrator. The third arbitrator, who shall be the Chairman of the arbitral tribunal, shall be nominated by the two (2) nominated arbitrators within 14 days of the last of their appointments. The arbitration shall be seated in Beijing. The arbitration proceedings shall be conducted in Chinese and English.

(d) While a Dispute or the arbitration of a Dispute is ongoing, the Parties shall continue to perform their respective obligations and may exercise their respective rights under the Equity Transfer Agreement in relation to the matters other than those subject to the Dispute.

7. RATIONALE FOR, AND BENEFITS OF, THE PROPOSED DRT DISPOSAL

The Directors are unanimously of the view that the Proposed DRT Disposal is in the best interest of the Company and its shareholders due to the following considerations:

(a) the Transfer Price represents a significant premium of approximately 35% over the appraisal value of approximately RMB9.996 billion for the Target Company;

(b) the Proposed DRT Disposal is expected to unlock the value of the Company's investment in the Target Company and bring considerable financial returns to the Company's shareholders. The Proposed DRT Disposal is expected to result in immediate cash inflows and investment income of approximately RMB1.7 billion; and

(c) the proceeds from the Proposed DRT Disposal would allow the Company to dedicate resources for business expansion, including but not limited to strategic mergers and acquisitions, research and development projects, new product development and market expansion initiatives.

The Proposed DRT Disposal will not be detrimental to the interests of the Company and its minority shareholders, nor will it affect the Company's independence.

8. CHAPTER 10 OF THE LISTING MANUAL

8.1 Requirements of Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of issuers in respect of significant transactions, including acquisitions and disposals. Such transactions are classified as a (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions, and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual. Where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), the transaction is classified as a "discloseable transaction" under Chapter 10 of the Listing Manual, and where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds twenty per cent. (20%) but is less than 100%, the transaction is classified as a "major transaction" under Chapter 10 of the Listing Manual.

8.2 Relative Figures under Rule 1006 of the Listing Manual

Based on the unaudited financial statements of the Group for the six-month financial period ended 30 June 2024 (being the latest announced consolidated financial statements of the Group), the relative figures in respect of the Proposed DRT Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Bases of Computation	Relative Figures (%)
Rule 1006(a)	The net asset[(1)] value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	2.27%[(2)]
Rule 1006(b)	The net profits/(loss)[(3)] attributable to the assets acquired or disposed of, compared with the group's net profits	8.40%[(4)]
Rule 1006(c)	The aggregate value of the consideration[(5)] given or received, compared with the issuer's market capitalisation[(6)] based on the total number of issued shares excluding treasury shares	8.51%[(7)]
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable[(8)]
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount	Not applicable[(9)]

Notes:

(1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities. Under Rule 1002(3)(c) of the Listing Manual, the net asset figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The SGX-ST may allow the issuer's net asset value to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders.

(2) Based on the net asset value of the DRT Equity Interest of approximately RMB143,676,501 as at 30 June 2024, compared with the Group’s unaudited net asset value of approximately RMB6,316,214,000 as at 30 June 2024.

(3) Under Rule 1002(3)(b) of the Listing Manual, “net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Under Rule 1002(3)(c) of the Listing Manual, the net profit figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The SGX-ST may allow the issuer's net profit to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders.

(4) Based on the net profit attributable to the DRT Equity Interest of approximately RMB54,669,342 for the period ended 30 June 2024, compared with the Group's unaudited net profits of approximately RMB651,173,000 for the period ended 30 June 2024.

(5) Under Rule 1003(3) of the Listing Manual, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher.

(6) Under Rule 1002(5) of the Listing Manual, "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.

(7) Based on the DRT Transfer Price of RMB1,758,755,555.56, compared with the market capitalisation of the Company of approximately RMB20,667,121,438.72 (determined by multiplying the 570,158,276 A-Shares by the volume-weighted average price of the A-Shares of RMB30.72 and 200,000,000 S-Shares by the volume-weighted average price of the S-Shares of USD2.24 (exchange rate: USD1:RMB7.0354) as at 26 September 2024 (being the last market day on which the Shares were traded prior to the signing of the Equity Transfer Agreement).

(8) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed DRT Disposal.

(9) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed based on Rules 1006(b) and 1006(c) of the Listing Manual exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), the Proposed DRT Disposal constitutes a "discloseable transaction" pursuant to Rule 1010 of the Listing Manual which does not require shareholders' approval at a general meeting. However, the entry into the Equity Transfer Agreement is subject to the approval of the independent shareholders of the Company as it is an interested person transaction pursuant to Chapter 9 of the Listing Manual. Please refer to paragraph 10 of this announcement for further information.

8.3 *Pro Forma* Financial Effects of the Proposed DRT Disposal

(a) Bases and Assumptions

The *pro forma* financial effects of the Proposed DRT Disposal on the Group as set out below are only presented for illustrative purposes and should not be taken as an indication of the actual and/or future financial performance or position of the Company or the Group following the completion of the Proposed DRT Disposal.

The *pro forma* financial effects for the Proposed DRT Disposal have been prepared based on the following bases and assumptions:

(i) the Group's latest audited consolidated financial statements for the financial year ended 31 December 2023 ("**FY2023**");

(ii) the latest audited financial statements of the Target Company for FY2023; and

(iii) the expenses incurred for the Proposed DRT Disposal have not been taken into account.

(b) Effect on net tangible assets ("**NTA**") per Share

For illustrative purposes only, assuming that the Proposed DRT Disposal had been completed on 31 December 2023, the Proposed DRT Disposal would have had the following effects on the NTA per share of the Company as at 31 December 2023:

	Before the Proposed DRT Disposal	After the Proposed DRT Disposal
NTA[(1)] (RMB)	6,261,576,000	7,713,896,500
Number of the issued shares (excluding treasury shares)	770,158,276	770,158,276
NTA per share (RMB)	8.1	10.0

Note:

(1) NTA is computed based on total assets (net of intangible assets, including goodwill) less total liabilities.

(c) Effect on Earnings per Share ("**EPS**")

For illustrative purposes only, assuming that the Proposed DRT Disposal had been completed on 1 January 2023, the Proposed DRT Disposal would have had the following effects on EPS of the Group for FY2023:

	Before the Proposed DRT Disposal	After the Proposed DRT Disposal
Net profit[(1)] (RMB)	968,705,540	2,176,338,330
Weighted average number of shares	771,753,979.9	771,753,979.9
EPS (RMB)	1.26	2.82

Note:

(1) Net profit means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

8.4 Excess of Proceeds over Book Value and Amount of Gain on the Proposed DRT Disposal

Based on the audited financial statements of the Target Company for FY2023:

(a) the DRT Transfer Price represents an excess of approximately RMB1,708,612,354.93 over the book value of the DRT Equity Interest (being RMB50,143,200.63); and

(b) the amount of gain on the Proposed DRT Disposal is approximately RMB1,708,612,354.93.

Based on the audited financial statements of Target Company for the financial period from 1 January to 31 May 2024:

(a) the DRT Transfer Price represents an excess of approximately RMB1,708,612,354.93 over the book value of the DRT Equity Interest (being RMB50,143,200.63); and

(b) the amount of gain on the Proposed DRT Disposal is approximately RMB1,708,612,354.93.

The financial effects of the Proposed DRT Disposal on the Group and the specific accounting treatment are subject to the subsequent audit opinions of the Company's auditors.

8.5 Use of Proceeds from the Proposed DRT Disposal

The Company intends to use the proceeds from the Proposed DRT Disposal for the following purposes:

(i) to support business expansion, including potential acquisitions of targets that are complementary to, and of strategic value to, the Company's core business, and to enhance the channel distribution and branding of the Company's products;

(ii) to enhance research and development capabilities, including continuous development of the core products and expedite research and development, and business development of new pipelines and products; and

(iii) for working capital and general corporate purposes.

8.6 Directors' and Controlling Shareholders' Interests

As at the date of this announcement, save as disclosed in paragraphs 1 and 10.1 of this announcement, to the best knowledge of the Directors, none of the Directors or controlling shareholder(s) of the Company have any interest, direct or indirect, in the Proposed DRT Disposal and the entry into the Equity Transfer Agreement other than through their respective shareholdings in the Company (if any).

8.7 No Service Contract

No person is proposed to be appointed as a Director of the Company in connection with the Proposed DRT Disposal and the entry into the Equity Transfer Agreement. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DECISION-MAKING PROCEDURES FOR THE PROPOSED DRT DISPOSAL, AND THE PROPOSED ENTRY INTO THE EQUITY TRANSFER AGREEMENT AS AN INTERESTED PERSON TRANSACTION

9.1 Board Meeting

On 26 September 2024, the Company duly convened its FY2024 6th Board Meeting, where the Board considered and approved, amongst others, the Proposed DRT Disposal, and the proposed entry into the Equity Transfer Agreement as an interested person transaction. The Interested Directors (i.e., Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen) have abstained from voting at the FY2024 6th Board meeting on the said resolution, and the remaining six (6) Directors (including all three (3) Independent Directors) have unanimously approved the said resolution.

9.2 Special Meeting of Independent Directors

On 26 September 2024, the Company held the 4th Special Meeting of Independent Directors for FY2024. In accordance with relevant laws and regulations including the *Administrative Measures for Independent Directors of Listed Companies (《上市公司独立董事管理办法》)* issue by the

China Securities Regulatory Commission (中国证券监督管理委员会), the SSE Listing Rules and the Listing Manual, the Independent Directors have provided their opinions on the resolution in respect of the Proposed DRT Disposal, and the proposed entry into the Equity Transfer Agreement as an interested person transaction as follows:

(a) given that the entry into the Equity Transfer Agreement between the Company and TPH (both as the transferors) and Haleon China (as the transferee) constitutes an interested person transaction under Chapter 9 of the Listing Manual, the Interested Directors (i.e., Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen) have abstained from voting on the resolution in respect of the Proposed DRT Disposal, and the proposed entry into the Equity Transfer Agreement as an interested person transaction;

(b) the Proposed DRT Disposal and the proposed entry into the Equity Transfer Agreement adhere to the principles of equality, free will and mutual benefit, and neither affects the independence of the Company nor the interests of the Company and its minority shareholders;

(c) the contents of the Equity Transfer Agreement are legal and valid, and not in violation of any mandatory provisions of laws, regulations and normative documents which are currently in force; and

(d) the Independent Directors agreed to submit the Proposed DRT Disposal and the proposed entry into the Equity Transfer Agreement for consideration at the FY2024 6th Board Meeting.

10. INTERESTED PERSON TRANSACTION

10.1 Entity at Risk and Interested Person

The Company is considered an "entity at risk"[12] for the purposes of Chapter 9 of the Listing Manual in relation to the entry into the Equity Transfer Agreement.

As stated in paragraph 1 of this announcement, as at the date of this announcement, TPH is the controlling shareholder of the Company. As such, TPH is considered an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual.

10.2 Shareholders' Approval for the Entry into the Equity Transfer Agreement

TPH (together with the Company as the transferors) is a party to the Equity Transfer Agreement, which contemplates the Proposed Disposals. Accordingly, the entry into the Equity Transfer Agreement constitutes an interested person transaction under Chapter 9 of the Listing Manual.

[12] As defined under Rule 904(2) of the Listing Manual, "**entity at risk**" means:

(a) the issuer;

(b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.

As set out in paragraph 6.7(e) of this announcement, under the Equity Transfer Agreement, the maximum amount for which the Company shall be liable to Haleon China (as the transferee) pursuant to the provision as set out in paragraph 6.7 of this announcement shall not exceed the DRT Transfer Price. As such, the amount at risk to the Company, which is RMB1,758,755,555.56 (being the DRT Transfer Price), represents approximately 26.94% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023, the entry into the Equity Transfer Agreement is an interested person transaction which exceeds the five per cent. (5%) of the Group's latest audited NTA.

Consequently, the entry into the Equity Transfer Agreement is subject to the approval of the independent shareholders pursuant to Rule 906(1) of the Listing Manual.

10.3 Current and On-going Interested Person Transactions

(a) Other Interested Person Transactions with TPH and/or its Associates

Save for transaction(s) which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, and the following:

(i) the Company's proposed capital contribution of RMB150,000,000 to Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("**TPGF**") (being a subsidiary of TPH) on a pro rata basis[13], representing approximately 2.30% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023; and

(ii) the Company's proposed capital injection of RMB493,617,700 into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) ("**Taiping Medicine**"), the resultant joint venture in Taiping Medicine, and the Company's proposed provision of a guarantee for an amount of up to RMB832,650,000 for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) ("**TJZX Medicine**") (collectively, the "**Proposed IPTs**")[14], with an aggregate amount of RMB1,317,267,700, representing approximately 20.18% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023, in respect of which the approval of the independent shareholders is being separately sought at the Company's extraordinary general meeting to be convened on 29 October 2024[15],

there are no other interested person transactions (excluding transactions less than S$100,000, and the entry into the Equity Transfer Agreement in respect of which the approval of the independent shareholders is being sought at the 2024 2nd EGM (as defined below)) that were entered into or are proposed to be entered into by the Company, its subsidiaries and/or associated companies, which are considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual with TPH and/or its associates for the current financial year beginning 1 January 2024 up to the date of this announcement.

[13] Please refer to the announcement made by the Company on 6 September 2024 for further information on the Company's proposed capital contribution to TPGF.

[14] Please refer to the announcements made by the Company on 11 September 2024 for further information on the Company's proposed capital injection into Taiping Medicine, the resultant joint venture in Taiping Medicine and the Company's proposed provision of a guarantee for TJZX Medicine.

[15] Please refer to the notice of extraordinary general meeting announced by the Company on 11 September 2024.

(b) All Interested Person Transactions for the Current Financial Year

The Company has an existing general mandate for recurrent transactions of a revenue trading nature or those necessary for its day-to-day operations with specified classes of interested persons which was last renewed and approved at the Company's annual general meeting held on 15 May 2024 (the "**IPT General Mandate**"). For the current financial year beginning 1 January 2024 up to the date of this announcement, there are no interested person transactions (excluding transactions less than S$100,000) entered into with TPH and/or its associates that are conducted under the IPT General Mandate obtained by the Company pursuant to Rule 920 of the Listing Manual.

Accordingly, the current total value of all interested person transactions (excluding interested person transactions less than S$100,000 and the entry into the Equity Transfer Agreement in respect of which the approval of the independent shareholders is being sought at the 2024 2nd EGM) that were entered into or are proposed to be entered into by the Company, its subsidiaries and/or associated companies, which are considered to be an "entity at risk" within the meaning of Rule 904(2) of the Listing Manual with TPH and/or its associates for the current financial year beginning 1 January 2024 up to the date of this announcement is approximately RMB1,472,297,700, representing approximately 22.55% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023. This comprises:

(i) RMB5,030,000, being the amount of the transactions made pursuant to the financial services agreement entered into between the Company and TPGF which had been approved by shareholders at the annual general meeting of the Company held on 15 May 2023;

(ii) RMB150,000,000, being the Company's proposed capital contribution to TPGF on a pro rata basis which has been announced on 6 September 2024[16]; and

(iii) RMB1,317,267,700, being the aggregate amount of the Company's proposed capital injection of RMB493,617,700 into Taiping Medicine, the resultant joint venture in Taiping Medicine, and the Company's proposed provision of a guarantee for an amount of up to RMB832,650,000 for TJZX Medicine, which has been announced on 11 September 2024, in respect of which the approval of the independent shareholders is being separately sought at the Company's extraordinary general meeting to be convened on 29 October 2024.

10.4 All Related Party Transactions for the Past Twelve (12) Months

In accordance with the laws of the PRC including the SSE Listing Rules, save for:

(i) the transactions entered into by the Company with TPH, its subsidiaries and/or associated companies relating to the acceptance of labour services, provision of labour services,

[16] The approval of the independent shareholders is not being sought for this interested person transaction as its individual value (excluding the Proposed IPTs in respect of which the approval of the independent shareholders is being separately sought at the Company's extraordinary general meeting to be convened on 29 October 2024, and the entry into the Equity Transfer Agreement in respect of which the approval of the independent shareholders is being sought at the 2024 2nd EGM) was not equal to, or more than five per cent. (5%) of the Group's latest audited NTA. For the avoidance of doubt, this interested person transaction will continue to be the subject of aggregation for the purposes of Chapter 9 of the Listing Manual.

lease of properties, lease of housing equipment and purchase of assets with an aggregate value of approximately RMB18,433,239, representing approximately 0.28% of the Company's latest audited net assets attributable to its parent company;

(ii) the acquisition of 15% equity interest in TPGF by the Company through a public bidding (公开摘牌) process for a consideration of RMB87,823,860[17], representing approximately 1.33% of the Company's latest audited net assets attributable to its parent company;

(iii) the entry into the two (2) Construction Contracts for Tianjin Small Construction Project (天津市小型建设工程施工合同) between the Company and Tianjin Pharmaceutical Design Institute Co., Ltd. (天津市医药设计院有限公司) of an aggregate contract value of approximately RMB6,764,311[18], representing approximately 0.10% of the Company's latest audited net assets attributable to its parent company;

(iv) the entry into the Enterprise Support Service Agreement (企业支持服务协议) between the Company and Tianjin Pharmaceutical Group Marketing Co., Ltd. (天津医药集团营销有限公司) of a contract value of not more than RMB6,700,000[19], representing approximately 0.10% of the Company's latest audited net assets attributable to its parent company;

(v) the Company's proposed capital contribution of RMB150,000,000 to TPGF on a pro rata basis[20], representing approximately 2.27% of the Company's latest audited net assets attributable to its parent company; and

(vi) the Company's proposed capital injection of RMB493,617,700 into Taiping Medicine[21], representing approximately 7.48% of the Company's latest audited net assets attributable to its parent company,

there are no other related party transactions (excluding transaction(s) which has been approved by shareholders of the Company) over the past twelve (12) months immediately preceding the date of this announcement.

10.5 Independent Financial Adviser

Pursuant to Rule 921(4)(a) of the Listing Manual, Novus Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser (the "**IFA**") to opine on whether the entry into the Equity Transfer Agreement as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders (the **"IFA Opinion**"). A copy of the letter from the IFA will be included in the Circular.

[17] Please refer to the announcements made by the Company on 11 September 2023, 10 October 2023 and 5 August 2024 for further information on the acquisition of 15% equity interest in TPGF by the Company.

[18] Please refer to the announcement made by the Company on 19 December 2023 for further information on the entry into the two (2) Construction Contracts for Tianjin Small Construction Project (天津市小型建设工程施工合同).

[19] Please refer to the announcement made by the Company on 19 December 2023 for further information on the entry into the Enterprise Support Service Agreement (企业支持服务协议).

[20] Please refer to the announcement made by the Company on 6 September 2024 for further information on the Company's proposed capital contribution to TPGF.

[21] Please refer to the announcement made by the Company on 11 September 2024 for further information on, amongst others, the Company's proposed capital injection into Taiping Medicine.

10.6 Audit Committee's Statement

The audit committee of the Company (the "**Audit Committee**") as at the date of this announcement comprises Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang and Mr. Zhong Ming. The members of the Audit Committee are deemed to be independent for the purposes of the entry into the Equity Transfer Agreement as an interested person transaction.

The Audit Committee will consider the IFA Opinion before forming its view as to whether the entry into the Equity Transfer Agreement as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The view of the Audit Committee will be set out in the Circular.

11. 2024 2ND EGM AND CIRCULAR

The Directors will be convening an extraordinary general meeting (the "**2024 2nd EGM**") of the Company to seek, amongst others, independent shareholders' approval for the Proposed DRT Disposal and the entry into the Equity Transfer Agreement as an interested person transaction.

A circular to shareholders of the Company containing, *inter alia*, further information on the Proposed DRT Disposal, and the entry into the Equity Transfer Agreement as an interested person transaction (the "**Circular**"), together with the notice of 2024 2nd EGM and the IFA Opinion, will be despatched to shareholders in due course.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed DRT Disposal, the entry into the Equity Transfer Agreement, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 17 Baidi Road, Nankai District, Tianjin, the PRC 300193, during normal business hours for a period of three (3) months from the date of this announcement:

(a) the Equity Transfer Agreement; and

(b) the Asset Appraisal Report and its summary.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading or dealing in the shares of the Company. Shareholders and potential investors should note that the completion of the Proposed DRT Disposal is subject to the conditions under the Equity Transfer Agreement. There is no certainty or assurance as at the date of this announcement that the Proposed DRT Disposal will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements, in compliance with the requirements of the Listing Manual and the SSE Listing Rules, as and when there are further developments on the Proposed DRT Disposal and other matters contemplated by this announcement.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors, accountants or other professional adviser(s) if they have any doubt about the actions they should take.

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By Order of the Board

Jiao Yan
Secretary to the Board of Directors
27 September 2024