

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 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) BETWEEN HALEON UK SERVICES LIMITED, HALEON CHINA CO., LTD. AND THE COMPANY, 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 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**”) (the “**FY2024 6th Board Meeting Announcement**”); and
- (3) the announcement dated 27 September 2024 made by the Company in relation to 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 “**IPT 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 “**JV Company**”) was established as a Sino-foreign equity joint venture on 23 September 1984 pursuant to an equity joint venture contract dated 7 April 1984 (the “**Initial JVA**”, and collectively with all its amendments and/or supplements over the years, the “**Existing JVA**”) entered into between the respective predecessors of 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.

As stated in the 1 August 2024 Announcement, the original business term of the JV Company was set to expire on 22 September 2024. To facilitate thorough discussions and communications among the shareholders regarding the future operations of the JV Company, all shareholders

unanimously agreed to extend the business term of the JV Company to 30 June 2025. In this regard, Haleon UK, TPH and the Company entered into an agreement to extend the term of the existing joint venture contract and the business term of the JV Company, which took effect from 9 July 2024. As at the date of this announcement, the shareholders of the JV Company are Haleon UK, TPH and the Company, holding 55%, 20% and 25% equity interests in the JV Company, respectively.

Further to the 1 August 2024 Announcement, the Company has, on 26 September 2024, duly convened its FY2024 6th Board Meeting, where the Board considered, amongst others, the proposed disposal of 13% equity interest in the registered capital of the JV Company (the “**DRT Equity Interest**”) to Haleon China Co., Ltd. (赫力昂 (中国) 有限公司) (“**Haleon China**”) (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. Save for Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen, being interested directors, who 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 transaction, the remaining six (6) directors (including all three (3) independent directors for the time being) of the Company have unanimously approved the said resolution. Please refer to the FY2024 6th Board Meeting Announcement for further information.

Accordingly, the Company has, on 27 September 2024, entered into the Equity Transfer Agreement with TPH (being the controlling shareholder of the Company as at the date of this announcement) 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 JV Company (the “**TPH Equity Interest**”) to Haleon China (the “**Proposed TPH Disposal**”), and together with the Proposed DRT Disposal, the “**Proposed Disposals**”). Upon completion of the Proposed Disposals, the shareholders of the JV Company will change to Haleon UK, Haleon China and the Company, holding 55%, 33% and 12% equity interests in the JV Company, respectively.

In view of the changes to the equity structure of the JV Company following the completion of the Proposed Disposals (“**Closing**”), the Existing JVA and the existing articles of association of the JV Company shall be amended to reflect the new equity structure and to realign the respective rights, responsibilities and obligations of the shareholders of the JV Company. Accordingly, Haleon UK, Haleon China and the Company (the “**JV Partners**”) propose to, on Closing:

- (a) enter into the amended and restated equity joint venture contract (the “**Restated JVA**”) to govern their respective rights and obligations, and regulate their relationship *inter se* as shareholders of the JV Company in the conduct of the business and related affairs of the JV Company; and
- (b) execute and deliver the amended and restated articles of association of the JV Company (the “**Amended AOA**” or the “**TSKF AOA**”), in its agreed form and included as an appendix to the Restated JVA, which will replace the existing articles of association of the JV Company, incorporating the provisions of the Restated JVA to govern the operation of the JV Company as a Sino-foreign equity joint venture company following Closing.

At the FY2024 6th Board Meeting held on 26 September 2024, the Board (including all three (3) independent directors of the Company for the time being) considered and unanimously approved resolution in respect of the proposed entry into the Restated JVA and the proposed execution of the Amended AOA.

The proposed entry into the Restated JVA and the proposed execution of the Amended AOA do not constitute an interested person transaction under Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited, nor 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》).

However, one of the conditions precedent to the Closing under the Equity Transfer Agreement is that shareholders of the Company at a general meeting have reviewed and approved, amongst others, the Restated JVA and the Amended AOA. In addition, the Restated JVA does not grant the Company, as a Chinese shareholder of the JV Company following the completion of the Proposed Disposals, the right to acquire the equity interest in the JV Company held by the foreign shareholders in the event that the shareholders of the JV Company fail to agree on the extension of the joint venture term of the JV Company, a right that was provided in the Existing JVA. This removal constitutes a waiver of rights under the listing rules of the Shanghai Stock Exchange and shall be submitted for shareholders’ approval at a general meeting.

For further information on the Proposed Disposals and the Equity Transfer Agreement, please refer to the IPT Announcement.

2. INFORMATION ON THE JV PARTNERS

The information on Haleon UK and Haleon China in this announcement was provided by Haleon UK, Haleon China and/or the JV 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 Haleon UK

Haleon UK, a private limited company organised and existing under the laws of England and Wales, incorporated in England on 26 September 2014, is an investment holding company and business services provider under Haleon plc.

Haleon plc is a public company limited by shares, incorporated under the laws of England and Wales. Haleon plc has ordinary shares with a nominal value of £0.01 per share. The ordinary shares of Haleon plc are listed and traded on the London Stock Exchange with American Depositary Shares listed and traded on the New York Stock Exchange.

As at the date of this announcement,

- (i) Haleon UK is a wholly-owned subsidiary of Haleon plc;
- (ii) Haleon UK has ordinary shares with a nominal value of £0.01 per share; and
- (iii) the board of directors of Haleon UK comprises Oriane F Lacaze, Siri T Mikalsen, Haleon UK Corporate Director Limited, and Haleon UK Corporate Secretary Limited.

To the best knowledge of the Company’s directors, Haleon UK and its controlling shareholder(s) are not related to any of the Company’s directors, controlling shareholder(s)¹, chief executive

¹ 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

officer or their respective associates². Based on the latest information available to the directors of the Haleon UK (including the register of shareholders of Haleon UK) and as at the date of this announcement, Haleon UK has confirmed to the Company that neither Haleon UK nor its controlling shareholder(s) has any shareholding interest, direct or indirect, in the Company.

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

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.

² 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.

(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)

Licensed 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 associates⁴. 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.

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.

3. INFORMATION ON THE JV COMPANY

3.1 Corporate Information on the JV 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	:	Licensed 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 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)

3.2 Shareholding Structure of the JV Company

As at the date of this announcement, the shareholdings in the JV 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 JV 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%

3.3 Key Financial Information of the JV 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 JV 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 JV 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 JV 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 JV 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).

4. PRINCIPAL TERMS OF THE RESTATED JVA

The following sets out certain principal terms of the Restated JVA. For a fuller list of the principal terms of the Restated JVA, including those relating to shareholders' meeting, board of directors, management organisation and supervisors, deadlock and termination, please see **Appendix A** to this announcement.

4.1 Limited Liability Company

- (a) The JV Company shall be a limited liability company under the laws of the People's Republic of China (the "PRC"). For each of the JV Partners, the profits, losses, risks, liabilities and any other obligations whatsoever of the JV Company shall be limited and in proportion to the subscribed amount of its respective contribution to the registered capital of the JV Company. No JV Partner shall have any liability to the JV Company or to any third party in connection with the activities of the JV Company, either jointly or severally, other than the requirement to make such contribution in accordance with the Restated JVA or the Amended AOA, unless otherwise agreed to in writing by the JV Partners. The provisions as set out in this paragraph 4.1(a) are also strictly without prejudice to the contractual or non-contractual rights, liabilities and other obligations that exist or may arise between a JV Partner and any other JV Partners or as between a JV Partner and the JV Company (which shall, for the avoidance of doubt, continue to apply notwithstanding anything to the contrary that may be contained in this paragraph 4.1(a)).
- (b) Except as otherwise provided in the Restated JVA, once a JV Partner has paid in full its contribution to the registered capital of the JV Company, it shall not be required to provide further funds to or on behalf of the JV Company by way of capital contribution, loan, advance, guarantee or otherwise.
- (c) Unless otherwise agreed in writing by a JV Partner or provided under the PRC Laws⁵, creditors of the JV Company and other claimants against the JV Company shall have recourse only to the assets of the JV Company and shall not seek compensation, damages or other remedies from such JV Partner.

4.2 Registered Capital and Funding

(a) Registered Capital

The registered capital of the JV Company shall be USD29,940,000.

(b) Equity Percentage in Registered Capital

⁵ As defined under the Restated JVA, "PRC Laws" means all laws, regulations, decrees or other acts of a legally binding nature that are in force from time to time in the PRC including any amendment or substitution thereof.

- (i) As of the date on which the Restated JVA takes effect, being the date on which the closing of the transaction under the Equity Transfer Agreement occurs (the “**Effective Date**”), the equity percentage of Haleon UK and Haleon China (collectively, “**Haleon**”) in the total registered capital of the JV Company is eighty-eight per cent. (88%), equivalent to USD26,347,200, which has been contributed in full.
 - (ii) As of the Effective Date, the Company's equity percentage in the total registered capital of the JV Company is twelve per cent. (12%), equivalent to USD3,592,800, which has been contributed in full.
- (c) Increase of Registered Capital
- (i) Any increase in the registered capital of the JV Company shall be unanimously approved by the Shareholders' Meeting of the JV Company according to the terms of the Restated JVA (i.e., paragraph 2.2.1(a)(2) of **Appendix A** to this announcement). Upon receipt of such approval, the JV Company shall register the increase in the registered capital with the Business Registration Authority⁶ pursuant to PRC Laws.
 - (ii) Unless otherwise provided under the Restated JVA, and approved by the Shareholders' Meeting of the JV Company, the JV Partners shall make any increase in the registered capital in the same proportions as their respective equity percentage in the total registered capital of the JV Company as set out in paragraph 4.2(b) of this announcement. The JV Partners may agree, in writing, to adjust their registered capital proportions, subject to PRC Laws.
- (d) Future Funding
- (i) In the event that the JV Company requires any additional funding, in addition to the debt financings (as may be available), such additional funding shall be subject to the unanimous approval of the Shareholders' Meeting of the JV Company according to the terms of the Restated JVA (i.e., paragraph 2.2.1(a)(2) of **Appendix A** to this announcement). Upon such unanimous approval of the Shareholders' Meeting of the JV Company, each JV Partner has the right to fund such additional amount by subscribing and paying in the increased registered capital of the JV Company on a *pro rata* basis.
 - (ii) Subject to the provision as set out in paragraph 4.2(d)(i) of this announcement, Haleon has the right to subscribe for any portion of the registered capital of the JV Company to the extent the Company fails to subscribe and pay in for its pro-rata portion and, should Haleon so exercise such right to subscribe for any portion of the registered capital of the JV Company that the Company fails to subscribe or pay for, Haleon's equity percentage in the total registered capital of the JV Company shall increase, and the Company's equity percentage in the total registered capital of the JV Company shall decrease, accordingly as a result of the additional subscription for registered capital of the JV Company for which Haleon so subscribed.

4.3 Transfer of Interest in the Registered Capital of the JV Company

⁶ As defined under the Restated JVA, “**Business Registration Authority**” means the PRC State Administration for Market Regulation or its successor or local office in charge of company registration.

- (a) Except as otherwise provided in the Restated JVA or separately agreed by the JV Partners, none of the JV Partners shall, without the prior written consent of the other JV Partners, transfer, assign, pledge or otherwise encumber any of its interest in the registered capital of the JV Company.
- (b) Notwithstanding the provision as set out in paragraph 4.3(a) of this announcement, and subject to the PRC laws and regulations, each JV Partner (the “**Transferring Party**”) shall be entitled to transfer or assign all or part of its interest in the registered capital of the JV Company to one of its wholly-owned Affiliates⁷ (a “**Transferee**”) (such transfer hereinafter referred to as a “**Permitted Transfer**”), provided that the following occurs:
 - (i) the Transferring Party shall give to the non-transferring JV Partners not less than one (1) month’s prior written notice of its intention to effect such transfer;
 - (ii) the Transferee shall execute with the non-transferring JV Partners a revised version of the Restated JVA and of the TSKF AOA, which documents shall, unless otherwise agreed between the non-transferring JV Partners and the Transferee, be the same as the versions prior to the transfer or assignment, except that the Transferee shall be substituted for the Transferring Party as a party to those documents; and
 - (iii) the Transferring Party enters into an agreement with the non-transferring JV Partners agreeing that the Transferring Party shall remain liable for any breach of the Restated JVA or the TSKF AOA by the Transferee as if the Transferring Party were still a party to them.
- (c) Each JV Partner shall cooperate with the Transferring Party, execute and do (or procure to be executed and done by any other necessary party, including the JV Company) all such deeds, documents, acts and things as the Transferring Party may from time to time require in order to give full effect to a Permitted Transfer, including executing relevant documents as required by the Business Registration Authority (if required).
- (d) Prior to a Transferee ceasing to be a wholly-owned Affiliate of the Transferring Party, the Transferee must transfer the relevant equity interests in the JV Company that were transferred to it under the provision as set out in paragraph 4.3(b) of this announcement back to the Transferring Party.

4.4 Distribution of Profits

- (a) Allocation of Reserve Funds
 - (i) After the offset of cumulative losses (if the statutory reserve fund of the JV Company at the time are insufficient to make up the cumulative losses) and the payment of

⁷ As defined under the Restated JVA, “**Affiliate**” means a Party means, any company or other entity or natural person other than the JV Company that, through ownership or voting stock or otherwise, Controls or is Controlled by, or is under joint Control with, such Party. Within the PRC, the “company” as used in this definition shall include any kind of business entity with legal person status under PRC Laws. The JV Company shall not be deemed as an Affiliate of a Party and *vice versa*. For the purposes of this definition, “**Control(s)**” or “**is Controlled by**” or any reference to “**Control**” in the Restated JVA means in respect of a company or other business entity, the direct or indirect 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.

income tax and other applicable taxes by the JV Company each year, the Board of Directors and the Shareholders' Meeting of the JV Company shall set aside at least ten per cent. (10%) of the profit for allocation to the JV Company's statutory reserve fund until the JV Company's statutory reserve fund has reached in aggregate fifty per cent. (50%) or more of the JV Company's registered capital.

- (ii) After the JV Company has made appropriations to the statutory reserve fund out of after-tax profits in accordance with the provision as set out in paragraph 4.4(a)(i) of this announcement, any further voluntary appropriations from the after-tax profits to the discretionary reserve fund shall be approved by the Shareholders' Meeting of the Company pursuant to the terms of the Restated JVA (i.e., paragraph 2.2.1(a)(5) of **Appendix A** to this announcement).

(b) Distribution of Profits

- (i) After paying Taxes⁸ in accordance with the relevant PRC Laws and making allocations to the statutory reserve fund and/or the discretionary reserve fund (if applicable) as provided for in paragraph 4.4(a) of this announcement, the JV Company's remaining profits (the "**Distributable Profits**") either shall be distributed or shall be retained or re-invested as decided by the Shareholders' Meeting of the JV Company pursuant to the terms of the Restated JVA (i.e., paragraph 2.2.1(a)(5) of **Appendix A** to this announcement).
- (ii) If the JV Company carries any loss from any previous year, and the statutory reserve fund of the JV Company at the time are insufficient to make up the cumulative losses the profits of the current year shall first be used to cover such loss. No profits shall be distributed or re-invested unless and until all deficits from any previous years are fully made up. Any Distributable Profits retained by the JV Company and carried over from any previous years that are not re-invested may be distributed together with the Distributable Profits of the current year. Subject to the approval of the Shareholders' Meeting of the JV Company pursuant to the terms of the Restated JVA (i.e., paragraph 2.2.1(a)(5) of **Appendix A** to this announcement), the JV Company may declare and distribute the Distributable Profits on an interim basis.

4.5 Joint Venture Term

(a) Joint Venture Term

The duration of the JV Company commenced on 23 September 1984 and shall continue until 30 June 2025 (the "**Initial Term**"), unless earlier terminated or further extended as provided in the Restated JVA and the TSKF AOA.

(b) Exit Mechanism

⁸ As defined under the Restated JVA,

"**Taxes**" mean taxes, duties, levies and all other charges imposed by Governmental Authorities, including any surtax, interest, fines, penalties or additions to tax that may become payable in respect of such taxes in accordance with relevant PRC Laws and regulations (collectively the Taxes).

"**Governmental Authority**" means the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, instrumentality, authority, body, court, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

- (i) Three (3) months prior to 30 June 2025 (the “**Expiry Date**”), the JV Partners (to the extent the Company still holds any equity interest in the JV Company as of the date of exercise of the Put Option (as defined in paragraph 4.5(b)(ii) below) (the “**DRT Remaining Equity Interest**”) shall enter into discussions to determine whether to seek to mutually agree on the extension of the Joint Venture Term as set out in paragraph 4.5(a) of this announcement in writing (an “**Extension**”).
- (ii) If the JV Partners fail to agree an Extension by the date which is two (2) months prior to the Expiry Date, during the period (the “**Put Option Period**”):
 - (A) beginning at 00:01 (Beijing time) on the date that is two (2) months prior to the Expiry Date (or, if the closing date of the Proposed DRT Disposal was in 2025, at 00:01 (Beijing time) on 1 January 2026); and
 - (B) ending at 00:01 (Beijing time) on the date that is one (1) month prior to the Expiry Date (or, if the closing date of the Proposed DRT Disposal was in 2025, at 00:01 (Beijing time) on 31 January 2026)

(with both the beginning date and the end date of the Put Option Period being inclusive), the Company has the option to sell all of the equity interest held by the Company in the JV Company to Haleon China at the Option Price (as defined in paragraph 4.5(b)(iv)(D) below) subject to the terms, conditions and provisions of the Restated JVA and a sale and purchase agreement required to be entered into by the Company and Haleon China following an exercise of an Option (as defined in paragraph 4.5(b)(iv)(A) below) in accordance with the provisions as set out in paragraph 4.5(b)(iv) below (the “**DRT SPA**”) by serving a notice substantially in the form set out in the appendix to the Restated JVA (the “**Put Exercise Notice**”) on Haleon China (the “**Put Option**”).

- (iii) During the period (the “**Call Option Period**”):
 - (A) beginning at 00:02 (Beijing time) on the date that is one (1) month prior to the Expiry Date (or, if the closing date of the Proposed DRT Disposal was in 2025, at 00:01 (Beijing time) on 1 February 2026); and
 - (B) ending at 23:59 (Beijing time) on the day immediately prior to the Expiry Date (or, if the closing date of the Proposed DRT Disposal was in 2025, at 00:01 (Beijing time) on 28 February 2026)

(with both the beginning date and the end date of the Call Option Period being inclusive), if the Company fails to exercise the Put Option, Haleon China has the option to purchase the equity interest held by the Company in the JV Company at the Option Price subject to the terms, conditions and provisions of the Restated JVA and the DRT SPA by serving a notice substantially in the form set out in the appendix to the Restated JVA (the “**Call Exercise Notice**”) on the Company (the “**Call Option**”).

- (iv) The JV Partners agree and acknowledge that:
 - (A) a Call Option or a Put Option (an “**Option**”) may only be exercised in respect of all (and not some only) of the DRT Remaining Equity Interest;

- (B) exercise of an Option shall oblige:
- (1) each of the Company and Haleon China to, within fifteen (15) Business Days⁹ of delivery of a Call Exercise Notice or a Put Exercise Notice (as the context may require) (an “**Exercise Notice**”):
 - (I) enter into the DRT SPA, such DRT SPA to be in the form of the Equity Transfer Agreement subject only to changes strictly necessary to give effect to the facts and circumstances of the transfer of the DRT Remaining Equity Interest pursuant to the Restated JVA and the DRT SPA to the extent such facts and circumstances differ from the Proposed DRT Disposal; and
 - (II) deliver, or procure the delivery of, a duly executed counterpart of the DRT SPA to each other; and
 - (2) the Company to sell and Haleon China to purchase the DRT Remaining Equity Interest on the terms and subject to the conditions as set out in the appendix to the Restated JVA and the DRT SPA;
- (C) if an Option is not duly exercised within the relevant period specified in paragraph 4.5(b) of this announcement, it shall cease to be exercisable and shall lapse. For the avoidance of doubt, the Options specified in paragraph 4.5(b) of this announcement shall be deemed as duly exercised when a JV Partner delivers the relevant exercise notice to the other JV Partner within the relevant option period pursuant to the provisions as set out in paragraphs 4.5(b)(ii) and 4.5(b)(iii) of this announcement, in which case the JV Partners shall enter into the DRT SPA in accordance with the provisions as set out in paragraph 4.5(b)(iv)(B) of this announcement and complete the transfer of the equity interest in the JV Company in accordance with the DRT SPA, irrespective of the expiry of the relevant option period; and
- (D) the price payable by Haleon China for the DRT Remaining Equity Interest shall be the greater of:
- (1) such amount as is calculated in accordance with the most recent valuation agreed between Haleon China and the Company in respect of the sale of any equity interest in the JV Company (as would apply to the entirety of equity interest in the JV Company), pro-rated for the target equity interest being transferred; and
 - (2) a thirteen (13) times multiple of the net income of the JV Company as set out in the most recently audited annual financial statements of the JV Company (as a line item) for a given financial year of the JV Company at the time of the exercise of the Option, as pro-rated for the target equity interest being transferred,
- (such price in respect of an Option being its relevant “**Option Price**”), with the Option Price being the consideration that will, subject to the terms and

⁹ For the purposes of the Restated JVA, “**Business Day**” means any day from Monday to Friday, but excluding the statutory (or public) holidays in the PRC or the United Kingdom.

conditions of the DRT SPA, be payable by Haleon China for the transfer of the DRT Remaining Equity Interest.

(c) Extension

- (i) As of the date which is twenty (20) Business Days prior to the expiry of the Initial Term, if the JV Partners do not agree on any other extension of the Joint Venture Term and the exit mechanism (as set out in paragraph 4.5(b) of this announcement) has not been completed in full such that the Company continues to hold any equity interest in the JV Company, the Joint Venture Term shall be automatically extended to expire on 30 June 2045, and the term of the Restated JVA and the TSKF AOA shall be automatically extended (the “**Further Extension**”). Each JV Partner agrees to cooperate, and to procure that the JV Company cooperates, in a timely manner, to complete all registrations and filings with relevant PRC authorities, and any other formalities required by applicable laws in connection with the Further Extension, including, without limitation:
 - (A) the registration and filing of the Further Extension, and the application for the updated business license of the JV Company which reflects the Further Extension, with the Tianjin Administration for Market Regulation or its local counterpart; and
 - (B) the online reporting of the Further Extension with the Chinese Ministry of Commerce or its local counterpart (to the extent applicable).
- (ii) The JV Partners agree that, in the event that the Joint Venture Term is extended pursuant to the provision as set out in paragraph 4.5(c)(i) of this announcement, the unanimous decision matters set out in the Restated JVA (i.e., paragraphs 3.2.1(a)(7), 3.2.1(a)(8) and 3.2.1(a)(9) of **Appendix A** to this announcement shall remain in force and effect until 30 June 2026 (and for the avoidance of doubt, such matters shall become simple majority decision matters to be approved in accordance with the terms of the Restated JVA (i.e., paragraph 3.2.1(b) of **Appendix A** to this announcement thereafter).

5. THE AMENDED AOA

As stated in paragraph 1 of this announcement, in view of the changes to the equity structure of the JV Company following the completion of the Proposed Disposals, the existing articles of association of the JV Company shall be amended to reflect the new equity structure and to realign the respective rights, responsibilities and obligations of the shareholders of the JV Company in accordance with the Restated JVA (i.e., the Amended AOA). The Amended AOA, which will replace the existing articles of association of the JV Company, includes customary provisions and incorporates the provisions of the Restated JVA in relation to equity structure and corporate governance matters as set out in paragraph 4 of this announcement and **Appendix A** to this announcement. The Amended AOA, in its agreed form, is included as appendix to the Restated JVA which will, subject to the approval from the Company’s shareholders for the proposed entry into the Restated JVA and the proposed execution of the Amended AOA of the JV Company being obtained at the 2024 2nd EGM (as defined below) and Closing occurs, be executed and delivered by the JV Partners on Closing.

6. IMPACT ON THE COMPANY

The proposed entry into the Restated JVA and the proposed execution of the Amended AOA are conducted in a manner that adheres to the principles of openness, fairness and impartiality, and do not prejudice the interests of the Company or its shareholders, nor will they affect the Company's independence.

7. 2024 2ND EGM AND CIRCULAR

The Company's directors will be convening an extraordinary general meeting (the "**2024 2nd EGM**") of the Company to seek, amongst others, shareholders' approval for the proposed entry into the Restated JVA and the proposed execution of the Amended AOA of the JV Company.

A circular to shareholders of the Company containing, *inter alia*, further information on the proposed entry into the Restated JVA and the proposed execution of the Amended AOA of the JV Company (the "**Circular**"), together with the notice of 2024 2nd EGM, will be despatched to shareholders in due course.

8. 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 Restated JVA; and
- (b) the Amended AOA.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
27 September 2024

APPENDIX A
CERTAIN PRINCIPAL TERMS OF THE RESTATED JVA

Apart from the terms set out in paragraph 4 of this announcement, this Appendix A further sets out certain principal terms of the Restated JVA.

Unless otherwise defined, all capitalised terms used in this Appendix A which are not defined herein shall have the same meanings ascribed to them in the body of this announcement.

For the purposes of this Appendix A:

“Affiliate” of a Party means, any company or other entity or natural person other than the JV Company that, through ownership or voting stock or otherwise, Controls or is Controlled by, or is under joint Control with, such Party. Within the PRC, the **“company”** as used in this definition shall include any kind of business entity with legal person status under PRC Laws. The JV Company shall not be deemed as an Affiliate of a Party and *vice versa*.

“Budget(s)” mean the budget(s) of the JV Company that are determined in accordance with the terms of the Restated JVA.

“Business Day” means any day from Monday to Friday, but excluding the statutory (or public) holidays in the PRC or the United Kingdom.

“Business License” means the business license to be issued to the JV Company by the Business Registration Authority.

“Business Plan(s)” mean the business plan(s) of the JV Company that are determined in accordance with the terms of the Restated JVA.

“Control(s)” or **“is Controlled by”** or any reference to **“Control”** in the Restated JVA means in respect of a company or other business entity, the direct or indirect 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.

“Directors” mean the persons appointed by the Shareholders’ Meeting of the JV Company to serve as members of the Board of Directors in accordance with the terms of the Restated JVA.

“Employee Representatives’ Meeting” means the institution that trade union established in accordance with the terms of the Restated JVA organises the employees of the JV Company to exercise the power of democratic management of enterprises according to the PRC Company Law, the *Regulation on Democratic Management of Enterprises*, the *Opinion on Enhancing the Construction of Employee Director System and Employee Supervisor System of Incorporated Enterprises* and other applicable regulations.

“Governmental Authority” means the government of any jurisdiction, or any political subdivision thereof, whether provincial, state or local, and any department, ministry, agency, instrumentality, authority, body, court, central bank or other entity lawfully exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Haleon Chinese Affiliate” means any wholly-owned subsidiary or holding company of Haleon UK, company invested by Haleon UK, or any other entity Controlled by Haleon UK, in each case, that is incorporated in the PRC.

“Haleon Group” means Haleon and its Affiliates, collectively.

“Parties” mean Haleon UK, Haleon China and the Company, collectively, and **“Party”** shall be constructed accordingly.

“New Business Model” means a business model which is different from those adopted by the JV Company in the past in relation to the distribution of the products bearing the brands of the foreign party, or any other business model which is similarly innovative, as defined in the meeting proposal of the fourth extraordinary Board meeting of the JV Company in 2021 (as set forth in appendix to the Restated JVA).

“Supervisors” mean the persons appointed by the Shareholders’ Meeting or the Employee Representatives’ Meeting (as the case may be) of the JV Company to serve as the members of the Board of Supervisors in accordance with the terms of the Restated JVA.

“Taxes” mean taxes, duties, levies and all other charges imposed by Governmental Authorities, including any surtax, interest, fines, penalties or additions to tax that may become payable in respect of such taxes in accordance with relevant PRC Laws and regulations (collectively the Taxes).

“TSKF AOA” means the articles of association of the JV Company in such form as included as appendix to the Restated JVA (i.e., the Amended AOA) as executed and delivered by the JV Partners on the Effective Date, and as may be amended thereby from time to time.

1. Representations, Warranties and Undertakings

1.1 As of the Effective Date, each Party represents and warrants to each of the other Parties:

- (i) it is a legal person, duly organised, validly existing and in good standing under the laws of the place of its establishment or incorporation;
- (ii) its legal representative or authorised representative is duly and fully authorised and empowered to sign, execute and give effect, on its behalf, to the Restated JVA, the TSKF AOA, and any agreements and documents referred to in the Restated JVA and to which it is a party;
- (iii) its execution, delivery and performance of the Restated JVA, the TSKF AOA and any other agreements and documents contemplated under the Restated JVA will not violate any of its constitution documents, any other agreement or obligation of such Party, any judgment or arbitral award binding such Party, or any currently effective law, regulation or decree of the jurisdiction in which it is organised or incorporated, that may be applicable to any aspect of the transactions contemplated under the Restated JVA;
- (iv) it has all requisite power, authority and approval required to enter into the Restated JVA and, on the Effective Date, will have all requisite right, authority and approval to duly perform each of its obligations under the Restated JVA;

- (v) from the Effective Date, the provisions of the Restated JVA will constitute legal and binding obligations upon it, and will be enforceable against it according to the terms of such provisions;
 - (vi) no lawsuit, arbitration, other legal or administrative proceeding, or governmental investigation is pending, or to the best of its knowledge, threatened, against it or one of its Affiliates that would affect in any way its ability to enter into or perform the Restated JVA;
 - (vii) 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 JV Company (including, without limitation, in relation to any acquisition or disposal thereof, and any returns of any nature therefrom); and
 - (viii) (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.
- 1.2 Each Party undertakes to the other Parties, during the Joint Venture Term as set out in paragraph 4.5(a) of this announcement, that it will:
- (i) to the maximum extent permitted by the applicable laws, exercise in good faith all powers and rights available to that Party as a shareholder of the JV Company in order to procure full performance of the provisions of the Restated JVA;
 - (ii) vote in favour of any changes required to the JV Company's constitutive documents, including the TSKF AOA, to the extent necessary to procure full performance of the terms of the Restated JVA; and
 - (iii) procure the JV Company to take all actions necessary to procure full performance of the terms of the Restated JVA.
- 1.3 The Parties undertake that, in relation to any matter as set out in paragraph 3.2.1(a)(6) (*shared services*) of this Appendix A, the Parties shall jointly engage a third-party independent auditor, at the cost of the JV Company, to audit the costs of shared services. Upon the issuance and receipt of the report on the costs of shared services by such third-party independent auditor, the Parties shall amicably negotiate and agree on the relevant costs of shared services based on such report.
- 1.4 Each Party shall be held liable for a breach of any of the foregoing representations, warranties and undertakings according to the provisions set out in paragraph 6.3 of this Appendix A.

2. Shareholders' Meeting of the JV Company

2.1 Formation of Shareholders' Meeting

The Shareholders' Meeting of the JV Company is made up of the Parties and is the JV Company's highest decision-making body, which shall exercise its functions and powers in accordance with PRC Laws, the Restated JVA and the TSKF AOA.

2.2 Powers of Shareholders' Meeting

2.2.1 The Shareholders' Meeting shall have the power to make decisions on all major and important matters of the JV Company, including, without limitation, the matters as follows:

(a) Unanimity decisions

The following matters shall require unanimous approval by the Parties at the Shareholders' Meeting:

- (1) amending the TSKF AOA;
- (2) increasing or reducing the JV Company's registered capital;
- (3) conducting any merger, split, division, change in corporate form, dissolution or liquidation of the JV Company;
- (4) deliberating on and approving reports produced by the Board of Supervisors of the JV Company;
- (5) deliberating on and approving profit distribution plans of the JV Company and plans to make up losses suffered by the JV Company;
- (6) adopting resolutions relating to the issue of bonds by the JV Company;
- (7) deliberating on and approving any debt outside the ordinary course of business with an amount in excess of USD2 million (including all debts of the JV Company other than working capital loans, including without limitation provision of external guarantees);
- (8) approving change of principal business of the JV Company; and
- (9) extending the operation term of the JV Company.

(b) Simple-majority decisions

The following matters shall require approval by the shareholders representing more than half of the total voting rights in the Shareholders' Meeting:

- (1) electing and replacing any Director or Supervisor (except for the employee supervisor) and determining matters relating to the remuneration of the Directors and Supervisors;
- (2) deliberating on and approving reports produced by the Board of Directors of the JV Company;
- (3) delegating any of the above matters to the Board of Directors of the JV Company for approvals in accordance with the Restated JVA or the TSKF AOA, except for the matters subject to unanimous decisions as set out in paragraph 2.2.1(a) of this Appendix A; and
- (4) any other matters requiring approval by the Shareholders' Meeting as provided for in the Restated JVA or the TSKF AOA, or as determined by the

Parties from time to time, except for the matters subject to unanimous decisions as set out in paragraph 2.2.1(a) of this Appendix A.

2.2.2 Adoption of any resolution on the matters as set out in paragraph 2.2.1 of this Appendix A shall require the following affirmative votes of all shareholders (for the avoidance of doubt, the affirmative votes below do not include abstentions):

- (i) Affirmative votes of the shareholders representing all voting rights for matters as set out in paragraph 2.2.1(a) of this Appendix A; and
- (ii) Affirmative votes of the shareholders representing more than half of all voting rights for matters as set out in paragraph 2.2.1(b) of this Appendix A,

provided that all such matters shall in any event require the affirmative votes from shareholders having more than half of all voting rights.

3. Board of Directors of the JV Company

3.1 Formation of the Board of Directors

3.3.1 The Board of Directors shall consist of up to five (5) Directors who are elected by the Shareholders' Meeting of the JV Company upon nomination by the Parties, of which Haleon shall have the right to nominate four (4) Directors and the Company shall have the right to nominate one (1) Director save that should a Party cease to hold any equity interests in the JV Company, such Party shall no longer have the right to nominate any person to be a Director and any Director then holding office who was nominated by such Party shall be deemed to have resigned and will be removed from office with immediate effect.

3.3.2 The Chairman of the Board of Directors of the JV Company will be nominated by Haleon and the Vice-Chairman of the Board of Directors of the JV Company will be nominated by the Company. The Directors, including the Chairman and the Vice-Chairman of the Board of Directors, each shall have a term of office of three (3) years, and each shall be eligible for consecutive terms of office upon re-nomination by the original nominating Party, and re-election by the Shareholders' Meeting of the JV Company (as the case may be).

3.3.3 Any vacancy created in the Board of Directors of the JV Company shall be immediately filled through election by the Shareholders' Meeting of the JV Company upon nomination by the Party who originally nominated the absent Director if such original Party still retains an equity interest in the JV Company. Any Party at any time may propose to remove any Director nominated by such Party and nominate in lieu thereof any other person to serve the remainder of the removed Director's term. Each Party shall notify the other Parties, in writing, each time it nominates or proposes to replace a Director.

3.3.4 Subject to applicable laws, each Party undertakes to attend the Shareholders' Meeting of the JV Company and to vote in favour of the appointment or removal of any Director (including the Chairman and Vice-Chairman of the Board of Directors) nominated or proposed to be replaced or removed by a Party pursuant to the Restated JVA, or to adopt a written resolution to such effect.

3.3.5 The Chairman of the Board of Directors of the JV Company shall be the legal representative of the JV Company. The Chairman of the Board of Directors shall exercise

the functions in accordance with the provisions set forth in the Restated JVA, the TSKF AOA and the resolutions of the Shareholders' Meeting or the Board of Directors (as the case may be). Whenever the Chairman of the Board of Directors cannot exercise his/her functions for any reason, he/she shall authorise another Director to exercise such functions on his/her behalf until the Chairman of the Board of Directors resumes his/her right or functions, or until a successor is appointed.

3.3.6 Each Party shall cause the Directors nominated by it to act at all times lawfully and in good faith with respect to all matters relating to the business of the JV Company and the Restated JVA and to any other contracts and agreements concluded pursuant to the Restated JVA. A Party shall immediately propose to, and the other Parties shall agree and approve to, remove a Director it has nominated to the Board of Directors, upon discovery by that Party that such Director has: violated the Restated JVA, the TSKF AOA or the PRC Company Law or any other relevant PRC Laws; acted in bad faith or with gross negligence to the detriment of the JV Company; committed a crime; participated in corruption; or committed any other act that would be sufficient for removal of a director under PRC Laws.

3.2 Powers of Board of Directors of the JV Company

3.2.1 The Board of Directors shall have the power to make decisions on the following matters of the JV Company:

(a) Unanimity decisions

- (1) preparing plans for increasing or reducing the JV Company's registered capital and for the issuance of corporate bonds;
- (2) preparing plans for mergers, divisions, changes of corporate form or dissolution of the JV Company;
- (3) establishment of subsidiaries or branches, or external investment or fixed-asset investment in one transaction exceeding an amount of USD2 million (or the equivalent in RMB);
- (4) approving the JV Company's execution of (i) contracts with an amount exceeding USD2 million (or the equivalent in RMB); (ii) contracts with a term exceeding one (1) year; (iii) contracts that, based on their terms, can be renewed so that they have a term of one (1) year or longer, in each case as a result of an adoption of the New Business Model by the JV Company;
- (5) any disposal of the JV Company's fixed assets in a single transaction with an amount exceeding USD1 million (including but not limited to sale or transfer, licensing to third parties, mortgaging or pledging to external parties, or providing guarantees for third parties);
- (6) subject to the provision as set out in paragraph 1.3 of this Appendix A, approving the shared service fees (including royalty fees);
- (7) subject to the provision as set out in paragraph 4.5(c)(ii) of this announcement, disposal of the JV Company's patents, trademarks, product approvals, and disposal of other proprietary technologies and trade secrets related to product production (including but not limited to sale or transfer, licensing to third

parties, mortgaging or pledging to external parties, or providing guarantees for third parties) other than where such disposal is in connection with the divestment of the global rights to a product or brand by any member of the Haleon Group (for the avoidance of doubt, excluding the JV Company);

- (8) subject to the provision as set out in paragraph 4.5(c)(ii) of this announcement, preventing by any means the JV Company from continuing to manufacture, sell or promote any products that are, as at the signing date of the Restated JVA, manufactured, sold or promoted by the JV Company (including without limitation transferring the right to distribute such products to any third party, or restricting or terminating the supply of the active pharmaceutical ingredients of such existing products to the JV Company), provided that the provisions as set out in this paragraph 3.2.1(a)(8) shall not apply to any matter permitted or exempted as set out in paragraph 3.2.1(a)(7) of this Appendix A; and
- (9) subject to the provision as set out in paragraph 4.5(c)(ii) of this announcement, in respect of all products of which the JV Company is, as at the signing date of the Restated JVA, the marketing authorisation holder (the “**Authorised Products**”), implementing or making any preparation for any of the following changes in each case to the extent such action would be materially and disproportionately prejudicial to the Company:
 - I. changing the marketing authorisation holder of any Authorised Products;
 - II. changing or adding manufacturing sites of any Authorised Products (except for transferring the manufacturing of Voltaren Diclofenac Sodium Sustained Release Tablets 75mg and Voltaren Diclofenac Sodium Enteric Coated Tablets 25mg from Novartis to the JV Company);
 - III. except for the contract manufacturing products and scope already known or consented to by the Company (as applicable), entering into any new contract manufacturing arrangement in relation to any Authorised Products (including without limitation search for and identification of contractors, conducting cooperation negotiations with contractors, or communications with and providing guidance for obtaining relevant drug manufacturing licenses by contractors);
 - IV. any other change intended to change the marketing authorization holder or manufacturing site of any Authorised Product (including without limitation changes involving sources, methods and control conditions in relation to manufacturing, quality control and use conditions); or
 - V. Haleon and/or Haleon Chinese Affiliates applying for or holding any marketing authorisation or manufacturing license in the PRC in relation to any product that is identical or similar to any Authorised Product, or making any preparation for such purpose.

(b) simple majority decisions

- (1) convening the Shareholders' Meetings and presenting reports to the Shareholders' Meeting;
- (2) implementing resolutions adopted by the Shareholders' Meeting;
- (3) determining the JV Company's internal management structure;
- (4) formulating the basic management system for the JV Company;
- (5) determining the JV Company's Business Plans;
- (6) determining the appointment or removal of the JV Company's Senior Corporate Officers, and their remunerations;
- (7) formulating and implementing the Budget and final accounts of the JV Company;
- (8) review of reports of the JV Company's finances and business operation presented by the General Manager to the Board of Directors;
- (9) preparing profit distribution plans for the JV Company and plans for making up any losses suffered by the JV Company;
- (10) determining and changing the annual auditor;
- (11) delegating any of the above matters as set out in paragraph 3.2.1(b) of this Appendix A to the relevant member(s) of the Senior Corporate Officer(s); and
- (12) any other matters requiring approval by the Board of Directors as provided for in the Restated JVA or the TSKF AOA, or as determined by the Parties or the Board of Directors from time to time, other than the matters subject to unanimous decision as set out in paragraph 3.2.1(a) of this Appendix A.

3.2.2 Adoption of any resolution on the matters as set out in paragraph 3.2.1 of this Appendix A shall require the following affirmative votes of all Directors (for the avoidance of doubt, the affirmative votes below do not include abstentions):

- (i) Affirmative votes of all directors for the matters as set out in paragraph 3.2.1(a) of this Appendix A; and
- (ii) Affirmative votes of more than half of all directors for the matters as set out in paragraph 3.2.1(b) of this Appendix A,

provided that all such matters shall in any event require the affirmative votes of more than half of all Directors.

4. Deadlock

- 4.1 If for whatever reason (i) the Shareholders' Meeting of the JV Company is unable to arrive at a decision on any matter as set out in paragraph 2.2.1(a) of this Appendix A or (ii) where the Board of Directors is unable to arrive at a decision on any matter as set out in paragraph 3.2.1(a) of this

Appendix A and, upon escalation by the Board of Directors to the Shareholders' Meeting, the Shareholders' Meeting is still unable to arrive at a decision on such matter, and where the lack of the decision would materially and adversely affect the business operation of the JV Company or would cause serious harm to any of the Parties' material interests under the Restated JVA, then, within thirty (30) days after the matter is first raised at a Shareholders' Meeting, any Party shall be entitled to serve a notice (a "**Conciliation Notice**") on the other Parties requiring the Parties to attempt to promptly resolve the matter.

- 4.2 The Party who issues a Conciliation Notice shall describe in the Conciliation Notice the matter to be discussed, its position in respect of that matter, and its evidence and arguments in support of its position. The other Parties shall within thirty (30) days of the service on it of a Conciliation Notice give a written response to the Party who issued the Conciliation Notice of its position and evidence and arguments in support thereof.
- 4.3 Upon receipt of the written response, representatives of each of the Parties shall meet with each other in person and discuss their respective positions in respect of the matter described in the Conciliation Notice.

5. Management Organisation and Board of Supervisors of the JV Company

- 5.1 The Board of Directors shall establish a management organisation (hereinafter referred to as "**Management**"), which shall be responsible for and in charge of the day-to-day operation and management of the JV Company. The Management shall be made up of (a) one (1) General Manager, (b) one (1) Vice General Manager, and (c) one (1) Chief Financial Officer (the "**CFO**"), and other senior corporate officers as determined by the Board of Directors from time to time (collectively, the "**Senior Corporate Officers**"). For the avoidance of doubt, Senior Corporate Officers do not include department managers.

5.1.1 Haleon shall be entitled to nominate or propose to remove the General Manager and the CFO, and the Company shall be entitled to nominate or propose to remove the Vice General Manager. The remuneration and benefits of the Senior Corporate Officers shall be approved by the Board of Directors.

The department managers shall be appointed by the General Manager. The remuneration and benefits of the department managers shall be approved by the General Manager and CFO jointly.

5.1.2 The term of office for the Senior Corporate Officers shall be three (3) years, which term may be renewed if so determined by the Board of Directors.

5.1.3 If any of the Senior Corporate Officers shall resign, retire, become incapacitated, or be removed from office by the Board of Directors as proposed by the initially-nominating Party, the Board of Directors shall appoint a replacement based on the proposal of the initially-nominating Party as determined in paragraph 5.1.1 of this Appendix A.

5.1.4 Each Party undertakes to procure the Directors nominated by it to attend the Board of Directors meeting and to vote in favour of the appointment or removal of the relevant Senior Corporate Officer(s) nominated or proposed by a Party in accordance with the provisions as set out in paragraphs 5.1.1 and 5.1.3 of this Appendix A, or to adopt a written resolution to such effect.

- 5.2 Responsibilities and Powers of Senior Corporate Officers

5.2.1 The Senior Corporate Officers shall implement the decisions of the Shareholders' Meeting and the Board of Directors without any condition.

Except for the powers reserved to the Shareholders' Meeting or the Board of Directors under the Restated JVA, the General Manager shall be responsible for any matters relating to the daily management and operation of the JV Company, and shall report to the Board of Directors.

The Vice General Manager shall be responsible for providing operational support to the General Manager in managing the daily matters of the JV Company.

5.2.2 The CFO shall be responsible for the financial matters of the JV Company, such matters shall include the treasury, accounting, and financial controlling operations of the JV Company.

5.2.3 The JV Company may establish various departments, subject to approval by the Board of Directors. The Senior Corporate Officers may from time to time propose the creation or cancellation of any departments within the organisational structure of the JV Company to the Board of Directors. Any change of the organisational structure of the JV Company, however, shall be implemented only after review and approval of the Board of Directors.

5.2.4 The General Manager and the CFO shall jointly prepare for the Board of Directors approval the Business Plan and Budget for each year as provided for in the Restated JVA. Unless the Board of Directors decides otherwise, the General Manager and the CFO shall jointly submit each year's Business Plan and Budget to the Board of Directors for timely approval prior to the commencement of the fiscal year.

5.2.5 The following matters shall be reported to the Board of Directors from time to time:

- (i) performance of the JV Company's business operations;
- (ii) financial conditions and results of the JV Company;
- (iii) existing problems which are material or systemic in nature and measures proposed or carried out for the solution thereof;
- (iv) other important matters materially affecting the business and/or financial status of the JV Company; and
- (v) the implementation of the budget and final accounts of the JV Company (yearly).

5.3 Dismissal

Any Senior Corporate Officer who (1) misuses or abuses his/her position for personal ends, (2) engages in graft or bribery in connection with the JV Company's business, (3) acts in violation of any resolutions of the Shareholders' Meeting, or the Board of Directors or PRC Laws, (4) acts in any way in competition with the JV Company, is seriously negligent in his/her duties, or fails to perform any assigned tasks without due cause shall be dismissed by the Board of Directors without any compensation. Upon such dismissal, the Board of Directors shall immediately appoint a replacement according to the recommendation of the original nominating Party as set out in paragraph 5.1.1 of this Appendix A. Any other management personnel who engage in such

improper activities shall be immediately dismissed by the General Manager after consultation with the CFO.

5.4 Board of Supervisors of the JV Company

5.4.1 Nomination and Election of the Supervisors

The Board of Supervisors will consist of three (3) Supervisors. One (1) Supervisor shall be elected by the Shareholders' Meeting upon nomination by Haleon, and one (1) Supervisor shall be elected by the Shareholders' Meeting upon nomination by the Company. The other one (1) Supervisor shall be an employee Supervisor as elected by the Employee Representatives' Meeting. The Directors and the Senior Corporate Officers shall not concurrently act as the Supervisors of the JV Company.

5.4.2 Term of Office of the Supervisors

- (i) The term of office of each Supervisor shall be three (3) years, and the Supervisor may serve successive terms if re-nominated by the original nominating Party and re-elected by the Shareholders' Meeting, or re-elected by the Employee Representatives' Meeting, as the case may be.
- (ii) Any vacancy created in a Supervisor nominated by the Parties due to retirement, resignation, removal, loss of capacity or other reasons, shall be immediately filled through election by the Shareholders' Meeting upon nomination by the Party who originally nominated the absent Supervisor. The relevant Party at any time may propose to remove any Supervisor nominated by such Party and nominate in lieu thereof any other person to serve the remainder of the removed Supervisor's term. The JV Company shall carry out filing in relation to such replacement of the Supervisor in accordance with the relevant provisions of the PRC Laws. To nominate or propose to remove a Supervisor, a Party shall notify the other Parties in writing. The appointment and replacement of such Supervisor shall take effect upon approval by the Shareholders' Meeting.
- (iii) Any vacancy created in the employee Supervisor due to retirement, resignation, removal, loss of capacity or other reasons shall be immediately filled through election by the Employee Representatives' Meeting. The Employee Representatives' Meeting may at any time remove the employee Supervisor and elect in lieu thereof any other person to serve the remainder of the removed employee Supervisor's term. The JV Company shall carry out filing in relation to such replacement of the employee Supervisor in accordance with the relevant provisions of the PRC Laws. The appointment and replacement of employee Supervisor by the Employee Representatives' Meeting shall take effect upon approval by the Employee Representatives' Meeting.

5.4.3 Each Party undertakes to attend the Shareholders' Meeting and to vote in favour of the appointment or removal of the Supervisor nominated or proposed to be replaced or removed by a Party pursuant to the Restated JVA, or to adopt a written resolution to such effect. Any proposal to replace or remove a Supervisor (including the revocation of nomination of a Supervisor) can only be made by the Party originally nominated such Supervisor in accordance with the Restated JVA.

5.4.4 The Chairman of the Board of Supervisors shall be elected by more than one half of all the Supervisors upon nomination by the Company. The Chairman of the Board of Supervisors shall convene and preside over the Board of Supervisors meeting.

5.4.5 Functions and Powers of the Board of Supervisors

The main functions and powers of the Board of Supervisors shall be:

- (i) to examine the financial affairs of the JV Company;
- (ii) to supervise the acts of the Directors and the Senior Corporate Officers in the performance of their official duties, and to propose the dismissal of any Director or any Senior Corporate Officer who violates the PRC Laws, the TSKF AOA or any resolution of the Shareholders' Meeting;
- (iii) to demand the Directors and the Senior Corporate Officers to rectify all acts which are harmful to the interests of the JV Company;
- (iv) to propose to convene an ad hoc Shareholders' Meeting and to convene and preside over a Shareholders' Meeting in accordance with the Restated JVA;
- (v) to present proposals to the Shareholders' Meeting;
- (vi) to bring a suit against any Director or Senior Corporate Officer according to Article 189 of the PRC Company Law; and
- (vii) to exercise other functions and powers of the Supervisors as provided under the relevant provisions of the PRC Laws, the Restated JVA and the TSKF AOA.

The Supervisors may attend meetings of the Board of Directors as an observer and submit enquiries or suggestions about a matter to be resolved on by the Board of Directors (provided, however, a Supervisor shall not be entitled to vote).

6. Termination

6.1 Events of Termination

The Party specified below for the relevant event shall have the right to terminate the Restated JVA prior to the expiration of the Joint Venture Term by written notice to the other Parties, if any of the following events occur:

- (i) (a) by the Company, if Haleon, or (b) by Haleon, if the Company, assigns, pledges, or otherwise encumbers any of its interest in the registered capital of the JV Company in violation of the Restated JVA or applicable PRC Laws, or such interest is involuntarily assigned, pledged or otherwise encumbered to any third party (whether as a result of a court order or otherwise);
- (ii) by all of the Parties if they jointly decide in writing to terminate their joint venture cooperation;
- (iii) (a) by the Company, if Haleon, or (b) by Haleon, if the Company, becomes (or can reasonably be expected to become) insolvent for a consecutive period of three (3) months,

or it is in a bankruptcy or liquidation proceeding or a receiver has been appointed in respect of its assets;

- (iv) by any Party, if the Business License is cancelled or the JV Company is ordered to shut down or is revoked according to the laws; and
- (v) Haleon has purchased all of the equity interests in the JV Company held by the Company.

6.2 Termination Notice

If a Party chooses to terminate the Restated JVA pursuant to the provision as set out in paragraph 6.1 of this Appendix A, it shall send a written notice of termination (the "**Termination Notice**") to the other Parties and the Parties shall endeavour, through negotiation and agreement, to resolve the problem. Should the Party receiving the Termination Notice dispute or challenge the termination of the Restated JVA, such Party shall have the right to submit the dispute for arbitration, in accordance with the provisions as set out in paragraph 8 of this Appendix A, for determination of the issue of whether termination of the Restated JVA is valid.

6.3 Liabilities for Breach of Contract

6.3.1 Any resolution of the Shareholders' Meeting or the Board of Directors adopted in violation of the provisions as set out in paragraphs 2.2.1(a) or 3.2.1(a) of this Appendix A or the provisions of the TSKF AOA in relation to the matters requiring the approval of the Shareholders' Meeting or the Board of Directors shall be void, and the breaching Party shall indemnify the non-breaching Party against all losses, damages, liabilities and/or expenses incurred as a result, including without limitation interest, liquidated damages, taxes, costs and expenses and expenditures of any kind, and the legal fees and arbitration fees incurred by the non-breaching Party for recovering such losses, damages, liabilities and/or expenses.

6.3.2 Unless otherwise agreed herein, the Party that breaches the Restated JVA or the TSKF AOA shall be liable to compensate all losses, both actual and foreseeable at the time of the execution of the Restated JVA (including loss of profit), suffered by the other Parties and/or the JV Company as the result of the breach.

6.3.3 A Party's failure or delay to exercise any right, power or remedy in relation to the Restated JVA (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 Restated JVA shall be cumulative and not preclude any other statutory or contractual right.

7. Applicable Law

The Restated JVA shall be governed by and construed with the PRC Laws.

8. Dispute Resolution

8.1 The representatives of the Parties shall endeavour to resolve any dispute arising from or in connection with the Restated JVA, including any dispute concerning the existence, validity, termination, modification or performance of the Restated JVA (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.

- 8.2 If any Dispute fails to be resolved according to the provision as set out in paragraph 8.1 of this Appendix A, 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. Each of Haleon and the Company has the right to appoint one (1) arbitrator. The third arbitrator, who shall be the Chairman of the arbitral tribunal, shall be appointed by the two (2) arbitrators appointed by Haleon and the Company within fourteen (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.
- 8.3 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 Restated JVA in relation to the matters other than those subject to the Dispute.