

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)

PROPOSED CAPITAL CONTRIBUTION TO TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD. (天津医药集团财务有限公司) ON A PRO RATA BASIS

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.

1. OVERVIEW

Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“**TPGF**”) is a non-bank financial institution jointly established by Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**TPH**”), the Company, Tianjin Yaoye Group Co., Ltd. (天津药业集团股份有限公司) (“**Tianjin Yaoye**”), Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司) (“**Lisheng Pharmaceutical**”) and Tianjin Jin Yi Investment Co., Ltd. (天津金益投资有限公司) (formerly known as Tianjin Jin Yi Investment Guarantee Co., Ltd (天津金益投资担保有限责任公司)) (“**Jin Yi Investment**”) as the initial shareholders. Following the completion of the acquisition of 15% equity interest in TPGF by the Company from Lisheng Pharmaceutical through a public bidding (公开摘牌) process, the Company's shareholding in TPGF increased from 15% to 30%, and Lisheng Pharmaceutical ceased to be a shareholder of TPGF. As at the date of the announcement, TPH, the Company, Tianjin Yaoye and Jin Yi Investment holds 50%, 30%, 15% and 5% equity interest in TPGF respectively.

The current registered capital of TPGF is RMB500 million, which is below the minimum registered capital requirement of RMB1 billion set by the national financial regulatory authorities for the financial industry. Therefore, to comply with the said financial regulatory requirements and ensure the continued operation of TPGF, all shareholders of TPGF have unanimously agreed to increase the registered capital of TPGF by RMB500 million by contributing additional capital in proportion to their respective existing shareholdings in TPGF (the “**Capital Increase**”). Upon completion of the Capital Increase, the registered capital of TPGF will increase from RMB500 million to RMB1 billion. Based on the Company's shareholding percentage in TPGF as at the date of this announcement, the Company shall make an additional capital contribution of RMB150 million (the “**Proposed Capital Contribution**”), which represents approximately 2.30% of the Group's latest audited net tangible assets (“**NTA**”) of RMB6,528,642,000 as at 31 December 2023. The Company intends to fund the Proposed Capital Contribution using its internal resources.

Upon completion of the Capital Increase, the Company's shareholding in TPGF will remain at 30%.

As at the date of this announcement, TPH, the controlling shareholder of the Company holding 42.99% of the issued share capital of the Company, holds 50% equity interest in TPGF. In

addition, TPH is also the controlling shareholder of both Tianjin Yaoye and Jin Yi Investment. Accordingly, each of TPGF, Tianjin Yaoye and Jin Yi Investment is regarded as an associate¹ of TPH. Therefore, each of TPH, TPGF, Tianjin Yaoye and Jin Yi Investment is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited.

As at the date of this announcement, the Board comprises nine (9) directors (the “**Directors**”), of which, each of Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen is a key management personnel in TPH (the “**Interested Directors**”). Since TPH is considered an interested person (as defined in the Listing Manual) of the Company for the purposes of Chapter 9 of the Listing Manual, the Interested Directors have abstained from voting at the 4th Board meeting for the financial year ending 31 December 2024 (the “**FY2024 4th Board Meeting**”) on the resolution in respect of the Proposed Capital Contribution. The remaining six (6) directors, including all three (3) independent directors of the Company for the time being (the “**Independent Directors**”), have approved the Proposed Capital Contribution.

Pursuant to the laws of the People’s Republic of China (the “**PRC**”), the Proposed Capital Contribution does not constitute a material asset restructuring, and is therefore not subject to shareholders’ approval under the laws of the PRC.

As further elaborated in paragraph 7 of this announcement, the Proposed Capital Contribution constitutes an interested person transaction (as defined in the Listing Manual) that is not subject to the disclosure requirements under Chapter 9 of the Listing Manual.

For the avoidance of doubt, the Company is making this announcement in accordance with Rules 217 and 703 of the Listing Manual.

2. INFORMATION ON THE PARTIES

2.1 Relationship between the Parties

As mentioned above, as at the date of this announcement, TPH, the controlling shareholder of the Company holding 42.99% of the issued share capital of the Company, holds 50% equity interest in TPGF. In addition, TPH is also the controlling shareholder of both Tianjin Yaoye and Jin Yi Investment. Accordingly, each of TPGF, Tianjin Yaoye and Jin Yi Investment is regarded as an associate of TPH. Therefore, each of TPH, TPGF, Tianjin Yaoye and Jin Yi Investment is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

¹ 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.

2.2 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
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 (only pre-packaged food); 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)

2.3 Information on Tianjin Yaoye

Name of company : Tianjin Yaoye Group Co., Ltd. (天津药业集团股份有限公司)

Registered address : No. 109, Bawei Road, Hedong District, Tianjin (天津市河东区八纬路109号)

Uniform social credit No. : 91120000103061842X

Type of company : Limited liability company (sole proprietorship of a legal person) (有限责任公司 (法人独资))

Legal representative : XU Hua (徐华)

Date of incorporation : 9 July 1988

Registered capital : RMB674,970,000

Business scope : Manufacture, process, and sales of chemical raw materials and intermediates, formulations, traditional Chinese medicine, Chinese herbal medicines, chemical raw materials, and fenugreek gum; technology services, consulting, R&D, and transfer; contracting Sino-foreign joint ventures and cooperative production enterprises; labour services; engaging in foreign economic and technical cooperation business; leasing of self-owned properties; Operations carried out by branches only: manufacturing, process, and sales of health foods (for items within the above scope that are subject to special national regulations, such business activities shall be carried out in accordance with those special regulations) (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities)

2.4 Information on Jin Yi Investment

Name of company : Tianjin Jin Yi Investment Co., Ltd. (天津金益投资有限公司)
(formerly known as Tianjin Jin Yi Investment Guarantee Co., Ltd. (天津金益投资担保有限责任公司))

Registered address : No. 72, Jianshe Road, Heping District, Tianjin (天津市和平区建设路72号)

Uniform social credit No. : 91120000754810050N

Type of company : Limited liability company (有限责任公司)

Legal representative : WANG Xiaoxia (王晓霞)

Date of incorporation : 14 October 2003

Registered capital : RMB100,000,000

Business scope : General items: engaging in investment activities with self-owned funds; asset management services for investments made with self-owned funds; leasing of non-residential real estate; labour services (excluding labour dispatch); technical services, technology development, consulting, exchange, transfer, and promotion; information technology consulting services; and business management consulting (except for items subject to approval in accordance with applicable laws, business activities shall be carried out based on its business licence in accordance with applicable laws)

3. THE PROPOSED CAPITAL CONTRIBUTION

3.1 Information on TPGF

Name of company : Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司)

Date of incorporation : 14 September 2016

Uniform social credit No. : 91120118MA05L0R67F

Type of company : Limited liability company (有限责任公司)

Business address : 3-2-501/502 & 3-3-501 Ronghe Square, No. 168 Fourth West Road, Tianjin Airport Economic Zone (天津自贸试验区(空港经济区)西四道168号融合广场3-2-501、502; 3-3-501)

Legal representative : XING Jianhua (幸建华)

Registered capital : RMB500,000,000

Business scope : Absorbing deposits from the member entities of TPH, its subsidiaries and associated companies (collectively, the “**TPH Group**”) (吸收成员单位存款); handling loans for the member entities of the TPH Group (办理成员单位贷款); handling discounting of negotiable instruments for the member entities of

the TPH Group (办理成员单位票据贴现); handling fund settlement, receipt and payment for the member entities of the TPH Group (办理成员单位资金结算与收付); providing entrusted loans, bond underwriting, non-financial letter of guarantee, financing consulting, credit authentication and related consulting and agency services⁴ to member entities of the TPH Group (提供成员单位委托贷款、债券承销、非融资性保函、财务顾问、信用鉴证及咨询代理业务); engaging in inter-bank borrowings (从事同业拆借); handling acceptance of negotiable instruments for the member entities of the TPH Group (办理成员单位票据承兑); and engaging in securities (other than shares/stocks) investment (除股票投资以外类有价证券投资)

3.2 Shareholding Structure of TPGF

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

No.	Name of Shareholders	Equity Contribution (RMB)	Shareholding Proportion
1.	TPH	250,000,000	50%
2.	The Company	150,000,000	30%
3.	Tianjin Yaoye	75,000,000	15%
4.	Jin Yi Investment	25,000,000	5%
Total		500,000,000	100%

Note:

The equity interest in the registered capital of TPGF is not subject to any mortgage, pledge or transfer restrictions. There are no ongoing legal disputes, arbitration matters, or any judicial measures such as seizure or freezing, nor are there any other circumstances that would restrict the transfer of ownership.

3.3 Key Financial Information of TPGF

Items	As at 31 December 2023 (audited)	As at 31 August 2024 (unaudited)
Total assets	RMB3,794,456,800	RMB4,464,046,400
Total liabilities	RMB3,175,707,800	RMB3,837,615,200
Net assets	RMB618,749,000	RMB626,431,200
Items	2023 (audited)	January to August 2024 (unaudited)
Revenue	RMB72,772,900	RMB40,261,200
Operating profit	RMB47,850,300	RMB8,801,400
Total profit	RMB47,850,300	RMB8,803,600
Net profit	RMB37,337,400	RMB7,682,200

3.4 Basis of Capital Contribution Amount

All shareholders of TPGF have unanimously agreed to increase the registered capital of TPGF by RMB500 million by contributing additional capital in proportion to their respective existing shareholdings in TPGF. Upon completion of the Capital Increase, the registered capital of TPGF will increase from RMB500 million to RMB1 billion. Based on the Company's shareholding

percentage in TPGF as at the date of this announcement, the Company shall make an additional capital contribution of RMB150 million, which will be funded by the internal resources of the Company.

4. KEY ARRANGEMENTS IN RELATION TO THE PROPOSED CAPITAL CONTRIBUTION

After the internal approval procedures of all shareholders of TPGF and TPGF itself are completed, each shareholder of TPGF shall simultaneously transfer their respective capital contributions to the designated capital verification account opened by TPGF with an external commercial bank. Accordingly, upon the Board's approval of the Proposed Capital Contribution, the Company, along with the other shareholders of TPGF, will simultaneously transfer its capital contribution of RMB150 million to the TPGF's designated capital verification account.

The Capital Increase is still subject to approval by the National Financial Regulatory Administration, Tianjin Office (国家金融监督管理总局天津监管局).

Upon completion of the Capital Increase, the shareholdings in TPGF are in the following proportions:

No.	Name of Shareholders	Equity Contribution (RMB)	Shareholding Proportion
1.	TPH	500,000,000	50%
2.	The Company	300,000,000	30%
3.	Tianjin Yaoye	150,000,000	15%
4.	Jin Yi Investment	50,000,000	5%
Total		1,000,000,000	100%

5. RATIONALE FOR, AND IMPACT OF, THE PROPOSED CAPITAL CONTRIBUTION

As a non-bank financial institution approved by the China Banking and Insurance Regulatory Commission (中国银行保险监督管理委员会), TPGF was established to provide financial services under its business scope including, amongst others, settlement and intermediary business services, deposit business services and credit business services to the member entities in the TPH Group (including the Company). TPGF exhibits stable profitability and provides financial services to the member entities of the TPH Group, and its asset impairment risk is relatively low. TPGF's performance has growth potential, and with the rapid growth of enterprises within the TPH Group, TPGF's earnings are expected to increase, which would provide better returns for its shareholders. The shareholder return on investment in TPGF (based on pre-provision profits) for 2021, 2022, 2023, and January to August 2024 was 4.36%, 4.16%, 7.08%, and 5.87%, respectively, which is higher than the Company's yield on funds deposited in external banks. Against the backdrop of continuously declining deposit interest rates, the return advantage of the Company's investment in TPGF will become even more pronounced.

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

6. DECISION-MAKING PROCESS FOR THE PROPOSED CAPITAL CONTRIBUTION

6.1 Board Meeting

On 5 September 2024, the Company duly convened its FY2024 4th Board Meeting, where the Board considered and approved the Proposed Capital Contribution 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 said Board meeting on the resolution in respect of the Proposed Capital Contribution, and the remaining six (6) directors (including all three (3) Independent Directors) have approved the Proposed Capital Contribution.

6.2 Opinions from the Independent Directors

In accordance with relevant laws and regulations including the *Listing Rules of the Shanghai Stock Exchange* (《上海证券交易所股票上市规则》), the Independent Directors have given their opinions on the Proposed Capital Contribution as an interested person transaction as follows:

- (a) the convening and voting procedures of the FY2024 4th Board Meeting for approving the Proposed Capital Contribution are in compliance with the provisions of relevant laws and regulations, as well as the Articles of Association of the Company, and the Interested Directors have abstained from voting on the resolution in respect of the Proposed Capital Contribution;
- (b) the Proposed Capital Contribution adheres to the principles of equality, free will and mutual benefit, and neither affects the independence of the Company nor is detrimental to the interests of the Company and its minority shareholders; and
- (c) the contents of the document(s) relating to the Proposed Capital Contribution are legal and valid, and not in violation of any mandatory provisions of laws, regulations and normative documents which are currently in force.

7. CHAPTER 9 OF THE LISTING MANUAL

Rule 905(1) of the Listing Manual provides that an issuer must make an immediate announcement of any interested person transaction (as defined in the Listing Manual) of a value equal to, or more than, three per cent. (3%) of the group's latest audited NTA, and Rule 905(2) provides that if the aggregate value of all transactions entered into with the same interested person (as defined in the Listing Manual) during the same financial year amounts to three per cent. (3%) or more of the group's latest audited NTA, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. Pursuant to Rule 905(3) of the Listing Manual, Rule 905(1) and (2) do not apply to any transaction below S\$100,000.

As disclosed in paragraphs 1 and 2.1 of this announcement, each of TPGF, Tianjin Yaoye and Jin Yi Investment is regarded as an associate of TPH. Therefore, each of TPH, TPGF, Tianjin Yaoye and Jin Yi Investment is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. As such, the Proposed Capital Contribution constitutes an interested person transaction under the Listing Manual. Given that the Company's proposed capital contribution of RMB150 million to TPGF, being the amount at risk to the Company, represents approximately 2.30% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023, which is less than three per cent. (3%) of the Group's latest audited NTA, the Proposed Capital Contribution is an interested person transaction that is not subject to the disclosure requirements under Chapter 9 of the Listing Manual.

Save for the transactions made pursuant to the financial services agreement entered into between the Company and TPGF which had been approved by shareholders of the Company (“Shareholders”) at the annual general meeting of the Company held on 15 May 2023 and the Proposed Capital Contribution, there are no other interested person transactions (excluding transactions less than S\$100,000) that were entered into by the Company with TPGF for the current financial year beginning 1 January 2024 up to the date of this announcement.

Further, 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, there are no other interested person transactions (excluding transactions less than S\$100,000 and the Proposed Capital Contribution) 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.

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 “**IP T 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 general mandate obtained by the Company pursuant to Listing Rule 920.

Accordingly, the current total value of all interested person transactions (excluding interested person transactions less than S\$100,000 and the Proposed Capital Contribution) 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 RMB5,030,000 (namely, 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), representing approximately 0.08% of the Group’s latest audited NTA of RMB6,528,642,000 as at 31 December 2023.

8. RELATED PARTY TRANSACTIONS OVER THE PAST TWELVE (12) MONTHS

In accordance with the laws of the PRC including the listing rules of the Shanghai Stock Exchange, 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, 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, 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, representing approximately 0.10% of the Company’s latest audited net assets attributable to its parent company, and (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, representing approximately 0.10% 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) over the past twelve (12) months immediately preceding the date of this announcement.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
6 September 2024