

**TIANJIN ZHONG XIN PHARMACEUTICAL GROUP CORPORATION LIMITED**

(Company Registration No. 91120000103100784F)

(Incorporated in People's Republic of China)

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**(I) RESOLUTIONS PASSED AT THE 1<sup>ST</sup> BOARD MEETING FOR FY2022**

**(II) NOTICE OF ANNUAL GENERAL MEETING FOR FY2021**

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*The board of directors (the "Board") and every individual director of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited (the "Company", 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.*

**(I) Resolutions passed at the 1<sup>st</sup> board meeting for FY2022**

The Company had on 29 March 2022 duly convened its 1<sup>st</sup> Board meeting for the financial year ending 31 December 2022 ("FY2022") by means of live meeting and telephone conference.

The said meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company, and the following resolutions were discussed and passed by the 9 directors out of the full board of 9 directors:

1. that the Chairman's Report for the financial year ended 31 December 2021 ("FY2021") be approved;
2. that the Board of Directors' Report for FY2021 be approved;
3. that the full text and summary of the draft annual report for FY2021 prepared in accordance with the accounting standards of the People's Republic of China (the "PRC") and the International Financial Reporting Standards be approved;

The Board and management of the Company confirmed that, as far as they are aware, the contents of the aforesaid draft annual report are fair and accurate in all material respects, and that there are no material facts the omission of which would make the aforesaid draft annual report misleading.

4. that the Company's audited financial report for FY2021 be approved;
5. that the scheme of profit distribution policy of the Company for FY2021 be approved;

Based on the audited financial report for FY2021 prepared by ShineWing Certified Public Accountants LLP (信永中和会计师事务所) in accordance with the PRC accounting standards, the Company's net profit for FY2021 is RMB771,859,541.02, and the Company's undistributed profits at the beginning of FY2021 is RMB3,247,986,904.12. The Company has

distributed a dividend of an aggregate amount of RMB231,972,922.80 for the financial year ended 31 December 2020. In light of the above, the accumulated distributable profit of the Company for FY2021 is RMB3,787,873,522.34.

The Board proposed to declare dividends on the basis of RMB5.0 (inclusive of taxes) for every 10 shares in the capital of the Company. Upon obtaining the shareholders' approval, the proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at 31 December 2021.

6. that the Company's "Report on the Social Responsibilities for FY2021" be approved;
7. that the Company's "Self-evaluation Report on the Internal Control for FY2021" be approved;
8. that the "Report from Independent Directors for FY2021" be approved;
9. that the "Report on Performance from Audit Committee for FY2021" be approved;
10. that the "Report on the Deposit of Proceeds and the Use of Net Proceeds for FY2021" be approved;
11. that the remuneration of S\$55,000 for independent director Mr. Wong Gang for FY2021 be approved;
12. that the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph for FY2021 be approved;
13. that the remuneration of RMB25,000 for independent director Mr. Qiang Zhiyuan for FY2021 (specifically, for the period from 1 January 2021 to 17 May 2021) be approved;
14. that the remuneration of RMB40,000 for independent director Ms. Li Qing for FY2021 be approved;
15. that the aggregate remuneration for directors of Company for FY2021 be approved;
16. that the aggregate remuneration for senior management personnel (excluding directors and members of supervisory committee) for FY2021 be approved;
17. that the proposed contents of the "Continuous Risk Assessment Report of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司)" be approved;
18. that the proposed contents of the "Amendments to the Articles of Association of the Company" be approved;

Please refer to **Appendix A** for further details on this resolution.

19. that the proposed renewal of the interested person transactions between the Company and certain interested persons, and the proposed renewal of the shareholders' mandate for the interested person transactions, be approved;

Please refer to **Appendix B** for further details on this resolution.

20. that the proposed lines of credit granted to the Company up to an aggregate limit of RMB8,815 million be approved;

The Board had at the board meeting approved lines of credit up to an aggregate limit of RMB8,815 million granted to the Company and proposed to seek a mandate from the shareholders at the general meeting of the Company to empower the management of the Company to handle the relevant specific matters in relation to the loan within the lines of credit according to the actual operation needs of the Company.

The Company has received lines of credit from the following banks:

| No. | Name of the Bank                                                                           | Line of Credit<br>(RMB'000,000) | Maturity<br>Term |
|-----|--------------------------------------------------------------------------------------------|---------------------------------|------------------|
| 1.  | Tianjin Branch, Industrial and Commercial Bank of China (中国工商银行股份有限公司天津分行)                 | 380                             | 1 year           |
| 2.  | Nankai Sub-branch, Tianjin, Bank of China (中国银行股份有限公司天津南开支行)                               | 550                             | 1 year           |
| 3.  | Hebei Sub-branch, Tianjin, China Construction Bank (中国建设银行股份有限公司天津河北支行)                    | 300                             | 1 years          |
| 4.  | Tianjin Port Free Trade Zone Sub-Branch, Agricultural Bank of China (中国农业银行股份有限公司天津港保税区支行) | 600                             | 1 year           |
| 5.  | Tianjin Branch, Merchants Bank of China (招商银行股份有限公司天津分行)                                   | 1,700                           | 1 year           |
| 6.  | Tianjin Branch, China Bohai Bank (渤海银行股份有限公司天津分行)                                          | 800                             | 1 year           |
| 7.  | Tianjin Branch, China Zheshang Bank (浙商银行股份有限公司天津分行)                                       | 200                             | 1 year           |
| 8.  | Tianjin Sub-Branch, China CITIC Bank (中信银行股份有限公司天津支行)                                      | 1,270                           | 1 year           |
| 9.  | Tianjin Branch, China Minsheng Bank (中国民生银行股份有限公司天津分行)                                     | 185                             | 1 year           |
| 10. | Tianjin Branch, Industrial Bank Co., Ltd., (兴业银行股份有限公司天津分行)                                | 280                             | 1 year           |
| 11. | Tianjin Branch, Shanghai Pudong Development Bank (上海浦发银行天津分行)                              | 1,700                           | 1 year           |
| 12. | Hexi Sub-branch, Tianjin, Postal Savings Bank of China (中国邮政储蓄银行天津河西区支行)                   | 250                             | 1 year           |
| 13. | Tianjin Branch, Ping An Bank Co., Ltd. (平安银行天津分行)                                          | 600                             | 1 year           |
|     | Total                                                                                      | 8,815                           | /                |

21. that the proposed provision of guarantee for an amount of up to RMB500 million by the

Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) be approved;

Please refer to **Appendix C** for further details on this resolution.

22. that the proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to TJZX Medicine be approved;

Please refer to **Appendix D** for further details on this resolution.

23. that the following proposed Company's asset impairment allowance and reversal proposal use for FY2021, be approved:

- (1) bad debts allowance of RMB16,500,300 and write-back bad debts allowance of RMB8,904,300;
- (2) inventory impairment allowance of RMB24,053,600, write-back inventory impairment allowance of RMB13,712,600, and inventory allowance written-off of RMB377,300; and
- (3) write-back property, plant and equipment impairment allowance of RMB302,100; and

24. that the proposed convening of the annual general meeting for FY2021 be approved.

The above resolutions No. 1, No. 2, No. 4 and No. 5, resolutions No. 11 to No. 15 and resolutions No. 18 to No. 22 shall be tabled for shareholders' approval at the annual general meeting for FY2021 to be convened.

Mr. Guo Min, Ms. Zhang Mingrui and Mr. Zhang Ping who are interested in resolution No. 19, being the interested directors, have abstained from voting on the resolution.

The relevant directors have also duly abstained from voting on the relevant resolutions for approval of their own respective remuneration at the Board meeting.

## **(II) Notice of Annual General Meeting for FY2021**

Pursuant to the *Company Law of the PRC (2018 Revision)* (《中华人民共和国公司法》(2018 年修订)) and the Articles of Association of the Company, the Board proposes to convene the annual general meeting (“**AGM**” or “**Annual General Meeting**”) for FY2021 at the meeting room of Zhongxin Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 on 16 May 2022 at 1:30 p.m.. Concurrently, the AGM will be held by electronic means for holders of “S” shares (“**S-Shareholders**”) in Singapore.

The agenda for the meeting shall be as follows:

1. To consider and approve the Chairman's Report for FY2021; (Resolution 1)
2. To consider and approve the Board of Directors' Report for FY2021; (Resolution 2)

3. To consider and approve the Supervisory Committee's Report for FY2021; (Resolution 3)
4. To consider and approve the Financial Report and Audit Report for FY2021 audited by ShineWing Certified Public Accountants LLP (信永中和会计师事务所) and RSM Chio Lim LLP and reviewed by the Audit Committee of the Company; (Resolution 4)
5. To consider and approve the scheme of profit distribution policy of the Company for FY2021; (Resolution 5)

The Board has recommended to declare dividends of an aggregate amount of RMB386,721,538 on the basis of RMB5.0 (inclusive of taxes) for every 10 shares in the capital of the Company. The proposed dividend is payable in respect of 773,443,076 issued ordinary shares in the capital of the Company as at 31 December 2021.

6. To consider and approve the remuneration of S\$55,000 for independent director Mr. Wong Gang for FY2021; (Resolution 6)
7. To consider and approve the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph for FY2021; (Resolution 7)
8. To consider and approve the remuneration of RMB25,000 for independent director Mr. Qiang Zhiyuan for FY2021 (specifically, for the period from 1 January 2021 to 17 May 2021); (Resolution 8)
9. To consider and approve the remuneration of RMB40,000 for independent director Ms. Li Qing for FY2021; (Resolution 9)
10. To consider and approve the aggregate remuneration for directors of the Company for FY2021; (Resolution 10)
11. To consider and approve the aggregate remuneration for members of the Supervisory Committee for FY2021; (Resolution 11)
12. To consider and approve the proposed amendments to the Articles of Association of the Company; (Resolution 12)
13. To consider and approve the proposed renewal of the shareholders' mandate for the interested person transactions; (Resolution 13)
  - (a) such approval given in the shareholders' mandate for the interested person transactions ("**Shareholders' Mandate**") shall, unless revoked or varied by the Company in a general meeting, continue in force until the next annual general meeting of the Company; and
  - (b) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the

Shareholders' Mandate and/or this Resolution.

14. To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB8,815 million; (Resolution 14)
15. To consider and approve the proposed provision of guarantee for an amount of up to RMB500 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”); and (Resolution 15)
16. To consider and approve the proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to TJZX Medicine. (Resolution 16)

**Notes:**

1. The AGM will be held by electronic means for S-Shareholders in Singapore pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance by S-Shareholders at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed by S-Shareholders via “live” audio-and-video webcast or “live” audio-only stream), submission of questions by S-Shareholders to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions relating to the AGM (including at a virtual information session conducted by electronic means to be held prior to the AGM) and voting by S-Shareholders by appointing the Chairman of the AGM as proxy at the AGM, will be announced by the Company in due course.
3. A holder of shares entitled to attend and vote at the AGM (other than S-Shareholder, who is required to appoint the Chairman of the AGM as proxy at the AGM) is entitled to appoint one or more persons (who need not also be shareholders) to act as their proxies to attend and vote on their behalf.

If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. Pursuant to the Articles of Association of the Company, a holder of tradable domestic shares with limiting conditions for sale shall notify the Company in writing not less than 20 days prior to the AGM of his or her intention to attend the AGM. A holder of “S” share shall be registered in the shareholder name list or in the Depository Register 48 hours before the appointed time for holding the AGM.

A holder of tradable domestic shares with limiting conditions for sale who is planning to attend the Annual General Meeting must give a written notice to the Company no later than 20 April 2022.

5. The AGM in Tianjin, PRC is expected to last for half a day and all accommodation and other expenses incurred by a shareholder or his/her proxy in connection with his/her attendance at the AGM shall be borne by that shareholder.
6. As the COVID-19 situation continues to evolve, the Company may be required to change its arrangements in Singapore at short notice. S-Shareholders should check SGXNET and/or our corporate website at <http://www.zhongxinp.com/> for the latest updates on the status of the AGM.

7. The Company thanks all members for their understanding and cooperation to hold the AGM in line with appropriate safe distancing measures amidst the COVID-19 pandemic.
8. **Personal Data Privacy:** By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

#### **BY ORDER OF THE BOARD**

Jiao Yan  
Secretary to the Board of Directors  
30 March 2022

#### **IMPORTANT NOTE FOR SHAREHOLDERS:**

Pursuant to Article 69 of the Articles of Association of the Company, the Company shall issue a written notice 45 days in advance of a shareholders' meeting, informing all registered shareholders and the stock exchanges on which the Company's shares are listed of the matters to be examined at the meeting and the date and venue of the meeting. This notice has been given in compliance with the aforementioned provision in the Articles of Association of the Company. In view of the COVID-19 situation and pursuant to the regulatory announcement made by the Singapore Exchange Securities Trading Limited on 4 February 2022, the Company will issue an updated Notice of AGM in due course, to provide the S-Shareholders with the details in relation to the alternative arrangements for participation at the AGM by S-Shareholders. S-Shareholders should check SGXNET for the latest updates on the status of the AGM.

## APPENDIX A

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

To comply with the requirements of the *Code of Corporate Governance of Listed Companies (2018 Revision)* (《上市公司治理准则》(2018 年修订)) (the “**Code**”) promulgated by the China Securities Regulatory Commission (中国证券监督管理委员会) (the “**CSRC**”) on 30 September 2018 which came into force on the date of promulgation and the Tianjin Securities Regulatory Bureau (天津证监局), being the local branch of the CSRC in Tianjin, the Company proposes to amend Article 83 of its existing Articles of Association to provide for the adoption of a cumulative voting system for the election of directors or supervisors at the general meetings of the Company and stipulate the detailed implementing rules for such cumulative voting system in its Articles of Association (the “**2022 Proposed AOA Amendments**”), in accordance with the provisions under relevant laws, regulations and normative documents including the *Company Law of the People’s Republic of China (2018 Revision)* (《中华人民共和国公司法》(2018 年修订)), the *Securities Law of the People’s Republic of China (2019 Revision)* (《中华人民共和国证券法》(2019 年修订)), the Code and the *Guidelines on the Articles of Association of Listed Companies (2022 Revision)* (《上市公司章程指引》(2022 年修订)) promulgated by the CSRC, so as to further improve the corporate governance structure and safeguard the rights and interests of the minority shareholders of the Company.

Article 83 of the existing Articles of Association of the Company is proposed to be amended as follows (with amendments **in bold and underline**):

| Before the 2022 Proposed AOA Amendments                                                                                                                                                                                                                                                                 | After the 2022 Proposed AOA Amendments                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Article 83 If the General Meeting of Shareholders is to deliberate matters concerning election of directors and supervisors, the shareholders’ meeting notice shall give full exposure of detailed information about the director and supervisor candidates, at least including the following contents: | Article 83 If the General Meeting of Shareholders is to deliberate matters concerning election of directors and supervisors, the shareholders’ meeting notice shall give full exposure of detailed information about the director and supervisor candidates, at least including the following contents: |
| (1) the educational background, work experiences, concurrent posts and other personal information;                                                                                                                                                                                                      | (1) the educational background, work experiences, concurrent posts and other personal information;                                                                                                                                                                                                      |
| (2) whether or not there is any association relationship with the Company or the controlling shareholder and actual controller of the Company;                                                                                                                                                          | (2) whether or not there is any association relationship with the Company or the controlling shareholder and actual controller of the Company;                                                                                                                                                          |
| (3) disclosure of the number of shares of the Company he or she holds;                                                                                                                                                                                                                                  | (3) disclosure of the number of shares of the Company he or she holds;                                                                                                                                                                                                                                  |
| (4) whether or not he or she received any                                                                                                                                                                                                                                                               | (4) whether or not he or she received any                                                                                                                                                                                                                                                               |

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| <p>punishment imposed by the China Securities Regulatory Commission and other related departments and the stock exchange.</p> <p>Except for the adoption of cumulative voting system in electing directors and supervisors, each director and supervisor candidate shall be put forward in a separate motion.</p> | <p>punishment imposed by the China Securities Regulatory Commission and other related departments and the stock exchange.</p> <p>Except for the adoption of cumulative voting system in electing directors and supervisors, each director and supervisor candidate shall be put forward in a separate motion.</p> <p><b><u>Where a single shareholder of the Company solely or jointly with the persons acting in concert with it is interested in 30% or more of the shares of the Company, a cumulative voting system must be carried out when voting on the resolution for the election of directors or supervisors at the general meetings of the Company.</u></b></p> <p><b><u>The “cumulative voting system” as mentioned in the immediately foregoing paragraph means that when voting on the resolution for the election of directors or supervisors (as the case may be) at a general meeting, each share held by a shareholder of the Company shall have the same number of votes as the number of directors or supervisors to be elected (as the case may be), and the shareholders may cast their total votes for one or several candidates.</u></b></p> <p><b><u>The specific implementing rules for the “cumulative voting system” are as follows:</u></b></p> <p><b><u>(1) when voting on the resolution for the election of directors or supervisors at a general meeting, each share held by a shareholder of the Company has the same number of votes as the number of directors or supervisors (as the case may be) to be elected. That is, the total number of votes that a shareholder is entitled to in the election of directors or supervisors (as the case may be) equals to the number of shares held by such</u></b></p> |
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|  | <p><u>shareholder multiplied by the number of directors or supervisors (as the case may be) to be elected. The number of candidates for directors and supervisors can be more than the number of directors or supervisors to be elected at the general meeting. However, each shareholder can only cast votes for such number of candidates that shall not exceed the number of directors or supervisors (as the case may be) to be elected at the general meeting and the total number of votes cast by a shareholder shall not be more than the number of votes that such shareholder is entitled, otherwise, such votes shall be invalid.</u></p> <p><u>(2) the voting on the resolution for the election of independent directors, non-independent directors and supervisors shall be carried out separately. When voting on the resolution for the election of independent directors, the number of votes that each shareholder is entitled to equals to the number of shares held by such shareholder multiplied by the number of independent directors to be elected, and such votes can only be cast for the candidates for independent directors; when voting on the resolution for the election of non-independent directors, the number of votes that each shareholder is entitled to equals to the number of shares held by such shareholder multiplied by the number of non-independent directors to be elected, and such votes can only be cast for the candidates for non-independent directors; and when voting on the resolution for the election of supervisors, the number of votes that each shareholder is entitled to equals to the number of shares held by such</u></p> |
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|  | <p><u>shareholder multiplied by the number of supervisors to be elected, and such votes can only be cast for the candidates for supervisors.</u></p> <p><u>(3) after the voting process ends, the scrutineer of the general meeting shall count the votes and announce the number of votes received by each of the candidates for directors or supervisors for determining which candidates are elected. The candidates for directors or supervisors shall be determined as elected according to the number of votes received by each candidate in descending order; provided, however, that for a candidate to be elected, the minimum number of votes that such candidate received shall be more than half (1/2) of the total number of shares held by those shareholders (including their proxies) attending the general meeting. If the number of directors or supervisors elected is lower than the number of directors or supervisors to be elected at the general meeting, another election shall be conducted at the next following general meeting to fill the vacancy. In the event of failure to determine the elected candidate due to a tie vote between two (2) or more candidates for directors or supervisors (such that, if all of them are elected, the number of elected candidates would exceed the number of vacancies), another election shall be conducted at the next following general meeting to fill the vacancy.</u></p> |
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Save for the above amendments, the other terms of the existing Articles of Association of the Company shall remain unchanged.

The 2022 Proposed AOAAmendments shall be submitted for shareholders' consideration and be approved by more than two-thirds (2/3) of the voting rights held by the shareholders attending at a general meeting of the Company to be convened in due course.

## APPENDIX B

### FURTHER DETAILS REGARDING THE INTERESTED PERSON TRANSACTIONS BETWEEN THE COMPANY AND THE INTERESTED PERSONS

#### I. INTRODUCTION

The Company's scope of business covers *inter alia* the production of Chinese traditional medicine, Chinese traditional herbal medicine, biological engineering medicines, chemical medicinal feedstock and chemical reagents, production and sales of nutritional supplement, and sales of medical apparatus. As Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("TPH"), the controlling shareholder of the Company, holds equity interests in many pharmaceutical industrial enterprises and pharmaceutical commercial enterprises, in the course of the Company's day-to-day operations, the Company inevitably and will continue to have certain economic exchanges with such affiliated companies, which are considered to be interested person transactions (the "IPT").

The Company had previously entered into agreements with its interested persons (the "**Previous Agreements**"), which were valid for a duration of three (3) years ended 30 June 2022. The Company had obtained board approval for the Previous Agreements at the board meeting held on 29 January 2019, and had obtained shareholders' approval for the same at the Company's annual general meeting held on 15 May 2019. As the contractual duration of the Previous Agreements will be expiring on 30 June 2022, pursuant to the relevant regulations, the Company proposes to renew the Previous Agreements, based on the same terms and conditions. Meanwhile, the Company also proposes to enter into agreements with new interested persons (the "**New Agreements**", together with the renewed Previous Agreements, the "**IPT Agreements**"), the conditions and terms of which will be similar to other IPTs of the same nature with the Company. The IPT Agreements will be for a period of (3) years up to 30 June 2025.

The IPT Agreements shall cover the following categories of transactions: (i) sale and purchase of medicinal products; (ii) supply of raw materials; and (iii) provision of packaging materials and services. The IPT Agreements had not provided for an aggregate transaction amount. The Company will disclose the details of the aggregate value of IPTs conducted in the annual and interim financial statements.

The entry into the IPT Agreements shall be tabled for shareholders' approval at a general meeting of the Company.

#### II. INFORMATION ON THE INTERESTED PERSONS

##### 1. Sale and Purchase of Medicinal Products

The Company proposes to enter into agreements for the sale and purchase of medicinal products with the following interested persons:

- (1) TPH;
- (2) Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (天津医药集团太平医药有限公司);
- (3) Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司);

- (4) Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司);
- (5) Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司);
- (6) Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司);
- (7) Tianjin Jincao Pharmaceutical Co., Ltd. (天津市金草药业有限公司);
- (8) Tianjin Pharmaceutical Group Jian Kang Da Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司);
- (9) Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司);
- (10) Tianjin Medical Apparatus and Instruments Factory Co., Ltd. (天津市医疗器械厂有限公司);
- (11) Tianjin Pharmaceutical Group Jing Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司);
- (12) Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药物研究院有限公司);
- (13) Tianjin Institute Of Pharmaceutical Research Medicine Co., Ltd. (天津药物研究院药业有限责任公司);
- (14) Tianjin Jinyao Pharmaceutical Co., Ltd. (天津金耀药业有限公司);
- (15) Tianjin Tianyao Pharmaceutical Co., Ltd. (天津天药药业股份有限公司);
- (16) Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (天津天药医药科技有限公司);
- (17) Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司);
- (18) Tianjin Jinyao Logistics Co., Ltd. (天津金耀物流有限公司);
- (19) Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司);
- (20) Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司);
- (21) Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司);
- (22) Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司);
- (23) Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司);
- (24) Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司);
- (25) Tianjin Lisheng Pharmaceutical Co. Ltd. (天津力生制药股份有限公司); and
- (26) Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司).

## 2. Supply of Raw Materials

The Company proposes to enter into agreements for supply of raw materials with the following interested persons:

- (1) Tianjin Pharmaceutical Group Jing Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司); and
- (2) Tianjin Jinyao Pharmaceutical Co., Ltd. (天津金耀药业有限公司).

## 3. Packaging Materials and Services

The Company and Tianjin Yiyao Printing Services Co., Ltd. (天津宜药印务有限公司) (“**TYPs**”) propose to enter into an agreement for the provision of packaging materials and services from

TYPS.

### III. SALIENT TERMS OF THE IPTS

#### 1. IPT Agreement(s) for Sale and Purchase of Medicinal Products

- (1) Subject-matter of agreement: Registered medicines and medical apparatus and instruments produced in accordance with the quality standards as provided by the applicable laws, regulations and rules of the People's Republic of China (the "PRC").
- (2) Pricing basis and policies: The transactions between the contracting parties shall be conducted in accordance with the principles of equality, voluntariness, fairness and good faith. The transaction price shall be determined by the contracting parties with reference to the market price, provided that in transactions where the Company purchases goods and/or obtains services from the interested persons, the pricing and terms of such IPTs shall not be less favourable to the Company than those available in other substantially similar types of transactions between the Company and the unrelated third parties, and in transactions where the Company sells goods to the interested persons, the pricing and terms of such IPTs shall not be more favourable to the interested person than those extended to unrelated third parties for substantially similar types of transactions.

#### 2. IPT Agreement(s) for Supply of Raw Materials

- (1) Subject-matter of agreement: Traditional Chinese Medicine (TCM) materials.
- (2) Pricing basis and policies: The supply price offered by the Company shall be determined in accordance with the pricing method provided by the applicable laws, regulations and rules in the PRC and Tianjin city. In the absence of such pricing method, the price of the relevant TCM material shall be determined by the contracting parties with reference to the market price, provided that such price shall not be lower than the price offered by the Company to any third party.

#### 3. IPT Agreement(s) for Packaging Materials and Services

- (1) Subject-matter of agreement: Packaging and printing services required by the Company for the production of medicines.
- (2) Pricing basis and policies: The price of such services shall be determined by the contracting parties through negotiations, taking into consideration the principle that the price shall not be higher than the market price of the similar type of services offered by a third party.

The IPT Agreements will be valid for a period of three (3) years from the date of signing and ending on 30 June 2025. However, pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited, a shareholders' mandate for interested person transactions shall only continue in force until the next annual general meeting of the Company (or unless revoked or varied earlier in general meeting of the Company). Accordingly, the IPT Agreements shall be subject to approval by the shareholders of the Company at a general meeting of the Company being obtained before each

anniversary date after the entry into of the IPT Agreements, and if the Company fails to obtain the approval of the shareholders of the Company for the IPT Agreements, the IPT Agreements will be terminated on the forthcoming anniversary date. The IPT Agreements can be renewed if the contracting parties agree to such renewal before the expiration of the three-year term.

#### **IV. RATIONALE FOR THE IPT AGREEMENTS AND IMPACT ON THE COMPANY**

##### **1. Rationale for the IPT Agreements**

The above-mentioned IPTs are transactions within the ordinary course of the Company's business, and entry into these transactions will be helpful to the Company in streamlining the management and regulation of sale and purchase of medicinal products, supply of raw materials and use of packaging and printing services. This better ensures the normal production and sales of the Company, and reduces the overall costs incurred by the Company as much as possible.

##### **2. Impact on the Company**

The transactions between the contracting parties will be conducted in accordance with the principles of equality, voluntariness, fairness and good faith. The price thereto will be determined in accordance with the relevant regulations of the National Development and Reform Commission of the PRC (国家发展和改革委员会) or the market price. The IPT Agreements will not be prejudicial to the interests of the Company and its minority shareholders and may bring higher returns to the minority shareholders of the Company.

#### **V. REVIEW PROCEDURES IN RELATION TO THE IPT AGREEMENTS**

##### **1. Board Procedure**

In the 1<sup>st</sup> board meeting for the financial year ending 31 December 2022 held on 29 March 2022, the resolution approving the IPT Agreements were passed by 9 Directors (including all of the Independent Directors) out of the full board of 9 directors of the Company, save that Mr. Guo Min, Ms. Zhang Mingrui and Mr. Zhang Ping who are interested in the resolution relating to the IPT Agreements, being the interested directors, have abstained from voting on this resolution.

A general meeting of the shareholders of the Company will be convened to seek the approval of shareholders of the Company for the entry into the IPT Agreements.

##### **2. Prior Approval and Opinions from the Independent Directors**

Pursuant to the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (《上海证券交易所股票上市规则》), the independent directors of the Company, comprising Mr. Wong Gang, Mr. Liew Yoke Pheng Joseph and Ms. Li Qing (the “Independent Directors”) opine as follows:

- (a) The decision-making procedures of the Board in relation to the above-mentioned IPTs and IPT Agreements are in compliance with the provisions of the applicable laws;
- (b) The above-mentioned IPTs and IPT Agreements will be conducted in accordance with the

principles of equality, voluntariness, fairness and good faith, and the price thereto will be determined in accordance with the applicable laws, regulations and rules, or the market price; and

- (c) The above-mentioned IPTs and IPT Agreements are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and may bring higher returns to the minority shareholders of the Company.

The Independent Directors agree that the IPTs and the IPT Agreements shall be tabled for shareholders' approval at a general meeting of the Company to be convened.

## APPENDIX C

### PROPOSED PROVISION OF GUARANTEE FOR AN AMOUNT OF UP TO RMB500 MILLION BY THE COMPANY FOR TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司)

#### I. INTRODUCTION

##### 1. Information on the Guarantee

On 17 December 2021, the Company duly convened its 11<sup>th</sup> Board meeting for the financial year ended 31 December 2021 (“FY2021”), and the Board considered and approved the proposed contents of the “Asset Restructuring Plan on Pharmaceutical Circulation Business of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited” (天津中新药业集团股份有限公司药品流通业务资产重组方案) (the “**Restructuring Plan**”). Please refer to the announcement dated 17 December 2021 made by the Company for further details on the Restructuring Plan. Pursuant to the Restructuring Plan, in order to meet the funding needs of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) for its daily operation following the Proposed Asset Restructuring (as defined under the Restructuring Plan) after April 2022, the Company proposes to provide a joint and several liability guarantee (连带责任保证担保) for TJZX Medicine for an amount of up to RMB500 million (the “**Guarantee**”), which shall be deployed from bank lines of credit and bank guarantee amount (银行担保额度) obtained by the Company. The period of the Guarantee is one (1) year.

At present, the bank guarantee amount (银行担保额度) obtained by the Company is as follows: (i) the guarantee amount provided by the Tianjin Branch, Shanghai Pudong Development Bank (上海浦发银行天津分行) is up to RMB400 million, (ii) the guarantee amount provided by the Tianjin Branch, Merchants Bank of China (招商银行股份有限公司天津分行) is up to RMB400 million, (iii) the guarantee amount provided by the Tianjin Branch, Industrial Bank Co., Ltd., (兴业银行股份有限公司天津分行) is up to RMB280 million, (iv) the guarantee amount provided by the Tianjin Branch, China Minsheng Bank (中国民生银行股份有限公司天津分行) is up to RMB185 million, (v) the guarantee amount provided by the Nankai Sub-branch, Tianjin, Bank of China (中国银行股份有限公司天津南开支行) is up to RMB100 million, and (vi) the guarantee amount provided by the Tianjin Port Free Trade Zone Sub-Branch, Agricultural Bank of China (中国农业银行股份有限公司天津港保税区支行) is up to RMB100 million.

##### 2. Decision-making process of the Company

On 29 March 2022, the Company duly convened its 1<sup>st</sup> Board meeting for the financial year ending 31 December 2022, and the Board considered and approved the proposed provision of guarantee for an amount of up to RMB500 million by the Company for TJZX Medicine. The said Board meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company.

The resolution in relation to the proposed provision of guarantee for an amount of up to RMB500 million by the Company for TJZX Medicine shall be submitted for shareholders’ approval at a general meeting of the Company.

## II. INFORMATION ON TJZX MEDICINE

### 1. Information on TJZX Medicine

|                      |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of company      | : | Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Type of company      | : | Limited liability company (sole proprietorship of a legal person)<br>(有限责任公司 (法人独资))                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Registered address   | : | No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Business address     | : | No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Legal representative | : | Li Yan (李颜)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Registered capital   | : | RMB 5 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Business scope       | : | <p>Licenced items: wholesale of pharmaceuticals; operation of Class III medical devices; road cargo transportation (excluding hazardous goods); sale of food; sale of disinfection equipment (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);</p> <p>General items: sale of (pre-packaged) healthcare food; road cargo transportation by general freight vehicles with gross weight of 4.5 tons or less (excluding network freight and dangerous goods); sale of Class II medical devices; sale of Class I medical devices; sale of personal hygiene products; wholesale of cosmetics; sale of daily necessities; wholesale of sports goods and equipment; sale of household appliances; sale of daily groceries; advertisements production; advertisements design and agency; information consulting services (excluding information consulting services subject to licencing requirement); general cargo warehousing services (excluding hazardous chemicals and other items subject to licencing approval); leasing of non-residential real estate; house leasing; sale of disinfectants (excluding hazardous chemicals); sale of chemical products (excluding chemical products subject to</p> |

licensing requirement); sale of sanitary products and disposable medical products. (Except for items subject to approval in accordance with applicable laws, business activities shall be conducted based on its business licence in accordance with applicable laws)

Key financials : TJZX Medicine is a newly established company. The Proposed Asset Restructuring (as defined under the Restructuring Plan) was completed at the beginning of April 2022. The *pro forma* assets and liabilities and operation conditions of TJZX Medicine as at 30 June 2021 (being the Benchmark Date as defined under the Restructuring Plan) and as at 28 February 2022 (being the latest available financial statement date) are as follows:

|                           | As at 30 June 2021 | As at 28 February 2022 |
|---------------------------|--------------------|------------------------|
| Total assets              | RMB1,935,216,300   | RMB2,058,535,800       |
| Total liabilities         | RMB617,761,100     | RMB547,283,000         |
| Of which: total bank loan | 0                  | 0                      |
| Total current liabilities | RMB606,774,700     | RMB534,974,300         |
| Net assets                | RMB1,317,455,200   | RMB1,511,252,800       |
| Revenue                   | RMB1,588,422,400   | RMB603,866,300         |
| Net profit                | RMB10,946,500      | RMB2,123,100           |

## 2. Relationship between TJZX Medicine and the Company

TJZX Medicine is a wholly-owned subsidiary of the Company, and the Company directly holds 100% equity interest in TJZX Medicine.

### III. MAIN CONTENTS OF THE GUARANTEE

Guarantee manner and type : Joint and several liability guarantee (连带责任保证担保)

Guarantee period : One (1) year

Guaranteed amount : RMB500 million

Other material terms : Nil

### IV. OPINIONS OF THE BOARD

The proposed provision of joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB500 million by the Company for its wholly-owned subsidiary, TJZX Medicine, is mainly for the purposes of meeting the funding needs of TJZX Medicine for its daily operation and ensuring TJZX Medicine remains solvent following the Proposed Asset Restructuring (as defined under the Restructuring Plan).

**V. ACCUMULATED NUMBER OF GUARANTEES PROVIDED BY THE COMPANY AND ITS CONTROLLED SUBSIDIARIES AND NUMBER OF OVERDUE GUARANTEES**

As at the date of this announcement, none of the Company and its controlled subsidiaries has provided any guarantees for any third parties. The latest audited net assets of the Company attributable to its parent company is RMB6,364,477,600 for FY2021. The guaranteed amount of RMB500 million under the Guarantee accounts for 7.86% of the latest audited net assets of the Company for FY2021.

## APPENDIX D

### PROPOSED PROVISION OF AN ENTRUSTED LOAN (委托贷款) OF RMB1,200 MILLION BY THE COMPANY TO TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司)

#### I. INTRODUCTION

##### 1. Information on the Entrusted Loan

On 17 December 2021, the Company duly convened its 11<sup>th</sup> Board meeting for the financial year ended 31 December 2021, and the Board considered and approved the proposed contents of the “Asset Restructuring Plan on Pharmaceutical Circulation Business of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited” (天津中新药业集团股份有限公司药品流通业务资产重组方案) (the “**Restructuring Plan**”). Please refer to the announcement dated 17 December 2021 made by the Company for further details on the Restructuring Plan. Pursuant to the Restructuring Plan, Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”), being a newly incorporated wholly-owned subsidiary of the Company, needs to pay an estimated consideration of approximately RMB900 million for the Transferred Assets (as defined under the Restructuring Plan). In addition, TJZX Medicine will need an estimated cash flow of RMB300 million at the initial stage of its establishment. To ensure the normal operation of TJZX Medicine following the Proposed Asset Restructuring (as defined under the Restructuring Plan), the Company proposes to use its own funds to provide TJZX Medicine with an entrusted loan of RMB1,200 million (the “**Entrusted Loan**”). The loan interest rate of the Entrusted Loan shall be one-year loan prime rate (LPR) (currently is 3.75%) with a term of one (1) year. The Entrusted Loan does not constitute an interested person transaction or related party transaction.

The details of the Entrusted Loan are as follows:

- (1) the Company will provide the Entrusted Loan of RMB300 million to TJZX Medicine through Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (“**TPGF**”), which shall be used for the operation needs of TJZX Medicine at its initial stage of establishment. The Company has entered into a financial services agreement with TPGF in 2020 (the “**2020 TPGF Agreement**”) which has been considered and approved by the shareholders at the annual general meeting held on 5 June 2020 for the financial year ended 31 December 2019. The amount of the Entrusted Loan is within the limit of credit facilities granted by TPGF to the Company; and
- (2) the Company will provide the Entrusted Loan of RMB900 million to TJZX Medicine, which shall be used for the payment of the consideration for the Transferred Assets (as defined under the Restructuring Plan) to the Company.

##### 2. Decision-making process of the Company

On 29 March 2022, the Company duly convened its 1<sup>st</sup> Board meeting for the financial year ending 31 December 2022, and the Board considered and approved the proposed provision of the Entrusted Loan of RMB1,200 million by the Company to TJZX Medicine. The said Board

meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company. The resolution in relation to the proposed provision of the Entrusted Loan shall be submitted for shareholders' approval at a general meeting of the Company.

## II. INFORMATION ON THE PARTIES TO THE ENTRUSTED LOAN

### 1. Information on the borrower under the Entrusted Loan

|                      |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of company      | : | Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Type of company      | : | Limited liability company (sole proprietorship of a legal person)<br>(有限责任公司 (法人独资))                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Registered address   | : | No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Business address     | : | No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Legal representative | : | Li Yan (李颜)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Registered capital   | : | RMB 5 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Business scope       | : | <p>Licenced items: wholesale of pharmaceuticals; operation of Class III medical devices; road cargo transportation (excluding hazardous goods); sale of food; sale of disinfection equipment (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);</p> <p>General items: sale of (pre-packaged) healthcare food; road cargo transportation by general freight vehicles with gross weight of 4.5 tons or less (excluding network freight and dangerous goods); sale of Class II medical devices; sale of Class I medical devices; sale of personal hygiene products; wholesale of cosmetics; sale of daily necessities; wholesale of sports goods and equipment; sale of household appliances; sale of daily groceries; advertisements production; advertisements design and agency; information consulting services (excluding information consulting services subject to licencing requirement); general cargo warehousing</p> |

services (excluding hazardous chemicals and other items subject to licencing approval); leasing of non-residential real estate; house leasing; sale of disinfectants (excluding hazardous chemicals); sale of chemical products (excluding chemical products subject to licensing requirement); sale of sanitary products and disposable medical products. (Except for items subject to approval in accordance with applicable laws, business activities shall be conducted based on its business licence in accordance with applicable laws)

Key financials : TJZX Medicine is a newly established company. The Proposed Asset Restructuring (as defined under the Restructuring Plan) was completed at the beginning of April 2022. The *pro forma* assets and liabilities and operation conditions of TJZX Medicine as at 30 June 2021 (being the Benchmark Date as defined under the Restructuring Plan) and as at 28 February 2022 (being the latest available financial statement date) are as follows:

|                           | As at 30 June 2021 | As at 28 February 2022 |
|---------------------------|--------------------|------------------------|
| Total assets              | RMB1,935,216,300   | RMB2,058,535,800       |
| Total liabilities         | RMB617,761,100     | RMB547,283,000         |
| Of which: total bank loan | 0                  | 0                      |
| Total current liabilities | RMB606,774,700     | RMB534,974,300         |
| Net assets                | RMB1,317,455,200   | RMB1,511,252,800       |
| Revenue                   | RMB1,588,422,400   | RMB603,866,300         |
| Net profit                | RMB10,946,500      | RMB2,123,100           |

## 2. Relationship between the borrower and the Company

TJZX Medicine is a wholly-owned subsidiary of the Company, and the Company directly holds 100% equity interest in TJZX Medicine.

## III. IMPACT ON THE COMPANY

The Entrusted Loan provided by the Company to TJZX Medicine shall mainly be used for the payment of the consideration for the Transferred Assets (as defined under the Restructuring Plan) to the Company and cash flow of TJZX Medicine for its daily operations. The consideration for the Transferred Assets (as defined under the Restructuring Plan) to be paid to the Company will be paid to the Company immediately after the disbursement of the Entrusted Loan to realise the recovery of funds.

The Entrusted Loan is an important means to ensure the successful completion of the Proposed Asset Restructuring (as defined under the Restructuring Plan). The source of funds for the Entrusted Loan is the Company's self-owned funds, which will not affect the daily cash flow needs of the Company or be detrimental to the interests of the Company and its shareholders.

**IV. RISKS OF THE ENTRUSTED LOAN AND SOLUTIONS THEREOF**

TJZX Medicine is a wholly-owned subsidiary of the Company which was incorporated for the purposes of the Proposed Asset Restructuring (as defined under the Restructuring Plan). The Company has actual control over TJZX Medicine and it is not envisaged that there will have major risks in relation to the Entrusted Loan.

**V. ACCUMULATED AMOUNT OF ENTRUSTED LOAN PROVIDED BY THE COMPANY AND OVERDUE AMOUNT**

As at the date of this announcement, the accumulated amount of the entrusted loans of the Company is RMB145,396,000 and the Company has no overdue entrusted loan.