

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)

- (1) **THE PROPOSED CAPITAL INJECTION INTO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) BY THE COMPANY THROUGH THE TRANSFER OF THE 100% EQUITY INTEREST IN THE REGISTERED CAPITAL OF TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司) TO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AND THE PROPOSED ENTRY INTO A CAPITAL INJECTION AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION; AND**
 - (2) **THE RESULTANT JOINT VENTURE IN TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AS AN INTERESTED PERSON TRANSACTION**
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The board of directors (the “Board”) and every individual director of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “Company” and together with its subsidiaries, the “Group”) hereby confirm that they will individually and collectively accept full responsibility for the accuracy of the information given in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

The Board refers to:

- (1) the announcement dated 11 September 2024 made by the Company in relation to the resolutions passed at the 5th Board meeting for the financial year ending 31 December 2024 (“**FY2024**”) (the “**FY2024 5th Board Meeting**”); and
- (2) the announcement dated 11 September 2024 made by the Company in relation to the proposed provision of a guarantee for an amount of up to RMB832,650,000 for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) (the “**Proposed Provision of Guarantee**”) as an interested person transaction (the “**IPT Announcement #2**”).

1. OVERVIEW

To resolve the issue of competition within the same industry (i.e., the pharmaceutical commercial segment (医药商业板块)) between the Company and its controlling shareholder, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**TPH**”), and further leverage the economies of scale in the pharmaceutical commercial segment, the Company proposes to make a capital injection of RMB493,617,700 (the “**Injection Amount**”) into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) (“**Taiping Medicine**”) through the transfer of the 100% equity interest in the registered capital of TJZX Medicine by the Company to Taiping Medicine (the “**Proposed Capital Injection**”). To effect the Proposed Capital Injection, the Company had, on 11 September 2024, entered into a capital injection agreement (增资协议) (the “**Capital Injection Agreement**”) with TPH, Taiping Medicine and TJZX Medicine in relation to the Proposed Capital Injection. For the purposes of the Proposed Capital Injection, both TJZX Medicine and Taiping Medicine are valued based on the appraised values of their net assets. Accordingly, the Injection Amount is based on the appraised value of the net assets of TJZX

Medicine, being RMB RMB493,617,700. Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the Company establishing a joint venture in Taiping Medicine with TPH (the “**Proposed Joint Venture**”, together with the Proposed Capital Injection and the Proposed Provision of Guarantee, the “**Proposed IPTs**”).

As at the date of this announcement, TPH is the controlling shareholder of the Company, holding 42.99% of the issued share capital of the Company. Accordingly, Taiping Medicine (being a wholly-owned subsidiary of TPH as at the date of this announcement) is regarded as an associate¹ of TPH. Therefore, both TPH and Taiping Medicine are considered interested persons² 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, Mr. Guo Min is a director of both TPH and Taiping Medicine, Ms. Zhang Mingrui is a director and the legal representative of TPH, and Ms. Wao Weiwen is a key management personnel in TPH (the “**Interested Directors**”). Since both TPH and Taiping Medicine are considered interested persons of the Company for the purposes of Chapter 9 of the Listing Manual, the Interested Directors have abstained from voting at the FY2024 5th Board Meeting on the resolutions in respect of the Proposed Capital Injection and the Proposed Joint Venture. 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 Injection and the Proposed Joint Venture.

The Proposed Capital Injection does not constitute a material asset restructuring under the laws of the People’s Republic of China (the “**PRC**”), nor a major transaction under Chapter 10 of the Listing Manual. However, as further elaborated in paragraph 10 of this announcement below, each of the Proposed Capital Injection and the Proposed Joint venture constitutes an interested person transaction under Chapter 9 of the Listing Manual, which is subject to shareholders’ approval at an extraordinary general meeting of the Company.

2. INFORMATION ON TPH, TAIPING MEDICINE AND TJZX MEDICINE

2.1 Information on TPH

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 As defined under the Listing Manual, in the case of a company, “**interested person**” means:

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

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)

2.2 Information on Taiping Medicine

Name of company : Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司)

Registered address : 201 Xin Hua Road, Heping District, Tianjin (天津市和平区新华路201号)

Uniform social credit No. : 911200006005852418

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

Legal representative : ZOU Yan (邹燕)

Date of incorporation : 29 September 1994

Registered capital : RMB881,445,925

Business scope : Wholesale of pharmaceuticals, wholesale of medical devices, and sale of pharmaceutical excipients (operating in accordance with relevant requirements of the licencing authorities); wholesale of health foods; wholesale and retail of pre-packaged foods; operation of industrial ethanol anhydrous without storage; general freight transportation; sales of laboratory equipment and consumables, cosmetics, daily necessities, instruments and meters, hardware and electrical equipment, glass instruments, paper products, rubber products, purification equipment and materials, hygiene and cleaning disinfectant products, household appliances, communication equipment, and general merchandise; repair of instruments and meters; exhibition and display services; warehousing services (excluding hazardous materials); conference services; advertising business; pharmaceutical product technology development, transfer, consulting, and services; labour services; computer and software debugging and maintenance services; photography and photo processing services; dry cleaning business; import and export business; sales of coke, metal materials, and iron ore concentrate; sales of eyeglasses, optometry services, and eyeglass repair; retail of edible agricultural products. Operations carried out by branches only: leasing of self-owned properties; retail of tobacco; processing and decocting medicine for clients.

(for items within the above scope that require industry-specific licensing shall be operated with valid permits within their effective period, and for items 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)

2.3 Information on TJZX Medicine

Name of company : Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)

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)

Uniform social credit No. : 91120113MA07EEHW8F

Type of company : Limited liability company (sole proprietorship of a legal person invested or controlled by natural persons) (有限责任公司 (自然人投资或控股的法人独资))

Legal representative : XUE Chao (薛超)

Date of incorporation : 24 August 2021

Registered capital : RMB520,000,000

Business scope : 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)

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 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)

3. FINANCIAL INFORMATION ON THE PROPOSED CAPITAL INJECTION

3.1 Key Financial Information

(a) Taiping Medicine

The key financial information of Taiping Medicine based on the audited consolidated financial statements of Taiping Medicine and its subsidiaries is set out below:

Items	As at 31 December 2023 (audited)	As at 30 April 2024 (audited)
Total assets	RMB4,119,661,500	RMB4,388,966,800
Total liabilities	RMB3,622,534,500	RMB3,881,772,700
Net assets	RMB497,127,000	RMB507,194,100
Items	January to December 2023 (audited)	January to April 2024 (audited)
Revenue	RMB5,260,915,500	RMB1,870,131,400
Net profit/(loss)	RMB25,090,400	RMB10,259,000

(b) TJZX Medicine

The key financial information of TJZX Medicine based on the audited consolidated financial statements of TJZX Medicine and its subsidiaries is set out below:

Items	As at 31 December 2023 (audited)	As at 30 April 2024 (audited)
Total assets	RMB2,744,358,600	RMB2,727,020,000
Total liabilities	RMB2,258,989,300	RMB2,258,221,400
Net assets	RMB485,369,300	RMB468,798,600
Items	January to December 2023 (audited)	January to April 2024 (audited)
Revenue	RMB 3,724,300,800	RMB1,019,111,100
Net profit/(loss)	(RMB33,369,600)	(RMB16,570,700)

3.2 Independent Valuation

In connection with the Proposed Capital Injection, the Company has engaged Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司) as the independent valuer (the “**Independent Valuer**”) to assess the market value of the entire shareholders’ equity interest in Taiping Medicine and TJZX Medicine respectively, and issued the asset appraisal report dated 8 July 2024 in respect of the independent appraisal of the market value of the entire shareholders’ equity interest in the registered capital of Taiping Medicine (the “**Taiping Medicine Asset Appraisal Report**”) and the asset appraisal report dated 8 July 2024 in respect of the independent appraisal of the market value of the entire shareholders’ equity interest in the

registered capital of TJZX Medicine (the “**TJZX Medicine Asset Appraisal Report**”). Both the Taiping Medicine Asset Appraisal Report and the TJZX Medicine Asset Appraisal Report adopt the asset-based method as the conclusion of the appraisal. The appraisal base date is 30 April 2024 (the “**Appraisal Base Date**”).

(a) Taiping Medicine

Based on the Taiping Medicine Asset Appraisal Report, as at the Appraisal Base Date (i.e., 30 April 2024):

- (i) the appraised value of the total assets of Taiping Medicine is RMB4,130,834,300, representing an appreciation of RMB203,803,200, with an appreciation rate of 5.19%;
- (ii) the appraised value of the total liabilities of Taiping Medicine is RMB3,485,701,700, with no change in value; and
- (iii) the appraised value of the net assets of Taiping Medicine is RMB645,132,600, with an appreciation of RMB203,803,200 and an appreciation rate of 46.18%.

(b) TJZX Medicine

Based on the TJZX Medicine Asset Appraisal Report, as at the Appraisal Base Date (i.e., 30 April 2024):

- (i) the appraised value of the total assets of TJZX Medicine is RMB2,705,033,400, representing an appreciation of RMB53,563,100, with an appreciation rate of 2.02%;
- (ii) the appraised value of the total liabilities of TJZX Medicine is RMB2,211,415,600, reflecting an depreciation of RMB3,933,300 and a depreciation rate of 0.18%; and
- (iii) the appraised value of the net assets of TJZX Medicine is RMB493,617,700, with an appreciation of RMB57,496,400 and an appreciation rate of 13.18%.

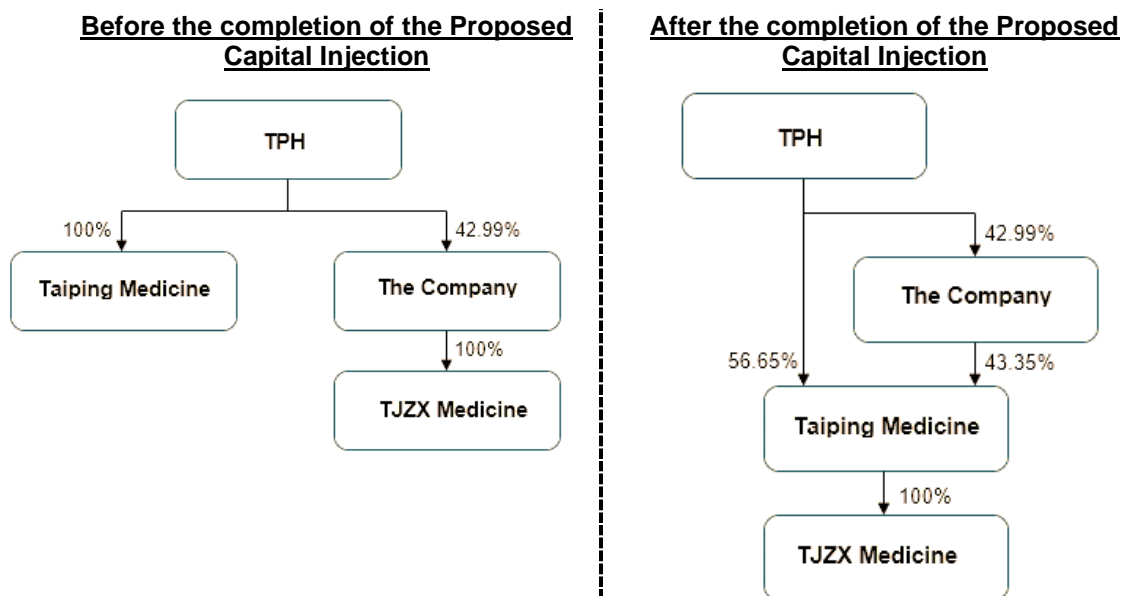
A summary of both the Taiping Medicine Asset Appraisal Report and the TJZX Medicine Asset Appraisal Report will be included as appendices to the Circular (as defined below).

4. EQUITY VALUATION

The Company will make a capital injection into Taiping Medicine through the transfer of the 100% equity interest in the registered capital of TJZX Medicine (the “**TJZX Medicine Equity Interest**”) from the Company to Taiping Medicine in consideration for 43.35% equity interest in the increased registered capital of Taiping Medicine (the “**Consideration Equity Interest**”). The amount of the Company’s capital injection into Taiping Medicine, as well as the shareholding percentages of the Company and TPH in Taiping Medicine, along with their respective subscribed and paid-up capital contributions to the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection, shall be determined based on the respective shareholders’ equity values of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date (i.e., 30 April 2024), which are derived from the appraised value of the net assets of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date.

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, TJZX Medicine will cease to be a subsidiary of the Company and will become a wholly-owned subsidiary of Taiping Medicine.

An illustrative structure chart showing the shareholding relationship between the Company, TPH, Taiping Medicine and TJZX Medicine before and after the completion of the Proposed Capital Injection is set out below:



5. PRINCIPAL TERMS OF THE CAPITAL INJECTION AGREEMENT

5.1 Basis of Consideration

The amount of the Company's capital injection into Taiping Medicine, as well as the shareholding percentages of the Company and TPH in Taiping Medicine, along with their respective subscribed and paid-up capital contributions to the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection, shall be determined based on the shareholders' equity values of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date, which are derived from the appraised value of the net assets of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date.

5.2 Injection Amount

Pursuant to the Capital Injection Agreement, based on the basis of consideration determined in paragraph 5.1 of this announcement, the amount of the Company's capital injection into Taiping Medicine through the transfer of the TJZX Medicine Equity Interest is set at RMB493,617,700. Of the Injection Amount of RMB493,617,700, RMB118,554,075 shall be accounted for as the registered capital of Taiping Medicine, with the remaining RMB375,063,625 allocated to the capital reserves of Taiping Medicine.

Upon the completion of the Proposed Capital Injection, the registered capital of Taiping Medicine will increase from RMB881,445,925 to RMB1,000,000,000.

5.3 Shareholding Ratio, Capital Contribution and Corporate Governance

(a) Equity Value of Taiping Medicine following the Proposed Capital Injection

Pursuant to the Capital Injection Agreement, based on the basis of consideration determined in paragraph 5.1 of this announcement, upon completion of the Proposed Capital Injection, the net asset value of Taiping Medicine will increase by RMB493,617,700 due to the capital injection from the Company. When combined with its net asset value of RMB645,132,600 as at the Appraisal Base Date, the aggregate net asset value of Taiping Medicine, and thus its shareholders' equity value, will increase to RMB1,138,750,300.

(b) Shareholding Ratio between the Company and TPH in Taiping Medicine

The shareholding ratios of the Company and TPH in Taiping Medicine upon completion of the Proposed Capital Injection shall be determined based on the Injection Amount and the shareholders' equity value of Taiping Medicine upon completion of the Proposed Capital Injection. Accordingly, the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively upon completion of the Proposed Capital Injection.

(c) Capital Contribution to Taiping Medicine's Registered Capital

Pursuant to the Capital Injection Agreement, the registered capital of Taiping Medicine will increase to RMB1,000,000,000 upon the completion of the Proposed Capital Injection. Based on the shareholding percentages of the Company and TPH in Taiping Medicine as agreed under the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the Company's subscribed and paid-up capital contribution to Taiping Medicine shall be RMB433,500,000, and TPH's subscribed and paid-up capital contribution to Taiping Medicine shall be RMB566,500,000.

(d) Change in Industrial and Commercial Registration of Taiping Medicine

The Company, TPH and Taiping Medicine shall complete the changes in the industrial and commercial registration of Taiping Medicine in relation to registered capital and shareholders based on the shareholding ratio and capital contributions as agreed upon under the Capital Injection Agreement.

(e) Preliminary Arrangements for Corporate Governance of Taiping Medicine

Pursuant to the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the newly established board of directors of Taiping Medicine shall consist of five (5) members, of which two (2) shall be appointed by the Company, two (2) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law; and the newly established board of supervisors of Taiping Medicine shall consist of three (3) members, of which one (1) shall be appointed by the Company, one (1) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law.

The Company and TPH shall ensure that the above arrangements are explicitly recorded in the amended and restated Taiping Medicine's articles of association (the "**Taiping Medicine AOA**"). The amended and restated Taiping Medicine AOA shall also make clear provisions regarding other relevant corporate governance matters of Taiping Medicine.

Taiping Medicine shall promptly complete the filing procedures for its amended and restated articles of association, as signed by the Company and TPH.

5.4 Conditions Precedent

The completion of the Proposed Capital Injection is subject to and conditional upon the satisfaction (or, where applicable, the waiver) of the following conditions precedent:

- (i) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by TPH in accordance with its articles of association;
- (ii) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by the Board of the Company and shareholders of the Company at a general meeting;
- (iii) the Company having fulfilled the requisite disclosure obligations in connection with the Proposed Capital Injection in accordance with applicable laws of the PRC and Singapore;
- (iv) the Capital Injection Agreement being duly executed by all parties and having come into effect;
- (v) the entrusted loan³ provided by the Company to TJZX Medicine being fully settled;
- (vi) the equity interest to be transferred pursuant to the Proposed Capital Injection being free and clear of any defects in rights that affect or could potentially affect the equity transfer and the registration of the equity change;
- (vii) the Company and TPH having reached an agreement on the corporate governance of Taiping Medicine and having signed the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the equity transfer;
- (viii) no breach of the Capital Injection Agreement being committed by any party; and
- (ix) no significant event having occurred to any party that affects or could potentially affect the performance of the Capital Injection Agreement.

5.5 Interim Period Arrangements

(a) Maintenance of Status Quo of the Equity Interest

During the interim period, all parties shall conscientiously maintain the current status of the equity interest to be transferred pursuant to the Proposed Capital Injection. Without the prior written consent of the new shareholders of the subject equity interest upon completion of the Proposed Capital Injection, neither the Company nor TPH shall create any encumbrance on their respective equity interests in TJZX Medicine or Taiping Medicine (as the case may be), including but not limited to pledging the subject equity interest to

³ The proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to TJZX Medicine with a term of one (1) year was approved at the Company's 1st Board meeting for FY2024 held on 28 March 2024 and the Company's annual general meeting for FY2023 held on 15 May 2024 respectively. Please refer to Appendix C to the announcement dated 29 March 2024 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the annual general meeting for FY2023 held on 15 May 2024 for further details.

any third parties and/or approving TJZX Medicine or Taiping Medicine (as the case may be) to provide guarantees to any third parties.

If, during the interim period, any third party takes legal action against the Company and/or TPH, resulting in a judicial seizure of the Company's equity interest in TJZX Medicine and/or TPH's equity interest in Taiping Medicine, as the case may be, the Company and TPH shall promptly coordinate to resolve such dispute and lift the judicial seizure measures on the equity interest in TJZX Medicine and/or Taiping Medicine (as the case may be) as soon as possible to ensure the smooth implementation of the Proposed Capital Injection.

If, during the interim period, the assets of Taiping Medicine and/or TJZX Medicine suffer damages and/or any other major event occurs that cases or could cause a significant change in their respective equity values, Taiping Medicine and TJZX Medicine shall immediately notify the other parties of such events and provide the relevant supporting documentation. The parties to the Capital Injection Agreement shall consult and agree on a solution and implement the same in accordance with the applicable laws.

(b) Profits and Losses during the Interim Period

During the interim period, the profits and losses of Taiping Medicine and TJZX Medicine, as confirmed by a special audit conducted by a third-party audit institution commissioned by the Company, shall be enjoyed or borne by the original shareholders of Taiping Medicine and TJZX Medicine prior to the completion of the Proposed Capital Injection.

For the profits confirmed by the audit during the interim period, the respective original shareholders of Taiping Medicine and TJZX Medicine shall be entitled to receive cash dividends, subject to the completion of requisite statutory procedures.

For the losses confirmed by the audit during the interim period, the respective original shareholders of Taiping Medicine and TJZX Medicine shall make up the shortfall in cash and pay the same into the accounts designated by Taiping Medicine and TJZX Medicine respectively.

5.6 Subsisting Guarantee⁴

Pursuant to the Capital Injection Agreement,

- (i) TPH shall assume a proportionate liability of 56.65% of the amount of the Company's subsisting guarantee (存量担保额) (i.e., RMB1,900 million) for TJZX Medicine, corresponding to TPH's shareholding in Taiping Medicine upon completion of the

⁴ In this announcement, the "subsisting guarantee" refers to a joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB1,900 million provided by the Company for TJZX Medicine, and remains in effect until the expiration date (being 13 May 2026). This guarantee was approved at the Company's 1st Board meeting for FY2024 held on 28 March 2024 and the Company's annual general meeting for FY2023 held on 15 May 2024 respectively. Please refer to Appendix B to the announcement dated 29 March 2024 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the annual general meeting for FY2023 held on 15 May 2024 for further details on the subsisting guarantee.

For the avoidance of doubt, the guarantees provided by the Company under the subsisting guarantee may involve multiple guarantees with different banks, each having different start dates. For example, if a guarantee starts on 1 June 2024, it will expire on 30 May 2025. As long as the start date of the guarantee falls between 15 May 2024 and 14 May 2025, the guarantee will be valid.

Proposed Capital Injection (i.e., the completion of the industrial and commercial registration in respect of the Proposed Capital Injection); and

- (ii) the Company shall assume a proportionate liability of 43.35% of the amount of the Company's subsisting guarantee (存量担保额) (i.e., RMB1,900 million) for TJZX Medicine, corresponding to the Company's shareholding in Taiping Medicine upon completion of the Proposed Capital Injection, and the Company having fulfilled the necessary approval procedures and disclosure obligations for the guarantee to be provided by the Company for TJZX Medicine.

5.7 Creditor's Rights and Debts and Employees

(a) Creditor's Rights and Debts of Taiping Medicine and TJZX Medicine

The Proposed Capital Injection does not alter the legal status of Taiping Medicine and TJZX Medicine as independent legal entities. Upon completion of the Proposed Capital Injection, the creditors' rights and debts of Taiping Medicine and TJZX Medicine shall continue to be enjoyed and borne by Taiping Medicine and TJZX Medicine respectively.

(b) Employees of Taiping Medicine and TJZX Medicine

Upon completion of the Proposed Capital Injection, Taiping Medicine and TJZX Medicine shall continue to exercise their respective rights and fulfill their respective obligations in accordance with the terms of the employment contracts and/or labor contracts they have signed with their respective employees.

5.8 Breach of Contract and Liability for Breach

(a) Breach of Contract

After the Capital Injection Agreement becomes effective, the occurrence of any of the following events shall be deemed a breach of contract by a party:

- (i) except as otherwise provided in the Capital Injection Agreement, any party that violates or fails to perform any provisions of the Capital Injection Agreement or other transaction documents (including breaches of representations and warranties under the Capital Injection Agreement or other transaction documents), or whose performance is in a manner inconsistent with the terms or conditions as provided in the Capital Injection Agreement;
- (ii) the conditions precedent to the completion of the Proposed Capital Injection as provided in the Capital Injection Agreement are not fully satisfied, and the Company does not provide a written waiver;
- (iii) any representation or warranty made by a party under the Capital Injection Agreement is found to be false or contains material omissions;
- (iv) a party commits a material breach of the Capital Injection Agreement due to gross negligence, or engages, either alone or in collusion with a third party, in conduct that seriously harms the interests of the other parties; and
- (v) a party voluntarily or involuntarily enters into bankruptcy or liquidation proceedings.

(b) Liability for Breach

Pursuant to the Capital Injection Agreement, in the event of occurrence of any breach as set out in paragraph 5.7(a) of this announcement, the non-breaching party shall have the right to take one or more of the following actions to claim against the breaching party for corresponding liabilities for breach:

- (i) claim compensation for all losses caused by the breach (including all legal costs incurred by the non-breaching party in safeguarding its rights, such as litigation fees and attorney's fees);
- (ii) require the breaching party to pay liquidated damages amounting to five per cent. (5%) of the Company's investment amount; and/or
- (iii) in the event of any breach under items (ii), (iii), (iv) or (v) as set out in paragraph 5.7(a) of this announcement, the non-breaching party may terminate the Capital Injection Agreement.

5.9 Governing Law and Dispute Resolution

The Capital Injection Agreement is governed by, and shall be interpreted in accordance with, the laws of the PRC. Any disputes arising from the Capital Injection Agreement shall be resolved through amicable negotiation between the parties. If negotiations fail, either party has the right to initiate litigation in the People's Court with jurisdiction where the Company is located. Unless otherwise determined by a final judgment, the losing party shall bear all actual costs incurred by the parties in the litigation (including, but not limited to, court fees and reasonable attorney fees).

5.10 Formation and Effectiveness of the Capital Increase Agreement

The Capital Injection Agreement is formed upon signature/ seal by the legal representatives of all parties and the affixation of their respective common seals. The Capital Injection Agreement shall take effect once it has been approved by the shareholders of the Company at a general meeting, including approval of the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement.

6. RATIONALE FOR, AND BENEFITS OF, THE PROPOSED CAPITAL INJECTION

As announced by the Company on 17 December 2021, the Company proposed to carry out the asset restructuring⁵ to enable the independent operation of its pharmaceutical commercial segment (or pharmaceutical circulation business segment) (医药商业板块) and pharmaceutical industrial segment (医药工业板块). However, the pharmaceutical commercial segment has been in a loss-making position, with a gross profit margin below the industry average, and a significant

⁵ In this announcement, the "asset restructuring" refers to the proposed restructuring of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited, Medicine Co. (天津中新药业集团股份有限公司医药公司), involves converting it from a branch office of the Company into an indirect wholly-owned subsidiary of the Company by transferring the Company's seventeen (17) branch offices and four (4) subsidiaries (including four (4) retail pharmacies that are branch offices of these subsidiaries) in the pharmaceutical distribution/ circulation business segment to TJZX Medicine post-restructuring, so as to form a pharmaceutical commercial enterprise which integrates channel distribution, sales and retail, which was completed on or around 1 April 2022. Please refer to Appendix 1 to the announcement dated 17 December 2021 in relation to the resolutions passed at the 11th Board meeting for the financial year ended 31 December 2021 for further information on the asset restructuring.

amount of accounts receivable, which has tied up substantial funds for the Group. In light of TPH's plans to restructure its pharmaceutical commercial segment, the Company has re-evaluated its strategic development plans. After careful consideration, the Company believes that divesting the pharmaceutical commercial segment is in the best interest of the Company and its shareholders. This decision aligns with the Company's core business focus on the production and sale of Chinese proprietary medicines

As at the date of this announcement, the consolidation scope of the Group's financial statements includes both the pharmaceutical industrial segment and the pharmaceutical commercial segment. The Group's profits primarily originate from the pharmaceutical industrial segment, while the pharmaceutical commercial segment has been operating at a loss. The Proposed Capital Injection will lead to a change in the consolidation scope of the Group's financial statements, with the pharmaceutical commercial segment being excluded. Upon completion of the Proposed Capital Injection and the exclusion of the pharmaceutical commercial segment from the consolidation scope of the Group's financial statements, the financial metrics of the consolidation scope of the Group's financial statements will primarily reflect the data from the pharmaceutical industrial segment, which is expected to result in positive financial performance. For example, the Company's cash flow is likely to improve, the efficiency of accounts receivable turnover may increase, while the risk of bad debts associated with the pharmaceutical commercial segment is expected to be reduced. Following the completion of the Proposed Capital Injection, the Company's development strategy will become more streamlined, with a focus on its core pharmaceutical industrial segment. This will simplify operations and fully reflect the profitability of the Company's core business.

Furthermore, following the completion of the Proposed Capital Injection, Taiping Medicine's pharmaceutical commercial sector is expected to see increased industry concentration, aligning with broader industry development trends. Taiping Medicine's overall scale will expand, its product portfolio will diversify, and its business coverage will extend to new regions, achieving comprehensive reach across tiered hospitals and community healthcare centres in Tianjin. These changes will enhance Taiping Medicine's industry position, influence and competitiveness. Moreover, synergies between Taiping Medicine and TJZX Medicine in areas such as human resources, business development and procurement are anticipated. These synergies will lead to improved management efficiency, optimised resource allocation, reduced operational costs, and the promotion of high-quality development. Given that the Company will hold 43.35% in Taiping Medicine following the completion of the Proposed Capital Injection, it believes that divesting the pharmaceutical commercial segment is the most beneficial strategy for both the Company and its shareholders.

At the same time, as the Company will no longer hold a controlling interest in TJZX Medicine, the issue of competition within the same industry (i.e., the pharmaceutical commercial segment) between the Company and its controlling shareholder (i.e., TPH) will be resolved.

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

7. CHAPTER 10 OF THE LISTING MANUAL

7.1 Requirements of Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of issuers in respect of significant transactions, including acquisitions and disposals. Such transactions are classified

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

7.2 Relative Figures under Rule 1006 of the Listing Manual

Based on the unaudited financial statements of the Group for 1H2024 (being the latest announced consolidated financial statements of the Group), the relative figures in respect of the Proposed Capital Injection computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Bases of Computation	Relative Figures (%)
Rule 1006(a)	The net asset ⁽¹⁾ value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	7.24% ⁽²⁾
Rule 1006(b)	The net profits/(loss) ⁽³⁾ attributable to the assets acquired or disposed of, compared with the group's net profits	(4.36)% ⁽⁴⁾
Rule 1006(c)	The aggregate value of the consideration ⁽⁵⁾ given or received, compared with the issuer's market capitalisation ⁽⁶⁾ based on the total number of issued shares excluding treasury shares	2.70% ⁽⁷⁾
Rule 1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁸⁾
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount	Not applicable ⁽⁹⁾

Notes:

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

- (2) Based on the net asset value of the TJZX Medicine Equity Interest of approximately RMB457,007,400 as at 30 June 2024, compared with the Group's unaudited net asset value of approximately RMB6,316,214,000 as at 30 June 2024.
- (3) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Under Rule 1002(3)(c) of the Listing Manual, the net profit figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The SGX-ST may allow the issuer's net profit to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders.
- (4) Based on the net loss attributable to the TJZX Medicine Equity Interest of approximately RMB28,361,900 for the period ended 30 June 2024, compared with the Group's unaudited net profits of approximately RMB651,173,000 for the period ended 30 June 2024.
- (5) Under Rule 1003(3) of the Listing Manual, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher.
- (6) Under Rule 1002(5) of the Listing Manual, "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.
- (7) Based on the value of the consideration received pursuant to the Proposed Capital Injection amounts to approximately RMB493,648,255 (being the net asset value represented by the Consideration Equity Interest), compared with the market capitalisation of the Company of approximately RMB18,282,395,052 (determined by multiplying the 570,158,276 A-Shares by the volume-weighted average price of the A-Shares of RMB27.00 and 200,000,000 S-Shares by the volume-weighted average price of the S-Shares of USD2.03 (exchange rate: USD1:RMB7.1136) as at 10 September 2024 (being the last market day on which the Shares were traded prior to the signing of the Capital Injection Agreement).
- (8) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Capital Injection.
- (9) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed based on Rule 1006(a) of the Listing Manual exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), the Proposed Capital Injection constitutes a "discloseable transaction" pursuant to Rule 1010 of the Listing Manual which does not require the approval of the shareholders of the Company at a general meeting. Notwithstanding the foregoing, the Proposed Capital Injection is subject to the approval of the shareholders of the Company as it is an interested person transaction pursuant to Chapter 9 of the Listing Manual. Please refer to paragraph 10 of this announcement for further information.

7.3 Pro Forma Financial Effects of the Proposed Capital Injection

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

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2023 ("FY2023"), the *pro forma* financial effects of the Proposed Capital Injection are as follows:

(a) Effect on net tangible assets (“NTA”) per Share

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 31 December 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on the NTA per Share of the Company:

	Before the Proposed Capital Injection	After the Proposed Capital Injection
NTA ⁽¹⁾	6,261,576,000	6,347,714,000
Number of the issued Shares (excluding treasury shares)	770,158,300	770,158,300
NTA per share (RMB)	8.1	8.2

Note:

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

(b) Effect on Earnings per Share (“EPS”)

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 1 January 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on EPS of the Group:

	Before the Proposed Capital Injection	After the Proposed Capital Injection
Net profit ⁽¹⁾	968,705,540	978,555,540
Weighted average number of Shares	771,754,000	771,754,000
EPS (RMB)	1.26	1.27

Note:

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

7.4 Excess of Proceeds over Book Value and Amount of Gain on the Proposed Capital Injection

The value of the consideration received pursuant to the Proposed Capital Injection of approximately RMB493,648,255 (being the net asset value represented by the Consideration Equity Interest) represents an excess of:

- (a) approximately RMB8,278,955 over the book value of the TJZX Medicine Equity Interest (being RMB485,369,300), based on the audited consolidated financial statements of the Group for FY2023, and
- (b) approximately RMB24,848,655 over the book value of the TJZX Medicine Equity Interest (being RMB468,798,600), based on the audited financial statements of TJZX Medicine for the financial period from 1 January to 30 April 2024.

For the avoidance of doubt, the Company will not receive any cash proceeds from the transfer of the TJZX Medicine Equity Interest. Instead, the Company will get the Consideration Equity Interest in exchange for the TJZX Medicine Equity Interest.

The amount of gain on the transfer of the TJZX Medicine Equity Interest is approximately RMB57,496,400.

7.5 Directors' and Controlling Shareholders' Interests

As at the date of this announcement, save as disclosed in paragraphs 1, 8.1 and 10.1 of this announcement, to the best knowledge of the Directors, none of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture) other than through their respective shareholdings in the Company (if any).

7.6 No Service Contract

No person is proposed to be appointed as a Director of the Company in connection with the Proposed IPTs (including the Capital Injection and the Proposed Joint Venture). Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. THE PROPOSED JOINT VENTURE

8.1 Background

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the establishment of the Proposed Joint Venture.

As at the date of this announcement, TPH is the controlling shareholder of the Company, holding 42.99% of the issued share capital of the Company, and accordingly, TPH is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. Therefore, the Proposed Joint Venture Constitutes an interested person transaction under Chapter 9 of the Listing Manual. Since the value of the Proposed Joint Venture exceeds five per cent. (5%) of the Group's latest audited NTA, the Proposed Joint Venture is subject to the approval of the shareholders of the Company under Rule 906(1) of the Listing Manual.

8.2 Corporate Governance of Taiping Medicine

As stated in paragraph 5.4 of this announcement, under the Capital Injection Agreement, one of the conditions precedents to the completion of the Proposed Capital Injection is that the Company and TPH shall reach an agreement on the corporate governance of Taiping Medicine and shall sign the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the equity transfer (i.e., the transfer of the TJZX Medicine Equity Interest from the Company to Taiping Medicine).

Accordingly, following the completion of the Proposed Capital Injection, the affairs, management and governance of Taiping Medicine shall be regulated in accordance with the applicable laws

of the PRC (including the PRC Company Law) and the Taiping Medicine AOA, as amended, modified and/or supplemented from time to time.

Further information on the corporate governance of Taiping Medicine will be provided in the Circular (as defined below).

8.3 Rationale for, and Benefits of, the Proposed Joint Venture

The establishment of the Proposed Joint Venture will be a direct result of the Proposed Capital Injection. Please refer to the rationale for, and benefits of, the Proposed Capital Injection as set out in paragraph 6 of this announcement.

9. DECISION-MAKING PROCEDURES FOR THE PROPOSED CAPITAL INJECTION AND THE PROPOSED JOINT VENTURE

9.1 Board Meeting

On 10 September 2024, the Company duly convened its FY2024 5th Board Meeting, where the Board considered and approved the Proposed Capital Injection and the proposed entry into the Capital Injection Agreement in relation thereto, as well as the Proposed Joint Venture as interested person transactions. 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 resolutions in respect of the Proposed Capital Injection and the Proposed Joint Venture, and the remaining six (6) directors (including all three (3) Independent Directors) have approved the Proposed Capital Injection and the Proposed Joint Venture.

9.2 Special Meeting of Independent Directors

On 10 September 2024, the Company held the 3rd Special Meeting of Independent Directors for FY2024. In accordance with relevant laws and regulations including the *Administrative Measures for Independent Directors of Listed Companies* (《上市公司独立董事管理办法》) issue by the China Securities Regulatory Commission (中国证券监督管理委员会), the listing rules of the Shanghai Stock Exchange and the Listing Manual, the Independent Directors have provided their opinions on the resolutions in relation to each of the Proposed Capital Injection and the Proposed Joint Venture as an interest person transaction as follows:

- (a) given that both TPH and Taiping Medicine are considered an interested person of the Company for the purposes of the Listing Manual, the Interested Directors (i.e., Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen) have abstained from voting on the resolutions in respect of the Proposed Capital Injection and the Proposed Joint Venture;
- (b) the Proposed Capital Injection adheres to the principles of equality, free will and mutual benefit, and neither affects the independence of the Company nor the interests of the Company and its minority shareholders;
- (c) the contents of the Capital Injection Agreement are legal and valid, and not in violation of any mandatory provisions of laws, regulations and normative documents which are currently in force; and
- (d) the Independent Directors agreed to submit the Proposed Capital Injection and the Proposed Joint Venture for consideration at the FY2024 5th Board Meeting.

10. INTERESTED PERSON TRANSACTIONS

10.1 Details of the Interested Persons

As at the date of this announcement, TPH is the controlling shareholder of the Company, holding 42.99% of the issued share capital of the Company, and Taiping Medicine is a wholly-owned subsidiary of TPH. Accordingly, Taiping Medicine is regarded as an associate of TPH. Following the completion of the Proposed Capital Injection, TJZX Medicine will become a wholly-owned subsidiary of Taiping Medicine which will, in turn, be jointly held by TPH and the Company with 56.65% and 43.35% equity interests respectively. As a result, TJZX Medicine will be regarded as an associate of TPH. Therefore, each of TPH, Taiping Medicine and TJZX Medicine is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

10.2 Shareholders' Approval for the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture)

The Proposed IPTs are inter-related since the Proposed Capital Injection will result in the establishment of the Proposed Joint Venture and correspondingly, the Proposed Provision of Guarantee:

- (a) as such, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee constitutes an interested person transaction under Chapter 9 of the Listing Manual; and
- (b) the amount at risk to the Company in respect of each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is approximately RMB1,317,267,700, which is the aggregate of:
 - (i) RMB493,617,700 (being the Injection Amount), representing approximately 7.56% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023; and
 - (ii) RMB823,650,000 (being the guarantee amount to be provided by the Company for TJZX Medicine pursuant to the Proposed Provision of Guarantee), representing approximately 12.62% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023,

which represents approximately 20.18% of the latest audited NTA of the Group of RMB6,528,642,000 as at 31 December 2023, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is an interested person transaction which exceeds the five per cent. (5%) of the Group's latest audited NTA.

Consequently, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is subject to the approval of the shareholders of the Company pursuant to Rule 906(1) of the Listing Manual.

10.3 Current and On-going Interested Person Transactions

- (a) Other Interested Person Transactions with Taiping Medicine

Save for the Proposed Capital Injection, there are no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Company with Taiping Medicine for the current financial year beginning 1 January 2024 up to the date of this announcement.

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

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, the Company's proposed capital contribution of RMB150 million to Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("TPGF") on a pro rata basis⁶, and the Proposed IPTs) 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.

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

The Company has an existing general mandate for recurrent transactions of a revenue trading nature or those necessary for its day-to-day operations with specified classes of interested persons which was last renewed and approved at the Company's annual general meeting held on 15 May 2024 (the "IPT General Mandate"). For the current financial year beginning 1 January 2024 up to the date of this announcement, there are no interested person transactions (excluding transactions less than S\$100,000) entered into with TPH and/or its associates that are conducted under the IPT General Mandate obtained by the Company pursuant to 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 IPTs) 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 RMB155,030,000 (namely, (i) RMB5,030,000, being the amount of transactions made pursuant to the financial services agreement entered into between the Company and TPGF which had been approved by shareholders at the Company's annual general meeting held on 15 May 2023, and (ii) RMB150 million, being the Company's proposed capital contribution to TPGF on a pro rata basis which has been announced on 6 September 2024), representing approximately 2.37% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023.

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

⁶ As announced by the Company on 6 September 2024, 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. Based on the Company's shareholding percentage in TPGF as at the date of the announcement (i.e., 6 September 2024), the Company shall make an additional capital contribution of RMB150 million, which represents approximately 2.30% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023. Please refer to the Company's announcement dated 6 September 2024 for further details on the foregoing.

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 RMB18,863,800, 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 RMB6,764,311, representing approximately 0.10% of the Company's latest audited net assets attributable to its parent company, (iv) the entry into the Enterprise Support Service Agreement (企业支持服务协议) between the Company and Tianjin Pharmaceutical Group Marketing Co., Ltd. (天津医药集团营销有限公司) of a contract value of not more than RMB6,700,000, representing approximately 0.10% of the Company's latest audited net assets attributable to its parent company, and (v) the Company's proposed capital contribution of RMB150 million to TPGF on a pro rata basis, representing approximately 2.27% 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.

10.5 Independent Financial Adviser

Pursuant to Rule 921(4)(a) of the Listing Manual, RHB Bank Berhad, through its Singapore branch, has been appointed as the independent financial adviser (the "IFA") to opine on whether the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture), as interested person transactions, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders (the "IFA Opinion"). A copy of the letter from the IFA will be included in the Circular (as defined below).

10.6 Audit Committee's Statement

The audit committee of the Company (the "Audit Committee") as at the date of this announcement comprises Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang and Mr. Zhong Ming. The members of the Audit Committee are deemed to be independent for the purposes of the Proposed IPTs (including the Proposed Capital Injection and Proposed Joint Venture) as interested person transactions.

The Audit Committee will consider the IFA Opinion before forming its view as to whether the Proposed IPTs (including the Proposed Capital Injection and Proposed Joint Venture) as interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The view of the Audit Committee will be set out in the Circular.

11. 2024 EGM AND CIRCULAR

As announced by the Company on the same day as this announcement, the Directors are convening an extraordinary general meeting of the Company to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building,

Singapore 069537 for holders of S-Shares in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m. (the “**2024 EGM**”) to seek shareholders’ approval for the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture).

A circular to shareholders of the Company containing further information on the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture) as interested person transactions (the “**Circular**”), together with the notice of 2024 EGM and the IFA Opinion, will be despatched to shareholders in due course.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture) and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

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

13. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Capital Injection Agreement;
- (b) the Taiping Medicine Asset Appraisal Report and its summary; and
- (c) the TJZX Medicine Asset Appraisal Report and its summary.

14. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading or dealing in the shares of the Company. Shareholders and potential investors should note that the completion of the Proposed Capital Injection is subject to the conditions under the Capital Injection Agreement. There is no certainty or assurance as at the date of this announcement that the Proposed Capital Injection will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements, in compliance with the requirements of the Listing Manual and the listing rules of the Shanghai Stock Exchange, as and when there are further developments on the Proposed IPTs (including the Proposed Capital Injection and the Proposed Joint Venture) and other matters contemplated by this announcement.

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

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
11 September 2024