

**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)

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**3<sup>RD</sup> ADJUSTMENT TO THE REPURCHASE PRICE OF THE RESTRICTED A-SHARES GRANTED UNDER THE 2019 RESTRICTED A-SHARE INCENTIVE SCHEME AND THE 4<sup>TH</sup> REPURCHASE AND CANCELLATION OF SOME OF THE RESTRICTED A-SHARES GRANTED BUT NOT YET RELEASED FROM THE LOCK-UP REQUIREMENTS**

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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”) 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 16 October 2019 made by the Company in relation to the resolutions passed at the 7<sup>th</sup> Board meeting for the financial year ended 31 December 2019 (“**FY2019**”) (the “**2019 7<sup>th</sup> Board Meeting Announcement**”);
- (2) the announcement dated 16 October 2019 made by the Company in relation to the resolutions passed at the 6<sup>th</sup> supervisory committee (the “**Supervisory Committee**”) meeting for FY2019 (the “**2019 6<sup>th</sup> Supervisory Committee Meeting Announcement**”);
- (3) the circular dated 15 November 2019 (the “**Circular**”) to the shareholders of the Company (the “**Shareholders**”) in relation to, amongst others, the proposed adoption of the 2019 Restricted A-Share Incentive Scheme (the “**Scheme**”);
- (4) the announcement dated 25 November 2019 made by the Company in relation to the explanatory statement of the Supervisory Committee on the verification of the list of participants (the “**List of Participants**”) who have been proposed to participate in the Scheme and on the verification of the internal publication in respect of the List of Participants by the Company (the “**1<sup>st</sup> Explanatory Statement Announcement**”);
- (5) the corrigendum announcement dated 27 November 2019 made by the Company;
- (6) the announcement dated 2 December 2019 made by the Company in relation to the poll results of the extraordinary general meeting held on 2 December 2019 (the “**2019 EGM Results Announcement**”);
- (7) the announcement dated 2 December 2019 made by the Company in relation to the self-examination report on the trading in the shares of the Company by the insiders in relation to the Scheme;
- (8) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 10<sup>th</sup> Board meeting for FY2019 (the “**2019 10<sup>th</sup> Board Meeting Announcement**”);
- (9) the announcement dated 9 December 2019 made by the Company in relation to the resolutions passed at the 9<sup>th</sup> Supervisory Committee meeting for FY2019;

- (10) the announcement dated 9 December 2019 made by the Company in relation to the proposed adjustments to the List of Participants proposed to participate in the Initial Grant (the “**Adjusted Participants**”) and the number of Initial Granted Restricted A-Shares (the “**Adjusted Initial Granted Restricted A-Shares**”) under the Scheme;
- (11) the announcement dated 9 December 2019 made by the Company in relation to the proposed grant of the Adjusted Initial Granted Restricted A-Shares to the Adjusted Participants under the Scheme;
- (12) the announcement dated 9 December 2019 made by the Company in relation to the list of the Adjusted Participants proposed to participate in the Initial Grant under the Scheme;
- (13) the announcement dated 8 January 2020 made by the Company in relation to the results of the Initial Grant under the Scheme;
- (14) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 2<sup>nd</sup> Board meeting for the financial year ending 31 December 2020 (“**FY2020**”) (the “**2020 2<sup>nd</sup> Board Meeting Announcement**”);
- (15) the announcement dated 17 February 2020 made by the Company in relation to the resolutions passed at the 1<sup>st</sup> Supervisory Committee meeting for FY2020 (the “**2020 1<sup>st</sup> Supervisory Committee Meeting Announcement**”);
- (16) the announcement dated 17 February 2020 made by the Company in relation to the repurchase and cancellation of some of the Restricted A-Shares granted under the Scheme (the “**1<sup>st</sup> Proposed Repurchase**”);
- (17) the announcement dated 17 February 2020 made by the Company in respect of the notification to creditors of the Company in relation to the 1<sup>st</sup> Proposed Repurchase;
- (18) the announcement dated 5 June 2020 made by the Company in relation to the poll results of the annual general meeting for FY2019 held on 5 June 2020 (the “**2020 AGM Results Announcement**”);
- (19) the announcement dated 6 July 2020 made by the Company in relation to the resolution passed at the 5<sup>th</sup> Board meeting for FY2020 (the “**2020 5<sup>th</sup> Board Meeting Announcement**”);
- (20) the announcement dated 6 July 2020 made by the Company in relation to the resolution passed at the 4<sup>th</sup> Supervisory Committee meeting for FY2020 (the “**2020 4<sup>th</sup> Supervisory Committee Meeting Announcement**”);
- (21) the announcement dated 6 July 2020 made by the Company in relation to the grant of the Reserved Restricted A-Shares to the Participants under the Scheme;
- (22) the announcement dated 6 July 2020 made by the Company in relation to the list of participants proposed to participate in the grant of the Reserved Restricted A-Shares under the Scheme;
- (23) the announcement dated 17 July 2020 made by the Company in relation to the explanatory statement of the Supervisory Committee on the verification of the list of participants (the “**2<sup>nd</sup> List of Participants**”) proposed to participate in the grant of the Reserved Restricted A-Shares under the Scheme and on the verification of the internal publication in respect of the 2<sup>nd</sup> List of Participants (the “**2<sup>nd</sup> Explanatory Statement Announcement**”);
- (24) the announcement dated 28 July 2020 made by the Company in relation to the results of the Grant of Reserved Restricted A-Shares to the Participants under the Scheme;

- (25) the announcement dated 14 August 2020 made by the Company in relation to the resolutions passed at the 6<sup>th</sup> Board meeting for FY2020 (the “**2020 6<sup>th</sup> Board Meeting Announcement**”);
- (26) the announcement dated 14 August 2020 made by the Company in relation to the resolutions passed at the 5<sup>th</sup> Supervisory Committee meeting for FY2020 (the “**2020 5<sup>th</sup> Supervisory Committee Meeting Announcement**”);
- (27) the announcement dated 14 August 2020 made by the Company in relation to the adjustment to the repurchase price of the Restricted A-Shares granted under the Scheme and the 2<sup>nd</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements (the “**2<sup>nd</sup> Proposed Repurchase**”);
- (28) the announcement dated 14 August 2020 made by the Company in relation to the amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration;
- (29) the announcement dated 14 August 2020 made by the Company in respect of the notification to creditors of the Company in relation to the 2<sup>nd</sup> Proposed Repurchase;
- (30) the circular dated 15 September 2020 (the “**2020 1<sup>st</sup> EGM Circular**”) to the Shareholders of the Company in relation to, amongst others, the proposed amendments to the Articles of Associations of the Company and the application for changes in the industrial and commercial registration;
- (31) the announcement dated 30 September 2020 made by the Company in relation to the poll results of the extraordinary general meeting held on 30 September 2020 (the “**2020 1<sup>st</sup> EGM Results Announcement**”);
- (32) the announcement dated 27 October 2020 made by the Company in relation to the update on the 1<sup>st</sup> Proposed Repurchase and the 2<sup>nd</sup> Proposed Repurchase;
- (33) the announcement dated 17 May 2021 made by the Company in relation to the poll results of the annual general meeting for FY2020 held on 17 May 2021 (the “**2021 AGM Results Announcement**”);
- (34) the announcement dated 13 August 2021 made by the Company in relation to the resolutions passed at the 6<sup>th</sup> Board meeting for the financial year ending 31 December 2021 (“**FY2021**”) (the “**2021 6<sup>th</sup> Board Meeting Announcement**”);
- (35) the announcement dated 13 August 2021 made by the Company in relation to the resolutions passed at the 3<sup>rd</sup> Supervisory Committee meeting for FY2021 (the “**2021 3<sup>rd</sup> Supervisory Committee Meeting Announcement**”);
- (36) the announcement dated 13 August 2021 made by the Company in relation to the 2<sup>nd</sup> adjustment to the repurchase price of the Restricted A-Shares granted under the Scheme and the 3<sup>rd</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements (the “**3<sup>rd</sup> Proposed Repurchase**”);
- (37) the announcement dated 13 August 2021 made by the Company in relation to the amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration;

- (38) the announcement dated 13 August 2021 made by the Company in respect of the notification to creditors of the Company in relation to the 3<sup>rd</sup> Proposed Repurchase;
- (39) the announcement dated 15 November 2021 made by the Company in relation to the update on the 3<sup>rd</sup> Proposed Repurchase;
- (40) the circular dated 25 November 2021 (the “**2021 2<sup>nd</sup> EGM Circular**”) to the Shareholders of the Company in relation to, amongst others, the proposed amendments to the Articles of Associations of the Company and the application for changes in the industrial and commercial registration;
- (41) the announcement dated 10 December 2021 made by the Company in relation to the poll results of the extraordinary general meeting held on 10 December 2021 (the “**2021 2<sup>nd</sup> EGM Results Announcement**”);
- (42) the announcement dated 16 May 2022 made by the Company in relation to the poll results of the annual general meeting for FY2021 held on 16 May 2022 (the “**2022 AGM Results Announcement**”);
- (43) the announcement dated 9 January 2023 made by the Company in relation to the resolutions passed at the 1<sup>st</sup> Board meeting for the financial year ending 31 December 2023 (“**FY2023**”) (the “**2023 1<sup>st</sup> Board Meeting Announcement**”); and
- (44) the announcement dated 9 January 2023 made by the Company in relation to the resolution passed at the 1<sup>st</sup> Supervisory Committee meeting for FY2023 (the “**2023 1<sup>st</sup> Supervisory Committee Meeting Announcement**”).

Electronic copies of each of the aforementioned announcements, the Circular, the 2020 1<sup>st</sup> EGM Circular and the 2021 2<sup>nd</sup> EGM Circular are available on the website of the Singapore Exchange Securities Trading Limited at <https://www.sgx.com/>.

*Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Circular, the 2020 1<sup>st</sup> EGM Circular and the 2021 2<sup>nd</sup> EGM Circular.*

The Company, on 9 January 2023, duly convened its 1<sup>st</sup> Board meeting and 1<sup>st</sup> Supervisory Committee meeting for FY2023, and the Board and the Supervisory Committee considered and approved the proposed contents of the “3<sup>rd</sup> adjustment to the repurchase price of the Restricted A-Shares granted under the 2019 Restricted A-Share Incentive Scheme and the 4<sup>th</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements” (关于第三次调整公司 2019 年 A 股限制性股票激励计划回购价格并第四次回购注销已获授但尚未解除限售的限制性股票的议案).

(i) Given that the Company has failed to meet the performance targets for releasing the Restricted A-Shares granted under the Scheme from the lock-up requirements for each of the first and second Release Period, the Company proposes to repurchase and cancel an aggregate of 2,673,000 Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme due to the said reason, and (ii) given that fourteen (14) of the Participants who have been granted the Restricted A-Shares are no longer eligible to participate in the Scheme (the “**Fourteen Participants**”), of which ten (10) are due to retirement and four (4) are due to their resignation from the Company because of job changes, the Company proposes to repurchase and cancel all of the 520,000 Restricted A-Shares granted to the Fourteen Participants but not yet released from the lock-up requirements under the Scheme (collectively, the “**4<sup>th</sup> Proposed Repurchase**”).

The Company also proposes to adjust the repurchase price of the Restricted A-Shares granted under the Initial Grant and the Grant of Reserved Restricted A-Shares to RMB6.10 per Restricted A-Share and RMB8.09 per Restricted A-Share respectively (the “**3<sup>rd</sup> Proposed Adjustment**”), taking into account the Company’s completion of the dividend distribution for FY2021, in accordance with the relevant provisions of the *Administrative Measures on Share Incentives of Listed Companies* (《上市公司股权激励管理办法》) (the “**Administrative Measures**”) issued by the China Securities Regulatory Commission, the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法).

Further details on the 4<sup>th</sup> Proposed Repurchase and the 3<sup>rd</sup> Proposed Adjustment are as set out below.

#### **A. APPROVAL AND AUTHORISATION FOR THE 4<sup>TH</sup> PROPOSED REPURCHASE**

The Company has fulfilled the following procedures in relation to the 4<sup>th</sup> Proposed Repurchase:

1. On 16 October 2019, the Company duly convened its 7<sup>th</sup> Board meeting and 6<sup>th</sup> Supervisory Committee meeting for FY2019, and the Board and the Supervisory Committee considered and approved, *inter alia*, the proposed contents of the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要) and other proposals relating to the Scheme. The independent directors of the Company then and the Supervisory Committee had given their independent opinions and verification opinions respectively. CITIC Securities Co., Ltd. (中信证券股份有限公司), being the Independent Financial Adviser, and Xing Tong Law Firm (行通律师事务所), being the Legal Adviser for the Scheme had issued their respective professional opinions.
2. On 25 November 2019, the Supervisory Committee issued the “Explanatory statement on the verification of the List of Participants under the Scheme and on the verification of the internal publication in respect of the List of Participants” (天津中新药业集团股份有限公司监事会对激励名单审核及公示情况说明), which explained that the Company has published the names and designations of each of the Participants for a period from 1 November 2019 to 11 November 2019 (the “**1<sup>st</sup> Publication Period**”), and as at the expiration of the 1<sup>st</sup> Publication Period, the Supervisory Committee did not receive any objections with respect to the proposed Participants under the Scheme.
3. On 2 December 2019, the Company duly convened its 2<sup>nd</sup> extraordinary general meeting of the Company in 2019 (the “**2019 2<sup>nd</sup> EGM**”), and the Shareholders at the 2019 2<sup>nd</sup> EGM considered and approved the proposed contents of the “2019 Restricted A-Share Incentive Scheme and its summary” (2019 年 A 股限制性股票计划及其摘要) and other proposals relating to the Scheme.
4. On 9 December 2019, the Company duly convened its 10<sup>th</sup> Board meeting for FY2019, and the Board considered and approved the proposed contents of the “Grant of the Adjusted Initial Granted Restricted A-Shares to the Adjusted Participants under the Scheme” (关于向公司 2019 年 A 股限制性股票激励计划激励对象首次授予限制性股票的议案) and the proposed contents of the “Adjustments to the List of Participants proposed to participate in the initial grant of the Initial Granted Restricted A-Shares and the number of Initial Granted Restricted A-Shares to be granted to them under the Scheme” (关于调整公司 2019 年 A 股限制性股票激励计划首次授予激励对象名单及授予权益数量的议案). The independent directors of the Company then and the Supervisory Committee had given their independent opinions and

verification opinions respectively. The Independent Financial Adviser and the Legal Adviser for the Scheme had issued their respective professional opinions.

5. On 17 February 2020, the Company duly convened its 2<sup>nd</sup> Board meeting and 1<sup>st</sup> Supervisory Committee meeting for FY2020, and the Board and the Supervisory Committee considered and approved the proposed contents of the “Repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements under the Scheme” (关于回购注销公司 2019 年 A 股限制性股票激励计划中激励对象已获授但尚未解除限售的限制性股票的议案).
6. On 5 June 2020, the Company duly convened its annual general meeting for FY2019 (the “**2020 AGM**”), and the Shareholders at the 2020 AGM considered and approved, amongst others, the scheme of profit distribution policy of the Company for FY2019.
7. On 6 July 2020, the Company duly convened its 5<sup>th</sup> Board meeting and 4<sup>th</sup> Supervisory Committee meeting for FY2020, and the Board and the Supervisory Committee considered and approved the proposed contents of the “Grant of the Reserved Restricted A-Shares to the Participants under the Scheme” (关于向公司 2019 年 A 股限制性股票激励计划激励对象授予预留限制性股票的议案). The independent directors of the Company then and the Supervisory Committee had given their independent opinions and verification opinions respectively.
8. On 17 July 2020, the Supervisory Committee issued the “Explanatory statement of the Supervisory Committee on the verification of the list of Participants proposed to participate in the Grant of Reserved Restricted A-Shares under the Scheme and on the verification of the internal publication in respect of the list of Participants” (天津中新药业集团股份有限公司监事会关于 2019 年 A 股限制性股票激励计划预留部分授予激励对象人员名单的审核及公示情况说明), which explained that the Company has published the names and designations of each of the Participants as set out in the 2<sup>nd</sup> List of Participants for a period from 6 July 2020 to 16 July 2020 (the “**2<sup>nd</sup> Publication Period**”), and as at the expiration of the 2<sup>nd</sup> Publication Period, the Supervisory Committee did not receive any objections with respect to the Participants as set out in the 2<sup>nd</sup> List of Participants.
9. On 13 August 2020, the Company duly convened its 6<sup>th</sup> Board meeting and 5<sup>th</sup> Supervisory Committee meeting for FY2020, and the Board and the Supervisory Committee considered and approved the proposed contents of the “Adjustment to the repurchase price of the Restricted A-Shares granted under the 2019 Restricted A-Share Incentive Scheme and the 2<sup>nd</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements” (关于调整公司 2019 年 A 股限制性股票激励计划回购价格并第二次回购注销已获授但尚未解除限售的限制性股票的议案) and the proposed contents of the “Amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration” (关于修订《公司章程》并办理工商变更的议案) (the “**2020 Proposed AOA Amendments**”). The independent directors of the Company then and the Supervisory Committee had given their independent opinions and verification opinions respectively.
10. On 30 September 2020, the Company duly convened its 1<sup>st</sup> extraordinary general meeting of the Company in 2020 (the “**2020 1<sup>st</sup> EGM**”), and the Shareholders at the 2020 1<sup>st</sup> EGM considered and approved, amongst others, the 2020 Proposed AOA Amendments.  
9. 2020 年 9 月 30 日, 公司召开 2020 年第一次临时股东大会, 审议通过了《关于修订〈公司章程〉并办理工商变更的议案》。

11. On 17 May 2021, the Company duly convened its annual general meeting for FY2020 (the “**2021 AGM**”), and the Shareholders at the 2021 AGM considered and approved, amongst others, the scheme of profit distribution policy of the Company for FY2020.
12. On 12 August 2021, the Company duly convened its 6<sup>th</sup> Board meeting and 3<sup>rd</sup> Supervisory Committee meeting for FY2021, and the Board and the Supervisory Committee considered and approved the proposed contents of the “2<sup>nd</sup> Adjustment to the repurchase price of the Restricted A-Shares granted under the 2019 Restricted A-Share Incentive Scheme and the 3<sup>rd</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements” (关于第二次调整公司 2019 年 A 股限制性股票激励计划回购价格并第三次回购注销已获授但尚未解除限售的限制性股票的议案) and the proposed contents of the “Amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration” (关于修订《公司章程》并办理工商变更的议案) (the “**2021 Proposed AOA Amendments**”). The present independent directors of the Company and the Supervisory Committee had given their independent opinions and verification opinions respectively.
13. On 10 December 2021, the Company duly convened its 2<sup>nd</sup> extraordinary general meeting of the Company in 2021 (the “**2021 2<sup>nd</sup> EGM**”), and the Shareholders at the 2021 2<sup>nd</sup> EGM considered and approved, amongst others, the 2021 Proposed AOA Amendments.
14. On 16 May 2022, the Company duly convened its annual general meeting for FY2021 (the “**2022 AGM**”), and the Shareholders at the 2022 AGM considered and approved, amongst others, the scheme of profit distribution policy of the Company for FY2021.
15. On 9 January 2023, the Company duly convened its 1<sup>st</sup> Board meeting and 1<sup>st</sup> Supervisory Committee meeting for FY2023, and the Board and the Supervisory Committee considered and approved the proposed contents of the “3<sup>rd</sup> adjustment to the repurchase price of the Restricted A-Shares granted under the 2019 Restricted A-Share Incentive Scheme and the 4<sup>th</sup> repurchase and cancellation of some of the Restricted A-Shares granted but not yet released from the lock-up requirements” (关于第三次调整公司 2019 年 A 股限制性股票激励计划回购价格并第四次回购注销已获授但尚未解除限售的限制性股票的议案) and the proposed contents of the “Amendments to the Articles of Association of the Company and application for changes in the industrial and commercial registration” (关于修订《公司章程》并办理工商变更的议案) (the “**2023 1<sup>st</sup> Proposed AOA Amendments**”). The present independent directors of the Company and the Supervisory Committee had given their independent opinions and verification opinions respectively. The 2023 1<sup>st</sup> Proposed AOA Amendments shall be submitted for Shareholders’ consideration and be approved by more than two-thirds (2/3) of the voting rights held by the attending Shareholders at a general meeting of the Company to be convened in due course.

Please refer to the 2019 7<sup>th</sup> Board Meeting Announcement, the 2019 6<sup>th</sup> Supervisory Committee Meeting Announcement, the 1<sup>st</sup> Explanatory Statement Announcement, the Circular, the 2019 EGM Results Announcement, the 2019 10<sup>th</sup> Board Meeting Announcement, the 2020 2<sup>nd</sup> Board Meeting Announcement, the 2020 1<sup>st</sup> Supervisory Committee Meeting Announcement, the 2020 AGM Results Announcement, the 2020 5<sup>th</sup> Board Meeting Announcement, the 2020 4<sup>th</sup> Supervisory Committee Meeting Announcement, the 2<sup>nd</sup> Explanatory Statement Announcement, the 2020 6<sup>th</sup> Board Meeting Announcement, the 2020 5<sup>th</sup> Supervisory Committee Meeting Announcement, the 2020 1<sup>st</sup> EGM Results Announcement, the 2021 AGM Results Announcement, the 2021 6<sup>th</sup> Board Meeting Announcement, the 2021 3<sup>rd</sup> Supervisory Committee Meeting Announcement, the 2021

2<sup>nd</sup> EGM Results Announcement, the 2022 AGM Results Announcement, the 2023 1<sup>st</sup> Board Meeting Announcement and the 2023 1<sup>st</sup> Supervisory Committee Meeting Announcement for further details.

## **B. INFORMATION ON THE 3<sup>RD</sup> PROPOSED ADJUSTMENT TO THE REPURCHASE PRICE**

1. According to the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划), “upon completion of the registration of the Restricted A-Shares granted to a Participant, in the event of capitalisation of capital reserves, bonus issue, share subdivision, rights issue, share consolidation or dividend distribution made by the Company affecting the total issued share capital or the share price of the Company, the Company shall make adjustments to the repurchase price of the Restricted A-Shares but not yet released from the lock-up requirements accordingly.”
2. The Shareholders at the 2022 AGM considered and approved the scheme of profit distribution policy of the Company for FY2021 as follows:

to declare dividends of an aggregate amount of RMB386,721,538 on the basis of RMB0.50 (inclusive of tax) for each ordinary share 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.

The dividend distributions for FY2021 has been completed in June 2022.

As stated in the announcement dated 17 May 2022 made by the Company in relation to the notice of record date and payment date for final dividend, the Share Transfer Books and Register of Members of the Company were closed after 5.00 p.m. on 25 May 2022 (for S-Shares) and 1 June 2022 (for A-Shares) for the purposes of determining Shareholders' entitlements to the final dividend for FY2021. Upon the distribution of the final dividend, the methods for adjustment to the repurchase price of the Restricted A-Shares granted under the Scheme shall be as follows:

Repurchase price of the :  $P = P_0 - V = \text{RMB6.10}$  per Restricted A-Share  
Restricted A-Shares Under the  
Initial Grant

Repurchase price of the :  $P = P_0 - V = \text{RMB8.09}$  per Restricted A-Share  
Restricted A-Shares Under the  
Grant of Reserved Restricted A-  
Shares

Where:  $P_0$  represents the repurchase price per Restricted A-Share prior to adjustment;  $V$  represents the amount of dividends per share;  $P$  represents the repurchase price per Restricted A-Share after adjustment.  $P$  remains greater than 1 after adjustment.

## **C. INFORMATION ON THE 4<sup>TH</sup> PROPOSED REPURCHASE**

In accordance with the resolutions passed at the 1<sup>st</sup> Board meeting and the 1<sup>st</sup> Supervisory Committee meeting of the Company for FY2023, the reason for, and the details of, the 4<sup>th</sup> Proposed Repurchase are set out below.

1. **Rationale for the 4<sup>th</sup> Proposed Repurchase**



(a) Failure to meet the performance targets in 2020 for the first Release Period

The performance assessment results at the Company level for releasing the Restricted A-Shares from the lock-up requirements for the first Release Period are as follows:

Performance assessment criteria	Assessment results	Whether the performance target is met
Based on the Company's performance of 2018, the earnings per share (the "EPS") for 2020 shall not be less than RMB0.8	The Company's EPS for 2020 was RMB0.86	Yes
The EPS for 2020 shall not rank below the 75 <sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry	The Company ranked No. 4 amongst 24 peer benchmark enterprises in the same industry	Yes
Based on the Company's performance of 2018, the growth rate of net profits for 2020 shall not be less than 9.7%	The Company's growth rate of net profits for 2020 was 17.81%	Yes
Based on the Company's performance of 2018, the Company's growth rate of net profits for 2020 shall not rank below the 75 <sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry	The Company ranked No. 8 amongst 24 peer benchmark enterprises in the same industry	No
The Company's revenue from principal business for 2020 shall account for not less than 92% of its total revenue for that year	The Company's revenue from principal business for 2020 accounted for 99.79% of its total revenue for 2020	Yes

The proportion of the Restricted A-Shares which could have been released from the lock-up requirements otherwise for the first Release Period as a percentage of the total number of the Restricted A-Shares granted under the Scheme is 33% involving 1,336,500 Restricted A-Shares (excluding the Restricted A-Shares held by the Fourteen Participants).

(b) Failure to meet the performance targets in 2021 for the second Release Period

2. 公司 2021 年度业绩考核条件未达标

The performance assessment results at the Company level for releasing the Restricted A-Shares from the lock-up requirements for the second Release Period are as follows:

Performance assessment criteria	Assessment results	Whether the performance target is met
Based on the Company's performance of 2018, the EPS for 2021 shall not be less than RMB0.86	The Company's EPS for 2021 was RMB1.00	Yes
The EPS for 2021 shall not rank below the 75 <sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry	The Company ranked No. 6 amongst 24 peer benchmark enterprises in the same industry	Yes
Based on the Company's performance of 2018, the growth rate of net profits for 2021 shall not be less than 17.9%	The Company's growth rate of net profits for 2021 was 36.94%	Yes
Based on the Company's performance of 2018, the Company's growth rate of net profits for 2021 shall not rank below the 75 <sup>th</sup> percentile of the performance of peer benchmark enterprises in the same industry	The Company ranked No. 9 amongst 24 peer benchmark enterprises in the same industry	No
The Company's revenue from principal business for 2021 shall account for not less than 92% of its total revenue for that year	The Company's revenue from principal business for 2021 accounted for 99.78% of its total revenue for 2021	Yes

The proportion of the Restricted A-Shares which could have been released from the lock-up requirements otherwise for the second Release Period as a percentage of the total number of the Restricted A-Shares granted under the Scheme is 33% involving 1,336,500 Restricted A-Shares (excluding the Restricted A-Shares held by the Fourteen Participants).

(c) Retirement or resignation of the Participants

According to the provisions in (B) (Changes in Personal Situation of the Participants) under Chapter 13 (Unusual Changes to the Company and the Participants) in the "2019 Restricted A-Share Incentive Scheme" (2019 年 A 股限制性股票计划), "upon the employment relationship is discharged or terminated due to objective reasons including job transfer, removal from office, retirement, death or loss of civil capacity, the Restricted A-Shares granted to such Participant which have yet been released from the

lock-up requirements shall be repurchased by the Company at the Grant Price plus the interests as calculated at the benchmark interest rate for deposits of the same period when repurchasing.”

As stated above, given that the Fourteen Participants are no longer eligible to participate in the Scheme, of which ten (10) are due to retirement and four (4) are due to their resignation from the Company because of job changes, the Company proposes to repurchase and cancel all of the 520,000 Restricted A-Shares granted to the Fourteen Participants but not yet released from the lock-up requirements under the Scheme.

## 2. Amount of the Restricted A-Shares to be repurchased under the 4<sup>th</sup> Proposed Repurchase

An aggregate of 3,193,000 Restricted A-Shares will be repurchased and cancelled by the Company under the 4<sup>th</sup> Proposed Repurchase comprising (i) 1,336,500 Restricted A-Shares held by 120 Participants which could otherwise have been released from the lock-up requirements for the first Release Period, (ii) 1,336,500 Restricted A-Shares held by 120 Participants which could otherwise have been released from the lock-up requirements for the second Release Period, and (iii) 520,000 Restricted A-Shares held by the Fourteen Participants.

The details are as follows:

Personnel category	Number of personnel / designations	Number of Restricted A-Shares granted	No. of the Restricted A-Shares to be repurchased and cancelled	Proportion of Restricted A-Shares to be repurchased and cancelled as a percentage of the total number of the Restricted A-Shares granted under the Scheme to that personnel
Wang Mai 王迈	Employee Director	70,000	46,200	66%
Zhou Hong 周鸿	Director and Deputy General Manager	70,000	46,200	66%
Zhang Jian 张健	Deputy General Manager	70,000	46,200	66%
Wang Xin 王欣	Deputy General Manager	70,000	46,200	66%

Niu Shengfang 牛胜芳	Deputy General Manager	70,000	46,200	66%
Jiao Yan 焦艳	Secretary to the Board	30,000	19,800	66%
Members of management team, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of subordinate enterprises of the Company (excluding the Company's associated companies) (comprising a total of 114 persons)		3,670,000	2,422,200	66%
Fourteen Participants (retired or resigned)		520,000	520,000	100%
<b>Total</b>		<b>4,570,000</b>	<b>3,193,000</b>	<b>70%</b>

### 3. Repurchase Price for the 4<sup>th</sup> Proposed Repurchase

As the Company has completed the dividend distribution for FY2021, under the 4<sup>th</sup> Proposed Repurchase, the repurchase price of the Restricted A-Shares granted under the Initial Grant and the Grant of Reserved Restricted A-Shares shall be adjusted to RMB6.10 per Restricted A-Share and RMB8.09 per Restricted A-Share respectively, plus the applicable interests as calculated at the benchmark interest rate for deposits during the same period when repurchasing.

### 4. Total Amount and Source of Funds for the 4<sup>th</sup> Proposed Repurchase

The total amount to be paid by the Company for the 4<sup>th</sup> Proposed Repurchase will be RMB20,711,896 plus the corresponding interests as calculated at the benchmark interest rate for deposits during the same period when repurchasing, which will be paid by the Company with its own funds. Upon completion of the 4<sup>th</sup> Proposed Repurchase, the number of Participants participating in the Scheme will be adjusted to 120.

The Board shall handle all the relevant matters relating to the 4<sup>th</sup> Proposed Repurchase in accordance with the authorisation from Shareholders to the Board for matters in relation to the Scheme as approved at the 2019 2<sup>nd</sup> EGM.

## D. CHANGES IN THE SHARE CAPITAL STRUCTURE OF THE COMPANY UPON COMPLETION OF THE 4<sup>TH</sup> PROPOSED REPURCHASE

The changes in the share capital structure of the Company following the completion of the 4<sup>th</sup> Proposed Repurchase will be as follows:

Unit: share(s)

Categories		Before the completion of the 4 <sup>th</sup> Proposed Repurchase	Number of Restricted A-Shares to be repurchased and cancelled	After the completion of the 4 <sup>th</sup> Proposed Repurchase <sup>(1)</sup>
1. Shares subject to selling restrictions		7,575,000	(3,193,000)	4,382,000
2. Shares not subject to selling restrictions	A-Shares and S-Shares, comprising:	765,868,076	-	765,868,076
	A-Shares	565,868,076	-	565,868,076
	S-Shares	200,000,000	-	200,000,000
<b>Total</b>		<b>773,443,076</b>	<b>(3,193,000)</b>	<b>770,250,076<sup>(1)</sup></b>

**Note:**

- (1) The disclosure of 770,250,076 shares as stated in the table above was calculated on the assumption that the 4<sup>th</sup> Proposed Repurchase has been completed as at the date of this announcement (i.e., 773,443,076 – 3,193,000 = 770,250,076). The actual situation shall be subject to the issuance of a “Certificate of Change of Securities Registration” (证券变更登记证明) by the China Securities Depository and Clearing Co., Ltd. Shanghai Branch (中国证券登记结算有限公司上海分公司) upon completion of the 4<sup>th</sup> Proposed Repurchase.

**E. IMPACT OF THE 4<sup>TH</sup> PROPOSED REPURCHASE ON THE PERFORMANCE OF THE COMPANY**

The 4<sup>th</sup> Proposed Repurchase will not have a material impact on the financial status and operating results of the Company, nor will it affect the diligence of the Company’s management team. The management team of the Company will continue to perform its duties diligently and work towards enhancing Shareholders’ value.

Upon completion of the 4<sup>th</sup> Proposed Repurchase, the controlling shareholder and actual controller (if any, as determined in accordance with the laws of the People’s Republic of China) of the Company remain unchanged. The shareholding spread and distribution of the Company still meet the listing conditions. The Company will continue to implement the Scheme according to relevant provisions.

**F. OPINION OF THE INDEPENDENT DIRECTORS**

The present independent directors of the Company are of the opinion that the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase are in compliance with the provisions as stipulated in the relevant laws, regulations and normative documents including the Administrative Measures, the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法). The decision-making procedures

of the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase are in compliance with applicable laws and regulations, and would not prejudice the interests of the Company and the Shareholders as a whole, nor will it have a material impact on the financial status and operating results of the Company. The present independent directors of the Company unanimously agree with the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase in accordance with the relevant provisions in respect of such repurchase and cancellation as stipulated in the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划).

#### **G. OPINION OF THE SUPERVISORY COMMITTEE**

In accordance with the relevant provisions of the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划) and the “Assessment Management Measures for Implementation of the 2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票激励计划实施考核管理办法), the Supervisory Committee is of the view that the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase are in compliance with applicable laws and regulations, and agrees to the 4<sup>th</sup> Proposed Repurchase in relation to the proposed repurchase and cancellation of an aggregate of 3,193,000 Restricted A-Shares and the 3<sup>rd</sup> Proposed Adjustment in relation to the proposed adjustment to the repurchase price in view of the Company’s completion of the dividend distribution for FY2021.

#### **H. OPINION OF THE LEGAL ADVISER**

The Legal Adviser to the Company is of the opinion that:

- (1) as at the date of issuance of its legal opinion, the requisite approvals and authorisations at the current stage for the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase have been obtained;
- (2) the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase are in compliance with the relevant provisions of the Administrative Measures and the “2019 Restricted A-Share Incentive Scheme” (2019 年 A 股限制性股票计划); and
- (3) the 3<sup>rd</sup> Proposed Adjustment and the 4<sup>th</sup> Proposed Repurchase are still subject to the fulfilment of disclosure obligations by the Company in accordance with applicable laws, regulations and normative documents; the 2023 1<sup>st</sup> Proposed AOA Amendments shall be submitted for Shareholders’ consideration and be approved by more than two-thirds (2/3) of the voting rights held by the attending Shareholders at a general meeting of the Company, following which, the Company shall perform the corresponding procedures in relation to the registration of reduction in its registered capital and cancellation of the Restricted A-Shares in accordance with applicable laws, regulations and normative documents.

#### **By order of the Board**

Jiao Yan  
Secretary to the Board of Directors  
10 January 2023