

UPDATE ON THE DEPOSIT OF NET PROCEEDS AND THE USE OF NET PROCEEDS

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 the previous announcements by the Company on 12 June 2014, 12 August 2014, 7 January 2015, 28 January 2015, 27 March 2015, 28 April 2015, 8 June 2015, 15 July 2015, 22 July 2015, 14 August 2015, 26 August 2015, 1 September 2015, 7 September 2015, 28 September 2015, 9 October 2015, 15 October 2015, 30 October 2015, 10 November 2015, 17 November 2015, 8 December 2015, 11 December 2015, 23 December 2015, 19 January 2016, 8 March 2016 and 21 March 2016, 26 April 2016, 8 June 2016, 5 July 2016, 12 August 2016, 24 August 2016, 26 August 2016, 29 November 2016, 7 March 2017, 30 March 2017, 13 June 2017, 14 August 2017, 23 August 2017, 24 August 2017, 28 November 2017, 8 January 2018, 30 March 2018, 9 August 2018, 14 August 2018, 24 August 2018, 29 March 2019, 14 August 2019, 23 August 2019, 17 April 2020, 14 August 2020, 30 September 2020, 30 March 2021, 13 August 2021, 8 September 2021, 13 September 2021, 30 March 2022, 9 August 2022, 12 August 2022, 31 March 2023, 10 August 2023, 14 August 2023, 29 March 2024, 9 August 2024, and 14 August 2024 (the “**Prior Announcements**”), as well as the circular dated 1 August 2014 (the “**Circular**”) and the circular dated 24 September 2018 in relation to the Placement.

Capitalised terms not defined herein shall bear the same meaning as terms defined in the Prior Announcements and the Circular.

Pursuant to relevant provisions including the *Guideline No. 2 – Supervision Requirements of the Use and Management of the Proceeds of the Listed Companies* (《上市公司监管指引第2号—上市公司募集资金管理和使用的监管要求》) promulgated by the China Securities Regulatory Commission (“**CSRC**”) and the *Guidelines No.1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations* (《上海证券交易所上市公司自律监管指引第1号——规范运作》) issued by the Shanghai Stock Exchange (“**SSE**”), the Board issued a report below in relation to the deposit of Proceeds and the Use of Net Proceeds as at 31 December 2024 (the “**Report**”).

1. BASIC INFORMATION ON THE PLACEMENT

1.1 Net Proceeds

Pursuant to the Written Approval from the CSRC, on 19 June 2015, the Company issued 29,564,356 A-shares with par value of RMB 1 per share at an issue price of RMB 28.28 per share, and the Proceeds from the Placement amounted to RMB 836,079,987.68. After deducting the expenses of the Placement, the Net Proceeds was approximately RMB 814,340,000.00.

Ruihua Certified Public Accountants LLP has, on 26 June 2015, issued the Proceeds

Verification Report verifying that the Proceeds raised from the Placement are in the designated accounts of the Company (Designated Account #1, Designated Account #2 and Designated Account #3 collectively, the “**Designated Accounts**”).

1.2 Amount of the Net Proceeds Used in Year 2024

As at 31 December 2024, an amount of RMB 669,880,123.56 from the Net Proceeds was used for the Projects, and the Company obtained an amount of RMB 62,811,741.68 in the form of financing income and interests derived from the Cash Management. The balance of the Net Proceeds in the Designated Accounts was RMB 8,271,618.12 as at 31 December 2024.

1.3 Amount of the Net Proceeds Used and the Balance as at 31 December 2024

As at 31 December 2024, the balance of the Net Proceeds in the Designated Accounts was RMB 8,271,618.12, the details of which are as follows:

NO.	ITEMS	AMOUNT(RMB)
1.	Net Proceeds	814,340,000.00
2.	Temporary Use For Cash Flow	-199,000,000.00
3.	Expenditure on the Projects	-669,880,123.56
4.	Financing income and interests derived from the Cash Management	62,811,741.68
5.	Balance of the Net Proceeds	8,271,618.12
	Where: Balance in the Designated Accounts	8,271,618.12

2. MANAGEMENT OF PROCEEDS

To further regulate the use and management of the Proceeds, improve the efficiency of the Use of Net Proceeds, and protect the investors’ interests, pursuant to relevant laws, regulations and rules including the *Company Law of the PRC* (《中华人民共和国公司法》), the *Securities Law of the PRC* (《中华人民共和国证券法》), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司证券发行管理办法》), the *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》), the *Administrative Measures of the Shanghai Stock Exchange for the Capital Raised by Listed Companies* (《上海证券交易所上市公司募集资金管理办法》), as well as the Articles of Association of the Company, the Company has adopted the Measures for the Management of Proceeds (募集资金管理办法) of the Company to regulate the use and management of the Proceeds, and to protect the investors’ interests. The Measures for the Management of Proceeds (募集资金管理办法) was approved by the Shareholders at an extraordinary general meeting of the Company held on 18 August 2014. The Company has been using the Proceeds strictly in accordance with the Measures for the Management of Proceeds (募集资金管理办法) of the Company.

2.1 Deposit of the Proceeds

As at 31 December 2024, the details of the deposit of the balance of the Net Proceeds are set out below:

ACCOUNT NAME	BANKS	BANK ACCOUNT NUMBER	BALANCE (RMB)
The Company	China Bohai Bank Co.,Ltd., Tianjin Rongye Street Sub-Branch (previously known as China Bohai Bank Co.,Ltd., Tianjin Duolun Road Sub-Branch)	2000001695000328	1,055,782.52
The Company	Industrial and Commercial Bank of China, Tianjin Chengdu Road Sub-Branch	0302010529300330596	451,649.60
Da Ren Tang	China Construction Bank, Tianjin Hebei Sub-Branch	12001660800052535320	6,764,186.00
Sub-total			8,271,618.12

2.2 Supervision Agreements

There is no major difference between the sample supervision agreement and the Supervision Agreement #1, the Supervision Agreement #2 and the Supervision Agreement #3. The Company has deposited, used and managed the Proceeds pursuant to the relevant laws and regulations, and all the obligations under the Supervision Agreement #1, the Supervision Agreement #2 and the Supervision Agreement #3 have been duly performed as at 31 December 2024.

3. USE OF NET PROCEEDS

3.1 Use of Net Proceeds for the Projects

The details of the Use of Net Proceeds for the Projects are set out in Annex 1 to this announcement.

3.2 Use of the Proceeds for the Projects and the Replacement

As at 3 August 2015, the Company had used an aggregate amount of RMB 28,334,868.31 of its own funds (the “**Funds**”) to commence the Projects, the details of which are set out below. Ruihua Certified Public Accountants LLP has issued the Proceeds Verification Report verifying that such amounts are in the Designated Accounts of the Company.

No.	Name of Projects	Proposed amount to be invested (RMB)	Amount of the Net Proceeds to be invested (RMB)	Amount of expenditure as at 3 August 2015 (RMB)
1.	Terminal Marketing Network	310,420,000.00	310,420,000.00	17,407,584.01

	and Promotional System Project				
2.	Bozhou Industrial Park Construction Project	Chinese Medicine Extraction and Preparation Project	250,000,000.00	127,500,000.00	0.00
		Project on Chinese Medicine Decoction Pieces	150,000,000.00	76,500,000.00	5,865,000.00
3.	Wellness and Functional Vegetable Beverages Project		299,920,000.00	299,920,000.00	5,062,284.30
Total			1,010,340,000.00	814,340,000.00	28,334,868.31

Pursuant to the 8th Board meeting for year 2015, which was duly convened on 26 August 2015, the Board had passed the resolution approving an equivalent amount of RMB 28,334,868.31 from the Net Proceeds to be used to replace the Funds.

As at 31 December 2015, the Funds has been fully replaced with an equivalent amount from the Net Proceeds.

3.3 Temporary Use of Part of the Net Proceeds for the Cash Flow of the Company

Pursuant to the 3rd Board meeting for the financial year ended 31 December 2024 (“FY2024”), which was duly convened on 13 August 2024, the Board had passed the resolution approving the continuous temporary use of an amount of RMB 230,000,000.00 from the Net Proceeds for the Company’s cash flow purposes, within a 12-month period (the “FY2024 Temporary Use”). The contents and procedures of the FY2024 Temporary Use are in compliance with the relevant requirements of the CSRC and the SSE in respect of use of proceeds.

As at 31 December 2024, the amount of RMB 199,000,000.00 from the Net Proceeds for the purposes of cash flow of the Company has not been returned to the Designated Accounts of the Company.

3.4 Cash Management of Net Proceeds

As at 31 December 2024, the Company has no Cash Management of the Net Proceeds.

3.5 Disclosure on any permanent use of amounts for the cash flow of the Company or repayment of bank loans exceeding the total amount of Proceeds

Not applicable.

3.6 Disclosure on any use of Proceeds for new projects (including assets acquisition) exceeding the total amount of Proceeds

Not applicable.

3.7 Balance of the Proceeds

As at 31 December 2024, as the Projects have not been completed, the final balance of the Proceeds is still unavailable.

3.8 Other Use of Proceeds

On 28 March 2025, the Company convened its 1st Board meeting and 1st Supervisory Committee meeting for the financial year ending 31 December 2025, at which the proposed cessation, adjustment of investment scale and termination of the Projects funded by the Proceeds from the Placement and the permanent reallocation of the remaining Proceeds to working capital was considered and approved by the Board and the Supervisory Committee, respectively. Under the proposal, the Company proposes to (i) cease the Terminal Marketing Network and Promotional System Project and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, (ii) terminate the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project, (iii) cease the Phase I Dripping Pill Manufacturing Base Project following the adjustment of the investment scale (i.e. to reduce the total investment amount for this project to the actual amount invested as at the end of 2024), and (iv) permanently reallocate a total of approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts at the time of reallocation) to working capital. This matter is subject to Shareholders' approval at a general meeting of the Company.

4. CHANGE TO THE CURRENT USE OF NET PROCEEDS

Pursuant to the 4th Board meeting for 2018, which was duly convened on 9 August 2018, the Board had passed the resolution relating to the change in the Use of Placement Proceeds, which envisages the substitution of the “Wellness and Functional Vegetable Beverages Project” with the “Phase I Dripping Pill Manufacturing Base Project”. The independent directors of the Company, the supervisory committee of the Company and the Placement Agent have issued their respective opinions. The details of the change in the Use of Placement Proceeds are set out in the announcement made by the Company on SGXNET on 9 August 2018 and the Company's circular dated 24 September 2018. The change in the Use of Placement Proceeds was approved by the Shareholders at the extraordinary general meeting of the Company held on 9 October 2018.

Pursuant to the 4th Board meeting for 2018, which was duly convened on 9 August 2018, the Board had passed the resolution relating to the proposed change in the shareholding and the amount of the Net Proceeds in relation to Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd. (the “**Bozhou Company**”). It was initially agreed that the Company and the other shareholder of the Bozhou Company shall invest in the Bozhou Industrial Park Construction Project on a pro-rata basis in accordance with each of their shareholding proportion in the form of share capital increase. However, as the Bozhou Industrial Park Construction Project progressed, Tianjin Jinlian Zhida Business Information Consulting Co., Ltd. adjusted its investment strategies and proposed to transfer its 29% equity interests in the Bozhou Company to the Company. In order to ensure that the Bozhou Industrial Park Construction Project can be carried out as planned, discussions were held between the Company and Tianjin Jinlian Zhida Business Information Consulting Co., Ltd. Pursuant to these discussions, it was decided that the Company will acquire the 29% equity interests in the Bozhou Company from Tianjin Jinlian Zhida Business Information Consulting Co., Ltd. Following the completion of the change in the shareholding of the Bozhou Company, in order to focus on the progress of the Bozhou Industrial Park Construction Project and to supervise the use of funds, the Company intended to

reallocate the amount of the Net Proceeds to be invested in the two sub-projects of the Bozhou Industrial Park Construction Project, based on the relative priorities of the aforesaid sub-projects. This entailed the re-allocation of RMB 150,000,000.00 to the Project on Chinese Medicine Decoction Pieces, and the allocation of the remaining raised funds of RMB 54,000,000.00 to the Chinese Medicine Extraction and Preparation Project. The independent directors of the Company, the supervisory committee of the Company and the Placement Agent have issued their respective opinions. The details of the same are set out in the announcement made by the Company on SGXNET on 9 August 2018 and the Company's circular dated 24 September 2018. The proposed change in the amount of the Net Proceeds in relation to Bozhou Company was approved by the Shareholders at the extraordinary general meeting of the Company held on 9 October 2018.

The details of the change in the Use of Net Proceeds for the Projects are set out in Annex 1 to this announcement.

5. DISCLOSURE ON THE USE OF NET PROCEEDS

The Company has complied with the relevant rules and regulations of the CSRC and the SSE to accurately and completely disclose the information in relation to the deposit of Proceeds and the Use of Net Proceeds. There has been no non-compliance by the Company in relation to the management of the management of Proceeds.

6. VERIFICATION OPINIONS FROM THE ACCOUNTING FIRM

CAC Certified Public Accountants LLP (中审华会计师事务所) is of the opinion that the Report has been prepared, in all material respects, in accordance with relevant provisions including the *Guideline No. 2 Supervision Requirements of the Use and Management of the Proceeds of the Listed Companies (2022 Revision)* 《上市公司监管指引第2号上市公司募集资金管理和使用的监管要求》(2022年修订) issued by the CSRC and the *Guideline No. 1 of the Shanghai Stock Exchange for Self Regulation of Listed Companies Standardized Operation December 2023 Revision* 《上海证券交易所上市公司自律监管指引第1号规范运作》(2023年12月修订) issued by the SSE.

7. VERIFICATION OPINIONS FROM THE PLACEMENT AGENT

The Placement Agent, China Galaxy Securities Co., Ltd, is of the view that the deposit of Proceeds and the Use of Net Proceeds in 2024 are in compliance with the relevant requirements of laws, regulations and rules including the *Administrative Measures on Sponsorship for the Offering and Listing of Securities* 《证券发行上市保荐业务管理办法》), the *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》), the *Guideline No. 2 Supervision Requirements of the Use and Management of the Proceeds of the Listed Companies (2022 Revision)* 《上市公司监管指引第2号上市公司募集资金管理和使用的监管要求》(2022年修订), and the *Guidelines No.1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies Standardised Operations December 2023 Revision* 《上海证券交易所上市公司自律监管指引第1号规范运作》(2023年12月修订).

The Company has deposited the Proceeds raised from the Placement in the Designated Accounts for specific use. There has been no disguised change in the use of the Proceeds, no prejudice to the interests of the shareholders of the Company, and no non-compliance in the use of Proceeds. The Company has disclosed information regarding the deposit and use of the Proceeds in a timely, truthful, accurate, and complete manner, and has duly fulfilled its

disclosure obligations.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
28 March 2025

Annex 1: Details on Use of Net Proceeds (Year 2024)

(RMB)

Amount of the Net Proceeds				814,340,000		Annual expenditure on the Projects for Year 2024					129,204,500	
Amount of the change to the Use of Net Proceeds				289,985,600		Total expenditure on the Projects					669,880,100	
Amount of the change to the Use of Net Proceeds as a percentage of the amount of the Net Proceeds				35.61%								
Proposed investment projects	Projects that have been changed (including partial changes)	Proposed investment amount	Investment amount after adjustment	Proposed investment amount as at 31 December 2024 (1)	Amount of annual expenditure	Total investment amount as at 31 December 2024 (2)	Difference between total investment amount and proposed investment amount as at 31 December 2024 (3)=(2)-(1)	Progress of the Projects as at 31 December 2024 (%) (4)=(2)/(1)	The expected date of the Projects to be put into service	Annual achieved benefits	Whether the expected benefits were achieved	Whether there is a material change in the feasibility of the Projects
Terminal Marketing Network and Promotional System Project	-	310,420,000	310,420,000	310,420,000	98,992,700	307,698,900	-2,721,100	99.12%	-	-	yes	no
Bozhou Industrial Park Construction Project-Chinese Medicine Extraction and Preparation Project	-	127,500,000	54,000,000	54,000,000	-	-	-54,000,000	-	-	-	-	no
Bozhou Industrial Park Construction	-	76,500,000	150,000,000	150,000,000	9,126,800	144,778,500	-5,221,500	96.52%	-	-	yes	no

Project-Project on Chinese Medicine Decoction Pieces												
Wellness and Functional Vegetable Beverages Project	-	299,920,000	9,934,400	9,934,400	-	9,934,400	-	100%	-	-	-	yes
Wellness and Functional Vegetable Beverages Project	Phase I Dripping Pill Manufacturing Base Project	-	289,985,600	289,985,600	21,085,000	207,468,300	-82,517,300	71.54%	-	-	yes	no
Total	-	814,340,000	814,340,000	814,340,000	129,204,500	669,880,100	-144,459,900	82.26%	-	-	-	-
Reasons for not following the Projects Schedule					The Phase I Dripping Pill Manufacturing Base Project has reached completion, and the existing production capacity is sufficient to meet the current operational needs and foreseeable market demand in the near term. Certain remaining payments under contracts, including final payments and warranty-related amounts, are not yet due for payment as the payment obligations have not been triggered. In order to enhance the efficiency in the use of the Proceeds and maximise utilisation of existing production capacity, the Company proposes to reduce the total investment amount for this project to the actual amount invested as at the end of 2024. The revised investment from the Proceeds will amount to approximately RMB 207.47 million. The Company will no longer proceed with the construction of additional production lines under this project, and the project will be ceased accordingly. Any future payments that may become payable in respect of outstanding balances not yet due, or additional construction needs (if any), will be funded using the Company's internal resources.							
Information on Material Change of the Feasibility of the Projects					(i) Explanation on the Change of Bozhou Industrial Park Construction Project - Chinese Medicine Extraction and Preparation Project: The project was initially planned to be funded with RMB 54 million in Proceeds. However, during the planning stage, due to changes in the external market environment, industry development trends, and adjustments to the Company's strategic direction following the mixed-ownership reform, the expected investment returns of the project have remained highly uncertain. As at 31 December 2024, no Proceeds had been utilised for this project. Based on the Company's strategic planning and the prevailing conditions of the Chinese herbal medicine market, the Company has conducted a continuous evaluation of the project. In light of the broader macroeconomic downturn and fluctuations in the prices of raw herbal materials, the growth of terminal market demand for certain TCM preparation products has shown a slowing trend. The Company has ultimately concluded that the planned production capacity of the project is not well-aligned with market demand, and that the implementation of this project may pose a risk of failing							

	<p>to achieve the expected investment returns. Therefore, in order to avoid investment risk and taking into account the Company's overall development plan and the need to improve capital utilisation efficiency, the Company proposes to terminate the use of the Proceeds for this project.</p> <p>(ii) Information on the change in the Wellness and Functional Vegetable Beverages Project: The Company has been monitoring the market conditions in the beverage industry. The beverage industry has entered into a period of decline during the development of the "Wellness and Functional Vegetable Beverages Project" (the "Original Project"), and the overall market outlook is still uncertain in the future. As such, the Company has taken a cautious attitude towards the investment in the Original Project. After assessing the future development trend of the beverage industry, the Company had decided to terminate the Original Project, and substitute it with the "Phase I Dripping Pill Manufacturing Base Project" (the "New Project") in line with the Company's business. Pursuant to the 4th Board meeting for year 2018, which was duly convened on 9 August 2018, the Board approved the proposed change in the Use of Net Proceeds. The details of the same are set out in the announcement made by the Company on SGXNET on 9 August 2018 and the Company's circular dated 24 September 2018. The proposed change in the Use of Placement Proceeds was approved by the Shareholders at the extraordinary general meeting of the Company held on 9 October 2018.</p>
Company's Earlier Expenditures on the Projects and the Replacement	As at 31 December 2024, the Company had used an aggregate amount of RMB 28,334,868.31 from the Net Proceeds to replace the same amount of its own funds which were used earlier to commence the Projects.
Temporary Use of the Part of Net Proceeds for the Cash Flow of the Company	As at 31 December 2024, the amount of RMB 199,000,000.00 from the Net Proceeds that were used for the cash flow of the Company has not been returned to the Designated Accounts of the Company.
Cash Management of the Net Proceeds	As at 31 December 2024, the Company has no Cash Management of the Net Proceeds.
Amounts exceeding the Proceeds for the Cash Flow and Bank Loan of the Company	N.A.
Balance of the Proceeds and the Reasons	N.A.
Other Use of the Proceeds	On 28 March 2025, the Company convened its 1 st Board meeting and 1 st Supervisory Committee meeting for the financial year ending 31 December 2025, at which the proposed cessation, adjustment of investment scale and termination of the Projects funded by the Proceeds from the Placement and the permanent reallocation of the remaining Proceeds to working capital was considered and approved by the Board and the Supervisory Committee, respectively. Under the proposal, the Company proposes to (i) cease the Terminal Marketing Network and Promotional System Project and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, (ii) terminate the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project, (iii) cease the Phase I Dripping Pill Manufacturing Base Project following the adjustment of the investment scale (i.e. to reduce the total investment amount for

	this project to the actual amount invested as at the end of 2024), and (iv) permanently reallocate a total of approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts at the time of reallocation) to working capital. This matter is subject to Shareholders' approval at a general meeting of the Company.
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Note 1: The annual expenditure on the Projects includes the amount of annual expenditure and the replacement amount.

Note 2: The proposed investment amount as at 31 December 2024 is subject to the latest disclosure of the investment plan of the Proceeds.

Note 3: The method of calculation for annual achieved benefits is the same as the method of calculation for the proposed benefits.