

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED
(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)
(Company Registration No.91120000103100784F)
(Incorporated in the People's Republic of China)

PROPOSED SUBSCRIPTION OF 6,600,000 NEW SHARES IN NEWSCEN COAST BIO-PHARMACEUTICAL CO., LTD. (天津中新科炬生物制药股份有限公司)

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 22 August 2022 made by the Company on the resolutions passed at the 5th Board meeting for the financial year ended 31 December 2022 in relation to, *inter alia*, the Company's proposed acquisition of part of the shareholding of NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司) (“**NewScen Coast**”) of up to 11,968,599 shares in NewScen Coast in phases (the “**Acquisition**”) (the “**Acquisition Announcement**”);
- (2) the supplemental announcement made by the Company on 23 August 2022 to provide further details on the Acquisition (the “**Supplemental Announcement**”); and
- (3) the announcement dated 9 September 2022 made by the Company in relation to the proposed subscription of 5,400,000 new shares in NewScen Coast (the “**1st Subscription Announcement**”),

(collectively, the Acquisition Announcement, the Supplemental Announcement and the 1st Subscription Announcement, the “**Previous Announcements**”).

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings as ascribed to them in the Previous Announcements.

1. INTRODUCTION

- 1.1 As stated in the 1st Subscription Announcement, the Company proposed to subscribe for up to 5,400,000 new shares (the “**1st Tranche Subscription Shares**”) in NewScen Coast by way of a private placement at an issue price of RMB8.00 per 1st Tranche Subscription Share for an aggregate consideration of no more than RMB43,200,000, amounting to 0.68% of the Company's latest audited net assets attributable to its parent company as at the date of the 1st Subscription Announcement (the “**1st Proposed Subscription**”). As at the date of this announcement, the 1st Proposed Subscription has been completed and the total number of shares in the registered capital of NewScen Coast has increased from 26,600,000 shares to 32,000,000 shares.

As at the date of this announcement, the acquisition of the 3,075,000 shares in NewScen Coast held by Mr. Wang and 2,660,899 shares in NewScen Coast held by Mr. Chen as part of the Acquisition have been completed and accordingly, the total number of shares in NewScen Coast held by the Company is 18,128,899 shares, representing 56.65% of the total shareholding in NewScen Coast as at the date of this announcement. The Company will make announcement to update shareholders of the Company when completion of the Acquisition takes place.

Please refer to the Previous Announcements for further details on the Acquisition and the 1st Proposed Subscription.

- 1.2 Further to the 1st Subscription Announcement, the Board wishes to announce that Company has, on 9 January 2023, duly convened its 1st Board meeting for the financial year ending 31 December 2023 (“FY2023”) (the “FY2023 1st Board Meeting”), and the Board considered and approved the proposed subscription of new shares in the Company’s controlled subsidiary (as determined in accordance with the laws of the People’s Republic of China (the “PRC”)), NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司), and entry into a conditional subscription agreement (the “2nd Subscription Agreement”) (公司向控股子公司天津中新科炬生物制药股份有限公司增资暨签署附生效条件的《天津中新科炬生物制药股份有限公司定向发行股票认购协议》的议案) (the “2nd Proposed Subscription”) in relation thereto. Under the 2nd Proposed Subscription, the Company has agreed to subscribe for a total number of 6,600,000 new shares in NewScen Coast (the “2nd Tranche Subscription Shares”) by way of a private placement (the “2nd Placement”), at an issue price of RMB8.00 per 2nd Tranche Subscription Share for an aggregate consideration of RMB52,800,000 (the “2nd Tranche Subscription Consideration”), amounting to 0.83% of the Company’s latest audited net assets attributable to its parent company as at the date of this announcement. The Company intends to finance the 2nd Proposed Subscription through internal resources.

- 1.3 The 2nd Tranche Subscription Consideration (i.e., RMB52,800,000) shall be satisfied fully in cash and paid in one lump-sum by the Company to NewScen Coast in accordance with the provisions of the “payment notice” (付款通知书) to be issued by NewScen Coast following the 2nd Placement being approved at the shareholders’ meeting of NewScen Coast.

The 2nd Tranche Subscription Consideration (i.e., RMB52,800,000) was arrived at on a willing-buyer and willing-seller basis after the conduct of negotiations on an arm’s length basis, taking into account, among other things, the following factors:

- (a) the current market conditions;
 - (b) the issue price (i.e., RMB8.00) of the shares in NewScen Coast subscribed under the 1st Proposed Subscription; and
 - (c) the rationale for the 2nd Proposed Subscription as set out in section 8 of this announcement.
- 1.4 Following the completion of the 2nd Proposed Subscription, the total number of shares in the registered capital of NewScen Coast will increase from 32,000,000 shares to 38,600,000 shares, and the total number of shares in NewScen Coast held by the Company will increase from 18,128,899 shares to 24,728,899 shares, and the total shareholding in NewScen Coast held by the Company will increase from 56.65% to 64.06% of the total shareholding in NewScen Coast.
- 1.5 As at the date of this announcement, the Company’s controlling shareholder, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“TPH”) holds 750,000 shares in

NewScen Coast, representing 2.34% of the total shareholding in NewScen Coast. TPH will not participate in the 2nd Placement.

As at the date of this announcement, the Board comprises nine (9) directors (the “**Directors**”), of which, each of Mr. Guo Min, Ms. Zhang Mingrui and Ms. Wao Weiwen is a key management personnel in TPH (the “**Interested Directors**”). Since the Company and TPH are regarded as persons acting in concert (as determined in accordance with the laws of the PRC), the Interested Directors have abstained from voting on the 2nd Proposed Subscription, and the remaining six (6) directors (including all the three (3) independent directors of the Company for the time being (the “**Independent Directors**”)) have approved the 2nd Proposed Subscription.

The 2nd Proposed Subscription does not constitute material asset restructuring pursuant to the laws of the PRC.

2. OVERVIEW

2.1 Relationship between TPH, the Company and NewScen Coast

As at the date of this announcement, TPH is the controlling shareholder of the Company and holds 42.811% of the total shareholding in the Company. TPH and the Company are both shareholders of NewScen Coast, with the Company and TPH each holding 56.65% and 2.34% of the total shareholding in NewScen Coast respectively. As mentioned above, TPH will not participate in the 2nd Placement.

2.2 Information on TPH

Name of company	: Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司)
Registered address	: 29 Youyi North Road, Hexi District, Tianjin
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 service, technology services, development, consultation, exchange, transfer and promotion; information technology consultation 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 information licensed 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 licensed 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: Licensed 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)

3. THE 2ND PROPOSED SUBSCRIPTION

3.1 Information on NewScen Coast

Name of company	:	NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司)
Date of incorporation	:	27 May 2003
Uniform social credit No.	:	9112011674912841XT
Type of company	:	Joint stock company (sino-foreign equity joint venture) (股份有限公司 (中外合资))
Registered address and business address	:	65 Sixth Street, Tianjin Economic-Technological Development Area
Legal representative	:	Kong Demao (孔德茂)
Registered capital	:	RMB32,000,000
Information in respect of NewScen Coast as a public company	:	NewScen Coast was listed on the National Equities Exchange and Quotations (全国中小企业股份转让系统) on 18 December 2017 (Stock Short Name: 科炬生物, Stock Code: 872334)

Shareholding relationship	: As at the date of this announcement, the Company holds 18,128,899 shares in NewScen Coast, representing 56.65% of the total shareholding in NewScen Coast, and TPH (being the Company's controlling shareholder) holds 750,000 shares in NewScen Coast, representing 2.34% of the total shareholding in NewScen Coast
Industry	: Pharmaceutical manufacturing
Business scope	: Licenced items: manufacturing of Class II medical device; manufacturing of Class III medical device; operation of Class III medical devices; import and export agency; import and export of goods; import and export of technology; manufacturing 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: manufacturing of Class I medical device; sales of Class I medical devices; sales of Class II medical devices; technology services, development, consultancy, exchange, transfer and promotion; manufacturing of special electronic equipment; manufacturing of other electronic devices; manufacturing of general equipment (excluding manufacturing of special equipment) (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)

3.2 Operating conditions of NewScen Coast

According to the latest audited financial statements of NewScen Coast, as at 31 December 2021, NewScen Coast recorded total assets of RMB110,009,000; net assets attributable to its shareholders of RMB11,211,900; accumulated operating income of RMB56,940,100 and net profits attributable to its shareholders of negative RMB50,885,000. According to the unaudited financial statements of NewScen Coast, as at 30 September 2022, NewScen Coast had total assets of RMB75,459,700; net assets attributable to its shareholders of negative RMB30,104,400; accumulated operating income of RMB28,076,600 and net profits attributable to its shareholders of negative RMB41,316,300.

Based on the unaudited financial statements of NewScen Coast as at 30 September 2022, the net tangible asset ("**NTA**") value of the 2nd Tranche Subscription Shares is approximately negative RMB5,256,800.

The net profits attributable to the 2nd Tranche Subscription Shares is approximately negative RMB7,075,000, based on the unaudited financial statements of NewScen Coast as at 30 September 2022.

4. THE 2ND SUBSCRIPTION AGREEMENT

The salient terms of the 2nd Subscription Agreement are set out below.

4.1 **Type and number of the 2nd Tranche Subscription Shares, and the 2nd Tranche Subscription Consideration**

- (a) A total number of no more than 6,600,000 2nd Tranche Subscription Shares shall be issued by NewScen Coast and subscribed by the Company in cash.
- (b) The subscription price for each 2nd Tranche Subscription Share is RMB8.00 and the 2nd Tranche Subscription Consideration (i.e., no more than RMB52,800,000) shall be paid by the Company to NewScen Coast.

If any ex-rights or ex-dividend events (including distribution of dividends, bonus issue, or capitalisation of capital reserves) take place during the period from the date of the FY2023 1st Board Meeting to the date of issuance of the 2nd Tranche Subscription Shares, the number and the issue price of the 2nd Tranche Subscription Shares shall be adjusted accordingly.

- (c) If the total number of the 2nd Tranche Subscription Shares is reduced in accordance with the requirements of any competent securities regulatory authority or due to changes in regulatory policies, the number of 2nd Tranche Subscription Shares under the 2nd Placement shall be reduced accordingly in proportion to the Company's subscription percentage.

4.2 **Lock-up period of the 2nd Tranche Subscription Shares**

The 2nd Tranche Subscription Shares under the 2nd Placement are not subject to any sales restrictions arrangements including voluntary or statutory lock-up.

4.3 **Conditions to the effectiveness of the 2nd Subscription Agreement**

The 2nd Subscription Agreement shall come into effect upon the satisfaction of all of the following conditions (the “**Conditions**”):

- (a) the respective legal representative or authorised representative of the Company and NewScen Coast having signed, and affixed the respective company seal of the Company and NewScen Coast to, the 2nd Subscription Agreement;
- (b) the 2nd Placement being approved by the board and shareholders' meeting of NewScen Coast and the 2nd Proposed Subscription being approved by the Board; and
- (c) a “no objection” letter from the National Equities Exchange and Quotations Co., Ltd. (全国中小企业股份转让系统有限责任公司) having been obtained by NewScen Coast for the issuance of the 2nd Tranche Subscription Shares under the 2nd Placement.

Upon all the Conditions being satisfied, the 2nd Subscription Agreement shall come into effect on the date of satisfaction of the last Condition.

5. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

Based on the unaudited financial statements of the Group for the financial period ended 30 September 2022 (being the latest announced consolidated financial statements of the Group) and the unaudited financial statements of NewScen Coast for the corresponding financial period, the relative figures in respect of the 2nd Proposed Subscription computed on the bases set out in

Rule 1006 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

Rule	Bases of Computation	Relative Figures (%)
Rule 1006(a)	The net asset 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	Not applicable ⁽¹⁾
Rule 1006(b)	The net profits ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group's net profits	(5.55%) ⁽³⁾
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares	0.28% ⁽⁵⁾
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 ⁽⁶⁾
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 ⁽⁷⁾

Notes:

- (1) This basis is not applicable as the Group will not be disposing of any assets pursuant to the 2nd Proposed Subscription.
- (2) 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.
- (3) Determined by dividing NewScen Coast’s unaudited net profit of approximately negative RMB41,379,434.77 as at 30 September 2022 by the Group’s unaudited net profit of approximately RMB746,212,552.88 for the financial period ended 30 September 2022.
- (4) 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.
- (5) Based on the 2nd Tranche Subscription Consideration amount (i.e., RMB52,800,000) and the market capitalisation of the Company of approximately RMB18,912,379,772 (determined by multiplying the 573,443,076 shares of the Company in issue and traded on the Shanghai Stock Exchange (the “A-

Shares") by the volume-weighted average price of the A-Shares of RMB30.29 and 200,000,000 shares of the Company in issue and traded on the SGX-ST (the "**S-Shares**", together with the A-Shares, the "**Shares**") by the volume-weighted average price of the S-Shares of USD1.13 (exchange rate: USD1:RMB6.8265) on 9 January 2023 (being the immediate market day preceding the date of signing of the 2nd Subscription Agreement)).

- (6) This basis is not applicable as no equity securities will be issued by the Company as consideration for the 2nd Proposed Subscription.
- (7) This basis is not applicable as the Company is not a mineral, oil and gas company.

As the relative figure computed under Rule 1006(b) of the Listing Manual exceeds 5% but does not exceed 20%, the 2nd Proposed Subscription constitutes a "discloseable transaction" pursuant to Rule 1010 of the Listing Manual. In addition, notwithstanding the negative relative figure computed under Rule 1006(b) of the Listing Manual, as the 2nd Proposed Subscription falls within the situation in paragraph 4.3(a) of Practice Note 10.1 of the Listing Manual, and is therefore shareholders' approval is not required for the 2nd Proposed Subscription.

6. FINANCIAL EFFECTS OF THE 2ND PROPOSED SUBSCRIPTION

The *pro forma* financial effects of the 2nd Proposed Subscription on the Group as set out below are purely for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the completion of the 2nd Proposed Subscription.

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2021 ("**FY2021**"), the *pro forma* financial effects of the 2nd Proposed Subscription are as follows:

(a) Effect on NTA per Share

For illustrative purposes only, assuming that the 2nd Proposed Subscription had been completed on 31 December 2021 and based on the audited consolidated financial statements of the Group for FY2021, the 2nd Proposed Subscription would have had the following effects on the NTA per Share of the Company:

	Before the 2 nd Proposed Subscription	After the 2 nd Proposed Subscription
NTA ⁽¹⁾ (RMB'000)	6,525,592	6,525,592
Number of the issued Shares (excluding treasury shares)	773,443,076	773,443,076
NTA per share (RMB)	8.44	8.44

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 2nd Proposed Subscription had been completed on 1 January 2021 and based on the audited consolidated financial

statements of the Group for FY2021, the 2nd Proposed Subscription would have had the following effects on EPS of the Group:

	Before the 2 nd Proposed Subscription	After the 2 nd Proposed Subscription
Net profit (RMB'000)	769,144	769,144
Weighted average number of Shares	768,873,000	768,873,000
EPS (RMB)	1.00	1.00

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. CHAPTER 9 OF THE LISTING MANUAL

Under Rule 915(3) of the Listing Manual, a transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5% is not required to comply with Rules 905, 906 and 907 of the Listing Manual.

As such, the 2nd Proposed Subscription is not required to comply with Rules 905, 906 and 907 of the Listing Manual as the shareholding held by TPH in NewScen Coast, other than that held through the Company, is less than 5% (i.e., 2.34%) of the total shareholding in NewScen Coast as at the date of this announcement.

8. RATIONALE FOR, AND IMPACT OF, THE 2ND PROPOSED SUBSCRIPTION

NewScen Coast is in the in vitro diagnosis (IVD) segment of the pharmaceutical industry, and the sub-industry is known in English as the Point Of Care Testing (POCT) and its corresponding Chinese translation is On-site Real-Time Testing (现场即时检测). NewScen Coast is mainly engaged in the research and development, production and sale of rapid detection reagents and related instruments and equipment, and is committed to providing customers with accurate, convenient and suitable POCT products and solutions. NewScen Coast develops immunochromatography base level POCT and microfluidic precision POCT with its own integrated managed POCT (MI-POCT) system as the core system. Immunochromatography POCT provides a suitable solution for the construction of national hierarchical diagnosis and treatment system, precise poverty alleviation, and the combination of medical treatment and elderly care, while microfluidic precision POCT uses microfluidic and immunofluorescence technology to build a precision POCT technology platform, boost precision medicine with precision detection, and lead the new development direction of POCT.

At present, the development of the POCT industry has been supported by a number of national policies and has good development prospects. The microfluidic technology of NewScen Coast is relatively advanced compared to the traditional technology. In view of the promising future prospect of the sub-industry, the Company intends to build a platform for the in vitro diagnosis segment, especially in the field of POCT with NewScen Coast as a base. As NewScen Coast is a controlled subsidiary (as determined in accordance with the laws of the PRC) of the Company, the Company will help NewScen Coast to realise sustainable and high-quality development. The 2nd Proposed Subscription is a strong support for NewScen Coast to continue to become bigger,

stronger and specialised in the research and development as well as market promotion of related products in the field of POCT so as to further enhance its overall competitiveness. The 2nd Proposed Subscription is not detrimental to the interests of the Company and its shareholders.

9. OPINIONS FROM THE INDEPENDENT DIRECTORS

In accordance with relevant laws and regulations including the *Listing Rules of the Shanghai Stock Exchange* (《上海证券交易所股票上市规则》), the Independent Directors have given their opinions on the 2nd Proposed Subscription as follows:

- (a) the convening and voting procedures of the FY2023 1st Board Meeting comply with the relevant laws and regulations, as well as the Articles of Association of the Company, and the Interested Directors have abstained from voting on the 2nd Proposed Subscription;
- (b) the 2nd Proposed Subscription follows 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; and
- (c) the contents of the 2nd Subscription Agreement are legal and valid, and not in violation of any mandatory provisions of laws, regulations and normative documents which are currently in force.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS OF THE COMPANY

Save as disclosed above, as at the date of this announcement, none of the Directors or the Company's controlling shareholders (as defined in the Listing Manual) has any interest, direct or indirect, in the 2nd Proposed Subscription, other than through their respective directorship and shareholding interests (if any) in the Company.

11. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the 2nd Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the 2nd Proposed Subscription.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the 2nd Subscription Agreement is 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.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
10 January 2023