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)

UPDATE ANNOUNCEMENT ON CONTINUOUS RISK ASSESSMENT REPORT OF TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD. (天津医药集团财务有限公司)

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") 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 announcements made by the Company on 30 March 2022,12 August 2022 and 31 March 2023 in relation to the announcement on the previous continuous risk assessment report of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("**TPGF**") (the "**Previous Announcements**").

As disclosed in the Previous Announcements, the Shanghai Stock Exchange (the "**SSE**") had in 2022 imposed new requirements on the companies listed on the SSE whereby a listed company which has entered into transaction(s) with its related finance company(ies) is required to issue a continuous risk assessment report on such finance company(ies) every six (6) months and announce the continuous risk assessment report.

In 2023, the Company entered into a financial service agreement with TPGF for the provision of certain financial services by TPGF to the Company, including settlement and intermediary business services, deposit business services and credit business services (such as providing loans to the Company) for a period of three (3) years from 1 July 2023 to 30 June 2026 (the "**2023 TPGF Agreement**"). Please refer to the annexure dated 28 April 2023 to the notice of annual general meeting for the financial year ended 31 December 2022 for further details in relation to the 2023 TPGF Agreement.

As at the date of this announcement, TPGF is a subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司), the controlling shareholder of the Company, and is therefore a related finance company. Thus, in accordance with the *Guidelines No. 5 for Self-Regulation of Listed Companies on the Shanghai Stock Exchange — Transactions and Related Party Transactions (《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》)* issued by the SSE on 7 January 2022 which came into force on the date of issuance, the Company has assessed the operating qualifications, business and risk conditions of TPGF (the "**Risk Assessment**") via inspection of various documents and information of TPGF including TPGF's business license and finance license, and review of TPGF's periodic financial statements including its balance sheet, income statement and cash flow statement. Please refer to **Appendix A** to this announcement for further details in relation to the results of the Risk Assessment.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
14 August 2023

APPENDIX A

CONTINUOUS RISK ASSESSMENT REPORT OF TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD.
津药达仁堂集团股份有限公司对天津医药集团财务有限公司的风险持续评估报告

In accordance with the *Guidelines No. 5 for Self-regulation of Listed Companies on the Shanghai Stock Exchange — Transactions and Related Party Transactions (《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》)* issued by the Shanghai Stock Exchange (the "**SSE**") on 7 January 2022 which came into force on the date of issuance, Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the "**Company**") has assessed the operating qualifications, business and risk conditions of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("**TPGF**") (the "**Risk Assessment**") via inspection of various documents and information of TPGF including TPGF's business license and finance license and review of TPGF's periodic financial statements including its balance sheet, income statement and cash flow statement. The details of the results of the Risk Assessment are set out below.
按照《上海证券交易所上市公司自律监管指引第5号—交易与关联交易》的要求，津药达仁堂集团股份有限公司（以下简称"公司"）通过查验天津医药集团财务有限公司（以下简称"财务公司"）的《营业执照》与《金融许可证》等证件资料，并审阅了包括资产负债表、利润表、现金流量表等在内的财务公司的定期财务报告，对其经营资质、业务和风险状况进行了评估，现将有关风险评估具体情况报告如下：

1. INFORMATION ON TPGF
一、天津医药集团财务有限公司基本情况

Upon approval by the China Banking and Insurance Regulatory Commission (中国银行保险监督管理委员会) (the "**CBIRC**"), TPGF was incorporated on 14 September 2016 with a registered capital of RMB500 million jointly contributed by (i) Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("**TPH**"), (ii) the Company, (iii) Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司), (iv) Tianjin Yaoye Group Co., Ltd. (天津药业集团有限公司) and (v) Tianjin Jin Yi Investment Guarantee Co., Ltd. (天津金益投资担保有限责任公司). Further details of TPGF are set out below.
财务公司经原中国银行保险业监督管理委员会批准，于2016年9月正式成立，由天津市医药集团有限公司、津药达仁堂集团股份有限公司、天津力生制药股份有限公司、天津药业集团有限公司和天津金益投资担保有限责任公司共同出资，注册资本金5亿元人民币。

Name of company 公司名称	:	Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司)
Registered address 注册地址	:	3-2-501/502, 3-3-501 Ronghe Square, No. 168 Fourth West Road, Tianjin Pilot Free-Trade Zone (Airport Economic Area) (天津自贸试验区（空港经济区）西四道168号融和广场3-2-501/502; 3-3-501)
Legal representative 法定代表人	:	XING Jianhua (幸建华)
Institution number of finance license 金融许可证机构编码	:	L0248H212000001

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Uniform social credit number 统一社会信用代码	:	91120118MA05L0R67F
Business scope 财务公司经营范围	:	Absorbing deposits from the members of TPH as well as its subsidiaries and associated company (the "**TPH Group**"); handling loans for the members of the TPH Group; handling discounting of negotiable instruments for the members of the TPH Group; handling fund settlement, receipt and payment for the members of the TPH Group; providing entrusted loans, bond underwriting, non-financial letter of guarantee, financing consulting, credit authentication and related consulting and agency services to members of the TPH Group; engaging in inter-bank borrowings; handling acceptance of negotiable instruments for the members of the TPH Group; and engaging in securities (other than shares/stocks) investment 吸收成员单位存款；办理成员单位贷款；办理成员单位票据贴现；办理成员单位资金结算与收付；提供成员单位委托贷款、债券承销、非融资性保函、财务顾问、信用鉴证及咨询代理业务；从事同业拆借；办理成员单位票据承兑；除股票投资以外类有价证券投资

2. INFORMATION ON TPGF'S RISK MANAGEMENT
二、财务公司风险管理的基本情况

(1) Governance structure
(一) 控制环境

In accordance with the provisions of the *Company Law of the People's Republic of China (《中华人民共和国公司法》)* (the "**PRC Company Law**") and its articles of association, TPGF has in place a governance structure comprising (i) the shareholders (acting in a shareholders' meeting), (ii) the board of directors, (iii) the board of supervisors and (iv) the management. The responsibilities of each governance body are clearly defined and are in line with the principles of independent operation which ensures an effective check and balance. It also specifies the responsibilities of the board of directors, directors, supervisors and senior management in respect of internal control. The shareholders (acting in a shareholders' meeting) is the highest decision-making authority of TPGF. The board of directors shall decide on major matters of TPGF and shall be responsible to the shareholders, while the management team under the leadership of the general manager shall be responsible for the day-to-day operations of TPGF. TPGF has a sound governance structure, standardised management and operations, and has established an organisational structure with reasonable work division, well-defined responsibilities and clear reporting chains, which provides the necessary prerequisite for the effectiveness of risk management.
财务公司按照《公司法》和公司章程的规定，设立三会一层治理架构，各治理主体职责边界清晰，符合独立运转、有效制衡原则，并对董事会和董事、监事、高级管理层在内部控制中的责任进行了明确规定，股东会是财务公司最高决策者，董事会决定财务公司重大事项，向股东会负责，总经理领导下的经营班子负责财务公司的日常运营。财务公司治理结构健全，管理运作规范，建立了分工合理、责任明确、报告关系清晰的组织结构，为风险管理的有效性提供了必要的前提条件。

The organizational structure of TPGF is as follows:
组织架构图如下：

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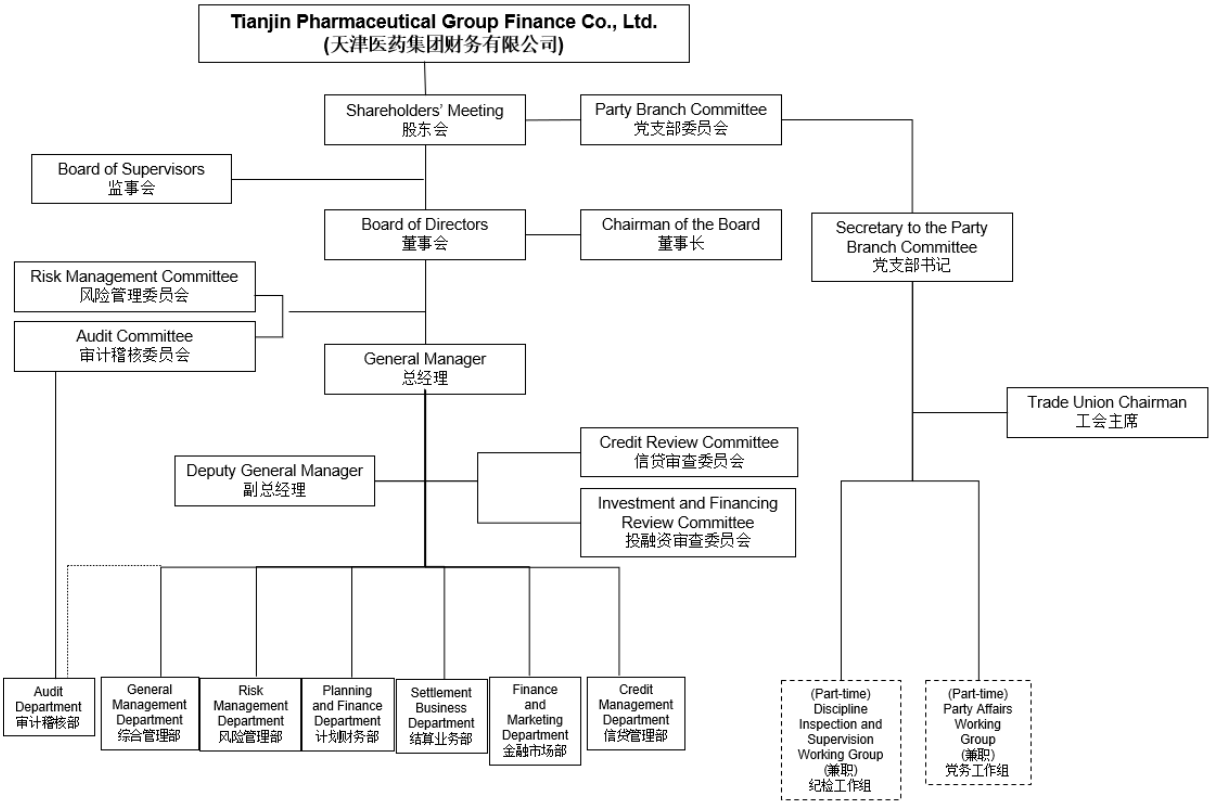

(2) Risk identification and assessment
(二) 风险的识别与评估

TPGF has set up an independent risk management department and an audit department, which, together with the front-line business department, forms the three defense lines (the "**Three Departments**") of effective risk management to carry out comprehensive risk management as well as supervision and audit of TPGF's business activities. The Three Departments identify and assess relevant risks within the scope of their respective responsibilities, and formulate corresponding risk control systems, operational procedures and risk response measures based on their assessment results and business characteristics in accordance with the "Measures for Comprehensive Risk Management of Tianjin Pharmaceuticals Group Finance Co., Ltd." (《天津医药集团财务有限公司全面风险管理办法》) formulated by TPGF. Each of the aforesaid three departments has separate responsibilities which restrict and supervise each other, so as to jointly build risk identification and assessment capabilities, and predict, assess and control risks.
财务公司设立了独立的风险管理部和审计稽核部，与前台业务部门形成有效的风险管理三道防线，对公司的业务活动进行全方位的风险管理和监督稽核。三道防线依据《天津医药集团财务有限公司全面风险管理办法》，在其职责范围内对相关风险进行识别与评估，并根据评估结果及业务特点制定相应的风控制度、操作流程和风险应对措施，各部门职责分离、相互制约、相互监督，共同构建风险识别和评估能力，对风险进行预测、评估和控制。

(3) Risk control
(三) 控制活动

TPGF has, in light of its actual operation and management, formulated a practical and feasible internal control objective to ensure (i) the implementation of the relevant PRC laws, regulations and regulatory rules, (ii) the realisation of TPGF's development strategy and operation objective, (iii) the truthfulness, accuracy, completeness and timeliness of TPGF's

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business records, accounting information, financial information and other management information, and (iv) the effectiveness of TPGF's risk management, with the implementation of an internal control policy giving consideration to full coverage, importance, balance, prudence and cost-effectiveness.
财务公司从经营管理实际出发，制定了切实可行的内部控制目标，保证国家有关法律法规及监管制度的贯彻执行；保证财务公司发展战略和经营目标的实现；保证财务公司业务记录、会计信息、财务信息和其他管理信息的真实、准确、完整和及时；保证财务公司风险管理的有效性。实行全覆盖、重要性、制衡性、审慎性与成本效益兼顾的内部控制政策。

(a) Settlement business
1.结算业务

TPGF has formulated an "Administrative Measures for Settlement Business of Tianjin Pharmaceuticals Group Finance Co., Ltd." (《天津医药集团财务有限公司结算业务管理办法》) and its related operational procedures, and implemented various internal control measures by following the principles of unified management, hierarchical authorisation, clear rights and responsibilities, and strict supervision and administration, so as to ensure that personnels responsible for the settlement business will carry out the settlement business strictly according to operational procedures and be prohibited from operating beyond their authority and posts, thus safeguarding the safe development of the settlement business and the safety of the settlement funds.
财务公司制订了《天津医药集团财务有限公司结算业务管理办法》等制度及业务操作流程，遵循统一管理、分级授权、权责明确、严格监管的原则落实各项内控措施，确保结算业务人员严格按照操作规程进行操作，严禁越权、越岗操作，保障了结算业务的安全开展和结算资金的安全。

Meanwhile, TPGF strictly follows the principles of equality, voluntariness, fairness and good faith in handling the deposit business for the members of the TPH Group. TPGF has carried out the deposit business in accordance with the relevant regulatory requirements of the CBIRC and the People's Bank of China, so as to fully ensure the safety of funds of the members of the TPH Group and safeguard the legitimate rights and interests of all parties concerned.
同时，财务公司严格遵循平等、自愿、公平和诚实信用的原则为成员单位办理存款业务，相关政策严格按照银保监会和中国人民银行相关规定执行，充分保障成员单位资金的安全，维护各当事人的合法权益。

(b) Credit management
2.信贷管理

The internal control of TPGF's credit business focuses on preventing and controlling credit risk, enhancing the quality of credit assets, and optimising the structure of credit assets. For each credit business, TPGF has formulated specific management measures and operational procedures. When carrying out the credit business, TPGF determines the credit line to be granted to any member of the TPH Group based on such member's deposit balance and financing needs, taking into account TPGF's financial status pursuant to the requirements of credit management, and only releases funds within the determined credit line. As such, the risks are strictly controlled so that the credit business can be carried out in a well-planned and balanced matter. At the same time, TPGF has adopted a system of pre-loan investigation, mid-loan examination and post-loan inspection, so as to strictly control the risks of its credit business.
财务公司信贷业务的内控重点是防范和控制信用风险，提高信贷资产质量，优化信贷资产结构。针对每项信贷业务，财务公司均制定了具体的管理办法和操作流程，在具体业务开展时，严格根据授信管理要求，根据成员单位的融资余额及融资需求，结合财务公司资金状况，确定客户授信额度计划，并严格在授信额度内办理信贷业务，严控风险，

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使业务的开展既有计划性又有均衡性。同时，财务公司信贷业务执行三查制度，做到贷前调查、贷中审查、贷后检查，严格控制信贷业务风险。

(c) Information system
3.信息系统控制

TPGF has adopted the strategy of "overall planning and step-by-step implementation" in the construction of its information system and established core business sectors including online financial services, credit management, capital management, investment management, financial management and regulatory reporting. From fund settlement and credit management to notes management, from bank-enterprise direct connection to the interface with the TPH Group's financial system and other business systems, and from financial statements to fund monitoring, it has met the requirements for centralised fund management, and achieved the centralisation and sharing of information between the comprehensive business processing of the core business system and other systems. Further, the information system will be continuously improved and expanded according to the new demand and new business. TPGF has also embedded the key points of internal control and relevant laws and regulations into the information system, and has effectively achieved effective monitoring, early warning and approval tracing.
财务公司信息系统建设采用了“整体规划、分步实施”的策略,核心业务已建成网上金融服务、信贷管理、资金管理、投资管理、财务管理、监管报送等主要业务板块，从资金结算、信贷管理到票据管理，从银企直联到与集团财务系统及其他业务系统接口，从报表到资金监控，满足了对资金集中管理的要求，实现了核心业务系统全面业务处理与其他系统信息的集中与共享。并根据新需求、新业务不断的对信息系统进行完善和扩充。公司将内部控制及监管法规的主要关键点嵌入信息系统，基本实现有效监测、预警和审批留痕。

To ensure the security, stability and continuous operation of the core business system, TPGF has implemented the following measures: (i) formulated a series of information security management systems in terms of computer room security, hardware security and information security; (ii) full-time personnel have been assigned to conduct routine inspections of the computer room environment, servers and network equipment every working day, and key data is backed up every day; and (iii) encryption keys or passwords are required to log on to TPGF's system and system administrators are responsible for giving out access to the encryption keys or passwords; the encryption keys or passwords are exclusively used by designated persons who are responsible for keeping such encryption keys or passwords safe, and sharing of encryption keys or passwords with other persons is strictly prohibited. In addition, TPGF has also formulated an emergency response plan for the information system. Once an event which affects the safe operation of the business system occurs, an emergency plan with different handling procedures will be activated according to the type and level of the emergency to ensure that the business will not be affected.
为确保核心业务系统安全、稳定、连续运行，一是在机房安全、硬件安全、信息安全等方面，公司制定了信息安全管理的一系列制度；二是每个工作日有专职人员对机房环境、系统主机、网络设备进行巡检，关键数据每天进行备份；三是公司系统登录需通过密钥和密码，由系统管理员负责权限分配，密钥管理实行专人专用、自负其责的原则，严禁随意摆放或转借他人使用。此外，财务公司还制定了信息系统突发事件处置方案，一旦发生影响业务系统安全运行的事件，根据突发事件的类型和级别，启动不同处理程序的应急预案，确保业务不受影响。

(d) Audit supervision
4.稽核监督

TPGF has set up an independent audit department to audit and inspect its business activities and business operations. TPGF's audit department shall be responsible for the

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following: (i) to formulate and implement various audit work plans according to the audit requirements of the regulatory authorities and taking into account TPGF's operation and management needs; (ii) to audit and check the legality and compliance of all business activities, and correct errors and prevent fraud in a timely manner; (iii) to carry out assessment on TPGF's systems on a randomised basis, as well as to examine, supervise and evaluate the soundness and effectiveness of TPGF's internal controls in order to strengthen the sound and effective implementation of TPGF's internal controls; (iv) to organise special business audits in accordance with the annual audit plan and business development situation. TPGF's audit department shall prepare management proposals or reports on the identified weaknesses and imperfections of internal control and risks arising therefrom, report the same to the management in a timely manner and conduct tracking and supervision on an ongoing basis, so as to ensure the effective rectification of identified issues and that TPGF's business operations are in compliance with applicable laws and regulations.

财务公司单独设立审计稽核部，对经营活动和业务运作行使审计、稽核职能。根据监管机构审计要求，结合公司经营管理需要，制订并组织实施各项审计稽核工作计划；对各项业务活动的合法合规性进行稽核检查，及时纠错防弊；对公司制度进行不定期诊断，对内控制度的健全性、有效性进行检查、监督、评价，强化公司内部控制健全完善和有效执行；按照年度审计计划和业务开展情况，组织开展业务专项审计。审计稽核部对发现内控薄弱环节、管理不完善之处和由此导致的各种风险，形成管理建议书或报告，及时向管理层汇报，持续做好跟踪督导，确保问题整改扎实落地见效，保障公司合规运行。

(4) Overall assessment of the risk management of TPGF
(四) 风险管理总体评价

All businesses of TPGF can be carried out strictly in accordance with the rules and procedures, and no major operation risk has occurred; each regulatory indicators meets the regulatory requirements; business operations comply with laws and regulations, management system is sound, and risk management is effective. TPGF has maintained a good record of zero non-performing assets and non-performing loans since the commencement of its operation.

财务公司的各项业务均能严格按照制度和流程开展，无重大操作风险发生；各项监管指标均符合监管机构的要求；业务运营合法合规，管理制度健全，风险管理有效。财务公司自开业以来，持续保证不良资产、不良贷款为零的良好记录。

3. Business management and risk management of TPGF
三、财务公司经营管理及风险管理情况

(1) Business conditions
(一) 经营情况

At present, TPGF has carried out various types of business including deposit business, credit business, settlement of bills business, settlement business, inter-bank borrowings business and intermediary business. As at 30 June 2023, TPGF had total assets of RMB2,809,000,000, total liabilities of RMB2,219,000,000, total owner's equity of RMB590,000,000, and an asset-liability ratio of 79%. For the period from January to June 2023, TPGF achieved an operating income of RMB25,470,000, total profits of RMB11,450,000 and net profits of RMB8,550,000. TPGF operates in a stable manner and all risk indicators meet the regulatory requirements.

目前财务公司已开展了存款、贷款、票据、结算、同业及中间业务等种类业务。截至 2023 年 6 月 30 日，财务公司资产总额 28.09 亿元, 负债总额 22.19 亿元，所有者权益总额 5.90 亿元，资产负债率 79.0%，2023 年 1-6 月实现营业收入 2,547 万元，利润总额 1,145 万元，净利润 855 万元。财务公司经营稳健，各项风险指标均符合监管要求。

(2) Risk management
(二) 管理情况

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Since its incorporation, TPGF has adhered to the principle of stable operation, standardised its business operations and strengthened its internal controls in accordance with applicable laws and regulations of the People's Republic of China including the PRC Company Law, the *Accounting Standards for Enterprises (《企业会计准则》)*, and the *Measures for the Administration of the Finance Companies of Enterprise Groups (《企业集团财务公司管理办法》)* (the "**Administration Measures**"), as well as TPGF's articles of association. Based on the Company's understanding of and evaluation of the risk management of TPGF, as at 30 June 2023, no major defect has been identified in the risk control system in relation to the financial statements concerning fund, credit, audit and information management.
自成立以来，财务公司一直坚持稳健经营的原则，严格按照《中华人民共和国公司法》《企业会计准则》《企业集团财务公司管理办法》和国家有关金融法规、条例以及《公司章程》规范经营行为，加强内部管理。根据对财务公司风险管理的了解和评价，截至 2023 年 6 月 30 日止未发现与财务报表相关资金、信贷、审计稽核、信息管理等风险控制体系存在重大缺陷。

(3) Regulatory indicators
(三) 监管指标

According to the Administration Measures, as at 30 June 2023, all regulatory indicators of TPGF are within a reasonable range, and there is no major risk.
根据《企业集团财务公司管理办法》规定，截至 2023 年 6 月 30 日止，财务公司的各项监管指标均在合理的范围内，不存在重大风险。

No. 序号	Regulatory indicators 监管指标	Standard value 标准值	Actual value 实际值
1	capital adequacy ratio 资本充足率	≥10.5%	26.13%
2	liquidity ratio 流动性比例	≥25%	71.58%
3	loan ratio 贷款比例	≤80%	60.18%
4	total external liabilities / net capital 集团外负债总额 / 资本净额	≤100%	0.00%
5	acceptance of negotiable instruments balance / total assets 票据承兑余额 / 资产总额	≤15%	11.04%
6	acceptance of negotiable instruments balance / inter-bank deposit balance 票据承兑余额 / 存放同业余额	≤3 times	33.09%
7	(acceptance of negotiable instruments balance + transfer/discounting of negotiable instruments selling balance) / net capital (票据承兑余额 + 转帖现卖出余额) / 资本净额	≤100%	51.25%
8	acceptance of negotiable instruments margin balance / total deposit 承兑汇票保证金余额 / 存款总额	≤10%	0.71%
9	total Investment / net capital 投资总额 / 资本净额	≤70%	21.05%
10	fixed assets / net capital 固定资产金额 / 资本净额	≤20%	3.25%

(4) Deposits and loan
(四) 公司存贷款情况

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As at 30 June 2023, the Company's deposit balance with TPGF was approximately RMB588,770,000, and the Company's loan balance with TPGF was RMB327,890,000. The safety and liquidity of the Company's deposits with TPGF are good, and there had been no delay in payments by TPGF due to the insufficient cash position of TPGF.
截至 2023 年 6 月 30 日，公司在财务公司的存款余额约为 58,877 万元人民币，在财务公司的贷款余额为 32,789 万元人民币。公司在财务公司的存款安全性和流动性良好，未发生财务公司因现金头寸不足而延迟付款的情况。

4. Opinions on risk assessment
四、风险评估意见

In view of the analysis and assessment as set out above, the Company believes that
基于以上分析与判断，本公司认为：

(i) TPGF has a legitimate and valid Business License and Finance License;
(一) 财务公司具有合法有效的《金融许可证》、《营业执照》；

(ii) TPGF has established a relatively complete and reasonable internal control system which is capable of controlling risks and all indicators meet the regulatory requirements;
(二) 财务公司建立了较为完整合理的内部控制制度，能较好地控制风险，各项指标符合监管要求规定；

(iii) since its incorporation, TPGF has been operating according to the Administration Measures, and no major defect in the risk management of TPGF has been identified; and
(三) 财务公司成立至今严格按照《企业集团财务公司管理办法》的规定经营，财务公司的风险管理不存在重大缺陷；

(iv) TPGF operates in compliance with laws and regulations, has sufficient funds, sound internal control, good asset quality and a relatively high capital adequacy ratio, and the risks associated with the provision by TPGF to the Company of certain financial services including deposit business services and credit business services (such as providing loans to the Company) are currently within control.
(四) 财务公司运营合规，资金充裕，内部控制健全，资产质量良好，资本充足率较高，公司与财务公司之间发生的关联存、贷款等金融业务目前风险可控。

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