

**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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- (I)      **RESOLUTIONS PASSED AT THE 2<sup>ND</sup> BOARD MEETING FOR FY2023**
- (II)     **NOTICE OF ANNUAL GENERAL MEETING FOR FY2022**
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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”, 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.*

(I)      **Resolutions passed at the 2<sup>nd</sup> board meeting for FY2023**

The Company had on 30 March 2023 duly convened its 2<sup>nd</sup> Board meeting for the financial year ending 31 December 2023 (“FY2023”) by means of live meeting and telephone conference.

The said meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company, and the following resolutions were discussed and passed by the 8 directors out of the full board of 8 directors:

1.      that the Chairman’s Report for the financial year ended 31 December 2022 (“FY2022”) be approved;
2.      that the Board of Directors’ Report for FY2022 be approved;
3.      that the full text and summary of the draft annual report for FY2022 prepared in accordance with the accounting standards of the People’s Republic of China (the “PRC”) and the International Financial Reporting Standards be approved;

The Board and management of the Company confirmed that, as far as they are aware, the contents of the aforesaid draft annual report are fair and accurate in all material respects, and that there are no material facts the omission of which would make the aforesaid draft annual report misleading.

4.      that the Company’s audited financial report for FY2022 be approved;
5.      that the scheme of profit distribution policy of the Company for FY2022 be approved;

Based on the audited financial report for FY2022 prepared by ShineWing Certified Public Accountants LLP (信永中和会计师事务所) in accordance with the PRC accounting standards, the Company’s net profit for FY2022 is RMB835,768,249.30, and the Company’s

undistributed profits at the beginning of FY2022 is RMB3,787,873,522.34. The Company distributed dividends of an aggregate amount of RMB386,721,538.00 for the financial year ended 31 December 2021 and transfer between owners' equity's accounts RMB7,138,773.49. In light of the above, the accumulated distributable profit of the Company for FY2022 is RMB4,244,059,007.13.

The Board has proposed to declare dividends on the basis of RMB11.20 (inclusive of taxes) for every 10 shares in the capital of the Company. Upon obtaining shareholders' approval, the proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at 31 December 2022.

6. that the Company's "Report on the Social Responsibilities for FY2022" be approved;
7. that the Company's "Self-evaluation Report on the Internal Control for FY2022" be approved;
8. that the "Report from Independent Directors for FY2022" be approved;
9. that the "Report on Performance from Audit Committee for FY2022" be approved;
10. that the "Report on the Deposit of Proceeds and the Use of Net Proceeds for FY2022" be approved;
11. that the remuneration of S\$55,000 for independent director Mr. Wong Gang for FY2022 be approved;
12. that the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph for FY2022 be approved;
13. that the remuneration of RMB60,000 for independent director Ms. Li Qing for FY2022 be approved;
14. that the aggregate remuneration for directors of Company for FY2022 be approved;
15. that the aggregate remuneration for senior management personnel (excluding directors and members of supervisory committee) for FY2022 be approved;
16. that the proposed contents of the "Continuous Risk Assessment Report of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司)" be approved;
17. that the proposed renewal of the interested person transactions between the Company and certain interested persons, and the proposed renewal of the shareholders' mandate for the interested person transactions, be approved;
18. that the proposed financial services agreement to be entered into between the Company and Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) as an interested person transaction and all transactions arising therefrom be approved;
19. that the proposed "Scheme on Return of Investment to Shareholders from 2023 to 2025" be

approved;

Please refer to **Appendix A** for further details on this resolution.

20. that the proposed lines of credit granted to the Company up to an aggregate limit of RMB10,350 million be approved;

At the board meeting, the Board approved lines of credit up to an aggregate limit of RMB10,350 million granted to the Company and proposed to seek a mandate from the shareholders at the general meeting of the Company to empower the management of the Company to handle the relevant specific matters in relation to the loan within the lines of credit according to the actual operation needs of the Company.

The Company has received lines of credit from the following banks:

No.	Name of Bank	Line of Credit (RMB'000,000)	Maturity Term
1.	Tianjin Port Free Trade Zone Sub-Branch, Agricultural Bank of China Limited (中国农业银行股份有限公司天津港保税区支行)	1,200	1 year
2.	Nankai Sub-branch, Tianjin, Bank of China Limited (中国银行股份有限公司天津南开支行)	1,150	1 year
3.	Tianjin Branch, Shanghai Pudong Development Bank Co., Ltd (上海浦东发展银行天津分行)	1,010	1 year
4.	Tianjin Sub-Branch, China CITIC Bank Corporation Limited (中信银行股份有限公司天津支行)	880	1 year
5.	Hebei Sub-branch, Tianjin, China Construction Bank Corporation (中国建设银行股份有限公司天津河北支行)	800	1 year
6.	Tianjin Branch, China Bohai Bank Co., Ltd. (渤海银行股份有限公司天津分行)	800	1 year
7.	Tianjin Branch Operation, China Construction Bank Corporation (中国建设银行股份有限公司天津分行营业部)	620	1 year
8.	Tianjin Branch, Industrial and Commercial Bank of China Limited (中国工商银行股份有限公司天津分行)	600	1 year
9.	Tianjin Branch, Merchants Bank of China Co., Ltd. (招商银行股份有限公司天津分行)	600	1 year
10.	Tianjin Branch, Bank of Communications Co., Ltd. (交通银行股份有限公司天津市分行)	500	1 year
11.	Tianjin Branch, Postal Savings Bank of China Co., Ltd. (中国邮政储蓄银行天津分行)	450	1 year
12.	Tianjin Branch, China Minsheng Bank Corp., Ltd. (中国民生银行股份有限公司天津分行)	400	1 year
13.	Tianjin Branch, Industrial Bank Co., Ltd. (兴业银行股	400	1 year

	份有限公司天津分行)		
14.	Tianjin Branch, Bank of Shanghai Co., Ltd. (上海银行股份有限公司天津分行)	305	1 year
15.	Tianjin Branch, China Zheshang Bank Co., Ltd. (浙商银行股份有限公司天津分行)	200	1 year
16.	Tianjin Branch, Bank of Beijing Co., Ltd. (北京银行股份有限公司天津分行)	200	1 year
17.	Donglian Sub-branch, Tianjin, Bank of Tianjin Co., Ltd. (天津银行股份有限公司东联支行)	200	1 year
<b>Total</b>		<b>10,350</b>	<b>/</b>

21. that the proposed provision of guarantee for an amount of up to RMB1,900 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) be approved;

Please refer to **Appendix B** for further details on this resolution.

22. that the proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) be approved;

Please refer to **Appendix C** for further details on this resolution.

23. that the following proposed Company's asset impairment allowance and reversal proposal use for FY2022, be approved:

- (1) bad debts allowance of RMB25,774,300, write-back bad debts allowance of RMB23,278,700, and bad debt written-off against the previously made allowance of RMB21,672,900, affecting the current profit and loss of RMB2,495,600;
- (2) inventory impairment allowance of RMB39,845,500, write-back inventory impairment allowance of RMB3,723,100, and inventory written-off against the previously made allowance of RMB19,324,900, affecting the current profit and loss of RMB36,122,400;
- (3) write-back property, plant and equipment impairment allowance of RMB180,200 and property, plant and equipment written-off against the previously made allowance of RMB114,400, affecting the current profit and loss of RMB180,200; and
- (4) goodwill impairment allowance of RMB19,570,000.

24. that the proposed convening of the annual general meeting for FY2022 be approved.

The above resolutions No. 1, No. 2, No. 4, No. 5, No. 11 to No. 14 and No. 17 to No. 22 shall be tabled for shareholders' approval at the annual general meeting for FY2022 to be convened.

Mr. Guo Min, Ms. Zhang Mingrui and Ms. Mao Weiwen who are interested in resolutions No. 17 and No.18, being the interested directors, have abstained from voting on the resolution.

The relevant directors have also duly abstained from voting on the relevant resolutions for approval of their own respective remuneration at the Board meeting.

**(II) Notice of Annual General Meeting for FY2022**

Pursuant to the *Company Law of the PRC (2018 Revision)* (《中华人民共和国公司法》(2018年修订)) and the Articles of Association of the Company, the Board proposes to convene the annual general meeting (“**AGM**” or “**Annual General Meeting**”) for FY2022 at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 on Monday, 15 May 2023 at 1:30 p.m.. Concurrently, a video conferencing at Library 1 & 2, Level 8, 1 Pickering Street, Great Eastern Centre, Singapore 048659 for holders of the S-Shares (“**S-Share Shareholders**”) in Singapore.

The agenda for the meeting shall be as follows:

1. To consider and approve the Chairman’s Report for FY2022; (Resolution 1)
2. To consider and approve the Board of Directors’ Report for FY2022; (Resolution 2)
3. To consider and approve the Supervisory Committee’s Report for FY2022; (Resolution 3)
4. To consider and approve the Financial Report and Audit Report for FY2022 audited by ShineWing Certified Public Accountants LLP (信永中和会计师事务所) and RSM Chio Lim LLP and reviewed by the Audit Committee of the Company; (Resolution 4)
5. To consider and approve the scheme of profit distribution policy of the Company for FY2022; (Resolution 5)

The Board has recommended to declare dividends of an aggregate amount of RMB866,256,245.12 on the basis of RMB11.20 (inclusive of taxes) for every 10 shares 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 2022.

6. To consider and approve the remuneration of S\$55,000 for independent director Mr. Wong Gang for FY2022 (specifically, for the period from 1 January 2022 to 30 December 2022); (Resolution 6)
7. To consider and approve the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph for FY2022; (Resolution 7)
8. To consider and approve the remuneration of RMB60,000 for independent director Ms. Li Qing for FY2022; (Resolution 8)
9. To consider and approve the aggregate remuneration for directors of the Company for FY2022; (Resolution 9)
10. To consider and approve the aggregate remuneration for members of the Supervisory Committee for FY2022; (Resolution 10)

11. To consider and approve the proposed renewal of the shareholders' mandate for the interested person transactions; (Resolution 11)
  - (a) such approval given in the shareholders' mandate for the interested person transactions (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company in a general meeting, continue in force until the next annual general meeting of the Company; and
  - (b) the Directors and/or any of them are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this Resolution.
12. To consider and approve the proposed financial services agreement to be entered into between the Company and Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) as an interested person transaction and all transactions arising therefrom; (Resolution 12)
13. To consider and approve the proposed "Scheme on Return of Investment to Shareholders from 2023 to 2025"; (Resolution 13)
14. To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB10,350 million; (Resolution 14)
15. To consider and approve the proposed provision of guarantee for an amount of up to RMB1,900 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司); (Resolution 15)
16. To consider and approve the proposed continuous provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司); and (Resolution 16)
17. To consider and approve the proposed amendments to the Articles of Association of the Company and the application for changes in the industrial and commercial registration. (Resolution 17)

*(See Explanatory Note A)*

## Explanatory Notes:

- A. Resolution 17 had been approved by the Board at the 1<sup>st</sup> Board meeting of the Company for FY2023 held on 9 January 2023. Please refer to the announcement dated 10 January 2023 for further details on this resolution.

### **IMPORTANT NOTE FOR S-SHARE SHAREHOLDERS:**

This Notice of AGM has been given in compliance with Article 69 of the Articles of Association of the Company and the listing rules of the Shanghai Stock Exchange which requires the Company to issue a written notice 45 days in advance of a shareholders' meeting.

The Company will issue an updated Notice of AGM 14 days before the AGM in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, to provide S-Share Shareholders with the details in relation to the arrangements for participation at the AGM by S-Share Shareholders in Singapore. S-Share Shareholders should check the SGXNET for the latest updates on the status of the AGM.

## Notes:

1. The AGM will be held on Monday, 15 May 2023 at 1:30 p.m. at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at Library 1 & 2, Level 8, 1 Pickering Street, Great Eastern Centre, Singapore 048659 for S-Share Shareholders in Singapore), pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

As disclosed above, the Company will issue an updated Notice of AGM 14 days before the AGM in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, to provide the S-Share Shareholders with the details in relation to the arrangements for participation at the AGM by S-Share Shareholders in Singapore. S-Share Shareholders should check the SGXNET for the latest updates on the status of the AGM.

2. A Shareholder (whether individual or corporate) entitled to attend and vote at the AGM is entitled to appoint one (1) or more persons (who need not be a Shareholder) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the AGM. Where a Shareholder appoints more than one (1) proxy, the appointment shall be deemed to be as an alternative unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

If the appointor is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer of attorney.

3. Pursuant to the Articles of Association of the Company, a holder of tradable domestic A-Shares with limiting conditions for sale shall notify the Company in writing no later than 20 days prior to the AGM of his or her intention to attend the AGM. Accordingly, a holder of tradable domestic A-Shares with limiting conditions for sale who is planning to attend the AGM must give a written notice to the Company no later than 19 April 2023.

4. The AGM in Tianjin, PRC is expected to last for half a day and all accommodation and other expenses incurred by a Shareholder or his/her/its proxy(ies) in connection with his/her/its attendance at the AGM shall be borne by that Shareholder.
5. As the COVID-19 situation continues to evolve, the Company may be required to change its arrangements in Singapore at short notice. S-Share Shareholders and investors should check SGXNET and/or our corporate website at [www.jydr.com.cn](http://www.jydr.com.cn) for the latest updates on the status of the AGM.
6. The Company thanks all Shareholders for their understanding and cooperation to hold the AGM in line with appropriate safe distancing measures amidst the COVID-19 pandemic.
7. **Personal data privacy:** By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Shareholder of the Company (1) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of (i) the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and (ii) the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (2) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (3) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

#### **BY ORDER OF THE BOARD**

Jiao Yan  
Secretary to the Board of Directors  
31 March 2023



## APPENDIX A

### 2023-2025 SHAREHOLDER RETURN PLAN OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "**Company**"), actively fulfils the social responsibilities of public companies and attaches great importance to a reasonable return on shareholders' investment while achieving its own rapid development. In accordance with relevant provisions of the *Guidelines No.3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies* (《上市公司监管指引第3号——上市公司现金分红》) and the *Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies* (《关于进一步落实上市公司现金分红有关事项的通知》) issued by the China Securities Regulatory Commission (中国证券监督管理委员会) (the "**CSRC**"), 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》) and the Articles of Association of the Company (the "**Articles of Association**"), a shareholder return plan (the "**Plan**") for the next three (3) years (2023 - 2025) is hereby formulated by the board of directors of the Company. The details are set out below.

#### I. Consideration factors of the Plan

With the focus on long-term sustainable development and comprehensively taking into account factors including the Company's actual business developments, shareholders' requirements and objectives, social capital costs and external financing environments, a sustained, stable and scientific return plan and mechanism for investors is established by the Company to ensure the continuity and stability of its profit distribution policy.

#### II. Principles of the Plan

Subject to compliance with relevant provisions relating to profit distribution laws and regulations as well as the Articles of Association, the Plan is formulated after fully considering and listening to the opinions of independent directors, supervisors and public shareholders, and balancing the Company's short-term interests and long-term developments according to its actual business developments and capital needs to ensure the continuity and stability of the Company's profit distribution policy.

#### III. 2023 – 2025 shareholder return plan

##### (1) Profit distribution method:

The Company may use cash, stock, a combination of cash and stock or other means permitted by law to distribute dividends. If the conditions for cash dividends are met, the Company shall distribute profits in the form of cash dividends; where conditions allow, the Company may distribute interim dividends according to its actual operating circumstances.

##### (2) Conditions for the Company to distribute profits in the form of cash dividends:

1. The Company's net profit for the year or half year is positive and not less than RMB0.05

per share;

2. The distributable profits realised by the Company during the year (i.e., the remaining after-tax profits of the Company after making up for losses and setting aside funds for the statutory and discretionary common reserve funds according to law) are positive;
3. The Company's net cash flow and cash flows from operating activities for the year are positive;
4. When the Company distributes its annual profits, a standard unqualified audit report on the Company's financial reports for that year shall be issued by an auditing institution;
5. The Company has no significant investment plans or major cash outlays<sup>1</sup> (excluding fundraising projects) within the next twelve (12) months.

**(3) Cash dividend policy:**

1. The Company shall maintain the continuity and stability of its profit distribution policy. In principle, the profits to be distributed by the Company each year shall not be less than the net operating cash flow realised in that year or 15% of the distributable profits realised in that year, whichever is less. If the conditions for cash dividends are met, the Company shall distribute profits in the form of cash dividends. The specific distribution ratio shall be drawn up by the board of directors according to the Company's operating conditions and shall be submitted to the general meeting of shareholders for review and decision.
2. When the Company publicly offers securities in accordance with the *Measures for the Administration of Securities Offering by Listed Companies* (《上市公司证券发行管理办法》), the requirement that "the cumulative profit distributed in cash in the last three (3) years shall not be less than 30% of the annual average distributable profits realised by the Company in those three (3) years" shall be met.
3. Any distributable profit that is not distributed in a given year is retained and available for distribution in subsequent years.
4. The Company's profit distribution shall not exceed the scope of its accumulated distributable profits and shall not damage the Company's ability to continue its operation.

**(4) Time for distributing cash dividends:**

Subject to compliance with the profit distribution principles and ensuring the normal operation and long-term development of the Company, when the conditions for cash dividends are met, the Company will, in principle, distribute cash dividends once a year. The Company may distribute interim cash dividends according to profitability and capital needs.

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<sup>1</sup> "Significant investment plans or major cash outlays" refer to the aggregate amount of expenditures in major projects such as foreign investments, asset acquisitions or equipment purchases that are planned by the Company within the next twelve (12) months will reach or exceed 5% of the Company's latest audited net tangible assets.

**(5) Conditions for distributing stock dividends:**

If the board of directors is of the view that the scale of the Company's assets, operations and so forth does not match the size of the Company's share capital, the Company may distribute profits in the form of stock dividends under the premise that the distribution of cash dividends referred to above has been implemented. The specific dividend payout ratio shall be submitted to the Company's general meeting of shareholders for review and decision after being considered and passed by the board of directors.

**(6) Decision making of the profit distribution plan:**

1. The board of directors proposes a profit distribution plan every year according to the Company's profitability, capital requirements and shareholder return plan and the provisions of the Articles of Association, which will be submitted to the general meeting of shareholders for consideration and approval after being considered and passed by the board of directors. Independent directors shall express their independent opinions on the profit distribution plan. In examining the specific plan for cash dividends, the board of directors shall carefully study and demonstrate the timing, conditions, minimum proportion, and other matters concerning the Company's distribution of cash dividends, and independent directors shall express clear opinions. The Company shall strengthen the awareness of shareholder return, and take every three (3) years as a cycle, formulate a shareholder return plan within the cycle after comprehensively considering the Company's profitability, capital needs, development goals, reasonable shareholder returns and other factors, to define the specific dividend arrangement and format over a three-year period, the cash dividend plan, the intervals and other details.

The board of directors shall comprehensively consider the industry characteristics, the development stage, the Company's business model and profitability, and other factors including whether the Company has any major capital outlays and arrangements, which are classified into the following situations, and propose a differentiated cash dividend policy according to the procedures provided for in the Articles of Association:

- (1) When the Company which is in the mature stage of development without having any major capital outlays and arrangements distributes its profits, the proportion of cash dividends in this profit distribution shall be 80% minimum;
- (2) When the Company which is in the mature stage of development having major capital outlays and arrangements distributes its profits, the proportion of cash dividends in this profit distribution shall be 40% minimum;
- (3) When the Company which is in the growing stage of development having major capital outlays and arrangements distributes its profits, the proportion of cash dividends in this profit distribution shall be 20% minimum;

In the case where the Company is in a stage of development which cannot be easily classified while having major capital outlays and arrangements, it may be handled in accordance with the provisions of the preceding paragraph.

2. If profits have been achieved for the year but the board of directors has not proposed a profit distribution plan, the board of directors shall specify the reasons for not distributing dividends as well as the use of funds that are retained in the Company not for the purpose of distributing dividends in the annual report of that year. Independent directors shall express their independent opinions in this regard and the Company shall make a disclosure.
3. The board of supervisors shall supervise the implementation of the Company's profit distribution policy and shareholder return plan by the board of directors and management and their decision-making procedures.

**(7) Decision-making process in the profit distribution policy:**

1. In accordance with relevant regulations of the CSRC, the Shanghai Stock Exchange (the “SSE”) and the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Company shall formulate and revise its profit distribution policy based on the interests of shareholders, paying attention to the protection of investor interests and the provision of a stable return to investors, which shall be fully demonstrated by the board of directors. When the Company formulates and revises its profit distribution policy, independent directors shall express their independent opinions. When reviewing the specific plan for distributing stock dividends and profits, the board of directors shall take into consideration the Company's growth, dilution of net assets per share and other true and reasonable factors.
2. If there is the need for the Company to adjust its profit distribution policy according to its capital needs in terms of production and operation, major investment, development planning and other respects, the adjusted profit distribution policy may not violate any relevant regulations of the CSRC, the SSE and the SGX-ST. Proposals for adjustment of the profit distribution policy reviewed by the board of directors, the board of supervisors and the general meeting of shareholders shall be passed by more than half of the directors, more than half of the independent directors, more than half of the supervisors, and shareholders (including proxies) attending the general meeting holding more than two-thirds of the voting rights, respectively. The general meeting of shareholders shall, when considering any proposals submitted by the board of directors concerning the formulation and revision of the profit distribution policy, effectively protect the rights of public shareholders to participate in the general meeting, and may actively communicate and conduct exchanges with shareholders, especially small and medium shareholders, through telephone, facsimile, company website, mailing, reception visit and other channels.

**IV. Formulation of future return plans and related decision-making mechanisms**

The Plan shall be prepared by the board of directors based on the Company's profitability, capital needs and development stage, taking into account the opinions of shareholders (especially public shareholders) and independent directors, and shall be submitted to the general meeting of shareholders for consideration after being considered and passed by the board of directors.

The Company shall review the Shareholder Return Plan for the Next Three Years (《未来三年股东回报规划》) at least once every three (3) years, and make appropriate and necessary changes to the profit distribution policy being implemented by the Company based on the opinions of shareholders (especially public shareholders) and independent directors to determine the shareholder return plan for that period.

**V. Mechanism for the coming into force of the Plan**

The Plan shall be implemented commencing from the date of consideration and approval by shareholders at the general meeting.

Board of Directors  
Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited  
30 March 2023

## APPENDIX B

### PROPOSED PROVISION OF GUARANTEE FOR AN AMOUNT OF UP TO RMB1,900 MILLION BY THE COMPANY FOR TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司)

#### I. INTRODUCTION

##### 1. Information on the Guarantee

On 17 December 2021, the Company duly convened its 11<sup>th</sup> Board meeting for the financial year ended 31 December 2021 (“FY2021”), and the Board considered and approved the proposed contents of the “Asset Restructuring Plan on Pharmaceutical Circulation Business of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited” (天津中新药业集团股份有限公司药品流通业务资产重组方案) (the “**Restructuring Plan**”). Please refer to the announcement dated 17 December 2021 made by the Company for further details on the Restructuring Plan. Pursuant to the Restructuring Plan, in order to meet the funding needs of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) for its daily operation following the Proposed Asset Restructuring (as defined under the Restructuring Plan), the Company held the 1<sup>st</sup> Board meeting for the financial year ended 31 December 2022 (“FY2022”) on 29 March 2022 and the annual general meeting for FY2021 on 16 May 2022, and the Board and the shareholders respectively considered and approved the proposed provision of a joint and several liability guarantee (连带责任保证担保) for TJZX Medicine for an amount of up to RMB500 million (the “**2022 Guarantee**”). The 1-year period of the 2022 Guarantee is expiring soon.

In order to meet the funding needs of TJZX Medicine for the expansion of its business scale and the orderly replacement of its remaining existing entrusted loans (委托贷款), the Company proposes to continue to provide a joint and several liability guarantee (连带责任保证担保) for TJZX Medicine for an amount of up to RMB1,900 million (the “**2023 Guarantee**”), which shall be deployed from bank lines of credit and bank guarantee amount (银行担保额度) obtained by the Company. The period of the Guarantee is one (1) year.

At present, the bank guarantee amount (银行担保额度) obtained by the Company is as follows:

No.	Name of Bank	Limit
1.	China Minsheng Bank (民生银行)	RMB400 million
2.	Bank of China (中国银行)	RMB500 million
3.	Agricultural Bank of China (农业银行)	RMB200 million
4.	Merchants Bank of China (招商银行)	RMB300 million
5.	Industrial Bank (兴业银行)	RMB280 million
6.	Shanghai Pudong Development Bank (浦发银行)	RMB400 million
7.	China Construction Bank (建设银行)	RMB600 million
8.	Bank of Communications (交通银行)	RMB400 million
9.	Postal Savings Bank of China (邮储银行)	RMB200 million
10.	Industrial and Commercial Bank (工商银行)	RMB200 million
11.	Bank of Beijing (北京银行)	RMB200 million

12.	Bank of Shanghai (上海银行)	RMB300 million
13.	Bank of Tianjin (天津银行)	RMB200 million
14.	China CITIC Bank (中信银行)	RMB270 million

## 2. Decision-making process of the Company

On 30 March 2023, the Company duly convened its 2<sup>nd</sup> Board meeting for the financial year ending 31 December 2023, and the Board considered and approved the proposed provision of guarantee for an amount of up to RMB1,900 million by the Company for TJZX Medicine. The said meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company, and the resolution in relation to the proposed provision of guarantee for an amount of up to RMB1,900 million by the Company for TJZX Medicine was discussed and passed by the 8 directors out of the full board of 8 directors.

The resolution in relation to the proposed provision of guarantee for an amount of up to RMB1,900 million by the Company for TJZX Medicine shall be submitted for shareholders' approval at a general meeting of the Company.

## II. INFORMATION ON TJZX MEDICINE

### 1. Information on TJZX Medicine

- Name of company : Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)
- Registered address : No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)
- Legal representative : SUN Yan (孙岩)
- Business scope : Licenced items: wholesale of pharmaceuticals; operation of Class III medical devices; road cargo transportation (excluding hazardous goods); sale of food; sale of disinfection equipment (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities, and the specific business activities shall be based on the approval documents or permits issued by the relevant authorities);

General items: sale of (pre-packaged) healthcare food; road cargo transportation by general freight vehicles with gross weight of 4.5 tons or less (excluding network freight and dangerous goods); sale of Class II medical devices; sale of Class I medical devices; sale of personal hygiene products; wholesale of cosmetics; sale of daily necessities; wholesale of sports goods and equipment; sale of household appliances; sale of daily groceries; advertisements

production; advertisements design and agency; information consulting services (excluding information consulting services subject to licencing requirement); general cargo warehousing services (excluding hazardous chemicals and other items subject to licencing approval); leasing of non-residential real estate; house leasing; sale of disinfectants (excluding hazardous chemicals); sale of chemical products (excluding chemical products subject to licensing requirement); sale of sanitary products and disposable medical products. (Except for items subject to approval in accordance with applicable laws, business activities shall be conducted based on its business licence in accordance with applicable laws)

Key financials : The key financial figures of TJZX Medicine as at 31 December 2022 and as at 28 February 2023 are as follows:

	As at 31 December 2022	As at 28 February 2023
Total assets	RMB2,951,538,900	RMB2,978,247,100
Total liabilities	RMB2,432,800,000	RMB2,457,626,200
Total current liabilities	RMB2,420,143,500	RMB2,446,987,200
Net assets	RMB518,738,900	RMB520,620,900
Revenue	RMB3,356,568,600	RMB579,077,000
Net profit	RMB-27,540,800	RMB-5,171,800

## 2. Relationship between TJZX Medicine and the Company

TJZX Medicine is a wholly-owned subsidiary of the Company, and the Company directly holds 100% equity interest in TJZX Medicine.

### III. MAIN CONTENTS OF THE GUARANTEE

Guarantee manner and type : Joint and several liability guarantee (连带责任保证担保)

Guarantee period : One (1) year

Guaranteed amount : RMB1,900 million

Other material terms : Nil

### IV. OPINIONS OF THE BOARD

The proposed provision of the joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB1,900 million by the Company for its wholly-owned subsidiary, TJZX Medicine, is mainly for the purposes of meeting the funding needs of TJZX Medicine for its daily operation and ensuring the orderly replacement of the remaining existing entrusted loans and TJZX Medicine remains



solvent following the Proposed Asset Restructuring (as defined under the Restructuring Plan).

**V. ACCUMULATED NUMBER OF GUARANTEES PROVIDED BY THE COMPANY AND ITS CONTROLLED SUBSIDIARIES AND NUMBER OF OVERDUE GUARANTEES**

As at the date of this announcement, save for the guaranteed amount of RMB373,693,900 for TJZX Medicine, none of the Company and its controlled subsidiaries has provided any guarantees for any third parties. The latest audited net assets of the Company attributable to its parent company is RMB6,521,531,600 for FY2022. The guaranteed amount of RMB1,900 million under the 2023 Guarantee accounts for 29.13% of the latest audited net assets of the Company for FY2022.

## APPENDIX C

### PROPOSED PROVISION OF AN ENTRUSTED LOAN (委托贷款) OF RMB1,200 MILLION BY THE COMPANY TO TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司)

#### I. INTRODUCTION

##### 1. Information on the Entrusted Loan

On 17 December 2021, the Company duly convened its 11<sup>th</sup> Board meeting for the financial year ended 31 December 2021 (“FY2021”), and the Board considered and approved the proposed contents of the “Asset Restructuring Plan on Pharmaceutical Circulation Business of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited” (天津中新药业集团股份有限公司药品流通业务资产重组方案) (the “**Restructuring Plan**”). Please refer to the announcement dated 17 December 2021 made by the Company for further details on the Restructuring Plan.

Pursuant to the Restructuring Plan, in order to ensure the normal operation of the newly incorporated wholly-owned subsidiary of the Company, Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) following the Proposed Asset Restructuring (as defined under the Restructuring Plan), the proposed provision of an entrusted loan of RMB1,200 million (the “**Entrusted Loan**”) by the Company to TJZX Medicine with a term of one (1) year was approved at the Company’s 1<sup>st</sup> Board meeting for the financial year ended 31 December 2022 (“FY2022”) and the annual general meeting for FY2021 respectively. Subsequently, the Company convened its 9<sup>th</sup> Board meeting for FY2022 and the extraordinary general meeting for FY2022, and the Board and shareholders respectively considered and approved the proposed adjustments to the implementation plan for the provision of Entrusted Loan. Please refer to the announcements dated 30 March 2022, 16 May 2022, 9 November 2022 and 30 December 2022 made by the Company for further details on the provision of the Entrusted Loan.

In view that the term of the Entrusted Loan is expiring, in order to ensure the normal operation of TJZX Medicine and provide a fairer and more reasonable financing competition environment for TJZX Medicine, the Company proposes to continue to provide the Entrusted Loan to TJZX Medicine with its own funds.

The details of the Entrusted Loan are as follows:

- (1) The amount and term of the Entrusted Loan: The Entrusted Loan may be flexibly utilised by TJZX Medicine up to the maximum amount of RMB1,200 million within one (1) year from the date of the approval. In other words, TJZX Medicine is permitted to engage in multiple short-term borrowings from the Company pursuant to the Entrusted Loan, provided that the total amount outstanding at any one point in time does not exceed RMB1,200 million; and
- (2) The loan interest of the Entrusted Loan: The basis for determining the loan interest rate of the Entrusted Loan shall be in accordance with the Company’s financing cost or with reference to the level in the same industry.

## 2. Decision-making process of the Company

On 30 March 2023, the Company duly convened its 2<sup>nd</sup> Board meeting for the financial year ending 31 December 2023, and the Board considered and approved the resolution in relation to the proposed continuous provision of the Entrusted Loan of RMB1,200 million by the Company to TJZX Medicine. The said Board meeting was convened in compliance with the applicable Companies Law, Securities Law and the Articles of Association of the Company and the said resolution was discussed and passed by the 8 directors out of the full board of 8 directors. The resolution in relation to the proposed continuous provision of the Entrusted Loan shall be submitted for shareholders' approval at a general meeting of the Company.

## II. INFORMATION ON THE PARTIES TO THE ENTRUSTED LOAN

### 1. Information on the borrower under the Entrusted Loan

Name of company	:	Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)
Type of company	:	Limited liability company (sole proprietorship of a legal person invested or controlled by natural persons) (有限责任公司 (自然人投资或控股的法人独资))
Registered address	:	No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)
Principal Business address	:	No. 5, Tengda Road, Pharmaceutical and Medical Device Industrial Park, Beichen Economic-Technological Development Area, Beichen District, Tianjin (天津市北辰区天津北辰经济技术开发区医药医疗器械工业园腾达道5号)
Legal representative	:	SUN Yan (孙岩)
Registered capital	:	RMB520 million
Business scope	:	Licensed items: wholesale of pharmaceuticals; operation of Class III medical devices; road cargo transportation (excluding hazardous goods); sale of food; sale of disinfection equipment (for items subject to approval pursuant to applicable laws, the business activities shall be carried out only after obtaining approval from the relevant authorities, and the specific business activities shall be based on the approval documents or permits issued by the relevant authorities);  General items: sale of (pre-packaged) healthcare food; road cargo transportation by general freight vehicles with gross weight of 4.5 tons or less (excluding network freight and dangerous

goods); sale of Class II medical devices; sale of Class I medical devices; sale of personal hygiene products; wholesale of cosmetics; sale of daily necessities; wholesale of sports goods and equipment; sale of household appliances; sale of daily groceries; advertisements production; advertisements design and agency; information consulting services (excluding information consulting services subject to licencing requirement); general cargo warehousing services (excluding hazardous chemicals and other items subject to licencing approval); leasing of non-residential real estate; house leasing; sale of disinfectants (excluding hazardous chemicals); sale of chemical products (excluding chemical products subject to licensing requirement); sale of sanitary products and disposable medical products. (Except for items subject to approval in accordance with applicable laws, business activities shall be conducted based on its business licence in accordance with applicable laws)

Key financials : The key financial figures of TJZX Medicine as at 31 December 2022 and as at 28 February 2023 are as follows:

	<b>As at 31 December 2022</b>	<b>As at 28 February 2023</b>
Total assets	RMB2,951,538,900	RMB2,978,247,100
Total liabilities	RMB2,432,800,000	RMB2,457,626,200
Total current liabilities	RMB2,420,143,500	RMB2,446,987,200
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Revenue	RMB3,356,568,600	RMB579,077,000
Net profit	RMB-27,540,800	RMB-5,171,800

## **2. Relationship between the borrower and the Company**

TJZX Medicine is a wholly-owned subsidiary of the Company, and the Company directly holds 100% equity interest in TJZX Medicine.

## **III. IMPACT ON THE COMPANY**

The Entrusted Loan provided by the Company to TJZX Medicine shall mainly be used for the payment of the consideration for the Transferred Assets (as defined under the Restructuring Plan) to the Company and cash flow of TJZX Medicine for its daily operations. The consideration for the Transferred Assets (as defined under the Restructuring Plan) to be paid to the Company will be paid to the Company immediately after the disbursement of the Entrusted Loan to realise the recovery of funds.

The Entrusted Loan is an important means to ensure the successful completion of the Proposed Asset Restructuring (as defined under the Restructuring Plan). The source of funds for the Entrusted Loan is the Company's self-owned funds, which will not affect the daily cash flow needs of the Company or be detrimental to the interests of the Company and its shareholders.

**IV. RISKS OF THE ENTRUSTED LOAN AND SOLUTIONS THEREOF**

TJZX Medicine is a wholly-owned subsidiary of the Company which was incorporated for the purposes of the Proposed Asset Restructuring (as defined under the Restructuring Plan). The Company has actual control over TJZX Medicine and it is not envisaged that there will have major risks in relation to the provision of the Entrusted Loan.

**V. ACCUMULATED AMOUNT OF ENTRUSTED LOAN PROVIDED BY THE COMPANY AND OVERDUE AMOUNT**

As at the date of this announcement, the accumulated amount of the entrusted loans of the Company (including the entrusted loan provided by the Company to TJZX Medicine) is RMB1,348,547,900 and the Company has no overdue entrusted loan.