

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

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

The board of directors (the “Board”) and every individual director of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “Company”) hereby confirm that they will individually and collectively accept full responsibility for the accuracy of the information given in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated in this announcement are fair and accurate in all material respects as at the date of this announcement, and that there are no material facts the omission of which would make any statement in this announcement misleading.

The Board refers to:

- (a) the previous announcements by the Company on 12 June 2014, 12 August 2014, 7 January 2015, 28 January 2015, 27 March 2015, 28 April 2015, 8 June 2015, 15 July 2015, 22 July 2015, 14 August 2015, 26 August 2015, 1 September 2015, 7 September 2015, 28 September 2015, 9 October 2015, 15 October 2015, 30 October 2015, 10 November 2015, 17 November 2015, 8 December 2015, 11 December 2015, 23 December 2015, 19 January 2016, 8 March 2016 and 21 March 2016, 26 April 2016, 8 June 2016, 5 July 2016, 12 August 2016, 24 August 2016, 26 August 2016, 29 November 2016, 7 March 2017, 30 March 2017, 13 June 2017, 14 August 2017, 23 August 2017, 24 August 2017, 28 November 2017, 8 January 2018, 30 March 2018, 9 August 2018, 14 August 2018, 24 August 2018, 29 March 2019, 14 August 2019, 23 August 2019, 17 April 2020, 14 August 2020, 30 September 2020, 30 March 2021, 13 August 2021, 8 September 2021, 13 September 2021, 30 March 2022, 9 August 2022, 12 August 2022, 31 March 2023, 10 August 2023, 14 August 2023, 29 March 2024, 9 August 2024, 14 August 2024, 28 March 2025, 29 May 2025, 13 August 2025, and 14 August 2025 in relation to the Placement (the “**Prior Announcements**”);
- (b) the circular dated 1 August 2014 (the “**Circular**”) in relation to the Placement;
- (c) the circular dated 24 September 2018 in relation to, amongst others, the proposed change in the use of the Net Proceeds raised from the Placement; and
- (d) the annexure dated 30 April 2025 (the “**30 April 2025 Annexure**”) to the notice of annual general meeting in relation to the proposed cessation, adjustment of investment scale and termination of the Projects funded by the Proceeds from the Placement and the permanent reallocation of the remaining Proceeds to working capital (the “**Proposed Cessation of Projects and Reallocation of Proceeds**”).

Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Prior Announcements, the Circular and the 30 April 2025 Annexure.

Pursuant to relevant provisions, including the *Regulatory Rules on the Supervision of Fundraising Proceeds of Listed Companies* (《上市公司募集资金监管规则》) promulgated by the China Securities Regulatory Commission (“**CSRC**”) and the *Guidelines No.1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations* (《上海证券交易所上市公司自律监管指引第1号——规范运作》) issued by the Shanghai Stock Exchange (“**SSE**”), the Board issued a special

report below in relation to the deposit of Net Proceeds and the Use of Net Proceeds as at 31 December 2025 (the “**Report**”).

1. BASIC INFORMATION ON THE PLACEMENT

1.1 Net Proceeds

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

Ruihua Certified Public Accountants LLP has, on 26 June 2015, issued the Proceeds Verification Report verifying that the Proceeds raised from the Placement are in the designated accounts of the Company (Designated Account #1, Designated Account #2 and Designated Account #3 collectively, the “**Designated Accounts**”).

1.2 Amount of Net Proceeds Used as at 31 December 2025

As at 31 December 2025, an amount of RMB 669,880,123.56 from the Net Proceeds was used for the Projects, and the Company obtained an amount of RMB 62,935,103.28 in the form of financing income and interests derived from the Cash Management. The balance of the Net Proceeds in the Designated Accounts was RMB 49,223,383.74 as at 31 December 2025.

1.3 Balance of Net Proceeds as at 31 December 2025

As at 31 December 2025, the balance of the Net Proceeds in the Designated Accounts was RMB 49,223,383.74, the details of which are as follows:

NO.	ITEMS	AMOUNT(RMB)
1.	Net Proceeds	814,340,000.00
2.	Permanent reallocation to working capital	-158,171,595.98
3.	Expenditure on the Projects	-669,880,123.56
4.	Financing income and interests derived from the Cash Management	62,935,103.28
5.	Balance of the Net Proceeds	49,223,383.74
	Where: Balance in the Designated Accounts	49,223,383.74

2. MANAGEMENT OF PROCEEDS

To further regulate the use and management of the Proceeds, improve the efficiency of the Use of Net Proceeds, and protect the investors’ interests, pursuant to relevant laws, regulations and rules including the *Company Law of the PRC* (《中华人民共和国公司法》), the *Securities Law of the PRC* (《中华人民共和国证券法》), the *Administrative Measures for the Issuance of Securities by Listed Companies* (《上市公司证券发行管理办法》), the *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》), the *Administrative Measures of the Shanghai Stock Exchange for the Capital Raised by Listed Companies* (《上

海证券交易所上市公司募集资金管理办法》), as well as the Articles of Association of the Company, the Company has adopted the Measures for the Management of Proceeds (募集资金管理办法) of the Company to regulate the use and management of the Proceeds, and to protect the investors' interests. The Measures for the Management of Proceeds (募集资金管理办法) was approved by the Shareholders at an extraordinary general meeting of the Company held on 18 August 2014. The Company has been using the Proceeds strictly in accordance with the Measures for the Management of Proceeds (募集资金管理办法) of the Company.

On 15 May 2025, the Company convened its annual general meeting for the financial year ended 31 December 2024 (“FY2024”) (the “2025 AGM”), at which the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds was considered and approved by the Shareholders. Namely, as at 31 December 2024, among the Projects funded by the Proceeds from the Placement:

- (a) the Terminal Marketing Network and Promotional System Project, and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, both of which had achieved their respective intended objectives, were approved for cessation;
- (b) the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project was approved for termination in light of market expectations and the Company's strategic planning; and
- (c) the Phase I Dripping Pill Manufacturing Base Project, which had achieved its expected construction milestones, was approved for cessation following the adjustment of the investment scale (i.e. to reduce the total investment amount for this project to the actual amount invested as at 31 December 2024).

To further enhance the efficiency in the use of the Proceeds and to support the Company's daily operational needs, it was approved that approximately RMB 207.27 million¹ (with the actual amount subject to the balance in the Designated Accounts as at the date of fund reallocation), comprising the unutilised Proceeds from the Projects together with interest income and returns from financial management generated from the Proceeds, be permanently reallocated to working capital for use in the Company's day-to-day operations in connection with its principal business activities.

2.1 Deposit of the Proceeds

As at 31 December 2025, the details of the deposit of the balance of the Net Proceeds are set out below:

ACCOUNT NAME	BANKS	BANK ACCOUNT NUMBER	BALANCE (RMB)
The Company	China Bohai Bank Co., Ltd., Tianjin Rongye Street Sub-Branch	2000001695000328 (i.e. the Designated Account #1)	49,223,383.74

¹ For the avoidance of doubt, the amount of approximately RMB 207.27 million includes the RMB 199 million that was temporarily utilised for cash flow purposes and was returned in full to the Designated Accounts of the Company on 26 May 2025.

	(previously known as China Bohai Bank Co.,Ltd., Tianjin Duolun Road Sub-Branch)		
The Company	Industrial and Commercial Bank of China, Tianjin Chengdu Road Sub-Branch ("ICBC")	0302010529300330596 (i.e. the Designated Account #2)	-
Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd. (the "Bozhou Company")	China Construction Bank, Tianjin Hebei Sub-Branch ("CCB")	12001660800052535320 (i.e. the Designated Account #3)	-
Sub-total			49,223,383.74

2.2 Supervision Agreements

There is no major difference between the sample supervision agreement and the Supervision Agreement #1, the Supervision Agreement #2 and the Supervision Agreement #3. The Company has deposited, used and managed the Proceeds pursuant to the relevant laws and regulations, and all the obligations under the Supervision Agreement #1, the Supervision Agreement #2 and the Supervision Agreement #3 have been duly performed as at 31 December 2025. As at the date of this announcement, the Designated Account #2 with ICBC and the Designated Account #3 with CCB have been closed, following which the tripartite Supervision Agreements relating to the Designated Account #2 and the Designated Account #3, entered into among the Company, the Placement Agent, and the respective designated banks (i.e. ICBC and CCB), have been terminated.²

3. USE OF NET PROCEEDS

3.1 Use of Net Proceeds for the Projects

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

3.2 Use of Proceeds for the Projects and the Replacement

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

No.	Name of Projects	Proposed	Amount of the	Amount of
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² Please refer to the [Company's announcement dated 13 August 2025](#) for further details.

			amount to be invested (RMB)	Net Proceeds to be invested (RMB)	expenditure as at 3 August 2015 (RMB)
1.	Terminal Marketing Network and Promotional System Project		310,420,000.00	310,420,000.00	17,407,584.01
2.	Bozhou Industrial Park Construction Project	Chinese Medicine Extraction and Preparation Project	250,000,000.00	127,500,000.00	0.00
		Project on Chinese Medicine Decoction Pieces	150,000,000.00	76,500,000.00	5,865,000.00
3.	Wellness and Functional Vegetable Beverages Project		299,920,000.00	299,920,000.00	5,062,284.30
Total			1,010,340,000.00	814,340,000.00	28,334,868.31

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

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

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

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

On 26 May 2025, the amount of RMB 230,000,000.00 from the Net Proceeds that had been temporarily used for the Company's cash flow purposes was returned in full and ahead of schedule to the Designated Accounts of the Company.

As at 31 December 2025, no Net Proceeds had been temporarily used for the Company's cash flow purposes.

3.4 Cash Management of Net Proceeds

As at 31 December 2025, the Company had no Cash Management of the Net Proceeds.

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

Not applicable.

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

Not applicable.

3.7 Balance of the Proceeds

On 15 May 2025, the Company convened its 2025 AGM, at which the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds was considered and approved by the Shareholders. To further enhance the efficiency in the use of the Proceeds and to support the Company's daily operational needs, it was approved that approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts as at the date of fund reallocation), comprising the unutilised Proceeds from the Projects together with interest income and returns from financial management generated from the Proceeds, be permanently reallocated to working capital for use in the Company's day-to-day operations in connection with its principal business activities.

As at 31 December 2025, a total amount of RMB 158,171,600 has been permanently reallocated to working capital.

3.8 Other Use of Proceeds

Not applicable.

4. CHANGE IN THE USE OF NET PROCEEDS

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

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

that the Company would acquire the 29% equity interests in the Bozhou Company from Tianjin Jinlian Zhida Business Information Consulting Co., Ltd. Following the completion of the change in the shareholding of the Bozhou Company, in order to focus on the progress of the Bozhou Industrial Park Construction Project and to supervise the use of funds, the Company intended to reallocate the amount of the Net Proceeds to be invested in the two sub-projects of the Bozhou Industrial Park Construction Project, based on the relative priorities of the aforesaid sub-projects. This entailed the re-allocation of RMB 150,000,000.00 to the Project on Chinese Medicine Decoction Pieces, and the allocation of the remaining raised funds of RMB 54,000,000.00 to the Chinese Medicine Extraction and Preparation Project. The independent directors of the Company, the supervisory committee of the Company and the Placement Agent issued their respective opinions. The details of the same are set out in the announcement made by the Company on SGXNET on 9 August 2018 and the Company's circular dated 24 September 2018. The proposed change in the amount of the Net Proceeds in relation to Bozhou Company was approved by the Shareholders at the extraordinary general meeting of the Company held on 9 October 2018.

Pursuant to the 1st Board meeting for the financial year ended 31 December 2025 ("FY2025"), which was duly convened on 28 March 2025, the Board passed the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds. The Board resolved to (i) cease the Terminal Marketing Network and Promotional System Project and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, (ii) terminate the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project, (iii) cease the Phase I Dripping Pill Manufacturing Base Project following the adjustment of the investment scale (i.e. to reduce the total investment amount for this project to the actual amount invested as at 31 December 2024), and (iv) permanently reallocate approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts as at the date of fund reallocation) to working capital. The supervisory committee of the Company and the Placement Agent have issued their respective opinions. The Proposed Cessation of Projects and Reallocation of Proceeds was subsequently approved by the Shareholders at the 2025 AGM.³

The details of the change in the Use of Net Proceeds for the Projects are set out in **Annex 1** to this announcement, and the details of the proposed project(s) following the cessation and/or termination of the original Projects funded by the Proceeds are set out in **Annex 2** to this announcement.

5. DISCLOSURE ON THE USE OF NET PROCEEDS

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

6. VERIFICATION OPINIONS FROM THE PLACEMENT AGENT

The Placement Agent, China Galaxy Securities Co., Ltd. (中国银河证券股份有限公司), is of the view that the Company's deposit and use of Proceeds for FY2025 are in compliance with the relevant requirements of applicable laws, regulations and rules, including the *Administrative*

³ For further details on the Proposed Cessation of Projects and Reallocation of Proceeds, please refer to the [30 April 2025 Annexure](#) and the [Company's announcement dated 15 May 2025](#) in relation to the poll results of the 2025 AGM.

Measures on Sponsorship for the Offering and Listing of Securities (《证券发行上市保荐业务管理办法》), the *Rules of Shanghai Stock Exchange on the Listing of Stocks* (《上海证券交易所股票上市规则》), the *Regulatory Guidelines on the Supervision of Listed Companies' Proceeds* (《上市公司募集资金监管规则》), and the *Guidelines No.1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations* (《上海证券交易所上市公司自律监管指引第1号规范运作》).

The Company has maintained the Proceeds in Designated Accounts and applied them for their intended purposes. There has been no disguised change in the use of the Proceeds and no prejudice to the interests of the Shareholders. The information disclosed by the Company has, in a timely, truthful, accurate and complete manner, reflected the use of Proceeds, and the Company has duly fulfilled its information disclosure obligations.

A copy of the special verification opinion issued by the Placement Agent in relation to the deposit and use of Proceeds for FY2025 is available on the SSE's website.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
30 March 2026

Annex 1: Use of Net Proceeds (Year 2025)

(RMB)

Amount of the Net Proceeds				814,340,000		Annual expenditure on the Projects for Year 2025					95,325,400	
Amount of the change to the Use of Net Proceeds				343,985,600		Total expenditure on the Projects					765,205,500	
Amount of the change to the Use of Net Proceeds as a percentage of the amount of the Net Proceeds				42.24%								
Proposed investment projects	Projects that have been changed (including partial changes)	Proposed investment amount	Investment amount after adjustment	Proposed investment amount as at 31 December 2025 (1)	Amount of annual expenditure	Total investment amount as at 31 December 2025 (2)	Difference between total investment amount and proposed investment amount as at 31 December 2025 (3)=(2)-(1)	Progress of the Projects as at 31 December 2025 (%) (4)=(2)/(1)	The expected date of the Projects to be put into service	Annual achieved benefits	Whether the expected benefits were achieved	Whether there is a material change in the feasibility of the Projects
Terminal Marketing Network and Promotional System Project	-	310,420,000	307,698,900	307,698,900	-	307,698,900	-	100.00	Ceased	N.A.	Yes	No
Bozhou Industrial Park Construction Project-Chinese Medicine Extraction and Preparation Project	-	127,500,000	-	-	-	-	-	-	Terminated	N.A.	-	Yes
Bozhou Industrial Park Construction	-	76,500,000	144,778,500	144,778,500	-	144,778,500	-	100.00	Ceased	N.A.	Yes	No

Project-Project on Chinese Medicine Decoction Pieces												
Wellness and Functional Vegetable Beverages Project	-	299,920,000	9,934,400	9,934,400	-	9,934,400	-	100.00	Changed	N.A.	-	Yes
Wellness and Functional Vegetable Beverages Project	Phase I Dripping Pill Manufacturing Base Project	-	207,468,300	207,468,300	-	207,468,300	-	100.00	Ceased	N.A.	Yes	No
	Permanent reallocation of the remaining Proceeds to working capital	-	144,459,900	144,459,900	95,325,400	95,325,400	-	-	N.A.	N.A.	-	-
Total	-	814,340,000	814,340,000	814,340,000	95,325,400	765,205,500	-	-	-	-	-	-
Reasons for not following the Projects Schedule					The Phase I Dripping Pill Manufacturing Base Project has reached completion, and the existing production capacity is sufficient to meet the current operational needs and foreseeable market demand in the near term. Certain remaining payments under contracts, including final payments and warranty-related amounts, are not yet due for payment as the conditions for payment have not been satisfied. In order to enhance the efficiency in the use of the Proceeds and maximise utilisation of existing production capacity, the total investment amount for this project has been reduced to the actual amount invested as at the end of 2024. The revised investment from the Proceeds will amount to approximately RMB 207.47 million. The Company will no longer proceed with the construction of additional production lines under this project, and the project will be ceased accordingly. Any future payments that may become payable in respect of outstanding balances not yet due, or additional construction needs (if any), will be funded using the Company's internal resources.							
Information on Material Change of the Feasibility of the Projects					(i) Explanation on the Change of Bozhou Industrial Park Construction Project - Chinese Medicine Extraction and Preparation Project: The project was initially planned to be funded with RMB 54 million in Proceeds. However, during the planning stage, due to changes in the external market environment, industry development trends, and adjustments to the Company's strategic direction following the mixed-ownership reform, the expected investment returns of the							

	<p>project have remained highly uncertain. As at 31 December 2024, no Proceeds had been utilised for this project. Based on the Company's strategic planning and the prevailing conditions of the Chinese herbal medicine market, the Company has conducted a continuous evaluation of the project. In light of the broader macroeconomic downturn and fluctuations in the prices of raw herbal materials, the growth of terminal market demand for certain TCM preparation products has shown a slowing trend. The Company has ultimately concluded that the planned production capacity of the project is not well-aligned with market demand, and that the implementation of this project may pose a risk of failing to achieve the expected investment returns. Therefore, in order to avoid investment risk and taking into account the Company's overall development plan and the need to improve capital utilisation efficiency, the Company has terminated the use of the Proceeds for this project.</p> <p>(ii) Information on the change in the Wellness and Functional Vegetable Beverages Project: The Company has been monitoring the market conditions in the beverage industry. The beverage industry has entered into a period of decline during the development of the "Wellness and Functional Vegetable Beverages Project" (the "Original Project"), and the overall market outlook is still uncertain in the future. As such, the Company has taken a cautious attitude towards the investment in the Original Project. After assessing the future development trend of the beverage industry, the Company had decided to terminate the Original Project, and substitute it with the "Phase I Dripping Pill Manufacturing Base Project" (the "New Project") in line with the Company's business. Pursuant to the 4th Board meeting for year 2018, which was duly convened on 9 August 2018, the Board approved the proposed change in the Use of Net Proceeds. The details of the same are set out in the announcement made by the Company on SGXNET on 9 August 2018 and the Company's circular dated 24 September 2018. The proposed change in the Use of Placement Proceeds was approved by the Shareholders at the extraordinary general meeting of the Company held on 9 October 2018.</p>
Company's Earlier Expenditures on the Projects and the Replacement	As at 31 December 2025, the Company had used an aggregate amount of RMB 28,334,868.31 from the Net Proceeds to replace the same amount of its own funds which were used earlier to commence the Projects.
Temporary Use of the Part of Net Proceeds for the Cash Flow of the Company	As at 31 December 2025, no Net Proceeds had been temporarily used for the Company's cash flow purposes.
Cash Management of the Net Proceeds	As at 31 December 2025, the Company had no Cash Management of the Net Proceeds.
Amounts exceeding the Proceeds for the Cash Flow and Bank Loan of the Company	N.A.
Balance of the Proceeds and the Reasons	<p>(i) On 28 March 2025, the Company convened its 1st Board meeting and 1st Supervisory Committee meeting for FY2025, at which the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds was considered and approved by the Board and the Supervisory Committee, respectively. The Board and the Supervisory Committee</p>

	<p>respectively resolved to (i) cease the Terminal Marketing Network and Promotional System Project and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, (ii) terminate the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project, (iii) cease the Phase I Dripping Pill Manufacturing Base Project following the adjustment of the investment scale (i.e. to reduce the total investment amount for this project to the actual amount invested as at 31 December 2024), and (iv) permanently reallocate a total of approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts at the time of reallocation) to working capital.</p> <p>(ii) On 15 May 2025, the Company convened its 2025 AGM, at which the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds was considered and approved by the Shareholders.</p> <p>As at 31 December 2025, a total amount of RMB 158,171,600 had been permanently reallocated to working capital.</p>
Other Use of the Proceeds	None

Note 1: The “annual expenditure on the Projects” includes the amount of annual expenditure and the replacement amount.

Note 2: The “proposed investment amount as at 31 December 2025” is subject to the latest disclosure of the investment plan of the Proceeds.

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

Annex 2: Proposed project(s) following the cessation and/or termination of the original Projects funded by the Proceeds (Year 2025)

(RMB)

Proposed project(s) following the cessation and/or termination of original Projects	Corresponding original Projects	Proposed total amount from Proceeds	Total amount from Proceeds as at 31 December 2025 (1)	Interest income	Amount of permanent reallocation to working capital in Year 2025	Annual total investment amount	Actual total investment amount (2)	Unutilised Proceeds	Progress of the projects as at 31 December 2025 (%) (3)=(2)/(1)	Expected date of the project completion and readiness for intended use	Annual achieved benefits	Whether the expected benefits were achieved	Whether there is a material change in the feasibility of the project
Permanent reallocation to working capital	Terminal Marketing Network and Promotional System Project	2,721,100	2,721,100	-	2,721,100	-	2,721,100	-	100.00	N.A.	N.A.	N.A.	N.A.
Permanent reallocation to working capital	Bozhou Industrial Park Construction Project- Chinese Medicine Extraction and Preparation Project	54,000,000	54,000,000	-	54,000,000	-	54,000,000	-	100.00	N.A.	N.A.	N.A.	N.A.
Permanent reallocation to working capital	Bozhou Industrial Park Construction Project- Project on Chinese Medicine Decoction Pieces	5,221,500	5,221,500	-	5,221,500	-	5,221,500	-	100.00	N.A.	N.A.	N.A.	N.A.
Permanent reallocation to working capital	Phase I Dripping Pill Manufacturing Base Project	82,517,300	82,517,300	-	33,382,800	-	33,382,800	49,134,500	40.46	N.A.	N.A.	N.A.	N.A.
Permanent reallocation	Interest income	62,811,700	62,811,700	123,400	62,846,200	-	62,846,200	88,900	100.05	N.A.	N.A.	N.A.	N.A.

to working capital												
Total	-	207,271,600	207,271,600	123,400	158,171,600	-	158,171,600	49,223,400	-	-	-	-
Reasons, decision-making procedures and information disclosure in relation to the cessation and/or termination of the original Projects funded by the Proceeds (project-by-project basis)		<p>On 15 May 2025, the Company convened its 2025 AGM, at which the resolution in relation to the Proposed Cessation of Projects and Reallocation of Proceeds was considered and approved by the Shareholders. Namely, as at 31 December 2024, among the Projects funded by the Proceeds from the Placement:</p> <p>(i) the Terminal Marketing Network and Promotional System Project and the Bozhou Industrial Park Construction Project – Project on Chinese Medicine Decoction Pieces, both of which had achieved their respective intended objectives, were approved for cessation;</p> <p>(ii) the Bozhou Industrial Park Construction Project – Chinese Medicine Extraction and Preparation Project was approved for termination in light of market expectations and the Company's strategic planning; and</p> <p>(iii) the Phase I Dripping Pill Manufacturing Base Project, which had achieved its expected construction milestones, was approved for cessation following the adjustment of the investment scale (i.e. to reduce the total investment amount for this project to the actual amount invested as at 31 December 2024).</p> <p>To further enhance the efficiency in the use of the Proceeds and to support the Company's daily operational needs, it was approved that approximately RMB 207.27 million (with the actual amount subject to the balance in the Designated Accounts as at the date of fund reallocation), comprising the unutilised Proceeds from the Projects together with interest income and returns from financial management generated from the Proceeds, be permanently reallocated to working capital for use in the Company's day-to-day operations in connection with its principal business activities.</p>										
Status and reasons for not meeting the planned progress (project-by-project basis)		N.A.										
Information on material change in the feasibility of the proposed project(s) following the cessation and/or termination of the original Projects funded by the Proceeds		N.A.										

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