

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

PROPOSED AMENDMENTS TO THE UNDERTAKING MADE BY THE COMPANY'S CONTROLLING SHAREHOLDER

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

The Board refers to the previous Company's announcements dated 7 January 2015, 28 April 2015, 11 January 2016, 19 September 2017, 21 September 2017, 13 November 2018 and 25 October 2021, as well as the circulars dated 25 September 2017, 13 December 2018 and 25 November 2021 (the "**Previous Circulars**") in relation to, amongst others, the non-compete undertaking made by the Company's controlling shareholder, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("**TPH**").

Unless otherwise defined, all capitalised terms used herein and not defined shall bear the same meanings ascribed to them in the Previous Circulars.

The Board wishes to announce that the Company has received a notice from TPH in relation to the proposed amendments to the undertaking previously made by TPH (the "**Proposed Amendments**"). On 11 November 2024, the Company duly convened its 8th Board meeting and 5th supervisory committee (the "**Supervisory Committee**") meeting for the financial year ending 31 December 2024 ("**FY2024**"), and the Board and the Supervisory Committee considered and approved, amongst others, the Proposed Amendments. The Proposed Amendments are still subject to shareholders' approval at a general meeting of the Company. Pursuant to the *Guidelines for the Regulation of Listed Companies No. 4 – Undertakings Made by Listed Companies and Relevant Parties* (《上市公司监管指引第4号—上市公司及其相关方承诺》) (the "**Guideline No.4**") issued by the China Securities Regulatory Commission (the "**CSRC**"), the details of the Proposed Amendments are set out below.

1. OVERVIEW OF THE UNDERTAKING

As part of the approval process for the Proposed Placement, TPH had previously undertaken, amongst others, that with respect to its subsidiaries that are in the pharmaceutical commercial segment (or sales business segment) (医药商业板块), it would transfer (either via share or asset sales) such subsidiaries to the Company or independent third parties by 31 December 2024, so as to ensure that TPH would no longer exercise control over these subsidiaries (the "**Undertaking**").

2. FULFILLMENT STATUS OF THE UNDERTAKING

Since TPH made the Undertaking, it has been actively exploring various ways to fulfill the original Undertaking, with a focus on supporting the Company's high-quality development. However, due

to the long-standing incorporation of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) (“**Taiping Medicine**”)¹, its significant historical burdens, and relatively large business scale but modest profitability, it has proven practically difficult to implement the original Undertaking. To effectively resolve the issue of competition within the same industry, after an in-depth comparison and evaluation of various solutions, and on the premise of ensuring compliance with regulatory requirements and practical feasibility, it has been proposed to address the issue by having TPH integrate and take control of the Company’s subsidiaries operating in the pharmaceutical commercial segment.

Through arm’s length negotiations between TPH and the Company, both parties agreed that the Company would make a capital injection into Taiping Medicine through the transfer of the 100% equity interest in Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”)², a wholly-owned subsidiary of the Company operating in the pharmaceutical commercial segment, from the Company to Taiping Medicine (the “**Proposed Capital Injection**”). Upon completion of the Proposed Capital Injection, TPH and the Company will hold 56.65% and 43.35% equity interests in Taiping Medicine, respectively, and TJZX Medicine will cease to be a wholly-owned subsidiary of the Company.

The Proposed Capital Injection and the proposed entry into a capital injection agreement in relation thereto as an interested person transaction were approved by the Board at the Company’s 5th Board meeting for FY2024 held on 10 September 2024, and by the shareholders at the Company’s 1st extraordinary general meeting in 2024 held on 29 October 2024, respectively. For further details on the Proposed Capital Injection, please refer to the Company’s announcements dated 11 September 2024 and 29 October 2024, as well as the Company’s circular dated 14 October 2024.

Following the completion of the Proposed Capital Injection, as the Company will no longer hold a controlling interest in TJZX Medicine, as determined in accordance with the laws of the People’s Republic of China (the “**PRC**”), the issue of competition within the same industry (i.e., the pharmaceutical commercial segment) between the Company and its controlling shareholder (i.e., TPH) will be resolved. TJZX Medicine, as the core commercial enterprise of the Group under the pharmaceutical commercial segment, has been in a loss-making position. Upon completion of the Proposed Capital Injection and the exclusion of the pharmaceutical commercial segment from the consolidation scope of the Group’s financial statements, the financial metrics of the Group’s consolidated financial statements will primarily reflect data from the pharmaceutical industrial segment (医药工业板块), which is expected to result in improved financial performance. Furthermore, upon completion of the Proposed Capital Injection and the recovery of funds tied up by TJZX Medicine, the Company’s development strategy will become more streamlined, enabling it to focus on its core pharmaceutical industrial segment. Meanwhile, TPH’s integration and control of TJZX Medicine are expected to enhance economies of scale within the pharmaceutical commercial segment.

3. REASONS FOR THE PROPOSED AMENDMENTS

¹ Taiping Medicine has previously used the following Chinese names: (i) 天津太平(集团)有限公司 (Tianjin Taiping (Group) Co., Ltd.), and (ii) 天津医药集团太平医药有限公司 (Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd.). Following the completion of TPH’s mixed-ownership reform in 2021, the Chinese name of Taiping Medicine was changed to 津药太平医药有限公司 (Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd.). As at the date of this announcement, Taiping Medicine is a wholly-owned subsidiary of TPH, and upon completion of the Proposed Capital Injection, its shareholders will become the Company and TPH holding 43.35% and 56.65%, respectively.

² As at the date of this announcement, TJZX Medicine is a wholly-owned subsidiary of the Company, and will become a wholly-owned subsidiary of Taiping Medicine upon completion of the Proposed Capital Injection.

As at the date of this announcement, Taiping Medicine is the subsidiary of TPH operating in the pharmaceutical commercial segment. Taiping Medicine currently has a high asset-liability ratio and modest profitability, creating a significant disparity between its financial indicators and those of the Company. Injecting TPH's equity interest in Taiping Medicine into the Company under such circumstances would increase the Company's liabilities, weaken its financial indicators, offer limited value to the Company, and potentially be detrimental to the interests of the Company's shareholders. Moreover, due to Taiping Medicine's heavy debt burden, the transfer of TPH's majority shareholding in Taiping Medicine to independent third parties can only be carried out after most of Taiping Medicine's debt has been repaid. Currently, Taiping Medicine is unable to do so, and any such transfer requires the consent of Taiping Medicine's creditors. Therefore, the conditions for TPH to transfer its majority shareholding in Taiping Medicine to independent third parties have also not been met.

In view of the above, the original Undertaking, which aimed to resolve the issue of competition between TPH and the Company within the same industry (i.e., the pharmaceutical commercial segment) by injecting TPH's equity interest in Taiping Medicine into the Company or selling it to independent third parties, presents practical challenges and is not in the best interest of the Company. Therefore, to effectively address the issue of competition, and considering that the Proposed Capital Injection has been approved by the Company's shareholders, it is proposed to amend the contents of the Undertaking by adding an alternative solution: having TPH integrate and take control of the Company's subsidiaries operating in the pharmaceutical commercial segment.

4. THE AMENDED UNDERTAKING

The amended Undertaking is as follows (with additions in **bold and underlined**):

TPH undertakes that, with respect to its subsidiaries in the pharmaceutical commercial segment (医药商业板块), it will, by 31 December 2024, either transfer (via share or asset sales) such subsidiaries to the Company or independent third parties to ensure that TPH will no longer exercise control over these subsidiaries, **or resolve the issue of competition within the same industry between the Company and its controlling shareholder (i.e., TPH) by integrating and taking control of the Company's subsidiaries operating in the pharmaceutical commercial segment.**

5. REVIEW AND APPROVAL PROCEDURES FOR THE PROPOSED AMENDMENTS

5.1 Board Meeting

On 11 November 2024, the Company duly convened its 8th Board meeting for FY2024, where the Board considered and approved, amongst others, the proposed contents of the "Amendments to the Undertaking Made by Tianjin Pharmaceutical Holdings Co., Ltd." (关于天津市医药集团有限公司变更承诺事项的议案). Mr. Guo Min, Ms. Zhang Mingrui and Ms. Mao Weiwen, being the interested directors, have abstained from voting on the said resolution, and the remaining six (6) directors (including all three (3) independent directors (the "**Independent Directors**")) of the Company have approved the said resolution.

5.2 Special Meeting of Independent Directors

On 11 November 2024, the Company held the 5th Special Meeting of Independent Directors for FY2024. In accordance with relevant laws and regulations including the *Administrative Measures for Independent Directors of Listed Companies* (《上市公司独立

董事管理办法》) issued by the CSRC, the Listing Rules of the Shanghai Stock Exchange (the “**SSE Listing Rules**”) and the Listing Manual of the Singapore Exchange Securities Trading Limited, the Independent Directors conducted a prior review of the Proposed Amendments and are of the view that:

- (a) the Proposed Amendments comply with the relevant provisions of the Guideline No.4;
- (b) the deliberation and decision-making procedures in relation to the Proposed Amendments are in compliance with the provisions of relevant laws and regulations including the *Company Law of the PRC* (《中华人民共和国公司法》) (the “**PRC Company Law**”) and the SSE Listing Rules, as well as the Articles of Association of the Company;
- (c) the Proposed Amendments will not be prejudicial to the interests of the Company and its minority shareholders; and
- (d) the Independent Directors agreed to submit the Proposed Amendments for consideration and approval at the Company’s 8th Board meeting for FY2024 and a general meeting of the Company.

5.3 Supervisory Committee Meeting

On 11 November 2024, the Company duly convened its 5th Supervisory Committee meeting for FY2024, where the Supervisory Committee considered and approved, amongst others, the proposed contents of the “Amendments to the Undertaking Made by Tianjin Pharmaceutical Holdings Co., Ltd.” (关于天津市医药集团有限公司变更承诺事项的议案). The Supervisory Committee is of the view that the Proposed Amendments are in compliance with the Guideline No. 4, and the deliberation and decision-making procedures in relation to the Proposed Amendments are in compliance with the provisions of relevant laws and regulations including the PRC Company Law and the SSE Listing Rules, as well as the Articles of Association of the Company. The Proposed Amendments will not be prejudicial to the interests of the Company and its minority shareholders.

By order of the Board

Jiao Yan
Secretary to the Board of Directors
11 November 2024