

**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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**UPDATE ON THE PROPOSED ACQUISITION OF 15% EQUITY INTEREST IN TIANJIN PHARMACEUTICAL GROUP FINANCE CO., LTD. (天津医药集团财务有限公司)**

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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”) 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.*

**A. INTRODUCTION**

The Company, on 11 September 2023, duly convened its 6<sup>th</sup> Board meeting for the financial year ending 31 December 2023, and the Board considered and approved the Company's proposed acquisition of 15% equity interest (the “**Sale Equity**”) in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“**TPGF**”) through a public bidding (公开摘牌) process (the “**Proposed Acquisition**”). Please refer to the announcement dated 11 September 2023 made by the Company in relation to the Proposed Acquisition for further details (the “**Previous Announcement**”).

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

**B. BIDDING RESULT**

During the period of the public listing-for-sale (公开挂牌转让) from 28 August 2023 to 22 September 2023 (the “**Listing Period**”), the Company submitted an application to the Tianjin Property Rights Exchange (天津产权交易中心) (the “**TPRE**”) showing its intention to acquire the Sale Equity. As the only party intending to acquire the Sale Equity during the Listing Period, the Company obtained the qualification as the transferee of the Sale Equity at a purchase price of RMB87,823,860 (i.e., the Initial Bidding Price). The Company had paid an amount of RMB26 million to an account designated by the TPRE as security (the “**Security Deposit**”) for the Company's intention to acquire the Sale Equity prior to the execution of the Agreement (as defined below) and for the purposes of demonstrating the credit status and performance capability of the Company.

The Company had, on 10 October 2023, entered into the Equity Transfer Agreement (the “**Agreement**”) with Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司) (“**Lisheng Pharmaceutical**”). The parties to the Agreement shall go through the subsequent procedures as prescribed, and the Company will make timely disclosure based on the progress of the Proposed Acquisition in accordance with the requirements of applicable laws and regulations.

Following the completion of the Proposed Acquisition, the Company's shareholding in TPGF will increase from 15% to 30%.

The funds used for the Proposed Acquisition are from the Company's internal resources and it is expected to not have a significant impact on the Company's financial condition and operational results.

### C. PRINCIPAL TERMS OF THE AGREEMENT

1. **Parties to the Agreement** : Transferor: Lisheng Pharmaceutical  
Transferee: The Company  
(collectively, the "**Parties**", and each a "**Party**")
2. **Target company** : TPGF
3. **Consideration** : Lisheng Pharmaceutical agrees to transfer the Sale Equity to the Company for a consideration of RMB87,823,860 (the "**Consideration**").
4. **Payment terms** : The Parties agree that the Consideration shall be satisfied fully in cash and paid in one lump-sum by the Company to Lisheng Pharmaceutical. Pursuant to the Agreement, the Security Deposit shall be used to off-set against the Consideration payable by the Company, and the Company shall remit the balance amount of the Consideration of RMB 61,823,860 (i.e., the Consideration less the Security Deposit of RMB26 million paid by the Company) to a special account designated by the TPPE within ten (10) business days from the effective date of the Agreement.
5. **Transfer of the Consideration from TPPE to Lisheng Pharmaceutical** : Upon receipt of the documents evidencing the completion of the industrial and commercial modification registration formalities for the Sale Equity provided by Lisheng Pharmaceutical, TPPE will transfer the full amount of the Consideration to an account designated by Lisheng Pharmaceutical.
6. **Completion** : (1) Lisheng Pharmaceutical shall complete the transfer of the Sale Equity within ten (10) days after the effective date of the Agreement based on the completion checklist.  
(2) The Parties agree that the transaction benchmark date shall be 31 March 2023, and the Company shall enjoy or assume (as the case may be) the profits realised or losses incurred (as the case may be) by TPGF during the period from the transaction benchmark date to the completion of the transfer of the Sale Equity.

7. **Change of ownership** : (1) The Company (or TPGF) shall complete the industrial and commercial modification registration formalities for the Sale Equity within ten (10) days after the effective date of the Agreement with the cooperation of Lisheng Pharmaceutical.
- (2) The Company shall not pledge or create any encumbrance on the Sale Equity before it makes the full payment of the Consideration. The Company shall proceed with the industrial and commercial modification registration formalities for the Sale Equity only after the full amount of the Consideration is made.
8. **Taxation and costs** : (1) Any taxes involved in the transfer of the Sale Equity shall be borne by each Party in accordance with the applicable laws and regulations.
- (2) Each Party shall bear its own costs and expenses incurred in connection with the transfer of the Sale Equity in accordance with the applicable laws and regulations.
9. **Liability for breach of contract** : (1) Any Party who breaches the Agreement shall bear the liability for breach of contract. If the Agreement is frustrated due to any of Lisheng Pharmaceutical's breaches, Lisheng Pharmaceutical shall refund the Security Deposit to the Company and pay an amount equivalent to the Security Deposit amount to the Company in addition to the refund of the Security Deposit; If the Agreement is frustrated due to any of the Company's breaches, Lisheng Pharmaceutical is entitled to forfeit the Security Deposit. If the Parties mutually agree to terminate the Agreement, Lisheng Pharmaceutical shall refund the Security Deposit to the Company.
- (2) If Lisheng Pharmaceutical fails to complete the transfer of the Sale Equity or the Company delays in payment of the balance amount of the Consideration (as the case may be) within the specified time limit as provided in the Agreement, Lisheng Pharmaceutical or the Company (as the case may be) shall pay liquidated damages to the non-defaulting Party at a rate of 10% of the Consideration for each 20-day of delay.
10. **Dispute resolution** : The Parties agree that they shall endeavour to amicably resolve any dispute arising out of or in connection with the Agreement; failing which either Party may apply to the TPPE for mediation or file a lawsuit in the people's court

at the place where the domicile of the plaintiff is located in accordance with applicable law.

**11. Variation or rescission** : Under any of the following circumstances, the Parties may modify or rescind the Agreement:

- (1) Upon mutual agreement of both Parties due to changes in circumstances and it is not detrimental to national and public interests.
- (2) The Agreement is frustrated due to *force majeure*.
- (3) One Party fails to perform the Agreement within the stipulated period for any reason and such reason is acknowledged by the other Party.
- (4) Occurrence of such circumstances for variation and rescission as provided in the Agreement.

Any modification to or termination of the Agreement by the Parties shall be made in writing. If the Parties modify or rescind the Agreement before the issuance of the transaction certificate in respect of the Sale Equity by the TPPE, the Parties shall file the relevant written documents with the TPPE for records. If the Agreement fails to come into effect due to the reasons stated in Clause 13.5<sup>1</sup> of the Agreement, the Agreement shall be automatically terminated, and neither Party shall bear any liability. The Security Deposit paid by the Company shall be refunded by the TPPE to the Company.

**12. Representations and warrants** : Lisheng Pharmaceutical represents and warrants to the Company that the ownership of the Sale Equity is true, complete, and the following facts have not been concealed:

- (1) seizure of assets by law enforcement authorities;
- (2) the Sale Equity is subject to any encumbrances or guarantees;
- (3) hidden assets;

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<sup>1</sup> Under Clause 13.5 of the Agreement, the Agreement shall come into effect from the date on which the respective legal representative or authorised representative of Lisheng Pharmaceutical and the Company having signed, and affixed the respective company seal of Lisheng Pharmaceutical and the Company to, the Agreement, and upon the fulfillment of the following conditions: (1) the shareholder qualification of the Company in TPPE having been approved by the Tianjin Regulatory Bureau of the National Administration of Financial Regulation (国家金融监督管理总局天津监管局); and (2) Tianjin Development Holdings Limited, the indirect controlling shareholder of Lisheng Pharmaceutical, having met the requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (including obtaining shareholders' approval at the general meeting of Tianjin Development Holdings Limited for the transfer of the Sale Equity and all transactions arising therefrom (if applicable)).

(4) ongoing litigation; and

(5) other facts that affect the truthfulness and completeness of the ownership of the Sale Equity.

The Company undertakes to Lisheng Pharmaceutical that it has full capacity and capability to acquire the Sale Equity without any fraud.

Neither Party shall disclose the contents of the Agreement without the prior written consent from the other Party.

**13. Effectiveness of the Agreement :** The Agreement shall come into effect from the date on which the respective legal representative or authorised representative of Lisheng Pharmaceutical and the Company having signed, and affixed the respective company seal of Lisheng Pharmaceutical and the Company to, the Agreement, and upon the fulfilment of the following conditions:

(1) the shareholder qualification of the Company in TPGF having been approved by the Tianjin Regulatory Bureau of the National Administration of Financial Regulation (国家金融监督管理总局天津监管局); and

(2) Tianjin Development Holdings Limited, the indirect controlling shareholder of Lisheng Pharmaceutical, having met the requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (including obtaining shareholders' approval at the general meeting of Tianjin Development Holdings Limited for the transfer of the Sale Equity and all transactions arising therefrom (if applicable)).

#### **D. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

Based on the unaudited financial statements of the Group for the financial period ended 30 June 2023 (being the latest announced consolidated financial statements of the Group) and the unaudited financial statements of TPGF for the corresponding financial period, the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") are as follows:

| <b>Rule</b>  | <b>Bases of Computation</b>                                                                                                                              | <b>Relative Figures (%)</b>   |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Rule 1006(a) | The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets | Not applicable <sup>(1)</sup> |

|              |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                               |
|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Rule 1006(b) | The net profits <sup>(2)</sup> attributable to the assets acquired or disposed of, compared with the group's net profits                                                                                                                                                                                                                                                                                                            | 1.20% <sup>(3)</sup>          |
| Rule 1006(c) | The aggregate value of the consideration given or received, compared with the issuer's market capitalisation <sup>(4)</sup> based on the total number of issued shares excluding treasury shares                                                                                                                                                                                                                                    | 0.38% <sup>(5)</sup>          |
| Rule 1006(d) | The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue                                                                                                                                                                                                                                                                         | Not applicable <sup>(6)</sup> |
| Rule 1006(e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount | Not applicable <sup>(7)</sup> |

**Notes:**

- (1) This basis is not applicable as the Proposed Acquisition is not a disposal of assets.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. Under Rule 1002(3)(c) of the Listing Manual, the net asset and net profit figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The Singapore Exchange Securities Trading Limited may allow the issuer's net asset value or net profit to be adjusted to take into account any transaction(s) completed subsequent to the latest announced consolidated accounts provided that adequate information about such transaction(s) has already been announced to shareholders.
- (3) The relative figure computed on the basis under Rule 1006(b) of the Listing Manual is determined by dividing the net profits attributable to the Sale Equity of approximately RMB8,550,100 for the six (6) months ended 30 June 2023 by the Group's unaudited net profit of approximately RMB714,467,000 for the six (6) months ended 30 June 2023.
- (4) Under Rule 1002(5) of the Listing Manual, "market capitalisation" is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.
- (5) Based on the Consideration amount (i.e., RMB87,823,860) and the market capitalisation of the Company of approximately RMB23,134,076,325.36 (determined by multiplying the 570,250,076 shares of the Company in issue and traded on the Shanghai Stock Exchange (the "**A-Shares**") by the volume-weighted average price of the A-Shares of RMB35.86 and 200,000,000 shares of the Company in issue and traded on the SGX-ST (the "**S-Shares**", together with the A-Shares, the "**Shares**") by the volume-weighted average price of the S-Shares of USD1.87 (exchange rate: USD1:RMB7.1789) on 9 October 2023 (being the immediate market day preceding the date of the Agreement).

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

As the relative figures computed under Rules 1006(b) and 1006(c) of the Listing Manual do not exceed 5%, the Proposed Acquisition constitutes a “non-discloseable transaction” pursuant to Rule 1008 of the Listing Manual.

## **E. CHAPTER 9 OF THE LISTING MANUAL**

Rule 905(1) of the Listing Manual provides that an issuer must make an immediate announcement of any interested person transaction (as defined in the Listing Manual) of a value equal to, or more than, 3% of the group's latest audited net tangible assets (“NTA”), and Rule 905(2) of the Listing Manual provides that if the aggregate value of all transactions entered into with the same interested person (as defined in the Listing Manual) during the same financial year amounts to 3% or more of the group's latest audited NTA, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. Pursuant to Rule 905(3) of the Listing Manual, Rule 905(1) and (2) do not apply to any transaction below S\$100,000.

As at the date of this announcement, the Company's controlling shareholder, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“TPH”) is deemed to have an interest of approximately 50.93% in Lisheng Pharmaceutical. Accordingly, Lisheng Pharmaceutical is an associate (as defined under the Listing Manual) of TPH and therefore, Lisheng Pharmaceutical is regarded as an interested person (as defined in the Listing Manual) of the Company for the purposes of Chapter 9 of the Listing Manual, and the Proposed Acquisition constitutes an interested person transaction under the Listing Manual.

For the current financial year beginning 1 January 2023 up to the date of this announcement (the “**Relevant Period**”), save for the Proposed Acquisition, there are no other interested person transactions (excluding transactions less than S\$100,000) that were or are proposed to be entered into by the Company with Lisheng Pharmaceutical. Further, save for transaction(s) which has been approved by shareholders of the Company, or is the subject of aggregation with another transaction that has been approved by shareholders of the Company, there are no interested person transactions (excluding transactions less than S\$100,000) entered into by the Company, its subsidiaries and/ or associated companies, which are considered to be an “entity at risk” within the meaning of Rule 904(2) of the Listing Manual with TPH and/ or its associates (as defined under the Listing Manual) for the Relevant Period.

As such, the Consideration of RMB87,823,860, being the amount at risk to the Company, represents approximately 1.35% of the Group's latest audited NTA of RMB6,493,593,000 as at 31 December 2022 which is less than 3% and accordingly, the Proposed Acquisition is an interested person transaction which is not subject to the disclosure requirements under Chapter 9 of the Listing Manual.

For the avoidance of doubt, the Company is making this announcement in accordance with Rules 217 and 703 of the Listing Manual.

## **F. CAUTION IN TRADING**

Shareholders and potential investors of the Company should note that the Agreement shall only come into effect upon the fulfilment of the conditions at set out above, are advised to exercise caution in trading the Shares in the Company as there is no certainty or assurance as at the date of this announcement that the Agreement will come into effect and/ or the transfer of the Sale Equity will be completed.

The Company will keep Shareholders updated on any material developments in relation to the Proposed Acquisition by way of announcement(s) as and when appropriate. Shareholders and potential investors are advised to read this announcement and any further announcement(s) by the Company carefully and to refrain from taking any action in respect of their Shares in the Company which may be prejudicial to their interests.

Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

**By Order of the Board**

Jiao Yan  
Secretary to the Board of Directors  
10 October 2023