

CIRCULAR DATED 14 OCTOBER 2024

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “Company”). **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.**

If you have sold all your shares in the capital of the Company, you should immediately hand this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

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**TIANJIN PHARMACEUTICAL DA REN TANG
GROUP CORPORATION LIMITED**

(Incorporated in the People's Republic of China)
(Company Registration No.: 91120000103100784F)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED CAPITAL INJECTION OF RMB493,617,700 INTO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) BY THE COMPANY THROUGH THE TRANSFER OF THE 100% EQUITY INTEREST IN THE REGISTERED CAPITAL OF TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司) TO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AND THE PROPOSED ENTRY INTO A CAPITAL INJECTION AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION;**
- (2) **THE RESULTANT JOINT VENTURE IN TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AS AN INTERESTED PERSON TRANSACTION; AND**
- (3) **THE PROPOSED PROVISION OF A GUARANTEE FOR AN AMOUNT OF UP TO RMB823,650,000 BY THE COMPANY FOR TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司) AS AN INTERESTED PERSON TRANSACTION**

Independent Financial Adviser
in respect of the Proposed IPTs



RHB Bank Berhad

(UEN S99FC5710J)
(Incorporated in Malaysia)
(196501000373 (6171-M))

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 October 2024 at 2:00 p.m.
Date and time of Extraordinary General Meeting	:	29 October 2024 at 2:00 p.m.
Place of Extraordinary General Meeting	:	RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537

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DEFINITIONS

The following definitions apply throughout this Circular unless the context otherwise requires or is otherwise stated:–

<i>“2024 EGM”</i>	:	The EGM of the Company to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m.
<i>“A-Shares”</i>	:	Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in the PRC and which are denominated in RMB and listed on the SSE
<i>“A-Share Shareholders”</i>	:	Holders of A-Shares
<i>“AGM” or “Annual General Meeting”</i>	:	An annual general meeting of the Company
<i>“Announcements”</i>	:	The IPT Announcement #1 and the IPT Announcement #2, collectively
<i>“Appraisal Base Date”</i>	:	30 April 2024
<i>“Articles” or “Articles of Association”</i>	:	The articles of association of the Company, as amended, supplemented and/or modified from time to time
<i>“Asset Restructuring”</i>	:	The proposed restructuring of Tianjin Zhong Xin Pharmaceutical Group Corporation Limited, Medicine Co. (天津中新药业集团股份有限公司医药公司), involves converting it from a branch office of the Company into an indirect wholly-owned subsidiary of the Company by transferring the Company’s seventeen (17) branch offices and four (4) subsidiaries (including four (4) retail pharmacies that are branch offices of these subsidiaries) in the pharmaceutical distribution/circulation business segment to TJZX Medicine post-restructuring, so as to form a pharmaceutical commercial enterprise which integrates channel distribution, sales and retail, which was completed on or around 1 April 2022. Please refer to Appendix 1 to the announcement dated 17 December 2021 in relation to the resolutions passed at the 11 th Board meeting for the financial year ended 31 December 2021 for further details on the Asset Restructuring

DEFINITIONS

- “associate”* : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
- “Associated Company”* : In relation to a corporation, means:
- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest in voting shares of not less than twenty per cent. (20%) but not more than fifty per cent. (50%) of the total votes attached to all voting shares in the corporation; or
 - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is or are able to control or influence materially
- “Audit Committee”* : The audit committee of the Company as at the Latest Practicable Date, comprising Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang and Mr. Zhong Ming
- “Board” or “Board of Directors”* : The board of Directors of the Company as at the Latest Practicable Date

DEFINITIONS

<i>“Capital Injection Agreement”</i>	:	The capital injection agreement (增资协议) entered into between the Company, TPH, Taiping Medicine and TJZX Medicine on 11 September 2024 in relation to the Proposed Capital Injection, as further elaborated in Section 2.4 of this Circular
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular dated 14 October 2024
<i>“Company”</i>	:	Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
<i>“Consideration Equity Interest”</i>	:	43.35% equity interest in the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection
<i>“control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<i>“Controlling Shareholder”</i>	:	<p>A person who:</p> <ul style="list-style-type: none"> (i) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (ii) in fact exercises control over the Company
<i>“Directors”</i>	:	The directors of the Company as at the Latest Practicable Date, and <i>“Director”</i> shall be constructed accordingly
<i>“EGM” or “Extraordinary General Meeting”</i>	:	An extraordinary general meeting of the Company
<i>“entity at risk”</i>	:	<p>As defined in the Listing Manual, means:</p> <ul style="list-style-type: none"> (i) the Company; (ii) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and (iii) an Associated Company (other than an Associated Company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and its interested person(s), has or have control
<i>“EPS”</i>	:	Earnings per Share

DEFINITIONS

<i>“Expiration Date”</i>	:	13 May 2026 ¹ , being the originally set expiration date of the Subsisting Guarantee
<i>“FY” or “Financial Year”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“FY2023”</i>	:	Financial year ended 31 December 2023
<i>“FY2024”</i>	:	Financial year ending 31 December 2024
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“IFA” or “Independent Financial Adviser”</i>	:	RHB Bank Berhad, the independent financial adviser appointed by the Company to opine on whether the Proposed IPTs are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders
<i>“IFA Letter”</i>	:	The letter dated 14 October 2024 from the IFA in relation to the Proposed IPTs, as set out in Appendix A to this Circular
<i>“Independent Shareholders”</i>	:	Shareholders who are not TPH and its associates
<i>“Independent Valuer”</i>	:	Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司), the independent valuer appointed by the Company to perform an independent appraisal on the market value of the entire shareholders’ equity interest of each of Taiping Medicine and TJZX Medicine
<i>“Injection Amount”</i>	:	RMB493,617,700
<i>“Interested Directors”</i>	:	Mr. Guo Min, Ms. Zhang Mingrui and Ms. Mao Weiwen, collectively
<i>“interested person”</i>	:	As defined in the Listing Manual, an interested person, in the case of the Company, means: <ul style="list-style-type: none"> (a) a Director, chief executive officer, or Controlling Shareholder of the Company; or (b) an associate of any such Director, chief executive officer, or Controlling Shareholder
<i>“IPT” or “interested person transaction”</i>	:	A transaction between an entity at risk and an interested person

1 For the avoidance of doubt, the guarantees provided by the Company under the Subsisting Guarantee may involve multiple guarantees with different banks, each having different start dates. For example, if a guarantee starts on 1 June 2024, it will expire on 30 May 2025. As long as the start date of the guarantee falls between 15 May 2024 and 14 May 2025, the guarantee will be valid.

DEFINITIONS

<i>“IPT Announcement #1”</i>	:	The announcement dated 11 September 2024 released by the Company in relation to the Proposed Capital Injection and the Proposed Joint Venture
<i>“IPT Announcement #2”</i>	:	The announcement dated 11 September 2024 released by the Company in relation to the Proposed Provision of Guarantee
<i>“Latest Practicable Date”</i>	:	8 October 2024, being the latest practicable date prior to the despatch of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
<i>“Non-Interested Directors”</i>	:	The Directors who are deemed to be independent for the purposes of making a recommendation on the Proposed IPTs, namely, all the Directors except the Interested Directors
<i>“Notice of EGM”</i>	:	The notice of the 2024 EGM dated 14 October 2024
<i>“NTA”</i>	:	Net tangible assets
<i>“PRC”</i>	:	People’s Republic of China
<i>“PRC Company Law”</i>	:	The Company Law of the PRC (《中华人民共和国公司法》), as amended, modified and/or supplemented from time to time
<i>“Proposed Capital Injection”</i>	:	The proposed capital injection into Taiping Medicine by the Company through the transfer of the 100% equity interest in the registered capital of TJZX Medicine from the Company to Taiping Medicine, as further elaborated in Sections 2 and 5 of this Circular
<i>“Proposed IPTs”</i>	:	The Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee, collectively
<i>“Proposed Joint Venture”</i>	:	The resultant joint venture in Taiping Medicine with the Company holding 43.35% and TPH holding 56.65% following the completion of the Proposed Capital Injection, as further elaborated in Sections 3 and 5 of this Circular
<i>“Proposed Provision of Guarantee”</i>	:	The proposed provision of a joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB823,650,000 by the Company for TJZX Medicine following the completion of the Proposed Capital Injection, as further elaborated in Sections 4 and 5 of this Circular

DEFINITIONS

<i>“Proxy Form”</i>	:	The proxy form in respect of the 2024 EGM
<i>“Register of Members”</i>	:	The register of members of the Company as maintained by the Company’s S-Shares Registrar and Singapore Shares Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“Restricted A-Shares”</i>	:	A-Shares granted under the Scheme which shall be subject to the terms and conditions of the Scheme
<i>“S-Shares”</i>	:	Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in countries other than PRC and which are denominated in US\$ and are listed on the Official List of the SGX-ST
<i>“S-Share Shareholders”</i>	:	Holders of S-Shares
<i>“Scheme”</i>	:	The 2019 Restricted A-Share Incentive Scheme (2019年A股限制性股票计划) of the Company which was established to further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully motivate the key personnel of the Company, and align the interests of the shareholders and the Company with the individual interests of the members of management team of the Company so that all parties will make joint efforts for the long-term development of the Company, and the incentive instruments to be issued under the Scheme are A-Shares only and the participants who were eligible to participate in the Scheme which include directors, members of senior management, members of the management team of the Company that the Board considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of the subordinate enterprises of the Company (excluding the Company’s Associated Companies). Please refer to the Company’s circular dated 15 November 2019 for further details on the Scheme
<i>“Securities Accounts”</i>	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent
<i>“SFA”</i>	:	The Securities and Futures Act 2001 of Singapore, as amended, supplemented and/or modified from time to time

DEFINITIONS

“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares (comprising A-Share Shareholders and S-Share Shareholders) except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company, comprising A-Shares and S-Shares
“SSE”	:	Shanghai Stock Exchange
“SSE Listing Rules”	:	The Listing Rules of the Shanghai Stock Exchange (《上海证券交易所股票上市规则》), as amended, modified and/or supplemented from time to time
“subsidiaries”	:	The subsidiaries of a corporation as determined in accordance with the laws of the PRC or Singapore (as the case may be), and “subsidiary” shall be constructed accordingly
“Subsisting Guarantee”	:	A joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB1,900 million provided by the Company for TJZX Medicine, and remains in effect until the Expiration Date (being 13 May 2026) ² . This guarantee was approved at the Company’s 1 st Board meeting for FY2024 held on 28 March 2024 and the Company’s AGM for FY2023 held on 15 May 2024 respectively. Please refer to Appendix B to the announcement dated 29 March 2024 in relation to, <i>inter alia</i> , resolutions passed at the 1 st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the AGM for FY2023 held on 15 May 2024 for further details on the Subsisting Guarantee

² For the avoidance of doubt, the guarantees provided by the Company under the Subsisting Guarantee may involve multiple guarantees with different banks, each having different start dates. For example, if a guarantee starts on 1 June 2024, it will expire on 30 May 2025. As long as the start date of the guarantee falls between 15 May 2024 and 14 May 2025, the guarantee will be valid.

DEFINITIONS

<i>“Substantial Shareholder”</i>	:	A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
<i>“Taiping Medicine”</i>	:	Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) ³ , a wholly-owned subsidiary of TPH (being the Controlling Shareholder of the Company as at the Latest Practicable Date) as at the Latest Practicable Date
<i>“Taiping Medicine AOA”</i>	:	The articles of association of Taiping Medicine, as amended, modified and/or supplemented from time to time
<i>“Taiping Medicine Asset Appraisal Report”</i>	:	The asset appraisal report dated 8 July 2024 issued by the Independent Valuer in respect of the independent appraisal of the market value of the entire shareholders’ equity interest of Taiping Medicine, the summary of which is set out in Appendix B to this Circular
<i>“Taiping Medicine Valuation Issues”</i>	:	The matters identified during the appraisal process of Taiping Medicine that could potentially impact the appraisal conclusion of Taiping Medicine, as further elaborated in Section 2.2.2(a) of this Circular and in Appendix B to this Circular
<i>“TJZX Medicine”</i>	:	Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司), a wholly-owned subsidiary of the Company as at the Latest Practicable Date
<i>“TJZX Medicine Equity Interest”</i>	:	The 100% equity interest in the registered capital of TJZX Medicine held by the Company as at the Latest Practicable Date
<i>“TJZX Medicine Asset Appraisal Report”</i>	:	The asset appraisal report dated 8 July 2024 issued by the Independent Valuer in respect of the independent appraisal of the market value of the entire shareholders’ equity interest of TJZX Medicine, the summary of which is set out in Appendix C to this Circular
<i>“TPGF”</i>	:	Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司), a subsidiary of TPH as at the Latest Practicable Date

3 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 such, all references to the different Chinese names of Taiping Medicine appearing in this Circular and in **Appendix B** to this Circular refer to Taiping Medicine.

DEFINITIONS

“TPH” : Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司), the Controlling Shareholder of the Company as at the Latest Practicable Date

Currencies, units and others

“RMB” : Renminbi, being the lawful currency of the PRC

“S\$” : Singapore Dollars, being the lawful currency of the Republic of Singapore

“US\$” or “USD” : United States Dollars, being the lawful currency of the United States of America

“%” or “per cent.” : Percentage or per centum

The terms “**Depositor**”, “**Depository**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Listing Manual, the SFA or any statutory modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Listing Manual, the SFA or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day in this Circular is a reference to Singapore time.

Any discrepancies in this Circular between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

The English names of certain PRC companies, entities and authorities in this Circular have been translated from their Chinese names, as there is no requirement for these companies, entities and authorities to have an official English name. In case of any inaccuracy, conflict or inconsistency between the English translations, please refer to the original Chinese names.

LETTER TO SHAREHOLDERS

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

(Incorporated in the People's Republic of China)
(Company Registration No.: 91120000103100784F)

Board of Directors

Ms. Zhang Mingrui

(Chairman and Non-Executive and Non-Independent Director)

Mr. Guo Min

(Executive Director)

Ms. Wang Lei

(Executive Director)

Mr. Zhou Hong

(Executive Director)

Mr. Shang Mingjie

(Executive Director)

Ms. Mao Weiwen

(Non-Executive and Non-Independent Director)

Mr. Yeo Guat Kwang

(Lead Independent and Non-Executive Director)

Mr. Liew Yoke Pheng Joseph

(Independent and Non-Executive Director)

Mr. Zhong Ming

(Independent and Non-Executive Director)

Registered Office

17 Baidi Road,
Nankai District,
Tianjin, the PRC

14 October 2024

To: The Shareholders of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Dear Sir/Madam

- (1) **THE PROPOSED CAPITAL INJECTION OF RMB493,617,700 INTO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) BY THE COMPANY THROUGH THE TRANSFER OF THE 100% EQUITY INTEREST IN THE REGISTERED CAPITAL OF TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司) TO TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AND THE PROPOSED ENTRY INTO A CAPITAL INJECTION AGREEMENT IN RELATION THERETO AS AN INTERESTED PERSON TRANSACTION;**
- (2) **THE RESULTANT JOINT VENTURE IN TIANJIN PHARMACEUTICAL GROUP TAIPING MEDICINE CO., LTD. (津药太平医药有限公司) AS AN INTERESTED PERSON TRANSACTION; AND**
- (3) **THE PROPOSED PROVISION OF A GUARANTEE FOR AN AMOUNT OF UP TO RMB823,650,000 BY THE COMPANY FOR TIANJIN ZHONGXIN MEDICINE CO., LTD. (天津中新医药有限公司) AS AN INTERESTED PERSON TRANSACTION**

LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1 Overview

On 11 September 2024, the Company announced that it proposes to make a capital injection of RMB493,617,700 (or equivalent to approximately S\$90,628,209.72⁴) (the **“Injection Amount”**) into Taiping Medicine, a wholly-owned subsidiary of TPH (being the Controlling Shareholder of the Company) as at the Latest Practicable Date, through the transfer of the 100% equity interest in the registered capital of TJZX Medicine (the **“TJZX Medicine Equity Interest”**) from the Company to Taiping Medicine, in consideration for 43.35% equity interest in the increased registered capital of Taiping Medicine (the **“Consideration Equity Interest”**) (the **“Proposed Capital Injection”**). To effect the Proposed Capital Injection, the Company had, on 11 September 2024, entered into a capital injection agreement (增资协议) (the **“Capital Injection Agreement”**) with TPH, Taiping Medicine and TJZX Medicine in relation to the Proposed Capital Injection.

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH (being the Controlling Shareholder of the Company as at the Latest Practicable Date) will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the Company establishing a joint venture in Taiping Medicine with TPH (the **“Proposed Joint Venture”**). Further, TJZX Medicine will cease to be a wholly-owned subsidiary of the Company and will become a wholly-owned subsidiary of Taiping Medicine. Accordingly, the financial statements of TJZX Medicine will no longer be consolidated into the financial statements of the Group. In addition, Taiping Medicine will become an Associated Company of the Company.

Additionally, as at the Latest Practicable Date, the Company has provided a joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB1,900 million (the **“Subsisting Guarantee”**) for TJZX Medicine (being a wholly-owned subsidiary of the Company as at the Latest Practicable Date), which was approved at the Company’s 1st Board meeting for FY2024 held on 28 March 2024 and the Company’s AGM for FY2023 held on 15 May 2024 respectively. The term of the Subsisting Guarantee is one (1) year until 13 May 2026⁵ (the **“Expiration Date”**). Pursuant to the Capital Injection Agreement, the Company shall assume proportionate liability equal to 43.35% of the Subsisting Guarantee (i.e., RMB1,900 million) for TJZX Medicine, corresponding to the Company’s shareholding in Taiping Medicine upon completion of the Proposed Capital Injection. That is, a joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB823,650,000 to be provided by the Company for TJZX Medicine (the **“Proposed Provision of Guarantee”**).

4 For the purposes of this Circular, the foreign exchange rate between RMB and S\$ is based on a foreign exchange rate of RMB1: S\$0.1836 as at 10 September 2024, as extracted from the website of the Bank of China (available [here](#)).

5 For the avoidance of doubt, the guarantees provided by the Company under the Subsisting Guarantee involve multiple guarantees with different banks, each having different start dates. For example, if a guarantee starts on 1 June 2024, it will expire on 30 May 2025. As long as the start date of the guarantee falls between 15 May 2024 and 14 May 2025, the guarantee will be valid.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, TPH is the Controlling Shareholder of the Company, holding 42.99% of the issued share capital of the Company. Accordingly, Taiping Medicine (being a wholly-owned subsidiary of TPH) is regarded as an associate of TPH. Following completion of the Proposed Capital Injection, TJZX Medicine will become a wholly-owned subsidiary of Taiping Medicine which will, in turn, be jointly held by TPH and the Company with 56.65% and 43.35% equity interests respectively. As such, TJZX Medicine will be regarded as an associate of TPH following the completion of the Proposed Capital Injection. Therefore, each of TPH, Taiping Medicine and TJZX Medicine is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee constitutes an interested person transaction under Chapter 9 of the Listing Manual. Since the value of each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee exceeds five per cent. (5%) of the Group's latest audited NTA, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is subject to the approval of the Independent Shareholders under Rule 906(1) of the Listing Manual.

1.2 2024 EGM

The Directors are convening the 2024 EGM to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m. to seek Independent Shareholders' approval for the Proposed IPTs. The Notice of EGM is set out on pages N-1 to N-4 of this Circular.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to, and to seek Independent Shareholders' approval for:

- (a) (Resolution 1) the Proposed Capital Injection;
- (b) (Resolution 2) the Proposed Joint Venture; and
- (c) (Resolution 3) the Proposed Provision of Guarantee,

(collectively, the "**Proposed IPTs**").

The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions made or reports contained in this Circular.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

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1.4 Inter-conditionality of Resolutions

Shareholders should note that:

- (a) the passing of Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture are inter-conditional. This means that if either resolution is not approved, neither resolution will be passed; and
- (b) the passing of Resolution 3 pertaining to the Proposed Provision of Guarantee is conditional upon the passing of both Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture, but not *vice versa*. This means that if Resolution 1 and Resolution 2 are not passed, Resolution 3 will be deemed not to have been passed.

1.5 Legal Adviser

Shook Lin & Bok LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed IPTs.

2. THE PROPOSED CAPITAL INJECTION

2.1 Information on TPH, Taiping Medicine and TJZX Medicine

(a) Information on TPH

TPH, a limited liability company incorporated in the PRC on 27 June 1996, is a large pharmaceutical group with a comprehensive pharmaceutical industry chain in the PRC. It has been ranked among the top 100 pharmaceutical companies in the country for several consecutive years. TPH is principally engaged in pharmaceutical manufacturing and distribution, including, amongst others, manufacturing of Chinese proprietary medicines, chemical drugs and chemical raw materials, as well as operating in the medical devices and health and wellness sectors. As a conglomerate, TPH's headquarters does not engage in business activities directly, and its operations are predominantly carried out through its subsidiaries. For full details of TPH's business scope, please refer to the IPT Announcement #1.

As at the Latest Practicable Date,

- (i) TPH is the Controlling Shareholder of the Company holding 42.99% of the issued share capital of the Company;

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- (ii) TPH has a registered capital of RMB5,492,950,000, with its shareholders being Jinhushen Biological Medical Science and Technology Co., Ltd (津沪深生物医药科技有限公司)⁶ and Tianjin Guoyu Enterprise Management Co., Ltd. (天津国宇企业管理有限公司)⁷ holding 67% and 33%, respectively;
- (iii) the board of directors of TPH comprises Ms. Chen Jinzhu (陈津竹), Mr. Guo Min (郭珉), Ms. Zhang Mingrui (张铭芮), Mr. Teng Fei (滕飞), Mr. Jia Wei (贾伟), Mr. Sun Lijun (孙利军), Mr. Luo Xuan (罗譔), Mr. Yu Kexiang (于克祥) and Mr. Jiang Kai (蒋恺); and
- (iv) the legal representative of TPH is Ms. Zhang Mingrui (张铭芮).

(b) Information on Taiping Medicine

Taiping Medicine, a limited liability company incorporated in the PRC on 29 September 1994, is one of the leading pharmaceutical logistics companies in Tianjin. It serves as the flagship enterprise in TPH's commercial and retail segments. Taiping Medicine operates across several sectors, including medical, commercial, retail and medical devices. Taiping Medicine has a broad business scope and is principally engaged commercial distribution of Chinese proprietary medicines, chemical raw materials and their preparations, antibiotics, biological products, diagnostic medicines, anesthetics and medical devices. It offers more than 9,000 product categories⁸. For full details of Taiping Medicine's business scope, please refer to the IPT Announcement #1.

As at the Latest Practicable Date,

- (i) Taiping Medicine is a wholly-owned subsidiary of TPH;
- (ii) Taiping Medicine has a registered capital of RMB881,445,925;

6 As at the Latest Practicable Date, the shareholders of the Jinhushen Biological Medical Science and Technology Co., Ltd (津沪深生物医药科技有限公司) ("**Jinhushen**") comprises:

- (i) Shanghai Liuliguang Medical Development Co., Ltd (上海琉璃光医药发展有限公司) ("**Liuliguang Medical**");
- (ii) Shenzhen Qianhai Furong Asset Management Co., Ltd (深圳市前海富荣资产管理有限公司 (now known as 深圳市盈投荣达科技有限公司)) ("**Qianhai Furong**");
- (iii) Shenzhen Ruice Biological Medical Development Co., Ltd (深圳市瑞测生物医药发展有限公司) ("**Ruice Biological**"); and
- (iv) Hainan Special Economic Zone Yousheng Enterprise Management Limited Partnership (海南经济特区友盛企业管理合伙企业 (有限合伙)) ("**Yousheng LP**"),

which holds 35%, 34%, 16% and 15% of Jinhushen's equity interest respectively.

The actual controller (as determined in accordance with the PRC laws) of each of Liuliguang Medical, Qianhai Furong, Ruice Biological and Yousheng LP is State-owned Assets Supervision and Administration Commission of Shanghai Municipal People's Government (上海市国有资产监督管理委员会), Guo Min (郭珉), Sun Huiguang (孙慧光), and Leng Youbin (冷友斌) and Leng Shuang (冷霜), respectively.

7 As at the Latest Practicable Date, Tianjin Guoyu Enterprise Management Co., Ltd. (天津国宇企业管理有限公司) is ultimately owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府国有资产监督管理委员会).

8 For companies engaged in pharmaceutical commercial or circulation business, they do not manufacture products under their own brand. Instead, they distribute products from third-party manufacturers.

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(iii) the board of directors of Taiping Medicine comprises Mr. Guo Min (郭珉), Mr. Xue Chao (薛超), Ms. Zou Yan (邹燕), Mr. Xing Jianhua (辛建华) and Mr. Xiao Jiannan (肖健男); and

(iv) the legal representative of Taiping Medicine is Ms. Zou Yan (邹燕).

It is envisaged that, upon completion of the Proposed Capital Injection, the registered capital of Taiping Medicine will increase from RMB881,445,925 to RMB1,000,000,000, which will be held by the Company and TPH in the shareholding portion of 43.35% and 56.65% respectively.

(c) Information on the TJZX Medicine

TJZX Medicine, a limited liability company incorporated in the PRC on 24 August 2021, is principally engaged in the sales of pharmaceutical products, logistics and distribution, as well as the provision of pharmaceutical supply chain solutions. Its main products include Chinese proprietary medicines, Chinese herbal decoction pieces, chemical drug preparations, biological products, medical consumables, medical devices, and nutritional supplements. As at the Latest Practicable Date, the Group's business comprises pharmaceutical commercial segment (医药商业板块) and pharmaceutical industrial segment (医药工业板块). As the core commercial enterprise of the Group under the pharmaceutical commercial segment, TJZX Medicine operates through fourteen (14) branch offices and three (3) subsidiaries under a regional management structure. Its sales network covers medical institutions, private hospitals, clinics and retail pharmacies at all levels across the sixteen (16) districts of Tianjin. For full details of TJZX Medicine's business scope, please refer to the IPT Announcement #1.

As at the Latest Practicable Date,

(i) TJZX Medicine is a wholly-owned subsidiary of the Company;

(ii) TJZX Medicine has a registered capital of RMB520,000,000;

(iii) the sole director of TJZX Medicine is Mr. Xue Chao (薛超); and

(iv) the legal representative of TJZX Medicine is Mr. Xue Chao (薛超).

Upon completion of the Proposed Capital Injection, TJZX Medicine will become a wholly-owned subsidiary of Taiping Medicine.

Please refer to Section 2.3 of this Circular below for an illustrative structure chart showing the shareholding relationship between the Company, TPH, Taiping Medicine and TJZX Medicine before and after the completion of the Proposed Capital Injection.

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2.2 Financial Information on the Proposed Capital Injection

2.2.1 Key Financial Information

(a) Taiping Medicine

The key financial information of Taiping Medicine based on the audited consolidated financial statements of Taiping Medicine and its subsidiaries is set out below:

Items	As at 31 December 2023 (audited)	As at 30 April 2024 (audited)
Total assets	RMB4,119,661,500	RMB4,388,966,800
Total liabilities	RMB3,622,534,500	RMB3,881,772,700
Net assets	RMB497,127,000	RMB507,194,100
Items	January to December 2023 (audited)	January to April 2024 (audited)
Revenue	RMB5,260,915,500	RMB1,870,131,400
Net profit/(loss)	RMB25,090,400	RMB10,259,000

(b) TJZX Medicine

The key financial information of TJZX Medicine based on the audited consolidated financial statements of TJZX Medicine and its subsidiaries is set out below:

Items	As at 31 December 2023 (audited)	As at 30 April 2024 (audited)
Total assets	RMB2,744,358,600	RMB2,727,020,000
Total liabilities	RMB2,258,989,300	RMB2,258,221,400
Net assets	RMB485,369,300	RMB468,798,600
Items	January to December 2023 (audited)	January to April 2024 (audited)
Revenue	RMB3,724,300,800	RMB1,019,111,100
Net profit/(loss)	(RMB33,369,600)	(RMB16,570,700)

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2.2.2 Independent Valuation

In connection with the Proposed Capital Injection, the Company's management has engaged Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司) as the Independent Valuer to assess the market value of the entire shareholders' equity interest of Taiping Medicine and TJZX Medicine respectively.

The previous valuation work undertaken by the Independent Valuer includes, amongst others:

- (i) issuing an asset appraisal report on the value of the entire shareholders' equity interest of Huaian Huake Environmental Protection Technology Co., Ltd. (淮安华科环保科技有限公司) in relation to the proposed issuance of shares for asset acquisition by China Resource and Environment Co., Ltd. (中再资源环境股份有限公司) (listed on the SSE);
- (ii) issuing an asset appraisal report on the value of the entire shareholders' equity interest of Henan Xinlianxin Shenleng Energy Co., Ltd. (河南心连心深冷能源股份有限公司) (listed on the National Equities Exchange and Quotations) in relation to the proposed capital contribution by Henan Xinlianxin Fertiliser Co., Ltd. (河南心连心化肥有限公司);
- (iii) issuing an asset appraisal report on the value of the entire shareholders' equity interest of Hefei Starwave Communication Technology Co., Ltd. (合肥星波通信技术有限公司) in relation to the proposed acquisition by Red Phase INC. (红相股份有限公司) (listed on the Shenzhen Stock Exchange); and
- (iv) assessing the market value of the entire shareholders' equity interest of Zhengzhou Coal Mining Machinery Group Company Limited (郑州煤矿机械集团股份有限公司) (listed on both the SSE and the Stock Exchange of Hong Kong Limited) in relation to the proposed establishment of Henan Machinery Investment Group Co., Ltd. (河南机械装备投资集团有限责任公司) (now known as Henan State-owned Capital Operation Group Investment Co., Ltd. (河南国有资本运营集团投资有限公司)) by the State-owned Assets Supervision and Administration Commission of Henan Provincial People's Government (河南省人民政府国有资产监督管理委员会) using the equity interest of Zhengzhou Coal Mining Machinery Group Company Limited (郑州煤矿机械集团股份有限公司).

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Both the Taiping Medicine Asset Appraisal Report and the TJZX Medicine Asset Appraisal Report adopt the asset-based method⁹ as the conclusion of the appraisal. The Appraisal Base Date is 30 April 2024.

(a) Taiping Medicine

Based on the Taiping Medicine Asset Appraisal Report, as at the Appraisal Base Date (i.e., 30 April 2024):

- (i) the appraised value of the total assets of Taiping Medicine is RMB4,130,834,300, representing an appreciation of RMB203,803,200, with an appreciation rate of 5.19%, mainly due to the appreciation of inventory, long-term equity investments, buildings, equipment, and intangible assets – land;
- (ii) the appraised value of the total liabilities of Taiping Medicine is RMB3,485,701,700, with no change in value; and

⁹ For Shareholders' information, the Independent Valuer has considered the following approaches in the valuation of the entire shareholders' equity interest of both Taiping Medicine and TJZX Medicine:

- (i) asset-based approach;
- (ii) income approach; and
- (iii) market approach.

Of the three (3) approaches, the Independent Valuer has adopted the asset-based approach and the market approach.

The market approach derives its results by adjusting for factors based on comparable listed companies and market information, whereas the asset-based approach focuses on the historical and current state of the enterprise. The fundamental difference in focus between these methods leads to variations in the appraisal conclusions. The asset-based approach follows a technical process that evaluates each asset and liability based on their objective existence at the appraisal base date, resulting in a conclusion that allows the report user to intuitively understand the composition of the enterprise's asset value. The market approach evaluates the current market value of the appraisal object by referencing comparable items in the real market. The evaluation perspective and method are direct, and the process is intuitive.

Upon comparison, the market approach results in a lower valuation than the asset-based approach. This is because the market approach used the listed company comparison method, where the valuation is based on the price-to-book (PB) ratio of listed companies as at the appraisal base date. By comparing the operating and financial data of listed companies with that of the subject company, an appropriate PB ratio was calculated. Given the recent downturn in capital markets, the average PB in the industry has been relatively low. As a result, the adjusted PB was lower, leading to a lower valuation from the market approach compared to the asset-based approach.

On the other hand, the asset-based approach determines the value of the enterprise from a static historical perspective, based on the book value or cost of the company's assets. Specifically, the asset-based approach assesses the current market value of each asset and subtracts liabilities to arrive at the enterprise's value. Considering the company's actual operating conditions, the asset-based approach more objectively reflects the enterprise's value, which is why the conclusion from the asset-based approach is adopted.

Therefore, the asset-based approach was adopted as the reference for the appraisal value in the valuation of the entire shareholders' equity interest of both Taiping Medicine and TJZX Medicine, resulting in an appraised value of RMB645,132,600 and RMB493,617,700 for the entire shareholders' equity interest of Taiping Medicine and TJZX Medicine, respectively.

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- (iii) the appraised value of the net assets of Taiping Medicine is RMB645,132,600, with an appreciation of RMB203,803,200 and an appreciation rate of 46.18%, mainly due to the appreciation of inventory, long-term equity investments, buildings, equipment, and intangible assets – land.

For Shareholders' information, the table below sets out the appraised value of the entire shareholders' equity interest of Taiping Medicine as at the Appraisal Base Date (i.e., 30 April 2024), using both the asset-based approach and the market approach:

Approaches	Book value (RMB)	Appraised value (RMB)	Increase/ (Decrease) (RMB)	Appreciation/ (Depreciation) rate (%)
Asset-based approach	441,329,400	645,132,600	203,803,200	46.18
Market approach	441,329,400	412,060,600	(29,268,800)	(6.63)

Shareholders should note that, as stated in the Taiping Medicine Asset Appraisal Report, there are certain matters (the **“Taiping Medicine Valuation Issues”**) identified during the appraisal process that could potentially impact the appraisal conclusion, in particular:

- (i) the commercial property included in the appraisal scope, located at No. 94 Shanghai Road, Tanggu District (塘沽区上海道94号), is registered under the name of Tianjin Taiping (Group) Co., Ltd. (天津太平 (集团) 有限公司) on the property ownership certificate. This discrepancy is due to the company's name not being updated in a timely manner. The ownership for the other properties is registered under Tianjin Taiping Pharmaceutical Co., Ltd. (津药太平医药有限公司) and its branches. The impact of this issue on the appraisal conclusion was not considered in this appraisal;
- (ii) the long-term investment in Tianjin Jizhou Taiping Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司)¹⁰, which is included in the appraisal scope, encompasses 16 buildings. These primarily comprise the guesthouse building, Huaxin factory and warehouse, cold storage, and warehouse expansion, located at No. 93, Shangmao Street, Yuyang Town, Jizhou District (蓟州区渔阳镇商贸街93号). A real estate ownership certificate has been issued with the number Jin (2021) Jizhou District Real Estate No. 1049566. The certificate records a construction area of 2,404.63 square meters, while the actual construction area is 3,392.53 square meters¹¹. The discrepancy in area is due to the company expanding the plant and part of the office area in 2018 based on actual business needs. As of the Appraisal Base Date, the ownership certificate for the expansion has not yet been

10 Tianjin Jizhou Taiping Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司) (**“Jizhou Taiping”**) is a subsidiary of Taiping Medicine as at the Latest Practicable Date and its appraised value has been included in the valuation of the long-term equity investments of Taiping Medicine.

11 For the avoidance of doubt, the book value of the excess construction area is not listed separately in the financial statements of the appraised entity, while the book value of the actual construction area listed in the financial statements of the appraised entity is RMB2,752,784.76.

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processed¹². Tianjin Jizhou Taiping Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司) has committed that the property belongs to them, with no ownership disputes. The impact of this issue on the appraisal conclusion was not considered in this appraisal¹³; and

- (iii) the third building item, “Datongren New Location (Jincheng Jiayuan) (大同仁新址 (金城嘉园))¹⁴” listed under the long-term investment subsidiary – Ninghe Taiping, is located at No. 135-114, Jincheng Jiayuan, on the west side of Shangye Road, Lutai Town, Ninghe District (宁河区芦台镇商业道西侧金城嘉园135-114号). The property ownership is currently registered under Tianjin Urban Development and Investment Development Co., Ltd. (天津市城开投资发展有限公司)¹⁵, due to the fact that the property ownership has not been transferred since the purchase. For this appraisal, the purchase contract and invoice have been obtained, and the long-term investment subsidiary – Ninghe Taiping has committed that the property belongs to them, with no ownership disputes, The impact of this issue on the appraisal conclusion was not considered in this appraisal¹⁶,

(collectively, the “**Defective Assets**”).

Please refer to **Appendix B** to this Circular for the summary of the Taiping Medicine Asset Appraisal Report, in both Chinese and English, for further information. **Shareholders are advised to read the summary of the Taiping Medicine Asset Appraisal Report in its entirety.**

For Shareholders’ information, when appraising assets with defects (such as a property title that has not been updated in a timely manner), the appraiser will proceed with the valuation based on the property being treated as a normal asset, provided that the ownership can be verified as belonging to the appraised entity. This may be done through an on-site investigation of the properties in question, a review of the relevant legal ownership documents, and determining whether the assets with defects are listed in the relevant appraised entity’s financial statements. In addition, the appraiser is required to accurately disclose these issues in the asset appraisal report pursuant to the applicable PRC appraisal rules and standards including the *Basic Rules for Asset Appraisal* (《资产评估基本准则》) and the *Guidance on Legal Ownership of Asset Appraisal Targets* (《资产评估对象法律权属指导意见》). Given that (i) the Independent Valuer has conducted an on-site investigation of the properties in question and reviewed the relevant

12 In 2020, Jizhou Taiping applied for a change in land use and directly requested for a certificate replacement without re-measuring the construction area on the land. As a result, only the land use was changed, and the construction area was recorded based on the figures from the original certificate. Jizhou Taiping is actively communicating with the relevant authority to resolve this issue.

13 Given that Jizhou Taiping has confirmed ownership of the property, with no disputes regarding its ownership, the appraisal was conducted based on the property being treated as a normal asset, with the necessary disclosure being made in the asset appraisal report.

14 The book value of Datongren New Location (Jincheng Jiayuan) (大同仁新址 (金城嘉园)) is RMB9,528,298.92. Ninghe Taiping purchased this property in December 2010.

15 Tianjin Urban Development and Investment Development Co., Ltd. (天津市城开投资发展有限公司) is a real estate developer (the “**Developer**”), and the property in question was purchased by the appraised entity’s subsidiary from the Developer. The Developer is not related to Taiping Medicine, TJZX Medicine, the Company, or TPH.

16 This property has been included in the valuation of Taiping Medicine. The subsidiary, Ninghe Taiping, has confirmed ownership of the property, with no disputes regarding its ownership. As such, the appraisal was conducted based on the property being treated as a normal asset, with the necessary disclosure being made in the asset appraisal report.

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legal ownership documents (such as the purchase contract and proof of payment), (ii) the Defective Assets are listed in the relevant appraised entity's financial statements, and (iii) the relevant entities involved have confirmed ownership of the property, with no disputes regarding its ownership, the impact of the Valuation Issues on the appraisal conclusion was thus not considered by the Independent Valuer in the appraisal of Taiping Medicine.

The Independent Valuer selected the asset-based approach and the market approach for the appraisal of both companies, particularly Taiping Medicine, for the following reasons:

(i) Reason for selecting the asset-based approach

The purpose of the appraisal of Taiping Medicine is to provide a value reference for the transfer of the TJZX Medicine Equity Interest pursuant to the Proposed Capital Injection. The basic principle of the asset-based approach is to rebuild or replace the appraised assets under current conditions. When potential investors decide to invest in a certain asset, the price they are willing to pay will not exceed the current acquisition or construction cost of that asset. The appraisal of Taiping Medicine meets the conditions required for the asset-based approach, namely, that the appraised assets are either in continuous use or assumed to be, with historical operating data available. The asset-based approach satisfies the requirements of the value type in the appraisal of Taiping Medicine.

(ii) Reason for not selecting the income approach

Taiping Medicine's main business involves the wholesale of pharmaceuticals, medical devices, and the sale of pharmaceutical excipients, with a primary focus on pharmaceutical wholesale to public medical institutions. However, with the normalisation of national centralised pharmaceutical procurement in recent years and its expanded scope, drug sales prices have been significantly impacted. The prices of drugs that win tenders have dropped sharply, directly affecting the revenue and profit margins of the winning companies. Centralised procurement has eroded the margin advantage of the intermediary prices in the traditional trade model. This pricing pressure not only impacts the winning pharmaceutical companies but also indirectly affects the entire pharmaceutical industry, including the retail pharmaceutical sector (such as the sales model and profit structure of retail pharmacies). Due to the influence of this policy, the unit price of drug sales for the two (2) companies (i.e., Taiping Medicine and TJZX Medicine) in future years cannot be accurately predicted, resulting in the inability to accurately measure their main business revenue and profit.

(iii) Reason for selecting the market approach

The two (2) commonly used methods within the market approach are the listed company comparison method and the transaction case comparison method. The listed company comparison method involves obtaining and analysing the operating and financial data of comparable listed companies, calculating appropriate value ratios, and determining the value of the appraised entity based on a comparative analysis. The transaction case

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comparison method involves obtaining and analysing buy-sell, acquisition, and merger data from comparable companies, calculating appropriate value ratios, and determining the value of the appraised entity through a comparative analysis.

Taiping Medicine is engaged in, amongst others, pharmaceutical wholesale, Class III medical device operations, and disinfection equipment sales. In the domestic circulation market, it is relatively easy to find listed companies engaged in similar businesses that are comparable in terms of cash flow, growth potential, and risk. Therefore, the market approach is suitable for the appraisal of Taiping Medicine.

In summary, considering the purpose of the appraisal of Taiping Medicine, the Independent Valuer selected the asset-based approach and the market approach for the valuation. The results from both methods have been compared and analysed to arrive at a reasonable final valuation.

In view of the foregoing, the Board (which excludes the Interested Directors) believes that the appraisal approaches selected by the Independent Valuer for the appraisal of Taiping Medicine is in the best interests of the Company and its minority Shareholders.

(b) TJZX Medicine

Based on the TJZX Medicine Asset Appraisal Report, as at the Appraisal Base Date (i.e., 30 April 2024):

- (i) the appraised value of the total assets of TJZX Medicine is RMB2,705,033,400, representing an appreciation of RMB53,563,100, with an appreciation rate of 2.02%, mainly due to the appreciation of inventory, long-term equity investments, equipment, and intangible assets – other intangible assets;
- (ii) the appraised value of the total liabilities of TJZX Medicine is RMB2,211,415,600, reflecting a depreciation of RMB3,933,300¹⁷ and a depreciation rate of 0.18%; and
- (iii) the appraised value of the net assets of TJZX Medicine is RMB493,617,700, with an appreciation of RMB57,496,400 and an appreciation rate of 13.18%, mainly due to the appreciation of inventory, long-term equity investments, equipment, and intangible assets – other intangible assets.

17 TJZX Medicine received special logistics development funds from the Tianjin Development and Reform Commission (天津发展和改革委员会) for the construction of a logistics project. This fund is categorised as government subsidy income for TJZX Medicine and is recorded under the liability account – “Deferred Revenue”. At the same time, TJZX Medicine has accrued income taxes in accordance with applicable laws and regulations of the PRC after receiving the subsidy. Since this fund represents actual income received by TJZX Medicine and the income tax has already been accrued, it should be appraised as zero in the total liabilities (because there is no debt to any party, and there is no need for future repayment). However, as the book value of this fund is RMB3,933,300, the difference between the appraised value (zero) and the book value results in a depreciation of approximately RMB3,933,300.

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For Shareholders' information, the table below sets out the appraised value of the entire shareholders' equity interest of TJZX Medicine as at the Appraisal Base Date (i.e., 30 April 2024), using both the asset-based approach and the market approach:

Approaches	Book value (RMB)	Appraised value (RMB)	Increase/ (Decrease) (RMB)	Appreciation/ (Depreciation) rate (%)
Asset-based approach	436,121,300	493,617,700	57,496,400	13.18
Market approach	436,121,300	391,451,100	(44,670,200)	(10.24)

Shareholders should note that, as stated in the TJZX Medicine Asset Appraisal Report, there are certain matters identified during the appraisal process that could potentially impact the appraisal conclusion, in particular:

- (i) TJZX Medicine and its branches have a total of 199 scrapped or non-physical fixed assets recorded on their books, including 28 scrapped machinery and equipment items (detailed in the machinery and equipment appraisal list), 14 scrapped vehicles (detailed in the vehicle appraisal list), 1 non-physical vehicle, and 156 scrapped electronic devices (detailed in the electronic device appraisal list)¹⁸;
- (ii) TJZX Medicine possesses a parcel of land with an original recorded value of RMB15,074.12 (Asset No.: 04001 Land Use Rights), and one intangible asset for proprietary technology (Asset No.: 04002 Proprietary Technology)¹⁹. Upon examining the original vouchers, documents, as well as consulting with the former financial officer, it was determined that pertinent records of the intangible asset are untraceable in the manual financial books dating back to 2000. This is a historical issue and pertains to assets that are recorded but do not physically exist; and
- (iii) the long-term investment in Tianjin Zhongxin Pharmaceutical Binhai Co., Ltd. (天津中新药业滨海有限公司) includes a property²⁰ located at No. 122, Shiji Avenue, Dagang, Binhai New Area, Tianjin (天津市滨海新区大港世纪大道122号). The property ownership certificate number is No. DGZD090013872, with Tianjin Zhongxin Pharmaceutical Binhai Co., Ltd. (天津中新药业滨海有限公司) registered as the property owner. The land certificate number is No. GGY(94)11, with Tianjin Dagang First Commercial General Company (天津市大港区第一商业总公司) as the owner. The reason for this discrepancy is that the land certificate has not been divided,

18 The valuation is based on the actual condition of the assets (e.g., scrapped assets are appraised at their residual value). However, any issues identified during the appraisal process that could potentially affect the appraisal conclusion will be disclosed in the asset appraisal report as special items pursuant to the applicable PRC appraisal rules and standards, including the *Basic Rules for Asset Appraisal* (《资产评估基本准则》) and the *Guidance on Legal Ownership of Asset Appraisal Targets* (《资产评估对象法律权属指导意见》), to bring them to the attention of the report users.

19 The book value of the land use rights is RMB6,091.54, and the proprietary technology has no book value. Upon verification, both intangible assets are recorded but do not actually exist, and their appraised value is zero.

20 The book value of the property is RMB2,463,921.63, and the book value of the land is RMB753,009.52. The Independent Valuer conducted the valuation based on the integration of the property and land. The combined appraised value of the property and land is RMB34,103,600.

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resulting in the land ownership certificate not being updated as of the appraisal base date. The appraised unit has agreed to bear any disputes arising from this matter.

Please refer to **Appendix C** to this Circular for the summary of the TJZX Medicine Asset Appraisal Report, in both Chinese and English, for further information. **Shareholders are advised to read the summary of the TJZX Medicine Asset Appraisal Report in its entirety.**

Shareholders should note that the English version of the summary of each of the Taiping Medicine Asset Appraisal Report and the TJZX Medicine Asset Appraisal Report, as reproduced in Appendix B and Appendix C to this Circular, is an unofficial translation of its Chinese version and is intended for reference only. In case of any inaccuracy, conflict or inconsistency between the two versions, the Chinese version shall prevail, and the English version will be deemed to conform to the Chinese version.

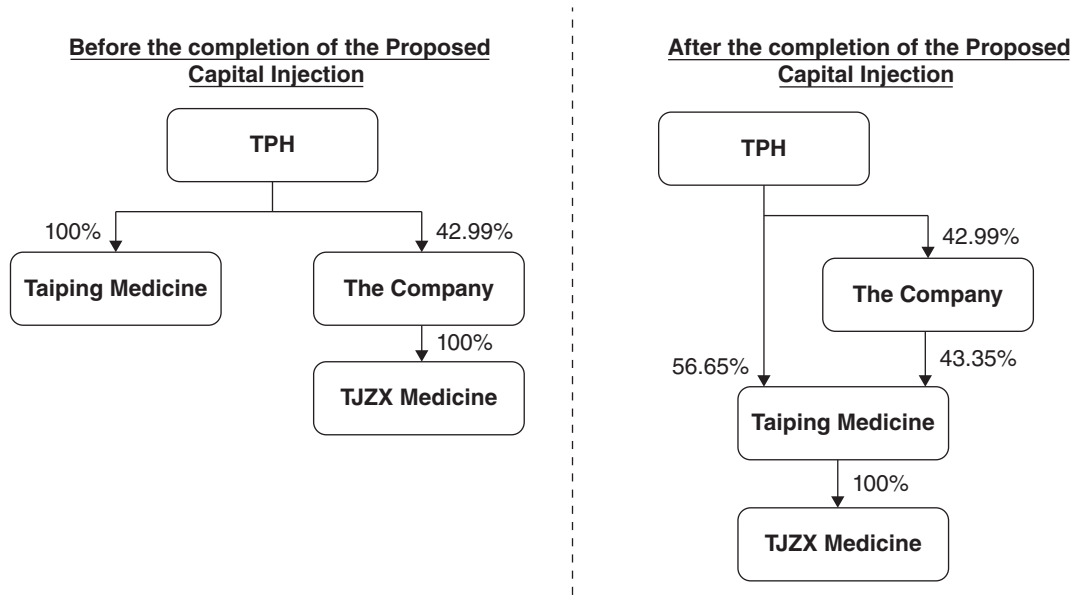
2.3 Basis of Equity Valuation

The Company will make a capital injection of RMB493,617,700 (or equivalent to approximately S\$90,628,209.72) into Taiping Medicine through the transfer of the TJZX Medicine Equity Interest from the Company to Taiping Medicine in consideration for the Consideration Equity Interest. The amount of the Company's capital injection into Taiping Medicine, as well as the shareholding percentages of the Company and TPH in Taiping Medicine, along with their respective subscribed and paid-up capital contributions to the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection, shall be determined based on the respective shareholders' equity values of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date, which are derived from the appraised value of the net assets of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date.

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, TJZX Medicine will cease to be a subsidiary of the Company and will become a wholly-owned subsidiary of Taiping Medicine.

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An illustrative structure chart showing the shareholding relationship between the Company, TPH, Taiping Medicine and TJZX Medicine before and after the completion of the Proposed Capital Injection is set out below:



2.4 Principal terms of the Capital Injection Agreement

2.4.1 Basis of Consideration

The amount of the Company's capital injection into Taiping Medicine, as well as the shareholding percentages of the Company and TPH in Taiping Medicine, along with their respective subscribed and paid-up capital contributions to the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection, shall be determined based on the shareholders' equity values of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date, which are derived from the appraised value of the net assets of Taiping Medicine and TJZX Medicine as at the Appraisal Base Date.

2.4.2 Injection Amount

Pursuant to the Capital Injection Agreement, based on the basis of consideration determined in Section 2.4.1 of this Circular, the amount of the Company's capital injection into Taiping Medicine through the transfer of the TJZX Medicine Equity Interest is set at RMB493,617,700. Of the Injection Amount of RMB493,617,700, RMB118,554,075 shall be accounted for as the registered capital of Taiping Medicine, with the remaining RMB375,063,625 allocated to the capital reserves of Taiping Medicine.

Upon the completion of the Proposed Capital Injection, the registered capital of Taiping Medicine will increase from RMB881,445,925 to RMB1,000,000,000.

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2.4.3 Shareholding Ratio, Capital Contribution and Corporate Governance

(a) Shareholders' Equity Value of Taiping Medicine following the Proposed Capital Injection

Pursuant to the Capital Injection Agreement, based on the basis of consideration determined in Section 2.4.1 of this Circular, upon completion of the Proposed Capital Injection, the net asset value of Taiping Medicine will increase by RMB493,617,700 due to the capital injection from the Company. When combined with its net asset value of RMB645,132,600 as at the Appraisal Base Date, the aggregate net asset value of Taiping Medicine, and thus its shareholders' equity value, will increase to RMB1,138,750,300.

(b) Shareholding Ratio between the Company and TPH in Taiping Medicine

The shareholding ratios of the Company and TPH in Taiping Medicine upon completion of the Proposed Capital Injection shall be determined based on the Injection Amount and the shareholders' equity value of Taiping Medicine upon completion of the Proposed Capital Injection. Accordingly, the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively upon completion of the Proposed Capital Injection.

(c) Capital Contribution to Taiping Medicine's Registered Capital

Pursuant to the Capital Injection Agreement, the registered capital of Taiping Medicine will increase to RMB1,000,000,000 upon the completion of the Proposed Capital Injection. Based on the shareholding percentages of the Company and TPH in Taiping Medicine as agreed under the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the Company's subscribed and paid-up capital contribution to Taiping Medicine shall be RMB433,500,000, and TPH's subscribed and paid-up capital contribution to Taiping Medicine shall be RMB566,500,000.

(d) Change in Industrial and Commercial Registration of Taiping Medicine

The Company, TPH and Taiping Medicine shall complete the changes in the industrial and commercial registration of Taiping Medicine in relation to registered capital and shareholders based on the shareholding ratio and capital contributions as agreed upon under the Capital Injection Agreement.

(e) Preliminary Arrangements for Corporate Governance of Taiping Medicine

Pursuant to the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the newly established board of directors of Taiping Medicine shall consist of five (5) members, of which two (2) shall be appointed by the Company, two (2) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law; and the newly established board of supervisors of Taiping Medicine shall consist of three (3) members, of which one (1) shall be appointed by the Company, one (1) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law.

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The Company and TPH shall ensure that the above arrangements are explicitly recorded in the amended and restated Taiping Medicine's articles of association (the "**Taiping Medicine AOA**"). The amended and restated Taiping Medicine AOA shall also make clear provisions regarding other relevant corporate governance matters of Taiping Medicine. Taiping Medicine shall promptly complete the filing procedures for its amended and restated articles of association, as signed by the Company and TPH.

2.4.4 Conditions Precedent

The completion of the Proposed Capital Injection is subject to and conditional upon the satisfaction (or, where applicable, the waiver) of the following conditions precedent:

- (i) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by TPH in accordance with its articles of association;
- (ii) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by the Board of the Company and Shareholders of the Company at a general meeting;
- (iii) the Company having fulfilled the requisite disclosure obligations in connection with the Proposed Capital Injection in accordance with applicable laws of the PRC and Singapore;
- (iv) the Capital Injection Agreement being duly executed by all parties and having come into effect;
- (v) the entrusted loan²¹ provided by the Company to TJZX Medicine being fully settled;
- (vi) the equity interest to be transferred pursuant to the Proposed Capital Injection being free and clear of any defects in rights that affect or could potentially affect the equity transfer and the registration of the equity change;
- (vii) the Company and TPH having reached an agreement on the corporate governance of Taiping Medicine and having signed the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the equity transfer;
- (viii) no breach of the Capital Injection Agreement being committed by any party; and
- (ix) no significant event having occurred to any party that affects or could potentially affect the performance of the Capital Injection Agreement.

²¹ The proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to TJZX Medicine with a term of one (1) year was approved at the Company's 1st Board meeting for FY2024 held on 28 March 2024 and the Company's AGM for FY2023 held on 15 May 2024 respectively. Please refer to Appendix C to the announcement dated 29 March 2024 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the AGM for FY2023 held on 15 May 2024 for further details.

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2.4.5 Interim Period Arrangements

(a) Maintenance of Status Quo of the Equity Interest

During the interim period²², all parties shall conscientiously maintain the current status of the equity interest to be transferred pursuant to the Proposed Capital Injection. Without the prior written consent of the new shareholders of the subject equity interest upon completion of the Proposed Capital Injection, neither the Company nor TPH shall create any encumbrance on their respective equity interests in TJZX Medicine or Taiping Medicine (as the case may be), including but not limited to pledging the subject equity interest to any third parties and/or approving TJZX Medicine or Taiping Medicine (as the case may be) to provide guarantees to any third parties.

If, during the interim period, any third party takes legal action against the Company and/or TPH, resulting in a judicial seizure of the Company's equity interest in TJZX Medicine and/or TPH's equity interest in Taiping Medicine, as the case may be, the Company and TPH shall promptly coordinate to resolve such dispute and lift the judicial seizure measures on the equity interest in TJZX Medicine and/or Taiping Medicine (as the case may be) as soon as possible to ensure the smooth implementation of the Proposed Capital Injection.

If, during the interim period, the assets of Taiping Medicine and/or TJZX Medicine suffer damages and/or any other major event occurs that causes or could cause a significant change in their respective equity values, Taiping Medicine and TJZX Medicine shall immediately notify the other parties of such events and provide the relevant supporting documentation. The parties to the Capital Injection Agreement shall consult and agree on a solution and implement the same in accordance with the applicable laws.

(b) Profits and Losses during the Interim Period

During the interim period, the profits and losses of Taiping Medicine and TJZX Medicine, as confirmed by a special audit²³ conducted by a third-party audit institution (i.e., CAC Certified Public Accountants LLP (中审华会计事务所)) commissioned by the Company's management, shall be enjoyed or borne by the original shareholders of Taiping Medicine and TJZX Medicine prior to the completion of the Proposed Capital Injection.

For the profits confirmed by the audit during the interim period, the respective original shareholders of Taiping Medicine and TJZX Medicine shall be entitled to receive cash dividends, subject to the completion of requisite statutory procedures.

22 As defined under the Capital Injection Agreement, "interim period" refers to the period from 30 April 2024 to the date on which the transfer of the TJZX Medicine Equity Interest from the Company to Taiping Medicine pursuant to the Proposed Capital Injection is completed (excluding both the start and end dates of the interim period).

23 For the avoidance of doubt, since the asset appraisal for the Proposed Capital Injection is based on 30 April 2024 as the Appraisal Base Date, an audit report as at that date is a prerequisite for the asset appraisal. Accordingly, CAC Certified Public Accountants LLP (中审华会计事务所), a third-party audit institution, has been appointed by the Company's management to conduct audits on both Taiping Medicine and TJZX Medicine.

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For the losses confirmed by the audit during the interim period, the respective original shareholders of Taiping Medicine and TJZX Medicine shall make up the shortfall in cash and pay the same into the accounts designated by Taiping Medicine and TJZX Medicine respectively.

2.4.6 Subsisting Guarantee

Pursuant to the Capital Injection Agreement,

- (i) TPH shall assume a proportionate liability of 56.65% of the amount of the Company's Subsisting Guarantee (存量担保额) (i.e., RMB1,900 million) for TJZX Medicine, corresponding to TPH's shareholding in Taiping Medicine upon completion of the Proposed Capital Injection (i.e., the completion of the industrial and commercial registration in respect of the Proposed Capital Injection); and
- (ii) the Company shall assume a proportionate liability of 43.35% of the amount of the Company's Subsisting Guarantee (存量担保额) (i.e., RMB1,900 million) for TJZX Medicine, corresponding to the Company's shareholding in Taiping Medicine upon completion of the Proposed Capital Injection, and the Company has fulfilled the necessary approval procedures and disclosure obligations for the guarantee to be provided by the Company for TJZX Medicine.

2.4.7 Creditor's Rights and Debts and Employees

(a) Creditor's Rights and Debts of Taiping Medicine and TJZX Medicine

The Proposed Capital Injection does not alter the legal status of Taiping Medicine and TJZX Medicine as independent legal entities. Upon completion of the Proposed Capital Injection, the creditors' rights and debts of Taiping Medicine and TJZX Medicine shall continue to be enjoyed and borne by Taiping Medicine and TJZX Medicine respectively.

(b) Employees of Taiping Medicine and TJZX Medicine

Upon completion of the Proposed Capital Injection, Taiping Medicine and TJZX Medicine shall continue to exercise their respective rights and fulfill their respective obligations in accordance with the terms of the employment contracts and/or labor contracts they have signed with their respective employees.

2.4.8 Breach of Contract and Liability for Breach

(a) Breach of Contract

After the Capital Injection Agreement becomes effective, the occurrence of any of the following events shall be deemed a breach of contract by a party:

- (i) except as otherwise provided in the Capital Injection Agreement, any party that violates or fails to perform any provisions of the Capital Injection Agreement or other transaction documents (including breaches of representations and warranties under the Capital Injection Agreement or

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other transaction documents), or whose performance is in a manner inconsistent with the terms or conditions as provided in the Capital Injection Agreement;

- (ii) the conditions precedent to the completion of the Proposed Capital Injection as provided in the Capital Injection Agreement are not fully satisfied, and the Company does not provide a written waiver;
- (iii) any representation or warranty made by a party under the Capital Injection Agreement that is found to be false or contains material omissions;
- (iv) a party commits a material breach of the Capital Injection Agreement due to gross negligence, or engages, either alone or in collusion with a third party, in conduct that seriously harms the interests of the other parties; and
- (v) a party voluntarily or involuntarily enters into bankruptcy or liquidation proceedings.

(b) Liability for Breach

Pursuant to the Capital Injection Agreement, in the event of occurrence of any breach as set out in Section 2.4.8(a) of this Circular, the non-breaching party shall have the right to take one or more of the following actions to claim against the breaching party for corresponding liabilities for breach:

- (i) claim compensation for all losses caused by the breach (including all legal costs incurred by the non-breaching party in safeguarding its rights, such as litigation fees and attorney's fees);
- (ii) require the breaching party to pay liquidated damages amounting to five per cent. (5%) of the Company's investment amount; and/or
- (iii) in the event of any breach under items (ii), (iii), (iv) or (v) as set out in Section 2.4.8(a) of this Circular, the non-breaching party may terminate the Capital Injection Agreement.

2.4.9 Governing Law and Dispute Resolution

The Capital Injection Agreement is governed by, and shall be interpreted in accordance with, the laws of the PRC. Any disputes arising from the Capital Injection Agreement shall be resolved through amicable negotiation between the parties. If negotiations fail, either party has the right to initiate litigation in the People's Court with jurisdiction where the Company is located. Unless otherwise determined by a final judgment, the losing party shall bear all actual costs incurred by the parties in the litigation (including, but not limited to, court fees and reasonable attorney fees).

2.4.10 Formation and Effectiveness of the Capital Injection Agreement

The Capital Injection Agreement is formed upon signature/seal by the legal representatives of all parties and the affixation of their respective common seals. The Capital Injection Agreement shall take effect once it has been approved by the Company's

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Shareholders at a general meeting, including approval of the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement.

2.5 Rationale for, and Benefits of, the Proposed Capital Injection

As announced by the Company on 17 December 2021, the Company proposed to carry out the Asset Restructuring to enable the independent operation of its pharmaceutical commercial segment (or pharmaceutical circulation business segment) (医药商业板块) and pharmaceutical industrial segment (医药工业板块). However, the pharmaceutical commercial segment has been in a loss-making position, with a gross profit margin below the industry average, and a significant amount of accounts receivable, which has tied up substantial funds for the Group. In light of TPH's plans to restructure its pharmaceutical commercial segment, the Company has re-evaluated its strategic development plans. After careful consideration, the Company believes that divesting the pharmaceutical commercial segment is in the best interest of the Company and its Shareholders. This decision aligns with the Company's core business focus on the production and sale of Chinese proprietary medicines.

As at the Latest Practicable Date, the consolidation scope of the Group's financial statements includes both the pharmaceutical industrial segment and the pharmaceutical commercial segment. The Group's profits primarily originate from the pharmaceutical industrial segment, while the pharmaceutical commercial segment has been operating at a loss. The Proposed Capital Injection will lead to a change in the consolidation scope of the Group's financial statements, with the pharmaceutical commercial segment being excluded. 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 consolidation scope of the Group's financial statements will primarily reflect the data from the pharmaceutical industrial segment, which is expected to result in positive financial performance. For example, the Company's cash flow is likely to improve, the efficiency of accounts receivable turnover may increase, while the risk of bad debts associated with the pharmaceutical commercial segment is expected to be reduced. Following the completion of the Proposed Capital Injection, the Company's development strategy will become more streamlined, with a focus on its core pharmaceutical industrial segment. This will simplify operations and fully reflect the profitability of the Company's core business.

Furthermore, following the completion of the Proposed Capital Injection, Taiping Medicine's pharmaceutical commercial sector is expected to see increased industry concentration, aligning with broader industry development trends. Taiping Medicine's overall scale will expand, its product portfolio will diversify, and its business coverage will extend to new regions, achieving comprehensive reach across tiered hospitals and community healthcare centres in Tianjin. These changes will enhance Taiping Medicine's industry position, influence and competitiveness. Moreover, synergies between Taiping Medicine and TJZX Medicine in areas such as human resources, business development and procurement are anticipated. These synergies will lead to improved management efficiency, optimised resource allocation, reduced operational costs, and the promotion of high-quality development. Given that the Company will hold 43.35% in Taiping Medicine following the completion of the Proposed Capital Injection, it believes that divesting the pharmaceutical commercial segment is the most beneficial strategy for both the Company and its Shareholders.

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At the same time, as the Company will no longer hold a controlling interest in TJZX Medicine as determined in accordance with the laws of 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 following the completion of the Proposed Capital Injection.

2.6 Chapter 10 of the Listing Manual

2.6.1 Requirements of Chapter 10 of the Listing Manual

Chapter 10 of the Listing Manual governs the continuing listing obligations of issuers in respect of significant transactions, including acquisitions and disposals. Such transactions are classified as (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions, and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual. Where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), the transaction is classified as a “discloseable transaction” under Chapter 10 of the Listing Manual, and where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds twenty per cent. (20%) but is less than 100%, the transaction is classified as a “major transaction” under Chapter 10 of the Listing Manual.

2.6.2 Relative Figures under Rule 1006 of the Listing Manual

Based on the unaudited financial statements of the Group for the six-month financial period ended 30 June 2024 (being the latest announced consolidated financial statements of the Group), the relative figures in respect of the Proposed Capital Injection computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Bases of Computation	Relative Figures (%)
Rule 1006(a)	The net asset ⁽¹⁾ 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	7.24% ⁽²⁾
Rule 1006(b)	The net profits/(loss) ⁽³⁾ attributable to the assets acquired or disposed of, compared with the group’s net profits	(3.70)% ⁽⁴⁾
Rule 1006(c)	The aggregate value of the consideration ⁽⁵⁾ given or received, compared with the issuer’s market capitalisation ⁽⁶⁾ based on the total number of issued shares excluding treasury shares	2.70% ⁽⁷⁾
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 ⁽⁸⁾

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Rule	Bases of Computation	Relative Figures (%)
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 ⁽⁹⁾

Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, "net assets" means total assets less total liabilities. Under Rule 1002(3)(c) of the Listing Manual, the net asset figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The SGX-ST may allow the issuer's net asset value 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.
- (2) Based on the net asset value of the TJZX Medicine Equity Interest of approximately RMB457,007,400 as at 30 June 2024, compared with the Group's unaudited net asset value of approximately RMB6,316,214,000 as at 30 June 2024.
- (3) 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 profit figures used for comparison with the transaction(s) under consideration will be taken from the latest announced consolidated accounts. The SGX-ST may allow the issuer's 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.
- (4) Based on the net loss attributable to the TJZX Medicine Equity Interest of approximately RMB27,652,800 for the period ended 30 June 2024, compared with the Group's unaudited net profits of approximately RMB747,649,000 for the period ended 30 June 2024. Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 June 2024, the amount of gain on the transfer of the TJZX Medicine Equity Interest is approximately RMB132,196,400, and the relative figure compared to the Group's unaudited net profits of approximately RMB747,649,000 for the period ended 30 June 2024 is approximately 17.68%.
- (5) Under Rule 1003(3) of the Listing Manual, where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher.
- (6) 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.
- (7) Based on the value of the consideration received pursuant to the Proposed Capital Injection amounts to approximately RMB493,648,255 (being the appraised net asset value represented by the Consideration Equity Interest), compared with the market capitalisation of the Company of approximately RMB18,282,395,052 (determined by multiplying the 570,158,276 A-Shares by the volume-weighted average price of the A-Shares of RMB27.00 and 200,000,000 S-Shares by the volume-weighted average price of the S-Shares of USD2.03 (exchange rate: USD1:RMB7.1136) as at 10 September 2024 (being the last market day on which the Shares were traded prior to the signing of the Capital Injection Agreement).
- (8) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Capital Injection.
- (9) This basis is not applicable as the Company is not a mineral, oil and gas company.

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As the relative figure computed based on Rule 1006(a) of the Listing Manual exceeds five per cent. (5%) but does not exceed twenty per cent. (20%), the Proposed Capital Injection constitutes a “discloseable transaction” pursuant to Rule 1010 of the Listing Manual which does not require the approval of the Shareholders at a general meeting. Notwithstanding the foregoing, the Proposed Capital Injection is subject to the approval of Independent Shareholders as it is an interested person transaction pursuant to Chapter 9 of the Listing Manual. Please refer to Section 5 of this Circular for further information.

2.6.3 *Pro Forma* Financial Effects of the Proposed Capital Injection

The *pro forma* financial effects of the Proposed Capital Injection on the Group as set out below are only presented for illustrative purposes and should not be taken as an indication of the actual and/or future financial performance or position of the Company or the Group following the completion of the Proposed Capital Injection.

Based on the Group’s latest audited consolidated financial statements for FY2023, the *pro forma* financial effects of the Proposed Capital Injection are as follows:

(a) Effect on NTA per Share

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 31 December 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on the NTA per Share of the Company as at 31 December 2023:

	Before the Proposed Capital Injection	After the Proposed Capital Injection
NTA ⁽¹⁾ (RMB)	6,261,576,000	6,347,714,000
Number of the issued Shares (excluding treasury shares)	770,158,276	770,158,276
NTA per share (RMB)	8.1	8.2

Note:

- (1) NTA is computed based on total assets (net of intangible assets, including goodwill) less total liabilities.

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(b) Effect on EPS

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 1 January 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on the EPS of the Group for FY2023:

	Before the Proposed Capital Injection	After the Proposed Capital Injection
Net profit ⁽¹⁾ (RMB)	968,705,540	978,555,540
Weighted average number of Shares	771,753,979.9	771,753,979.9
EPS (RMB)	1.26	1.27

Note:

- (1) Net profit means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

2.6.4 Excess of Proceeds over Book Value and Amount of Gain on the Proposed Capital Injection

The value of the consideration received pursuant to the Proposed Capital Injection of approximately RMB493,648,255 (being the appraised net asset value represented by the Consideration Equity Interest) represents an excess of:

- (a) approximately RMB8,278,955 over the book value of the TJZX Medicine Equity Interest (being RMB485,369,300), based on the audited consolidated financial statements of the Group for FY2023, and
- (b) approximately RMB24,849,655 over the book value of the TJZX Medicine Equity Interest (being RMB468,798,600), based on the audited consolidated financial statements of TJZX Medicine and its subsidiaries for the financial period from 1 January to 30 April 2024.

For the avoidance of doubt, the Company will not receive any cash proceeds from the transfer of the TJZX Medicine Equity Interest. Instead, the Company will get the Consideration Equity Interest in exchange for the transfer the TJZX Medicine Equity Interest.

Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 June 2024, the amount of gain on the transfer of the TJZX Medicine Equity Interest is approximately RMB132,196,400.

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2.6.5 Directors' and Controlling Shareholders' Interests in the Proposed Capital Injection

As at the Latest Practicable Date,

- (a) Mr. Guo Min is a director of both TPH and Taiping Medicine, Ms. Zhang Mingrui is a director and the legal representative of TPH, and Ms. Mao Weiwen is a key management personnel in TPH; and
- (b) TPH is the Controlling Shareholder of the Company, holding 42.99% of the issued share capital of the Company.

Save as disclosed above and in Sections 1.1, 3.1, 5.2 and 7 of this Circular, as at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or Controlling Shareholders have any interest, direct or indirect, in the Proposed Capital Injection other than through their respective shareholdings in the Company (if any) as set out in Section 6 of this Circular.

2.6.6 No Service Contract

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Capital Injection. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

3. THE PROPOSED JOINT VENTURE

3.1 Background

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the establishment of the Proposed Joint Venture.

As stated in Section 1.1 of this Circular, as at the Latest Practicable Date, TPH is the Controlling Shareholder of the Company, holding 42.99% of the issued share capital of the Company, and accordingly, TPH is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. Therefore, the Proposed Joint Venture constitutes an interested person transaction under Chapter 9 of the Listing Manual. Since the value of the Proposed Joint Venture exceeds five per cent. (5%) of the Group's latest audited NTA, the Proposed Joint Venture is subject to the approval of the Independent Shareholders under Rule 906(1) of the Listing Manual.

3.2 Corporate Governance of Taiping Medicine

As stated in Section 2.4.4 of this Circular, under the Capital Injection Agreement, one of the conditions precedents to the completion of the Proposed Capital Injection is that the Company and TPH shall reach an agreement on the corporate governance of Taiping Medicine and shall sign the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the equity transfer (i.e., the transfer of the TJZX Medicine Equity Interest from the Company to Taiping Medicine).

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Accordingly, following the completion of the Proposed Capital Injection, the affairs, management and governance of Taiping Medicine shall be regulated in accordance with the applicable laws of the PRC (including the PRC Company Law) and the Taiping Medicine AOA, as amended, modified and/or supplemented from time to time.

(a) Shareholders' Rights and Obligations

Pursuant to Article 4 of the PRC Company Law and Article 3 of the existing Taiping Medicine AOA, the Company and TPH as the shareholders of Taiping Medicine, being a limited liability company (有限责任公司), shall be liable to Taiping Medicine to the extent of their respective subscribed capital contributions.

Under Article 12 of the existing Taiping Medicine AOA, shareholders of Taiping Medicine shall have the following rights:

- (i) have their name, address, capital contribution amount and the certificate number of their respective capital contributions recorded in the company's register of shareholders;
- (ii) appoint and replace directors;
- (iii) access and copy articles of association, board resolutions, and financial and accounting reports;
- (iv) receive dividends in proportion to their capital contributions;
- (v) have a pre-emption right to subscribe for additional capital when the company increases its registered capital;
- (vi) after a shareholder legally transfers its equity interest, the company shall record the name, address and transferred equity interest of the transferee in the company's register of shareholders;
- (vii) receive any remaining assets after the repayment of the company's debts in accordance with the law upon the company's dissolution; and
- (viii) any other rights as provided by applicable laws, administrative regulations and the company's articles of association.

Under Article 13 of the existing Taiping Medicine AOA, shareholders of Taiping Medicine shall have the following obligations:

- (i) pay the capital contribution as subscribed;
- (ii) once the company has completed its industrial and commercial registration, shareholders shall not withdraw their investment;
- (iii) comply with the provisions of the company's articles of association; and
- (iv) fulfil other obligations as stipulated by applicable laws, administrative regulations, and the company's articles of association.

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Further, under Article 15 of the existing Taiping Medicine AOA, TPH, as the sole shareholder of Taiping Medicine, shall exercise the following functions and powers:

- (i) determine the business policies and investment plans;
- (ii) elect and replace directors and supervisors who are not employee representatives, and determine matters relating to their remuneration;
- (iii) review and approve the reports of the board of directors;
- (iv) review and approve the reports of the board of supervisors;
- (v) review and approve the company's annual financial budget and financial accounts;
- (vi) review and approve the company's profit distribution plan and loss recovery plan;
- (vii) pass resolutions on the increase or reduction of the company's registered capital;
- (viii) pass resolutions on the issuance of corporate bonds;
- (ix) pass resolutions on matters concerning the company's merger, division, dissolution and liquidation;
- (x) pass resolutions on transfer of equity interest;
- (xi) amend the company's articles of association; and
- (xii) other important matters.

For the avoidance of doubt, Article 15 of the existing Taiping Medicine AOA will be amended to provide that the shareholders of Taiping Medicine following the completion of the Proposed Capital Injection (i.e., the Company and TPH) shall exercise the functions and powers as set out above.

(b) Shareholders Meetings and Resolutions

Pursuant to Article 65 of the PRC Company Law, at the general meeting of shareholders, voting rights are exercised by shareholders in proportion to their capital contributions, unless otherwise provided in the company's articles of association. For the avoidance of doubt, the existing Taiping Medicine AOA does not provide otherwise. Following the completion of the Proposed Capital Injection, the Company and TPH, as the shareholders of Taiping Medicine, shall exercise their respective voting rights at Taiping Medicine's general meeting of shareholders in proportion to their capital contributions.

In addition, pursuant to Article 66 of the PRC Company Law:

- (i) The procedures for the general meeting of shareholders and voting methods, except where otherwise provided by the PRC Company Law, shall be determined by the company's articles of association.

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- (i) Resolutions of the general meeting of shareholders shall be passed by shareholders representing more than half (1/2) of the voting rights held by the shareholders attending at the general meeting of shareholders.
- (ii) Where any resolutions are proposed to amend the company's articles of association, increase or reduce the registered capital, as well as resolutions on the merger, division, dissolution or change in the company's form, shall be passed by shareholders representing more than two-thirds (2/3) of the voting rights held by the shareholders attending the general meeting of shareholders.

(c) Board of Directors and Board of Supervisors

As stated in Section 2.4.3(e) of this Circular, under the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the newly established board of directors of Taiping Medicine shall consist of five (5) members, of which two (2) shall be appointed by the Company, two (2) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law; and the newly established board of supervisors of Taiping Medicine shall consist of three (3) members, of which one (1) shall be appointed by the Company, one (1) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law. The Company and TPH shall ensure that the aforesaid arrangements are explicitly recorded in the amended and restated Taiping Medicine AOA. For the avoidance of doubt, the Company has the sole discretion to appoint the directors and supervisors it is entitled to appoint to the board of directors or the board of supervisors (as the case may be) of Taiping Medicine, and such appointments are not subject to a vote by TPH and the Company in proportion to their respective capital contributions.

Under Article 18 of the existing Taiping Medicine AOA, the board of directors is accountable to the general meeting of shareholders and exercises the following functions and powers:

- (i) report on its work to the general meetings of shareholders;
- (ii) implement the resolutions of the general meeting of shareholders;
- (iii) decide on the company's strategic planning, business plans and investment schemes;
- (iv) formulate the company's annual financial budget and final accounts;
- (v) formulate the company's profit distribution plan and loss recovery plan;
- (vi) formulate the plan for the increase or reduction of the company's registered capital, as well as the plan for the issuance of corporate bonds;
- (vii) formulate the plan for the company's merger, division, dissolution, or change in corporate form;

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- (viii) decide on the establishment of the company's internal management structure;
- (ix) appoint general manager, deputy general manager, and chief financial officer who are nominated by the board of directors of the group, in accordance with the prescribed procedures;
- (x) other rights granted by shareholders; and
- (xi) before making decisions on major issues, the board of directors must first consult and discuss with the Party Committee of the company and fully consider its opinions.

Under Article 32 of the existing Taiping Medicine AOA, the board of supervisors exercises the following functions and powers:

- (i) examine the company's financial affairs;
- (ii) supervise the actions of the directors and senior management personnel in performing their duties on behalf of the company, and propose the removal of any director or senior management personnel who violates law, administrative regulations, the articles of association or the resolutions of the shareholders;
- (iii) request directors and senior management personnel to rectify their acts that are detrimental to the interests of the company;
- (iv) submit proposals to the shareholders; and
- (v) other rights granted by shareholders.

(d) Meetings of Board of Directors

Pursuant to Article 73 of the PRC Company Law:

- (i) The procedures for discussions and voting methods of the board of directors, except where otherwise provided by the PRC Company Law, shall be determined by the company's articles of association.
- (ii) Meetings of board of directors shall only be convened if more than half (1/2) of the directors are present, and all resolutions of the board of directors shall be passed by a simple majority of all directors.
- (iii) Voting on resolutions of the board of directors shall follow the principle of one person, one vote.

Under Article 24 of the existing Taiping Medicine AOA, a board of directors meeting shall be valid only if more than two-thirds (2/3) of the directors are present. A director who is unable to attend the meeting for any reason may authorise another person in writing to attend and vote on his/her behalf. All resolutions proposed at the meeting of the board of directors must be passed by a simple majority of all directors. A director who does not attend the meeting in person or by proxy without a justified reason shall be deemed to have attended the meeting and voted in favour of the resolutions.

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The requirement under Article 24 of the existing Taiping Medicine AOA which provides that a board of directors meeting is valid only if more than two-thirds (2/3) of the directors are present, does not conflict with the PRC Company Law but rather establishes a higher standard. This provision better protects the Company's rights as a minority shareholder of Taiping Medicine following the completion of the Proposed Capital Injection. Given that the newly established board of directors of Taiping Medicine shall consist of five (5) members upon completion of the Proposed Capital Injection, the quorum for the board meeting of Taiping Medicine will be four (4).

(e) Meetings of Board of Supervisors

Pursuant to Article 81 of the PRC Company Law:

- (i) The procedures for discussions and voting methods of the board of supervisors, except where otherwise provided by the PRC Company Law, shall be determined by the company's articles of association.
- (ii) All resolutions of the board of supervisors shall be passed by a simple majority of all supervisors.
- (iii) Voting on resolutions of the board of supervisors shall follow the principle of one person, one vote.

(f) Legal Representative

Pursuant to Article 10 of the PRC Company Law, the legal representative of a company shall be a director or manager who represents the company in conducting its affairs, in accordance with the provisions of the company's articles of association. If the director or manager serving as the legal representative resigns, he/she shall simultaneously be deemed to have resigned as the legal representative. In the event of the legal representative's resignation, the company shall appoint a new legal representative within thirty (30) days from the date of resignation.

(g) Investment or Provision of Guarantee

Pursuant to Article 15 of the PRC Company Law:

- (i) When a company invests in other enterprises or provides guarantees for others, such actions shall be approved by a resolution of the board of directors or the general meeting of shareholders, in accordance with the provisions of the company's articles of association. If the articles of association set limits on the total amount of investments or guarantees, or the amount of any single investment or guarantee, such limits shall not be exceeded.
- (ii) When the company provides a guarantee for its shareholders or actual controllers (as determined in accordance with the laws of the PRC), the resolution shall be passed by the general meeting of shareholders.

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- (iii) The shareholders referred to in the preceding paragraph, or shareholders controlled by the actual controllers mentioned in the preceding paragraph, shall not participate in voting on such matters. The resolution must be approved by more than half (1/2) of the voting rights held by other shareholders attending the meeting.

Shareholders should note that, as at the Latest Practicable Date, the Company and TPH have not yet signed the amended and restated Taiping Medicine AOA. The amended and restated Taiping Medicine AOA will include customary provisions, which will incorporate the provisions as set out above (with or without modifications), pursuant to the Capital Injection Agreement and the applicable laws of the PRC (including the PRC Company Law).

3.3 Rationale for, and Benefits of, the Proposed Joint Venture

The establishment of the Proposed Joint Venture will be a direct result of the Proposed Capital Injection. Please refer to the rationale for, and benefits of, the Proposed Capital Injection as set out in Section 2.5 of this Circular.

4. THE PROPOSED PROVISION OF GUARANTEE

4.1 Background

As at the Latest Practicable Date, TJZX Medicine is a wholly-owned subsidiary of the Company. In order to ensure that TJZX Medicine meets its funding needs for its daily operations and to facilitate the orderly continuation and replacement (接续置换) of its subsisting entrusted loans following the Asset Restructuring, the Company proposed to provide a joint and several liability guarantee (连带责任保证担保) for an amount of up to RMB1,900 million (i.e., the Subsisting Guarantee) for TJZX Medicine, which was approved at the Company's 1st Board meeting for FY2024 held on 28 March 2024 and the Company's AGM for FY2023 held on 15 May 2024 respectively. The term of the Subsisting Guarantee is one (1) year until 13 May 2026 (i.e., the Expiration Date)²⁴. Please refer to Appendix B to the announcement dated 29 March 2024 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the AGM for FY2023 held on 15 May 2024 for further information on the Subsisting Guarantee.

As stated in Section 2.4.6 of this Circular, pursuant to the Capital Injection Agreement, the Company shall assume proportionate liability equal to 43.35% of the Subsisting Guarantee (i.e., RMB1,900 million) for TJZX Medicine, corresponding to the Company's shareholding in Taiping Medicine upon completion of the Proposed Capital Injection (the **"Proposed Provision of Guarantee"**), and the Company has fulfilled the necessary approval procedures and disclosure obligations for the guarantee provided by the Company for TJZX Medicine.

Given that, upon completion of the Proposed Capital Injection, the Company will hold 43.35% equity interest in Taiping Medicine, which will in turn hold 100% equity interest in TJZX Medicine, resulting in TJZX Medicine changing from a wholly-owned subsidiary of

24 For the avoidance of doubt, the guarantees provided by the Company under the Subsisting Guarantee may involve multiple guarantees with different banks, each having different start dates. For example, if a guarantee starts on 1 June 2024, it will expire on 30 May 2025. As long as the start date of the guarantee falls between 15 May 2024 and 14 May 2025, the guarantee will be valid.

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the Company to a related party of the Company, the Subsisting Guarantee will be classified as a related-party guarantee under the SSE Listing Rules. In accordance with the SSE Listing Rules, if a transaction or related party transaction results in the guaranteed party becoming a related party of a listed company, the listed company must, when carrying out such transaction or related party transaction, fulfil the corresponding approval procedures and information disclosure obligations regarding the subsisting guarantee. As such, the Company is required to fulfil the corresponding approval procedures and information disclosure obligations for the Subsisting Guarantee (including the Proposed Provision of Guarantee). Further, in accordance with the SSE Listing Rules, if the Subsisting Guarantee (including the Proposed Provision of Guarantee) is not approved by the shareholders of the Company at the 2024 EGM, the parties involved in the transaction shall take such effective measures, including the early termination of the Subsisting Guarantee.

In addition, TJZX Medicine will be regarded as an associate of TPH following the completion of the Proposed Capital Injection. Therefore, TJZX Medicine is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, the Proposed Provision of Guarantee constitutes an interested person transaction under Chapter 9 of the Listing Manual. Since the value of the Proposed Provision of Guarantee exceeds five per cent. (5%) of the Group's latest audited NTA, the Proposed Provision of Guarantee is subject to the approval of the Independent Shareholders under Rule 906(1) of the Listing Manual.

Subject to the approval of the Independent Shareholders being obtained at the 2024 EGM, upon completion of the Proposed Capital Injection (i.e., the completion of the industrial and commercial registration in respect of the Proposed Capital Injection), the shareholders of Taiping Medicine (i.e., the Company and TPH) shall provide proportionate guarantees for TJZX Medicine, corresponding to their respective shareholdings in Taiping Medicine. That is, based on the amount of the Subsisting Guarantee of up to RMB1,900 million, the Company shall provide a proportionate joint and several liability guarantee for an amount of up to RMB823,650,000 for TJZX Medicine, corresponding to its 43.35% shareholding in Taiping Medicine, and TPH shall provide a proportionate joint and several liability guarantee for an amount of up to RMB1,076,350,000 for TJZX Medicine, corresponding to its 56.65% shareholding in Taiping Medicine. The term of guarantee shall last from the completion of the industrial and commercial registration in respect of the Proposed Capital Injection to the Expiration Date.

4.2 Principal Terms of the Guarantee

- | | | |
|------------------------|---|--|
| 1. Type of Guarantee | : | Joint and several liability guarantee (连带责任保证担保) |
| 2. Term of Guarantee | : | From the completion of the Proposed Capital Injection (i.e., the completion of the industrial and commercial registration in respect of the Proposed Capital Injection) to the Expiration Date |
| 3. Amount of Guarantee | : | The Company: up to RMB823,650,000
TPH: up to RMB1,076,350,000 |

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4. Form of Guarantee : The shareholders of TJZX Medicine's parent company (i.e., Taiping Medicine) following the completion of the Proposed Capital Injection shall provide proportionate guarantees for TJZX Medicine, corresponding to their respective shareholdings in Taiping Medicine

That is, based on the amount of the Subsisting Guarantee of up to RMB1,900 million, the Company shall provide a proportionate joint and several liability guarantee for TJZX Medicine, corresponding to its 43.35% shareholding in Taiping Medicine, and TPH shall provide a proportionate joint and several liability guarantee for TJZX Medicine, corresponding to its 56.65% shareholding in Taiping Medicine

4.3 Rationale for, and Benefits of, the Proposed Provision of Guarantee

The Proposed Provision of Guarantee is primarily intended to continue the arrangement in relation to the Subsisting Guarantee, which is for the purposes of meeting the funding needs of TJZX Medicine for its daily operations and to facilitate the orderly continuation and replacement (接续置换) of its subsisting entrusted loans (委托贷款) following the Asset Restructuring. TJZX Medicine is principally engaged in the sales of pharmaceutical products, logistics and distribution, as well as the provision of pharmaceutical supply chain solutions. It maintains stable long-term relationships with nearly 10,000 domestic and international pharmaceutical manufacturers. As at the Latest Practicable Date, TJZX Medicine operates through fourteen (14) branch offices and three (3) subsidiaries under a regional management structure. Its sales network covers medical institutions, private hospitals, clinics and retail pharmacies at all levels across the sixteen (16) districts of Tianjin. It holds significant channel and network advantages in the Tianjin region. As at the Latest Practicable Date, TJZX Medicine remains solvent and is able to pay its debts.

4.4 Total Amount of External Guarantees and Amount of Overdue Guarantees

As at the Latest Practicable Date, the total amount of the external guarantees provided by the Company and its controlled subsidiaries (as defined in accordance with the laws of the PRC) amounts to RMB614,288,400, all of which are guarantees provided by the Company for TJZX Medicine under the Subsisting Guarantee, representing approximately 9.31% of the latest audited net assets of the Company attributable to its parent company of approximately RMB6,600,690,500 for FY2023. The guaranteed amount of up to RMB823,650,000 pursuant to the Proposed Provision of Guarantee accounts for approximately 12.48% of the latest audited net assets of the Company attributable to its parent company of approximately RMB6,600,690,500 for FY2023. As at the Latest Practicable Date, the Company has no overdue external guarantees.

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5. INTERESTED PERSON TRANSACTIONS

5.1 Requirements of Chapter 9 of the Listing Manual

Pursuant to Rule 906 of the Listing Manual, shareholders' approval (in addition to an immediate announcement) is required where:

- (a) the value of such transaction is equal to or exceeds five per cent. (5%) of the Group's latest audited NTA; or
- (b) the value of such transaction with interested persons when aggregated with the values of other transactions previously entered into with the same interested person during the same financial year, equals to or exceeds five per cent. (5%) of the Group's latest audited NTA, such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Rule 918 of the Listing Manual provides that if a transaction requires shareholders' approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Interested person transactions below \$100,000 each are to be excluded. However, pursuant to Rule 906(4) of the Listing Manual, while transactions below \$100,000 are not normally aggregated under Rule 906(2) of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Listing Manual.

Pursuant to Rule 909 of the Listing Manual, the value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:

- (a) In the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction;
- (b) In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk;
- (c) In the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan; and
- (d) In the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

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5.2 Details of the Interested Persons

As mentioned in Section 1.1 of this Circular, as at the Latest Practicable Date, TPH is the Controlling Shareholder of the Company, and Taiping Medicine is a wholly-owned subsidiary of TPH. Accordingly, Taiping Medicine is regarded as an associate of TPH. Following the completion of the Proposed Capital Injection, TJZX Medicine will become a wholly-owned subsidiary of Taiping Medicine which will, in turn, be jointly held by TPH and the Company with 56.65% and 43.35% equity interests respectively. As a result, TJZX Medicine will be regarded as an associate of TPH. Therefore, each of TPH, Taiping Medicine and TJZX Medicine is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

5.3 Shareholders' Approval for the Proposed IPTs

The Proposed IPTs are inter-related since the Proposed Capital Injection will result in the establishment of the Proposed Joint Venture and correspondingly, the Proposed Provision of Guarantee:

- (a) as such, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee constitutes an interested person transaction under Chapter 9 of the Listing Manual; and
- (b) the amount at risk to the Company in respect of each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is approximately RMB1,317,298,255 (or equivalent to approximately S\$241,855,959.62), which is the aggregate of:
 - (i) RMB493,648,255 (being the appraised net asset value represented by the Consideration Equity Interest), representing approximately 7.56% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023; and
 - (ii) RMB823,650,000 (being the guarantee amount to be provided by the Company for TJZX Medicine pursuant to the Proposed Provision of Guarantee), representing approximately 12.62% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023,

which represents approximately 20.18% of the latest audited NTA of the Group of RMB6,528,642,000 as at 31 December 2023, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is an interested person transaction which exceeds the five per cent. (5%) of the Group's latest audited NTA.

Consequently, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is subject to the approval of Independent Shareholders pursuant to Rule 906(1) of the Listing Manual.

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5.4 Current and On-going Interested Person Transactions

(a) Other Interested Person Transactions with Taiping Medicine

Save for the Proposed Capital Injection, there are no other interested person transactions (excluding transactions less than S\$100,000) entered into by the Company with Taiping Medicine for the current financial year beginning 1 January 2024 up to the Latest Practicable Date.

(b) Other Interested Person Transactions with TJZX Medicine

Save for the Proposed Provision of Guarantee, there are no other interested person transactions (excluding transactions less than S\$100,000) that are proposed to be entered into by the Company with TJZX Medicine for the current financial year beginning 1 January 2024 up to the Latest Practicable Date.

(c) Other Interested Person Transactions with TPH and/or its Associates

Further, save for transaction(s) which has been approved by Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, there are no other interested person transactions (excluding transactions less than S\$100,000, the Company's proposed capital contribution of RMB150 million to TPGF on a pro rata basis²⁵, and the Proposed IPTs in respect of which the approval of the Independent Shareholders is being sought at the 2024 EGM) 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 for the current financial year beginning 1 January 2024 up to the Latest Practicable Date.

(d) All Interested Person Transactions for the Current Financial Year

The Company has an existing general mandate for recurrent transactions of a revenue trading nature or those necessary for its day-to-day operations with specified classes of interested persons which was last renewed and approved at the Company's AGM held on 15 May 2024 (the "IPT General Mandate"). For the current financial year beginning 1 January 2024 up to the Latest Practicable Date, there are no interested person transactions (excluding transactions less than S\$100,000) entered into with TPH and/or its associates that are conducted under the IPT General Mandate obtained by the Company pursuant to Listing Rule 920.

²⁵ As announced by the Company on 6 September 2024, the current registered capital of TPGF is RMB500 million, which is below the minimum registered capital requirement of RMB1 billion set by the national financial regulatory authorities for the financial industry. Therefore, to comply with the said financial regulatory requirements and ensure the continued operation of TPGF, all shareholders of TPGF have unanimously agreed to increase the registered capital of TPGF by RMB500 million by contributing additional capital in proportion to their respective existing shareholdings in TPGF. Based on the Company's shareholding percentage in TPGF as at the date of the announcement (i.e., 6 September 2024), the Company shall make an additional capital contribution of RMB150 million, which represents approximately 2.30% of the Group's latest audited NTA of RMB6,528,642,000 as at 31 December 2023. Please refer to the Company's announcement dated 6 September 2024 for further details on the foregoing.

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Accordingly, the current total value of all interested person transactions (excluding interested person transactions less than S\$100,000 and the Proposed IPTs in respect of which the approval of the Independent Shareholders is being sought at the 2024 EGM) 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 for the current financial year beginning 1 January 2024 up to the Latest Practicable Date is approximately RMB155,030,000 (namely, (i) RMB5,030,000, being the amount of the transactions made pursuant to the financial services agreement entered into between the Company and TPGF which had been approved by Shareholders at the AGM of the Company held on 15 May 2023, and (ii) RMB150 million, being the Company’s proposed capital contribution to TPGF on a pro rata basis which has been announced on 6 September 2024²⁶), representing approximately 2.37% of the Group’s latest audited NTA of RMB6,528,642,000 as at 31 December 2023.

5.5 All Related Party Transactions over the Past Twelve (12) Months

In accordance with the PRC Laws including the SSE Listing Rules, save for:

- (i) the transactions entered into by the Company with TPH, its subsidiaries and/or associated companies relating to the acceptance of labour services, provision of labour services, lease of properties, lease of housing equipment and purchase of assets with an aggregate value of approximately RMB18,863,800, representing approximately 0.28% of the Company’s latest audited net assets attributable to its parent company;
- (ii) the acquisition of 15% equity interest in TPGF by the Company through a public bidding (公开摘牌) process for a consideration of RMB87,823,860²⁷, representing approximately 1.33% of the Company’s latest audited net assets attributable to its parent company;
- (iii) the entry into the two (2) Construction Contracts for Tianjin Small Construction Project (天津市小型建设工程施工合同) between the Company and Tianjin Pharmaceutical Design Institute Co., Ltd. (天津市医药设计院有限公司) of an aggregate contract value of approximately RMB6,764,311²⁸, representing approximately 0.10% of the Company’s latest audited net assets attributable to its parent company;

26 The approval of the Independent Shareholders is not being sought for this interested person transaction as its individual value (excluding the Proposed IPTs in respect of which the approval of the Independent Shareholders is being sought at the 2024 EGM) was not equal to, or more than 5% of the Group’s latest audited NTA. For the avoidance of doubt, this interested person transaction will continue to be the subject of aggregation for the purposes of Chapter 9 of the Listing Manual.

27 Please refer to the announcements made by the Company on 11 September 2023, 10 October 2023 and 5 August 2024 for further information on the acquisition of 15% equity interest in TPGF by the Company.

28 Please refer to the announcement made by the Company on 19 December 2023 for further information on the entry into the two (2) Construction Contracts for Tianjin Small Construction Project (天津市小型建设工程施工合同).

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- (iv) the entry into the Enterprise Support Service Agreement (企业支持服务协议) between the Company and Tianjin Pharmaceutical Group Marketing Co., Ltd. (天津医药集团营销有限公司) of a contract value of not more than RMB6,700,000²⁹, representing approximately 0.10% of the Company's latest audited net assets attributable to its parent company; and
- (v) the Company's proposed capital contribution of RMB150 million to TPGF on a pro rata basis³⁰, representing approximately 2.27% of the Company's latest audited net assets attributable to its parent company,

there are no other related party transactions (excluding transaction(s) which has been approved by Shareholders) over the past twelve (12) months immediately preceding the Latest Practical Date.

5.6 IFA's Opinion and Advice

Pursuant to Rule 921(4)(a) of the Listing Manual, RHB Bank Berhad has been appointed as the IFA to opine on whether each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee, as an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. A copy of the IFA Letter is set out in **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully and in its entirety.

The following is an extract from paragraphs 7.1, 7.2 and 7.3 of the IFA Letter and should be read in conjunction with, and interpreted in, the full context of the IFA Letter. All terms and expression used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated. **Shareholders are advised to read and consider carefully the key considerations relied upon by the IFA, in arriving at its opinion.**

29 Please refer to the announcement made by the Company on 19 December 2023 for further information on the entry into the Enterprise Support Service Agreement (企业支持服务协议).

30 Please refer to the announcement made by the Company on 6 September 2024 for further information on the Company's proposed capital contribution to TPGF.

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“7.1 OUR OPINION ON THE PROPOSED CAPITAL INJECTION

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Capital Injection:–

- (a) the Consideration Equity Interest as implied by the Market Value appraised by the Independent Valuer represents a premium of approximately RMB57.5 million or 13.18% over the book value of TJZX Medicine Equity Interest as at 30 April 2024;*
- (b) the EV/EBITDA ratio of TJZX Medicine of 65.7 times as implied by the Consideration Equity Interest is above the range of the EV/EBITDA ratios of the Selected Comparable Companies;*
- (c) the P/NTA ratio of TJZX Medicine of 1.1 times as implied by the Consideration Equity Interest is within the range of the P/NTA ratios of the Selected Comparable Companies;*
- (d) the pro forma financial effects of the Proposed Capital Injection;*
- (e) the respective historical financial performance of Taiping Medicine and TJZX Medicine;*
- (f) rationale for and benefits of the Proposed Capital Injection; and*
- (g) other considerations stated in paragraph 4.7 of this Letter.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Capital Injection is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

7.2 OUR OPINION ON THE PROPOSED JOINT VENTURE

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Joint Venture:–

- (a) the completion of Proposed Capital Injection will result in the Company and TPH entering into the Proposed Joint Venture;*
- (b) rationale for and benefits of the Proposed Capital Injection;*
- (c) our evaluation of the Proposed Capital Injection and Proposed Provision of Guarantee;*
- (d) both the Company and TPH having equal representation on Taiping Medicine’s board of directors and board of supervisors;*
- (e) key provisions of Taiping Medicine AOA as stated in Section 3.2 of the Circular and highlighted in paragraph 3.3.2 of this Letter; and*

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- (f) *Inter-conditionality of Resolution 1 and Resolution 2.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Joint Venture is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

7.3 OUR OPINION ON THE PROPOSED PROVISION OF GUARANTEE

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Provision of Guarantee:–

- (a) *rationale for and benefits of Proposed Capital Injection and Proposed Provision of Guarantee;*
- (b) *our evaluation of Proposed Capital Injection and Proposed Joint Venture; and*
- (c) *amount of the Subsisting Guarantee assumed by the Company and TPH is proportionate to their respective equity interest in Taiping Medicine following completion of the Proposed Capital Injection.*

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Provision of Guarantee is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

Based on the factors and opinions set out in paragraphs 7.1 to 7.3 above, we therefore advise you to recommend that Independent Shareholders vote in favour of the Proposed IPTs to be proposed at the 2024 EGM."

5.7 Audit Committee's Statement

The Audit Committee, having considered, amongst others, the terms of, rationale for each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee, the financial effects of the Proposed Capital Injection, as well as the opinion and advice of the IFA as set out in the IFA Letter, concurs with the opinion of the IFA and is of the view that each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the opinion of the Audit Committee on each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee does not differ from that of the IFA.

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5.8 Abstention from Voting

Under Rule 919 of the Listing Manual, where a meeting is held to obtain shareholders' approval, the interested person and any associate of the interested person must not vote on a resolution in respect of which such person is interested, nor accept appointments as proxies, unless specific instructions as to voting are given.

Accordingly, TPH will abstain, and has undertaken to ensure that its associates will abstain, from voting at the 2024 EGM on the resolutions in respect of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee. In addition, it shall, and has undertaken to ensure that its associates shall, also not accept nomination as proxies or otherwise for voting at the 2024 EGM in respect of the aforesaid resolutions unless specific instructions have been given in the proxy instrument on how the relevant Shareholders wish their votes to be cast for the aforesaid resolutions.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The details of the Directors' and Substantial Shareholders' interest in the Shares as at the Latest Practicable Date are set out below:-

	Direct Interest		Deemed Interest	
	No of Shares	% ⁽¹⁾	No of Shares	% ⁽¹⁾
Directors				
Zhang Mingrui	—	—	—	—
Guo Min	—	—	—	—
Wang Lei	—	—	—	—
Zhou Hong	23,800 ⁽²⁾	0.003	—	—
Shang Mingjie	—	—	—	—
Mao Weiwen	—	—	—	—
Yeo Guat Kwang	—	—	—	—
Liew Yoke Pheng Joseph	—	—	—	—
Zhong Ming	—	—	—	—
Substantial Shareholder(s)				
TPH	325,855,528	42.31	5,265,000 ⁽³⁾	0.68

Notes:

- (1) Based on the total issued share capital of 770,158,276 Shares as at the Latest Practicable Date.
- (2) These are the Restricted A-Shares granted and issued under the Scheme.
- (3) Pursuant to Section 4 of the SFA, TPH is deemed interested in the 5,265,000 Shares in the capital of the Company held by its wholly-owned subsidiary, Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.

LETTER TO SHAREHOLDERS

7. DIRECTORS' RECOMMENDATIONS

As at the Latest Practicable Date, Mr. Guo Min is a director of both TPH and Taiping Medicine, Ms. Zhang Mingrui is a director and the legal representative of TPH, and Ms. Mao Weiwen is a key management personnel in TPH. Accordingly, they have abstained from voting on the board resolutions in respect of the Proposed IPTs, and will abstain from making any recommendation to Shareholders on the Proposed IPTs.

(a) The Proposed Capital Injection

The Non-Interested Directors, having considered, amongst others, the terms of, the rationale for, the Proposed Capital Injection and the financial effects thereof, the opinion and advice of the IFA as set out in the IFA Letter, and the statement of the Audit Committee as set out in Section 5.7 of this Circular, are of the opinion that the Proposed Capital Injection is in the interests of the Company and the Shareholders as a whole. Therefore, the Non-Interested Directors (which excludes Mr. Guo Min, Ms. Zhang Mingrui and Ms. Mao Weiwen as they shall abstain from making a recommendation for reasons set out above) recommend that the Independent Shareholders **VOTE IN FAVOUR** of the resolution in relation to the Proposed Capital Injection as set out in the Notice of EGM.

(b) The Proposed Joint Venture

The Non-Interested Directors, having considered, amongst others, the valuation conducted by the Independent Valuer on Taiping Medicine as set out in Section 2.2.2(a) of this Circular³¹, the terms of, the rationale for, the Proposed Joint Venture, the opinion and advice of the IFA as set out in the IFA Letter, and the statement of the Audit Committee as set out in Section 5.7 of this Circular, are of the opinion that the Proposed Joint Venture is in the interests of the Company and the Shareholders as a whole. Therefore, the Non-Interested Directors (which excludes Mr. Guo Min, Ms. Zhang Mingrui and Ms. Mao Weiwen as they shall abstain from making a recommendation for reasons set out above) recommend that the Independent Shareholders **VOTE IN FAVOUR** of the resolution in relation to the Proposed Joint Venture as set out in the Notice of EGM.

(c) The Proposed Provision of Guarantee

The Non-Interested Directors, having considered, amongst others, the terms of, the rationale for, the Proposed Provision of Guarantee, the opinion and advice of the IFA as set out in the IFA Letter, and the statement of the Audit Committee as set out in Section 5.7 of this Circular, are of the opinion that the Proposed Provision of Guarantee is in the interests of the Company and the Shareholders as a whole. Therefore, the Non-Interested Directors (which excludes Mr. Guo Min,

31 For the Valuation Issues as stated in Section 2.2.2(a) of this Circular, notwithstanding that there are certain defects in the ownership of the Defective Assets (i.e., not correctly registered or updated in a timely manner), given that (i) the Independent Valuer has conducted an on-site investigation of the properties in question and reviewed the relevant legal ownership documents (such as the purchase contract and proof of payment), (ii) the Defective Assets are listed in the relevant appraised entity's financial statements, (iii) the relevant entities involved have confirmed ownership of the property, with no disputes regarding its ownership; (iv) the ownership defects do not prevent the relevant appraised entities from owning and controlling the Defective Assets; and (v) these matters have been disclosed in the Taiping Medicine Asset Appraisal Report pursuant to the applicable PRC appraisal rules and standards, including the *Basic Rules for Asset Appraisal* (《资产评估基本准则》) and the *Guidance on Legal Ownership of Asset Appraisal Targets* (《资产评估对象法律权属指导意见》), the Company considers the likelihood of these defects resulting in a lower asset value of Taiping Medicine to be low.

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Ms. Zhang Mingrui and Ms. Mao Weiwen as they shall abstain from making a recommendation for reasons set out above) recommend that the Independent Shareholders **VOTE IN FAVOUR** of the resolution in relation to the Proposed Provision of Guarantee as set out in the Notice of EGM.

In giving the above recommendation, the Non-Interested Directors have not had regard to any general or any specific investment objectives, financial situations, risk profiles, tax positions or particular needs or constraints of any individual Shareholder or any specific group of Shareholders. As different Shareholders have different investment profiles and objectives, the Non-Interested Directors recommend that any Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser(s) immediately.

8. EXTRAORDINARY GENERAL MEETING

The 2024 EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the resolutions (with or without modifications) as set in the Notice of EGM.

S-Share Shareholders may participate in the 2024 EGM via the video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore by:

- (a) attending the 2024 EGM in person;
- (b) submitting substantial and relevant questions relating to the resolutions to be tabled for approval at the 2024 EGM, in advance of, or at, the 2024 EGM; and/or
- (c) voting at the 2024 EGM (i) themselves; or (ii) through their duly appointed proxy(ies).

Details of the submission of questions and voting at the 2024 EGM by Shareholders (including S-Share Shareholders) are set out in the Notice of EGM.

9. ACTION TO BE TAKEN BY S-SHARE SHAREHOLDERS

S-Share Shareholders who wish to vote but who are unable to attend the 2024 EGM and wish to appoint a proxy(ies) to attend and vote at the 2024 EGM on their behalf must complete, sign and return the Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive by (i) post at the office of the Company's S-Shares Registrar and Singapore Shares Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632, or (ii) email at srs.proxy@boardroomlimited.com, no later than **2:00 p.m. on Sunday, 27 October 2024**.

LETTER TO SHAREHOLDERS

The completion and return of a Proxy Form by a S-Share Shareholder does not preclude such S-Share Shareholder from attending, speaking and voting in person at the 2024 EGM should such S-Shareholder subsequently decide to do so. In such event, the appointment of the proxy(ies) for the 2024 EGM will be deemed to be revoked if the S-Share Shareholder attends the 2024 EGM in person, and the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the 2024 EGM.

A S-Share Shareholder who intends to attend the 2024 EGM must be registered in the Register of Members, or where the registered holder is CDP, must be named as a Depositor in the Depository Register, as at a time not earlier than forty-eight (48) hours before the 2024 EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed IPTs and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

11. CONSENTS

RHB Bank Berhad, the IFA in respect of the Proposed IPTs, has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter (as set out in **Appendix A** to this Circular) and all references thereto, in the form and context in which they appear in this Circular.

Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司), the Independent Valuer in respect of the Proposed IPTs, has given and has not before the date of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the summary of each of the Taiping Medicine Asset Appraisal Report and the TJZX Medicine Asset Appraisal Report (as set out in **Appendix B** and **Appendix C** to this Circular), and all references thereto, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 17 Baidi Road, Nankai District, Tianjin, the PRC 300193, during normal business hours for a period of three (3) months from 11 September 2024 (being the date of the Announcements) in respect of items (c), (e) and (f), and from the date of this Circular up to and including the date of the 2024 EGM in respect of items (a), (b), (d), (g) and (h):

- (a) the Articles of Association of the Company;
- (b) the annual report of the Company for FY2023;
- (c) the Capital Injection Agreement;
- (d) the IFA Letter;
- (e) the Taiping Medicine Asset Appraisal Report and its summary;
- (f) the TJZX Medicine Asset Appraisal Report and its summary;
- (g) the letter of consent from the IFA; and
- (h) the letter of consent from the Independent Valuer.

Yours faithfully

For and on behalf of the Directors of

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Zhang Mingrui

Chairman of the Board

APPENDIX A – IFA LETTER



**LETTER FROM RHB BANK BERHAD TO THE
NON-INTERESTED DIRECTORS OF
TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED**

14 October 2024

The Non-Interested Directors of
Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
17 Baidi Road, Nankai District
Tianjin
The People's Republic of China

Dear Sirs,

- (1) **PROPOSED CAPITAL INJECTION PURSUANT TO A CAPITAL INJECTION AGREEMENT;**
- (2) **PROPOSED JOINT VENTURE; AND**
- (3) **PROPOSED PROVISION OF GUARANTEE**

(AS DEFINED IN PARAGRAPH 1 BELOW) EACH AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL

Unless otherwise defined or the context requires otherwise, all terms used herein have the same meanings as defined in the Circular to Shareholders of the Company dated 14 October 2024 (the “Circular”).

1. INTRODUCTION

On 11 September 2024, the Company announced that it proposes to make a capital injection of RMB493,617,700 into Taiping Medicine through the transfer of the 100% equity interest in the registered capital of TJZX Medicine (the “**TJZX Medicine Equity Interest**”) from the Company to Taiping Medicine in consideration for 43.35% equity interest in the increased registered capital of Taiping Medicine (the “**Consideration Equity Interest**”) (the “**Proposed Capital Injection**”). To effect the Proposed Capital Injection, the Company had, on 11 September 2024, entered into a capital injection agreement (the “**Capital Injection Agreement**”) with TPH, Taiping Medicine and TJZX Medicine in relation to the Proposed Capital Injection.

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the Company establishing a joint venture in Taiping Medicine with TPH (the “**Proposed Joint Venture**”).

RHB BANK Berhad (UEN 599FA5710J)
(6171-M Incorporated in Malaysia)
T 1800 323 0100 www.rhbgroup.com.sg

TOGETHER WE PROGRESS

APPENDIX A – IFA LETTER



As at the Latest Practicable Date, TJZX Medicine is a wholly-owned subsidiary of the Company. The Company has provided a joint and several liability guarantee for an amount of up to RMB1,900 million (the **"Subsisting Guarantee"**) for TJZX Medicine pursuant to the Company's board meeting for FY2024 held on 28 March 2024 and the Company's annual general meeting for FY2023 on 15 May 2024. The term of the Subsisting Guarantee is one (1) year until 13 May 2026 (the **"Expiration Date"**). Consequent to the Proposed Capital Injection, the Company's effective shareholding in TJZX Medicine will be diluted to 43.35% and pursuant to the Capital Injection Agreement, the Company shall assume proportionate liability equal to 43.35% of the Subsisting Guarantee (i.e., RMB1,900 million) for TJZX Medicine, corresponding to the Company's shareholding in Taiping Medicine upon completion of the Proposed Capital Injection. That is, a joint and several liability guarantee for an amount of up to RMB823,650,000 to be provided by the Company for TJZX Medicine (the **"Proposed Provision of Guarantee"**).

As at the Latest Practicable Date, TPH is the Controlling Shareholder of the Company, holding 42.99% of the issued share capital of the Company. Accordingly, Taiping Medicine (being a wholly-owned subsidiary of TPH) is regarded as an associate of TPH. Following completion of the Proposed Capital Injection, TJZX Medicine will become a wholly-owned subsidiary of Taiping Medicine which will, in turn, be jointly held by TPH and the Company with 56.65% and 43.35% equity interests respectively. As such, TJZX Medicine will be regarded as an associate of TPH following the completion of the Proposed Capital Injection. Therefore, each of TPH, Taiping Medicine and TJZX Medicine is considered an interested person of the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee (collectively, the **"Proposed IPTs"**) constitutes an interested person transaction under Chapter 9 of the Listing Manual. Since the value of each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee exceeds five per cent. (5%) of the Group's latest audited NTA, each of the Proposed Capital Injection, the Proposed Joint Venture and the Proposed Provision of Guarantee is subject to the approval of the Independent Shareholders under Rule 906(1) of the Listing Manual.

In connection with the above and pursuant to the requirements of Chapter 9 of the Listing Manual, RHB Bank Berhad (**"RHB"**) was appointed by the Company as the independent financial adviser (**"IFA"**) to advise whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

This letter (**"Letter"**) sets out, *inter alia*, our evaluation of the Proposed IPTs as an interested person transaction, and our advice to the Non-Interested Directors in relation to their recommendations to the Independent Shareholders on the Proposed IPTs and forms part of the Circular providing, *inter alia*, details of the Proposed IPTs and the recommendations of the Non-Interested Directors in respect thereof.

2. TERMS OF REFERENCE

RHB has been appointed in accordance with Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors only in respect of whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and the Independent Shareholders.

APPENDIX A – IFA LETTER



RHB is neither a party to the negotiations or discussions in relation to the Proposed IPTs nor were we involved in the deliberations leading up to the decision on the part of the Company to enter into the Proposed IPTs. We do not, by this Letter, in any way advise on the merits of the Proposed IPTs other than to form an opinion on whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

Our terms of reference do not require us to evaluate or comment on the strategic, commercial, financial merits or risks (if any) of the Proposed IPTs or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we do not express any opinion on any of the aforesaid.

We are not required to and have not made any independent appraisal or valuation of the assets and liabilities of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies. Any such evaluation, comment, comparison, consideration, appraisal or valuation remains and is solely the responsibility of the Directors and the management of the Company (the “**Management**”), but we may draw upon their views or make comments in respect thereof (to the extent we deem necessary or appropriate and at our sole discretion) in arriving at our opinion as set out in this Letter. We have also relied on information, including the disclosures and representations made by the Company, on the values of the assets and liabilities of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies stated herein (if any).

For the purpose of our advice and opinion, we have relied on publicly available information collated by us, information set out in the Circular, and information (including representations, opinions, facts and statements) provided to us by the Directors, the Management and the advisers of the Company. We have relied on the assurances of the Directors and the Management that they jointly and severally accept full responsibility for the accuracy, truth, completeness and adequacy of such information. They have confirmed to us that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Proposed IPTs, the Company and the Group have been disclosed to us, that such information is true, complete, accurate and fair in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to or relied upon by us or the facts of or in relation to the Proposed IPTs, the Company and the Group to be inaccurate, untrue, incomplete, unfair or misleading in any material respect.

We have not independently verified any of the aforesaid information whether written or verbal, and have assumed its accuracy, truth, completeness and adequacy, including without limitation any information on the assets and liabilities of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies. Accordingly, we cannot and do not represent or warrant (expressly or impliedly), and do not accept any responsibility for the accuracy, truth, completeness or adequacy of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors and the Management to us or in the Circular have been reasonably made after due and careful inquiry. We have exercised care in reviewing the information which we have relied on, and made such reasonable enquiries and exercised our judgment on the reasonableness of such information as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

APPENDIX A – IFA LETTER



The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial conditions of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies, or to express, and we do not express, any view on the future growth prospects, value and earnings potential of the Company, the Group, TPH, Taiping Medicine and/or TJZX Medicine. Such review or comment, if any, remains the responsibility of the Directors and the Management and/or the Group, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company, the Group and/or TPH any projection of the future performance including financial performance of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies and further, we did not conduct discussions with the Directors and the management of the Company and/or the Group on, and did not have access to, any business plan and financial projections of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies. We also do not express any opinion herein as to the prices at which the shares of the Company may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after completion of the Proposed IPTs.

We have not made any independent evaluation and appraisal on the assets and liabilities of the Company, the Group, TPH, Taiping Medicine, TJZX Medicine and/or their respective subsidiaries and/or associated companies and we have not been furnished with any such evaluation or appraisal of such assets save as disclosed herein. In connection with the Proposed Capital Injection, the Company has engaged Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司) as the Independent Valuer to assess and determine the market value of the entire shareholders' equity interest of Taiping Medicine ("**Taiping Medicine Equity Interest**") and TJZX Medicine Equity Interest respectively. With respect to the Taiping Medicine Asset Appraisal Report and TJZX Medicine Asset Appraisal Report (collectively, the "**Asset Appraisal Reports**"), we are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Asset Appraisal Reports for such asset appraisal.

Our advice and opinion herein are based upon market, economic, industry, monetary and other conditions prevailing on, and the information provided to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of, and this Letter does not take into account, any subsequent development after the Latest Practicable Date that may affect our opinion herein.

The Company has been separately advised by its advisers in the preparation of the Circular (other than this Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

We have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment portfolios and objectives, we would advise the Non-Interested

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Directors to recommend that any individual Shareholder who may require specific advice in relation to his or her investment portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

This Letter is required pursuant to Rule 921(4)(a) of the Listing Manual as well as for the use and benefit of the Non-Interested Directors and the recommendations made by them to the Independent Shareholders are the responsibility of the Non-Interested Directors. Shareholders should also take note of any announcements relevant to the Proposed IPTs which may be released by the Company after the Latest Practicable Date.

3. THE PROPOSED IPTS

3.1 INFORMATION ON TPH, TAIPING MEDICINE AND TJZX MEDICINE

Information on TPH, Taiping Medicine and TJZX Medicine is set out in Section 2.1 of the Circular. Shareholders are advised to read Section 2.1 of the Circular carefully.

3.1.1 Key financial information of Taiping Medicine and TJZX Medicine

We note the following financial information set out in Section 2.2.1 of the Circular:-

(a) Taiping Medicine

The key financial information of Taiping Medicine based on the audited consolidated financial statements of Taiping Medicine and its subsidiaries is set out below:

RMB '000	As at	
	31 December 2023 (audited)	30 April 2024 (audited)
Total assets	4,119,661.5	4,388,966.8
Total liabilities	3,622,534.5	3,881,772.7
Net assets	497,127.0	507,194.1

RMB '000	For the financial year/period ended	
	31 December 2023 (audited)	30 April 2024 (audited)
Revenue	5,260,915.5	1,870,131.4
Net profit/(loss)	25,090.4	10,259.0

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(b) TJZX Medicine

The key financial information of TJZX Medicine based on the audited consolidated financial statements of TJZX Medicine and its subsidiaries is set out below:

RMB '000	As at	
	31 December 2023 (audited)	30 April 2024 (audited)
Total assets	2,744,358.6	2,727,020.0
Total liabilities	2,258,989.3	2,258,221.4
Net assets	485,369.3	468,798.6

RMB '000	For the financial year/period ended	
	31 December 2023 (audited)	30 April 2024 (audited)
Revenue	3,724,300.8	1,019,111.1
Net profit/(loss)	(33,369.6)	(16,570.7)

3.1.2 Independent valuation

Based on Section 2.2.2 of the Circular and the summary of the Asset Appraisal Reports set out in Appendix B and Appendix C, we summarise in the tables below the market value of each of the Taiping Medicine Equity Interest and TJZX Medicine Equity Interest as appraised by the Independent Valuer based on asset-based approach versus their respective audited book value as at 30 April 2024:-

(a) Taiping Medicine⁽¹⁾⁽²⁾

(RMB'000)	Audited book value as at 30 April 2024	Market value based on asset-based approach	Surplus/ (Deficit) (RMB'000)	Increase/ (Decrease) (%)
Total assets	3,927,031.2	4,130,834.3	203,803.2	5.19
Total liabilities	3,485,701.7	3,485,701.7	-	-
Net assets	441,329.4	645,132.6	203,803.2	46.18

(b) TJZX Medicine⁽¹⁾⁽²⁾

(RMB'000)	Audited book value as at 30 April 2024	Market value based on asset-based approach	Surplus/ (Deficit) (RMB'000)	Increase/ (Decrease) (%)
Total assets	2,651,470.3	2,705,033.4	53,563.1	2.02
Total liabilities	2,215,349.0	2,211,415.6	(3,933.3)	(0.18)
Net assets	436,121.3	493,617.7	57,496.4	13.18

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Notes:

- (1) For the avoidance of doubt, the audited book value in this section represents the respective audited book value of the relevant company on the company level, while the audited financial figures in paragraphs 3.1.1(a) and 3.1.1(b) above represent the consolidated financial figures of the relevant company and its subsidiaries.
- (2) Figures shown as totals in the table may not be an arithmetic aggregation of the figures which precede them due to rounding.

The above is only a summary of the information set out the Circular. Shareholders should read Section 2.2.2 of the Circular and Appendices B and C carefully.

3.2 PROPOSED CAPITAL INJECTION

3.2.1 Principal terms of the Capital Injection Agreement

We note that the Company and the Company's Controlling Shareholder, TPH, entered into a Capital Injection Agreement, pursuant to which the Company will make a capital injection of approximately RMB493.6 million into Taiping Medicine through the transfer of the TJZX Medicine Equity Interest held by the Company in consideration for the Consideration Equity Interest. The shareholding structure before and after the Proposed Capital Injection can be found in Section 2.3 of the Circular and is reproduced in paragraph 3.2.2 below for ease of reference.

Principal terms of the Capital Injection Agreement are set out in Section 2.4 of the Circular, including:-

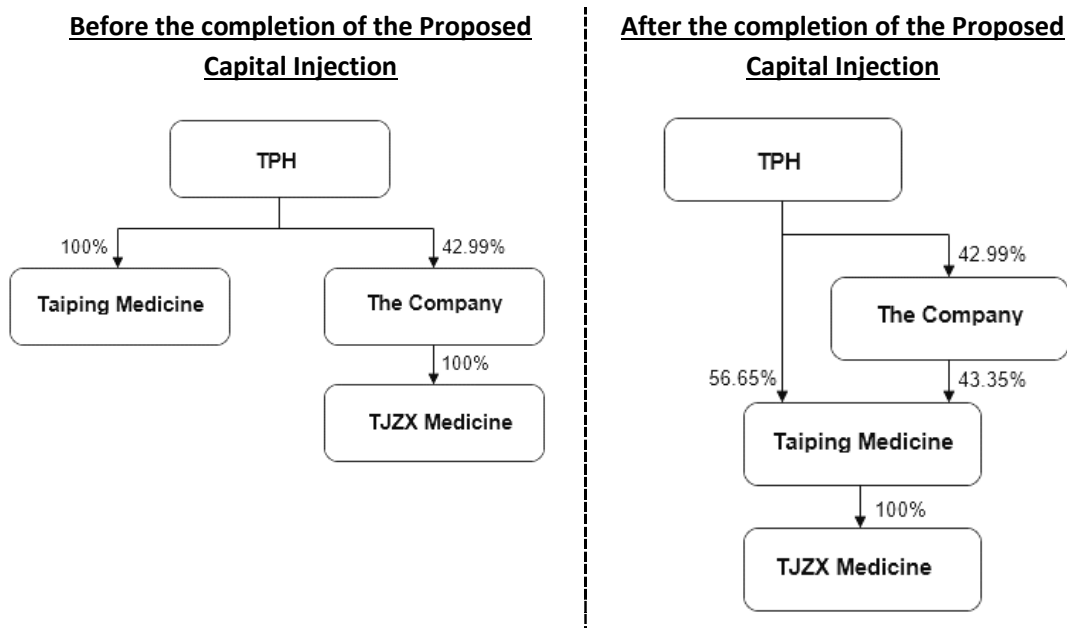
- (a) basis of consideration;
- (b) injection amount;
- (c) shareholding ratio, capital contribution and corporate governance;
- (d) conditions precedent;
- (e) interim period arrangements;
- (f) subsisting guarantee;
- (g) creditor's rights and debts and employees;
- (h) breach of contract and liability for breach;
- (i) governing law and dispute resolution; and
- (j) formation and effectiveness of the Capital Injection Agreement.

Shareholders are advised to read Sections 2.3 and 2.4 of the Circular carefully.

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3.2.2 Shareholding structure before and after the Proposed Capital Injection



3.2.3 Conditions Precedent

Conditions precedent to the completion of the Proposed Capital Injection are set out in Section 2.4.4 of the Circular and reproduced below in italics for ease of reference. Shareholders are advised to read Section 2.4.4 of the Circular carefully.

“2.4.4 Conditions Precedent

The completion of the Proposed Capital Injection is subject to and conditional upon the satisfaction (or, where applicable, the waiver) of the following conditions precedent:

- (i) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by TPH in accordance with its articles of association;*
- (ii) the Proposed Capital Injection and the execution and performance of the Capital Injection Agreement being approved by the Board of the Company and Shareholders of the Company at a general meeting;*
- (iii) the Company having fulfilled the requisite disclosure obligations in connection with the Proposed Capital Injection in accordance with applicable laws of the PRC and Singapore;*

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- (iv) *the Capital Injection Agreement being duly executed by all parties and having come into effect;*
- (v) *the entrusted loan¹⁶ provided by the Company to TJZX Medicine being fully settled;*
- (vi) *the equity interest to be transferred pursuant to the Proposed Capital Injection being free and clear of any defects in rights that affect or could potentially affect the equity transfer and the registration of the equity change;*
- (vii) *the Company and TPH having reached an agreement on the corporate governance of Taiping Medicine and having signed the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the equity transfer;*
- (viii) *no breach of the Capital Injection Agreement being committed by any party; and*
- (ix) *no significant event having occurred to any party that affects or could potentially affect the performance of the Capital Injection Agreement.”*

3.2.4 Rationale for the Proposed Capital Injection

The rationale for the Proposed Capital Injection, as set out in Section 2.5 of the Circular, is reproduced in italics below:

“2.5 Rationale for, and Benefits of, the Proposed Capital Injection

As announced by the Company on 17 December 2021, the Company proposed to carry out the Asset Restructuring to enable the independent operation of its pharmaceutical commercial segment (or pharmaceutical circulation business segment) (医药商业板块) and pharmaceutical industrial segment (医药工业板块). However, the pharmaceutical commercial segment has been in a loss-making position, with a gross profit margin below the industry average, and a significant amount of accounts receivable, which has tied up substantial funds for the Group. In light of TPH’s plans to restructure its pharmaceutical commercial segment, the Company has re-evaluated its strategic development plans. After careful consideration, the Company believes that divesting the pharmaceutical commercial segment is in the best interest of the Company and its Shareholders. This decision aligns with the Company’s core business focus on the production and sale of Chinese proprietary medicines.

¹⁶ The proposed provision of an entrusted loan (委托贷款) of RMB1,200 million by the Company to TJZX Medicine with a term of one (1) year was approved at the Company’s 1st Board meeting for FY2024 held on 28 March 2024 and the Company’s AGM for FY2023 held on 15 May 2024 respectively. Please refer to Appendix C to the announcement dated 29 March 2024 in relation to, inter alia, resolutions passed at the 1st Board meeting for FY2024, and the announcement dated 15 May 2024 made by the Company in relation to the poll results of the AGM for FY2023 held on 15 May 2024 for further details.

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As at the Latest Practicable Date, the consolidation scope of the Group's financial statements includes both the pharmaceutical industrial segment and the pharmaceutical commercial segment. The Group's profits primarily originate from the pharmaceutical industrial segment, while the pharmaceutical commercial segment has been operating at a loss. The Proposed Capital Injection will lead to a change in the consolidation scope of the Group's financial statements, with the pharmaceutical commercial segment being excluded. 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 consolidation scope of the Group's financial statements will primarily reflect the data from the pharmaceutical industrial segment, which is expected to result in positive financial performance. For example, the Company's cash flow is likely to improve, the efficiency of accounts receivable turnover may increase, while the risk of bad debts associated with the pharmaceutical commercial segment is expected to be reduced. Following the completion of the Proposed Capital Injection, the Company's development strategy will become more streamlined, with a focus on its core pharmaceutical industrial segment. This will simplify operations and fully reflect the profitability of the Company's core business.

Furthermore, following the completion of the Proposed Capital Injection, Taiping Medicine's pharmaceutical commercial sector is expected to see increased industry concentration, aligning with broader industry development trends. Taiping Medicine's overall scale will expand, its product portfolio will diversify, and its business coverage will extend to new regions, achieving comprehensive reach across tiered hospitals and community healthcare centres in Tianjin. These changes will enhance Taiping Medicine's industry position, influence and competitiveness. Moreover, synergies between Taiping Medicine and TJZX Medicine in areas such as human resources, business development and procurement are anticipated. These synergies will lead to improved management efficiency, optimised resource allocation, reduced operational costs, and the promotion of high-quality development. Given that the Company will hold 43.35% in Taiping Medicine following the completion of the Proposed Capital Injection, it believes that divesting the pharmaceutical commercial segment is the most beneficial strategy for both the Company and its Shareholders.

At the same time, as the Company will no longer hold a controlling interest in TJZX Medicine as determined in accordance with the laws of 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 following the completion of the Proposed Capital Injection."

3.3 PROPOSED JOINT VENTURE

3.3.1 Background

Upon completion of the Proposed Capital Injection, it is envisaged that the Company and TPH will hold 43.35% and 56.65% equity interest in Taiping Medicine respectively. Consequently, the completion of the Proposed Capital Injection will result in the establishment of the Proposed Joint Venture.

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3.3.2 Corporate Governance of Taiping Medicine

As stated in Section 2.4.4 of the Circular, under the Capital Injection Agreement, it is a condition precedent to the completion of the Proposed Capital Injection that the Company and TPH shall reach an agreement on the corporate governance of Taiping Medicine and shall sign the amended and restated Taiping Medicine AOA, which will be filed with the corporate registration authority together with the transfer of the TJZX Medicine Equity Interest from the Company to Taiping Medicine.

We highlight below some of the key provisions of the existing Taiping Medicine AOA and PRC Company Law from Section 3.2 of the Circular.

- (a) *Shareholders' Rights and Obligations:* The Company and TPH as the shareholders of Taiping Medicine, being a limited liability company, shall be liable to Taiping Medicine to the extent of their respective subscribed capital contributions. Shareholders of Taiping Medicine shall receive dividends in proportion to their capital contributions.
- (b) *Shareholders' Meetings and Resolutions:* Pursuant to Article 65 of the PRC Company Law and as stated in Section 3.2(b) of the Circular, following the completion of the Proposed Capital Injection, the Company and TPH, as shareholders of Taiping Medicine, shall exercise their respective voting rights at Taiping Medicine's general meeting of shareholders in proportion to their capital contributions. Resolutions of the general meeting of shareholders shall be passed by shareholders representing more than half (1/2) of the voting rights held by the shareholders attending at the general meeting of shareholders. Where any resolutions are proposed to amend the company's articles of association, increase or reduce the registered capital, as well as resolutions on the merger, division, dissolution or change in the company's form, shall be passed by shareholders representing more than two-thirds (2/3) of the voting rights held by the shareholders attending the general meeting of shareholders.
- (c) *Board of Directors and Board of Supervisors:* Under the Capital Injection Agreement, upon completion of the Proposed Capital Injection, the newly established board of directors of Taiping Medicine shall consist of five (5) members, of which two (2) shall be appointed by the Company, two (2) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law; and the newly established board of supervisors of Taiping Medicine shall consist of three (3) members, of which one (1) shall be appointed by the Company, one (1) shall be appointed by TPH, and the remaining one (1) shall be an employee representative elected by Taiping Medicine in accordance with the applicable PRC law. The Company and TPH shall ensure that the aforesaid arrangements are explicitly recorded in the amended and restated Taiping Medicine AOA. For the avoidance of doubt, the Company has the sole discretion to appoint the directors and supervisors it is entitled to appoint to the board of directors or the board of supervisors (as the case may be) of Taiping Medicine, and such appointments are not subject to a vote by TPH and the Company in proportion to their respective capital contributions.
- (d) *Meetings of Board of Directors:* Article 73 of the PRC Company Law prescribes, *inter alia*, that meetings of board of directors shall only be convened if more than half (1/2) of the directors are present, and all resolutions of the board of directors shall be passed by a simple majority of all directors. Voting on resolutions of the board of directors shall follow the principle of one person, one vote. Article 24 of the existing Taiping Medicine AOA states, *inter alia*, that a board

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of directors meeting shall be valid only if more than two-thirds (2/3) of the directors are present. All resolutions proposed at the meeting of the board of the directors must be passed by a simple majority of all directors. Given that the newly established board of directors of Taiping Medicine shall consist of five (5) members upon completion of the Proposed Capital Injection, the quorum for the board meeting of Taiping Medicine will be four (4).

- (e) *Meetings of Board of Supervisors:* All resolutions of the board of supervisors shall be passed by a simple majority of all supervisors. Voting on resolutions of the board of supervisors shall follow the principle of one person, one vote.

Shareholders should note that, as at the Latest Practicable Date, the Company and TPH have not yet signed the amended and restated Taiping Medicine AOA. The amended and restated Taiping Medicine AOA will include customary provisions, which will incorporate the provisions as set out in Section 3.2 of the Circular (with or without modifications), pursuant to the Capital Injection Agreement and the applicable laws of the PRC (including the PRC Company Law).

Shareholders are advised to read Section 3.2 of the Circular carefully.

3.3.3 Rationale for the Proposed Joint Venture

The rationale for the Proposed Joint Venture can be found in Section 3.3 of the Circular and is reproduced below in italics:

“3.3 Rationale for, and Benefits of, the Proposed Joint Venture

The establishment of the Proposed Joint Venture will be a direct result of the Proposed Capital Injection. Please refer to the rationale for, and benefits of, the Proposed Capital Injection as set out in Section 2.5 of this Circular.”

3.4 PROPOSED PROVISION OF GUARANTEE

3.4.1 Background

As at the Latest Practicable Date, TJZX Medicine is a wholly-owned subsidiary of the Company. The Company has provided the Subsisting Guarantee for an amount of up to RMB1,900 million for TJZX Medicine pursuant to the Company's board meeting for FY2024 held on 28 March 2024 and the Company's annual general meeting for FY2023 on 15 May 2024. The term of the Subsisting Guarantee is one (1) year until 13 May 2026 (i.e. the Expiration Date). Consequent to the Proposed Capital Injection, the Company's effective shareholding in TJZX Medicine will be diluted to 43.35%.

Pursuant to the Capital Injection Agreement, subject to the approval of the Independent Shareholders being obtained at the 2024 EGM, TPH and the Company shall assume proportionate liability of the Subsisting Guarantee (i.e., RMB1,900 million) for TJZX Medicine, corresponding to their respective shareholding in Taiping Medicine upon completion of the Proposed Capital Injection (i.e. completion of the industrial and commercial registration in respect of the Proposed Capital Injection).

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Accordingly, the amount of the Subsisting Guarantee provided by the Company will be reduced to up to RMB823.65 million, which shall commence from the completion of the industrial and commercial registration in respect of the Proposed Capital Injection and remain in effect until the Expiration Date.

3.4.2 Principal terms of the Guarantee

Principal terms of the Guarantee can be found in Section 4.2 of the Circular. Shareholders are advised to read Sections 4.2 of the Circular carefully.

3.4.3 Rationale for the Proposed Provision of Guarantee

The rationale for, and benefits of the Proposed Provision of Guarantee can be found in Section 4.3 of the Circular and is reproduced below in italics for ease of reference.

“4.3 *Rationale for, and Benefits of, the Proposed Provision of Guarantee*

The Proposed Provision of Guarantee is primarily intended to continue the arrangement in relation to the Subsisting Guarantee, which is for the purposes of meeting the funding needs of TJZX Medicine for its daily operations and to facilitate the orderly continuation and replacement (接续置换) of its subsisting entrusted loans (委托贷款) following the Asset Restructuring. TJZX Medicine is principally engaged in the sales of pharmaceutical products, logistics and distribution, as well as the provision of pharmaceutical supply chain solutions. It maintains stable long-term relationship with nearly 10,000 domestic and international pharmaceutical manufacturers. As at the Latest Practicable Date, TJZX Medicine operates through fourteen (14) branch offices and three (3) subsidiaries under a regional management structure. Its sales network covers medical institutions, private hospitals, clinics and retail pharmacies at all levels across the sixteen (16) districts of Tianjin. It holds significant channel and network advantages in the Tianjin region. As at the Latest Practicable Date, TJZX Medicine remains solvent and is able to pay its debts.”

4. EVALUATION OF THE PROPOSED CAPITAL INJECTION

In evaluating and assessing the financial terms of the Proposed Capital Injection, we have given due consideration to the following:-

- (a) valuation of Taiping Medicine and TJZX Medicine, taking into consideration of the Taiping Medicine Asset Appraisal Report and TJZX Medicine Asset Appraisal Report respectively;
- (b) key variances between audited book value and Market Value (as defined below);
- (c) comparison with financial valuation ratios of selected listed companies considered to be comparable to TJZX Medicine;
- (d) rationale for the Proposed Capital Injection;
- (e) financial effects of the Proposed Capital Injection;
- (f) financial performance of Taiping Medicine and TJZX Medicine; and
- (g) other considerations.



4.1 VALUATION OF TAIPING MEDICINE AND TJZX MEDICINE, TAKING INTO CONSIDERATION THE TAIPING MEDICINE ASSET APPRAISAL REPORT AND TJZX MEDICINE ASSET APPRAISAL REPORT RESPECTIVELY

In connection with the Proposed Capital Injection, the Company has appointed Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司) as the Independent Valuer to perform an independent appraisal on the market value of each of Taiping Medicine Equity Interest and TJZX Medicine Equity Interest as at 30 April 2024.

In general, market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowingly, prudently and without compulsion.

We note from the Asset Appraisal Reports that the Independent Valuer has considered the following approaches in the valuation of Taiping Medicine Equity Interest and TJZX Medicine Equity Interest:

- (a) asset-based approach;
- (b) income approach; and
- (c) market approach.

The *asset-based approach* refers to a valuation approach that rationally analyses the value of various assets and liabilities of the company based on the balance sheet on the valuation date to determine the value of the valuation object. The *income approach* refers to the approach to determine the value of the valuation object by capitalising or discounting the expected income. Specific approaches commonly used in income approach include the dividend discount approach and the discounted cash flow approach. The *market approach* refers to the valuation approach to determine the value of the valuation object by comparing the valuation object with comparable listed companies or comparable trading cases. Two specific approaches commonly used in the market approach are comparable company approach and comparable trading approach.

Of the three approaches, the Independent Valuer has adopted the asset-based approach and the market approach. The tables below set out the respective appraised value of Taiping Medicine Equity Interest and TJZX Medicine Equity Interest as at 30 April 2024 based on the two approaches respectively:-

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(RMB'000)	Book value	Appraised value based on asset-based approach	Increase/ (Decrease) (RMB'000)	Increase/ (Decrease) (%)
Taiping Medicine Equity Interest	441,329.40	645,132.60	203,803.20	46.18
TJZX Medicine Equity Interest	436,121.30	493,617.70	57,496.40	13.18

(RMB'000)	Book value	Appraised value based on market approach	Increase/ (Decrease) (RMB'000)	Increase/ (Decrease) (%)
Taiping Medicine Equity Interest	441,329.40	412,060.60	(29,268.80)	(6.63)
TJZX Medicine Equity Interest	436,121.30	391,451.10	(44,670.20)	(10.24)

We note that after considering the data quality for different valuation methods and the purpose of this valuation, the Independent Valuer has concluded the respective market value of the Taiping Medicine Equity Interest and TJZX Medicine Equity Interest as at 30 April 2024 to be approximately RMB645.1 million and RMB493.6 million respectively, based on the asset-based approach.

We also note that the above has been used to determine the amount of capital injection by the Company into Taiping Medicine and the shareholding percentages to be held by TPH and the Company as illustrated below:-

(RMB'000)	Appraised value based on asset-based approach	%
Taiping Medicine	645,132.60	56.65
TJZX Medicine	493,617.70	43.35
Total	1,138,750.30	100.00

For the avoidance of doubt, the term “**Market Value**” in relation to the Taiping Medicine Equity Interest or TJZX Medicine Equity Interest, as the case may be, hereinafter shall refer to the market value appraised by the Independent Valuer based on the **asset-based approach**.

4.2 KEY VARIANCES BETWEEN AUDITED BOOK VALUE AND MARKET VALUE

We summarise below the key variances between the audited book value as at 30 April 2024 and Market Value of the Taiping Medicine Equity Interest and TJZX Medicine Equity Interest based on the Asset Appraisal Reports:-

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Taiping Medicine⁽¹⁾

(RMB'000)	Audited book value as at 30 April 2024	Market Value	Increase/ (Decrease) (RMB'000)	Increase/ (Decrease) (%)
Current assets	3,810,860	3,820,535	9,676	0.25
Non-current assets	116,172	310,299	194,128	167.10
Total assets	3,927,031	4,130,834	203,803	5.19
Current liabilities	3,475,988	3,475,988	-	-
Non-current liabilities	9,714	9,714	-	-
Total liabilities	3,485,702	3,485,702	-	-
Net assets	441,330	645,133	203,803	46.18

TJZX Medicine⁽¹⁾

(RMB'000)	Audited book value as at 30 April 2024	Market Value	Increase/ (Decrease) (RMB'000)	Increase/ (Decrease) (%)
Current assets	2,573,377	2,585,169	11,792	0.46
Non-current assets	78,093	119,865	41,771	53.49
Total assets	2,651,470	2,705,033	53,563	2.02
Current liabilities	2,189,344	2,189,344	-	-
Non-current liabilities	26,005	22,072	(3,933)	(15.13)
Total liabilities	2,215,349	2,211,416	(3,933)	(0.18)
Net assets	436,121	493,617	57,496	13.18

Note:

- (1) Figures shown as totals in the table may not be an arithmetic aggregation of the figures which precede them due to rounding.

We note the reasons for the key variances based on the Asset Appraisal Reports and their respective supporting documents as follows:-

(a) Taiping Medicine

The Market Value of the Taiping Medicine Equity Interest is higher than the book value as at 30 April 2024 due mainly to the appreciation of Taiping Medicine's long-term investments under non-current assets.

As at 30 April 2024, Taiping Medicine has long-term investments in eight (8) companies, of which seven (7) are wholly-owned and one (1) is 50% owned by Taiping Medicine. As part of the valuation exercise for the purpose of the Proposed Capital Injection, the Independent Valuer has also conducted valuation of the eight companies based on the asset-based approach. The

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appreciation of the long-term investments was mainly attributable to three of the wholly-owned subsidiaries, which Taiping Medicine has invested since 2011 and still recorded the initial investment costs as book value. On the other hand, we noted that the appreciation in these early investments was partially offset by the depreciation of its latest investments in two wholly-owned subsidiaries in 2022 and 2023 respectively.

(b) TJZX Medicine

The Market Value of the TJZX Medicine Equity Interest is higher than the book value as at 30 April 2024 is due mainly to the appreciation of TJZX Medicine's long-term investments under non-current assets.

As at 30 April 2024, TJZX Medicine has long-term investments in three (3) companies, of which two (2) are 51% and one (1) is approximately 54% owned by TJZX Medicine. As part of the valuation exercise for the purpose of the Proposed Capital Injection, the Independent Valuer has also conducted valuation of the three companies based on the asset-based approach. The appraised value of TJZX's long-term investments in the three companies was higher than the respective book value as TJZX Medicine has invested since June 2022 and still recorded the initial investment costs as book value.

4.3 Comparison with financial valuation ratios of selected listed companies considered to be comparable to TJZX Medicine

In assessing the value of the Consideration Equity Interest from a financial viewpoint, we have compared the various valuation measures of TJZX Medicine as implied by Consideration Equity Interest with the valuation ratios of listed companies on the Shanghai Stock Exchange and Shenzhen Stock Exchange which are primarily engaged in the business of sale and distribution of pharmaceutical products in the PRC ("**Selected Comparable Companies**").

The Selected Comparable Companies have been identified through a search on publicly available information. Relevant information has been extracted from the annual reports and/or public announcements of the Selected Comparable Companies. We have had discussions with the Management about the suitability of the Selected Comparable Companies serving as a basis for comparison with the TJZX Medicine Equity Interest.

We recognise, however, that TJZX Medicine is not a listed company and that our list of Selected Comparable Companies is not exhaustive and there may not be any company listed on the SGX-ST or other stock exchanges that is directly comparable to TJZX Medicine in terms of, inter alia, location, sales growth, type of products/services, scale of operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria. As such, any comparison made with respect to the Selected Comparable Companies is therefore intended to serve as an illustration guide only.

For the purpose of our evaluation and for illustration, we have made comparisons between the TJZX Medicine Equity Interest and the valuation of the Selected Comparable Companies on a historical basis using the following:

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Valuation Ratio	General Description
Price-to-Earnings ("P/E")	<p>P/E ratio illustrates the ratio of the market price of a company's shares to its consolidated basic earnings per share attributable to the owners of the company as stated in its financial statements. The P/E ratio is affected by, <i>inter alia</i>, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. In our analysis, we used the market price of the shares as of the Latest Practicable Date, divided by the aggregate of the most recent announced four quarters earnings per share where publicly available.</p>
Enterprise Value-to-Earnings Before Interest, Tax, Depreciation and Amortisation ("EV/EBITDA")	<p>"EV" or "Enterprise Value" is the sum of a company's market capitalisation, preferred equity, non-controlling interest, consolidated short and long-term debts, inclusive of finance lease liabilities, less its consolidated cash and cash equivalents.</p> <p>"EBITDA" stands for historical consolidated earnings before interest, tax, depreciation and amortisation expenses, inclusive of share of associates' and joint ventures' income.</p> <p>The EV/EBITDA ratio illustrates the ratio of the enterprise value of a company's business to its historical pre-tax consolidated operating cashflow performance, without regard to its capital structure. In our analysis, we used the Enterprise Value based on the market capitalisation as of the Latest Practicable Date divided by the aggregate of the most recent announced four quarters EBITDA where publicly available.</p>
Price-to-Net Tangible Asset ("P/NTA")	<p>"NTA" or "net tangible asset" is defined to exclude, where applicable, intangible assets of a company. P/NTA ratio illustrates the ratio of the market price of a company's share relative to its historical NTA per share as recorded in its financial statements. The NTA figure provides an estimate of the value of a company assuming the sale of all its tangible assets, the proceeds of which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NTAs are affected by differences in their respective accounting policies, in particular, their depreciation and asset valuation policies. In our analysis, we used the market price of the shares as of the Latest Practicable Date, divided by the most recently announced NTA per share where publicly available.</p>

The statistics for the Selected Comparable Companies are based on their closing prices as at the Latest Practicable Date and the publicly available financial results based on their respective financial period/year ends.

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Comparisons between the TJZX Medicine and the Selected Comparable Companies may be affected, *inter alia*, by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

In view of the above, it should be noted that any comparison made with respect to the Selected Comparable Companies merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the TJZX Medicine as at the Latest Practicable Date.

We set out in the table below the list of Selected Comparable Companies, together with brief information on these companies.

Selected Comparable Companies	Stock Exchange/ Stock Code	Description	Market capitalisation ⁽¹⁾ (RMB million)
Guangxi Liuyao Group Co., Ltd (“广西柳药集团股份有限公司”) (“ Guangxi Liuyao ”)	Shanghai/ 603368 SH	Guangxi Liuyao distributes pharmaceuticals. The company wholesales capsules, granules, tablets, pills, plasters, and raw material medicines. Guangxi Liuyao serves customers throughout China.	7,937
Zhejiang International Group Co., Ltd. (“浙江英特集团股份有限公司”) (“ Zhejiang International ”)	Shenzhen/ 000411 SZ	Zhejiang International is mainly engaged in the business of procurement, wholesale, retail of pharmaceutical products, including medicines, healthcare products, medical instruments, and pharmaceutical raw materials. The company is also engaged in the provision of warehousing and distribution logistics services for pharmaceutical products.	5,832
Luyan Pharma Co Ltd (“鹭燕医药股份有限公司”) (“ Luyan Pharma ”)	Shenzhen/ 002788 SZ	Luyan Pharma is a medical distributor. The company wholesales medical equipment, vaccines, and more.	3,625

Source: Bloomberg L.P.

Note:

- (1) Based on the respective closing price of the Selected Comparable Companies as at the Latest Practicable Date.

We set out in the table below the financial valuation ratios of the Selected Comparable Companies as at the Latest Practicable Date.

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Selected Comparable Companies	Historical P/E (times)	Historical EV/EBITDA (times)	Historical P/NTA (times)
Guangxi Liuyao	9.1	8.6	1.1
Zhejiang International	12.5	8.0	1.4
Luyan Pharma	9.9	9.3	1.3
High	12.5	9.3	1.4
Mean	10.5	8.6	1.3
Median	9.9	8.6	1.3
Low	9.1	8.0	1.1
TJZX Medicine <i>(as implied by the Consideration Equity Interest⁽¹⁾)</i>	N.M. ⁽²⁾	65.7	1.1

Source: Bloomberg L.P. and published financial statements of the respective Selected Comparable Companies

Notes:

- (1) As implied by the Market Value appraised by the Independent Valuer, which is also the capital injection amount by the Company pursuant to the Capital Injection Agreement.
- (2) Denotes not meaningful as TJZX Medicine was loss-making for FY2023.

Based on the above ratio analysis, we note that:-

- (a) the P/E ratio of TJZX Medicine is not meaningful as TJZX Medicine was loss-making for FY2023;
- (b) the EV/EBITDA ratio of TJZX Medicine of 65.7 times is above the range of the EV/EBITDA ratios of the Selected Comparable Companies due to low EBITDA of TJZX Medicine; and
- (c) the P/NTA ratio of TJZX Medicine of 1.1 times is within the range of the P/NTA ratios of the Selected Comparable Companies.

4.4 RATIONALE FOR THE PROPOSED CAPITAL INJECTION

The rationale for the Proposed Capital Injection can be found in Section 2.5 of the Circular and is reproduced in paragraph 3.2.4 of this Letter.

We note that the Proposed Capital Injection is expected to, *inter alia*, have positive impact on various financial indicators, allow the Company to focus on its core industrial segment and resolve the competition between the Company and TPH in the same industry.

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4.5 FINANCIAL EFFECTS OF THE PROPOSED CAPITAL INJECTION

Information relating to the pro forma financial effects of the Proposed Capital Injection has been extracted from Section 2.6.3 of the Circular and set out in italics below.

“2.6.3 Pro Forma Financial Effects of the Proposed Capital Injection

The pro forma financial effects of the Proposed Capital Injection on the Group as set out below are only presented for illustrative purposes and should not be taken as an indication of the actual and/or future financial performance or position of the Company or the Group following the completion of the Proposed Capital Injection.

Based on the Group’s latest audited consolidated financial statements for FY2023, the pro forma financial effects of the Proposed Capital Injection are as follows:

(a) Effect on NTA per Share

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 31 December 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on the NTA per Share of the Company as at 31 December 2023:

	<i>Before the Proposed Capital Injection</i>	<i>After the Proposed Capital Injection</i>
<i>NTA⁽¹⁾ (RMB)</i>	<i>6,261,576,000</i>	<i>6,347,714,000</i>
<i>Number of the issued Shares (excluding treasury shares)</i>	<i>770,158,276</i>	<i>770,158,276</i>
<i>NTA per share (RMB)</i>	<i>8.1</i>	<i>8.2</i>

Note:

(1) *NTA is computed based on total assets (net of intangible assets, including goodwill) less total liabilities.*

(b) Effect on EPS

For illustrative purposes only, assuming that the Proposed Capital Injection had been completed on 1 January 2023 and based on the audited consolidated financial statements of the Group for FY2023, the Proposed Capital Injection would have had the following effects on the EPS of the Group for FY2023:

	<i>Before the Proposed Capital Injection</i>	<i>After the Proposed Capital Injection</i>
<i>Net profit⁽¹⁾ (RMB)</i>	<i>968,705,540</i>	<i>978,555,540</i>
<i>Weighted average number of Shares</i>	<i>771,753,979.9</i>	<i>771,753,979.9</i>
<i>EPS (RMB)</i>	<i>1.26</i>	<i>1.27</i>

Note:

(1) *Net profit means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.*

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Based on the above, we note that the Proposed Capital Injection would result in the following proforma financial effects for the Group:

- (a) the NTA per Share would increase from RMB8.1 to RMB8.2, assuming the Proposed Capital Injection had been completed on 31 December 2023. This is due mainly to the exclusion of the NTA of TJZX Medicine as at 31 December 2023 and inclusion of approximately RMB493.6 million, being the Injection Amount by the Company into Taiping Medicine; and
- (b) the EPS of the Group would increase from RMB1.26 to RMB1.27, assuming the Proposed Capital Injection had been completed on 1 January 2023. This is due mainly to the exclusion of losses incurred by TJZX Medicine and inclusion of the profit contribution by Taiping Medicine based on the Company's 43.35% equity interest in Taiping Medicine.

4.6 FINANCIAL PERFORMANCE OF TAIPING MEDICINE AND TJZX MEDICINE

Set out below is the summary of the respective financial information of Taiping Medicine and TJZX Medicine for FY2021, FY2022 and FY2023 and the four-month period ended 30 April 2024 ("4M2024") extracted from the audited consolidated financial statements for the relevant years/period.

Taiping Medicine (RMB'000)	<----- Audited ----->			
	FY2021	FY2022	FY2023	4M2024
Revenue	4,149,437	4,777,607	5,260,916	1,870,131
Net profit/(loss)	5,882	6,209	25,090	10,259

TJZX Medicine (RMB'000)	<----- Audited ----->			
	FY2021	FY2022⁽¹⁾	FY2023	4M2024
Revenue	561,608	3,356,569	3,724,301	1,019,111
Net profit/(loss)	1,194	(27,541)	(33,370)	(16,571)

Note:

- (1) TJZX Medicine became the Company's wholly-owned subsidiary in April 2022.

We note that:-

- (a) Taiping Medicine was profitable for the latest three financial years and 4M2024; and
- (b) TJZX Medicine was profitable for FY2021 and loss-making for FY2022, FY2023 and 4M2024.

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4.7 OTHER CONSIDERATIONS

In determining whether the Proposed Capital Injection is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, we have also considered the following:-

- (a) Our evaluation of Proposed Joint Venture and Proposed Provision of Guarantee

Please refer to paragraphs 5 and 6 for details.

- (b) Other non-financial principal terms of the Capital Injection Agreement, including conditions precedent

Notable terms and/or conditions precedent include (i) the entrusted loan of RMB1,200 million provided by the Company to TJZX Medicine being fully settled; (ii) TPH and the Company having assumed a proportionate liability of the amount of the Subsisting Guarantee for TJZX Medicine; and (iii) the Company and TPH having equal representation on the board of directors and the board of supervisors of Taiping Medicine.

- (c) Inter-conditionality

We note that the passing of Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture are inter-conditional. Accordingly, in the event that either resolution is not approved, neither resolution will be passed.

In addition, the passing of Resolution 3 pertaining to the Proposed Provision of Guarantee is conditional upon the passing of both Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture, but not *vice versa*. This means that if Resolution 1 and Resolution 2 are not passed, Resolution 3 will be deemed not to have passed.

- (d) Abstention from recommendation and voting

Each Interested Director, who is also key management of TPH, has abstained from voting on the board resolutions in respect of the Proposed IPTs and will abstain from making any recommendation to Shareholders in respect of the same. TPH, being the Controlling Shareholder of the Company, will abstain, and has undertaken to ensure that its associates will abstain, from voting at the 2024 EGM in respect of the resolutions approving the Proposed IPTs. In addition, it shall, and has undertaken to ensure that its associates shall, not accept nomination as proxies or otherwise for voting at the 2024 EGM in respect of the Proposed IPTs unless specific instructions have been given in the proxy instrument on how the relevant Shareholders wish their votes to be cast for the resolutions.

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5. EVALUATION OF THE PROPOSED JOINT VENTURE

We set out below the factors which we consider to be pertinent to and have a significant bearing on our evaluation as to whether the risks and rewards of the Proposed Joint Venture are in proportion to the equity of each joint venture partner, whether the terms of the Proposed Joint Venture are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders:-

(a) Rationale for and benefits of the Proposed Capital Injection

Please refer to paragraph 4.4 of this Letter.

(b) Our evaluation of the Proposed Capital Injection and Proposed Provision of Guarantee

Please refer to paragraphs 4 and 6 of this Letter for our evaluation of the Proposed Capital Injection and Proposed Provision of Guarantee respectively.

(c) Corporate governance for Taiping Medicine

Upon completion of the Proposed Capital Injection, the Company and TPH shall have equal representation on Taiping Medicine's board of directors and board of supervisors and this will be explicitly recorded in the amended and restated Taiping Medicine's AOA.

(d) Taiping Medicine AOA and proportionate risks and rewards

In addition to sub-paragraph (c) above, we have considered the key provisions of the existing Taiping Medicine's AOA and applicable provisions of the PRC Company Law as stated in Section 3.2 of the Circular and highlighted in paragraph 3.3 of this Letter. In particular, we note the Company and TPH shall be liable to Taiping Medicine to the extent of their respective subscribed capital contributions and shall receive dividends in proportion to their capital contributions. Moreover, where any resolutions are proposed to amend the company's articles of association, increase or reduce the registered capital, as well as resolutions on the merger, division, dissolution or change in the company's form, shall be passed by shareholders representing more than two-thirds (2/3) of the voting rights held by the shareholders attending at the general meeting of shareholders.

(e) Inter-conditionality

Please refer to paragraph 4.7(c) of this Letter.

(f) Abstention from recommendation and voting

Please refer to paragraph 4.7(d) of this Letter.

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6. EVALUATION OF THE PROPOSED PROVISION OF GUARANTEE

We set out below the factors which we consider to be pertinent to and have a significant bearing on our evaluation as to whether the terms of the Proposed Provision of Guarantee are on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders:-

- (a) Rationale for and benefits of the Proposed Capital Injection and Proposed Provision of Guarantee

Please refer to paragraphs 4.4 and 3.4.3 of this Letter respectively.

- (b) Our evaluation of the Proposed Capital Injection and Proposed Joint Venture

Please refer to paragraphs 4 and 5 of this Letter for our evaluation of the Proposed Capital Injection and Proposed Joint Venture respectively.

- (c) Proportionate amount of Subsisting Guarantee

We note that as under the Proposed Provision of Guarantee, each of TPH and the Company will assume the amount of the Subsisting Guarantee in proportion to their respective shareholding in TJZX Medicine upon completion of the Proposed Capital Injection. Accordingly, the amount of the Subsisting Guarantee provided by the Company for TJZX Medicine will be reduced from up to RMB1,900 million to up to RMB823.65 million.

- (d) Inter-conditionality

Please refer to paragraph 4.7(c) of this Letter.

- (e) Abstention from recommendation and voting

Please refer to paragraph 4.7(d) of this Letter.

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7. OUR OPINIONS

This Letter is prepared pursuant to Rule 921(4)(a) of the Listing Manual and is addressed to the Non-Interested Directors for their use and benefit, in connection with and for the purposes of their consideration of the Proposed IPTs. Their recommendations to the Independent Shareholders in respect of the Proposed IPTs shall remain their responsibility. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the 2024 EGM and for the purpose of the Proposed IPTs, at any time in any manner without our prior written consent in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Having regard to our terms of reference, in arriving at our opinion, we have taken into account the factors which we consider to be pertinent to and would have a significant bearing on our assessment of the Proposed IPTs as set out in the following paragraphs, which should be read in conjunction with, and in the context of, the full text of this Letter.

The Non-Interested Directors should note that our recommendation is based upon market, economic, industry, monetary and other conditions prevailing and information made available to us as at the Latest Practicable Date.

7.1 OUR OPINION ON THE PROPOSED CAPITAL INJECTION

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Capital Injection:-

- (a) the Consideration Equity Interest as implied by the Market Value appraised by the Independent Valuer represents a premium of approximately RMB57.5 million or 13.18% over the book value of TJZX Medicine Equity Interest as at 30 April 2024;
- (b) the EV/EBITDA ratio of TJZX Medicine of 65.7 times as implied by the Consideration Equity Interest is above the range of the EV/EBITDA ratios of the Selected Comparable Companies;
- (c) the P/NTA ratio of TJZX Medicine of 1.1 times as implied by the Consideration Equity Interest is within the range of the P/NTA ratios of the Selected Comparable Companies;
- (d) the pro forma financial effects of the Proposed Capital Injection;
- (e) the respective historical financial performance of Taiping Medicine and TJZX Medicine;
- (f) rationale for and benefits of the Proposed Capital Injection; and
- (g) other considerations stated in paragraph 4.7 of this Letter.

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Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Capital Injection is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

7.2 OUR OPINION ON THE PROPOSED JOINT VENTURE

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Joint Venture:-

- (a) the completion of Proposed Capital Injection will result in the Company and TPH entering into the Proposed Joint Venture;
- (b) rationale for and benefits of the Proposed Capital Injection;
- (c) our evaluation of the Proposed Capital Injection and Proposed Provision of Guarantee;
- (d) both the Company and TPH having equal representation on Taiping Medicine's board of directors and board of supervisors;
- (e) key provisions of Taiping Medicine AOA as stated in Section 3.2 of the Circular and highlighted in paragraph 3.3.2 of this Letter; and
- (f) inter-conditionality of Resolution 1 and Resolution 2.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Joint Venture is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

7.3 OUR OPINION ON THE PROPOSED PROVISION OF GUARANTEE

We set out below a summary of the key factors we have taken into our consideration in the evaluation of the Proposed Provision of Guarantee:-

- (a) rationale for and benefits of Proposed Capital Injection and Proposed Provision of Guarantee;
- (b) our evaluation of Proposed Capital Injection and Proposed Joint Venture; and
- (c) amount of the Subsisting Guarantee assumed by the Company and TPH is proportionate to their respective equity interest in Taiping Medicine following completion of the Proposed Capital Injection.

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Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Provision of Guarantee is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

Based on the factors and opinions set out in paragraphs 7.1 to 7.3 above, we therefore advise you to recommend that Independent Shareholders vote in favour of the Proposed IPTs to be proposed at the 2024 EGM.

Yours faithfully
For and on behalf of
RHB Bank Berhad

Goh Ken-Yi
Deputy Chief Executive Officer
Head, Corporate and Investment Banking

Alvin Soh
Head, Corporate Finance

APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

Asset Appraisal Report Summary on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

Guorongxinghua Appraisal Report No. [2024] 040089

This summary is derived from the main body of the asset appraisal report. For a comprehensive understanding of this appraisal project and to accurately interpret the appraisal conclusions, it is advisable to thoroughly review the entire asset appraisal report.

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited:

Beijing Guorongxinghua Assets Appraisal Co., Ltd. was entrusted by your company to assess the entire shareholders' equity value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. concerning its proposed restructuring, based on the market value as of the appraisal base date. The appraisal was conducted in compliance with applicable laws, administrative regulations, asset appraisal standards, and principles of independence, objectivity, and fairness, following the necessary appraisal procedures. The summary of the asset appraisal report is as follows:

Purpose of the appraisal: According to the minutes of the General Manager Office Meeting of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited held on May 13, 2024, regarding the "Proposal to Appoint an Asset Appraisal Institution for the Restructuring of Zhongxin Pharmaceutical and Tianjin Pharmaceutical Taiping", Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. intends to undergo an asset restructuring. Therefore, an appraisal of the entire shareholders' equity value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. is conducted to provide a value reference for the aforementioned economic activity.

Appraisal object: the entire shareholders' equity value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd.

Appraisal scope: All assets and liabilities of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. as of April 30, 2024.

Appraisal base date: April 30, 2024

Value type: Market value

Appraisal methods: Asset-based method, and market approach

As of the appraisal base date, the audited book value of the total assets in the consolidated financial statements of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. was RMB 4,388,966,800, with RMB 4,264,813,800 in current assets and RMB 124,153,000 in non-current assets. The total liabilities were RMB 3,881,772,700, with RMB 3,860,890,200 in current liabilities and RMB 20,882,500 in non-current liabilities. The total shareholders' equity amounted to RMB 507,194,100, of which RMB 493,824,300 was attributable to the parent company's equity.



Beijing Guorongxinghua Assets
Appraisal Co., Ltd. 1101020049726

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

The audited book value of the total assets of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. at the company level was RMB 3,927,031,200, which included RMB 3,810,859,600 in current assets and RMB 116,171,600 in non-current assets. The total liabilities amounted to RMB 3,485,701,700, with RMB 3,475,988,100 as current liabilities and RMB 9,713,600 as non-current liabilities. The total shareholders' equity was RMB 441,329,400.

This asset appraisal report adopts the asset-based method as the conclusion of the appraisal. The specific appraisal conclusion is as follows:

Based on the asset-based approach, the appraised value of the total assets of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. is RMB 4,130,834,300, representing an appreciation of RMB 203,803,200 with an appreciation rate of 5.19%. The appraised value of total liabilities is RMB 3,485,701,700, with no change in value. The appraised value of net assets is RMB 645,132,600, with an appreciation of RMB 203,803,200 and an appreciation rate of 46.18%. Please refer to the table below for details:

Appraisal base date: April 30, 2024

Amount unit: RMB ten thousand

Item	Book Value	Appraised Value	Value Change	Appreciation Rate (%)
	A	B	C = B - A	D = C/A × 100%
1 Current Assets	381,085.96	382,053.53	967.57	0.25
2 Non-current Assets	11,617.16	31,029.91	19,412.75	167.10
3 Of which: Available-for-sale Financial Assets	-	-	-	-
4 Other Equity Instruments	12.79	12.79	-	-
5 Long-term Receivables	-	-	-	-
6 Long-term Equity Investments	3,271.72	13,816.09	10,544.37	322.29
7 Investment Properties	-	-	-	-
8 Fixed Assets	5,370.28	13,382.56	8,012.28	149.20
9 Construction in Progress	447.71	450.68	2.97	0.66
10 Engineering Materials	-	-	-	-
11 Fixed Assets Disposal	-	-	-	-
12 Productive Biological Assets	-	-	-	-
13 Oil and Gas Assets	-	-	-	-
14 Intangible Assets	1,274.75	2,267.35	992.60	77.87
15 Development Expenditures	-	-	-	-
16 Right-of-use Assets	38.85	38.85	-	-
17 Long-term Unamortized Costs	-	-	-	-

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Disclaimer: Shareholders should note that the English version of the summary of the Taiping Medicine Asset Appraisal Report is an unofficial translation of its Chinese version and is intended for reference only. In case of any inaccuracy, conflict or inconsistency between the two versions, the Chinese version shall prevail, and the English version will be deemed to conform to the Chinese version. In particular, the English names of certain PRC companies and entities in this Appendix B have been translated from their Chinese names, as there is no requirement for these companies and entities to have an official English name. In case of any inaccuracy, conflict or inconsistency between the English translations, please refer to the original Chinese names.

Shareholders should also note that 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 such, all references to the different Chinese names of Taiping Medicine appearing in this Appendix B refer to Taiping Medicine.

APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

Item		Book Value	Appraised Value	Value Change	Appreciation Rate (%)
		A	B	C = B - A	D = C/A × 100%
18	Deferred Tax Assets	944.60	805.13	(139.47)	(14.76)
19	Other Non-current Assets	256.46	256.46	-	-

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

Item		Book Value	Appraised Value	Value Change	Appreciation Rate (%)
		A	B	C = B - A	D = C/A × 100%
20	Total Assets	392,703.12	413,083.43	20,380.32	5.19
21	Current Liabilities	347,598.81	347,598.81	-	-
22	Non-current Liabilities	971.36	971.36	-	-
23	Total Liabilities	348,570.17	348,570.17	-	-
24	Net Assets (Owner's Equity)	44,132.94	64,513.26	20,380.32	46.18

The following matters were identified during the appraisal process and may impact the appraisal conclusions. Users of the appraisal report should pay attention to these matters.

1. Pledged Notes Receivable:

As of the appraisal base date, some notes receivable included in the appraisal scope have been pledged. This appraisal did not take into account the impact of this matter on the appraisal value.

The specific details are as follows:

No.	Account Name (Settlement Party)	Issue Date	Maturity Date	Book Value
1	Tianjin People's Hospital	2023-11	2024-05	1,803,870.34
2	Zhu Xianyi Memorial Hospital of Tianjin Medical University	2023-12	2024-05	12,904,565.48
3	Zhu Xianyi Memorial Hospital of Tianjin Medical University	2023-12	2024-06	17,390,471.99
4	Tianjin People's Hospital	2023-12	2024-06	1,039,095.48
5	Tianjin People's Hospital	2024-01	2024-06	1,010,324.14
6	Tianjin People's Hospital	2024-02	2024-07	1,559,261.59
1	Tianjin People's Hospital	2024-03	2024-08	1,376,267.65
8	Tianjin People's Hospital	2024-04	2024-09	1,327,272.91
Total				38,411,129.58

2. Inventory - Non-physical Low-Value Consumables

The inventory - low-value consumables included in the appraisal scope consists of 207 items (details in the low-value consumables appraisal list) with a book value of RMB 933,707.57. Upon verification with the company, it was confirmed that these inventory items do not physically exist; their appraised value is zero.

3. Non-physical Fixed Assets and Fixed Assets to Be Scrapped

Some equipment included in the appraisal scope no longer physically exists, and some are to be scrapped (detailed in the list). This includes 13 machinery equipment items to be scrapped, 14 non-physical machinery equipment items, 1 vehicle to be scrapped, 71 electronic devices to be scrapped, and 411 non-physical electronic devices. The non-physical items are appraised at zero; the physical items to be scrapped are appraised based on their recoverable value.

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT




Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

4. Unrecorded Intangible Assets

The unrecorded intangible assets include 2 patents, 1 trademark, and 1 software copyright.

Details are as follows:

No.	Name and Content	Acquisition Date	Legal/Estimated Useful Life	Type	Remarks
1		1998-02	10	Trademark	Expired
2	A Medicine Insulation Box and Its Monitoring System	2015-10	10	Utility Model	
3	Packaging Box (Fomustine for Injection)	2008-02	15	Appearance Design	Expired
4	Refrigerated Transportation Temperature Monitoring and Recording System	2015-11	50	Software Copyright	

5. The commercial property included in the appraisal scope, located at No. 94 Shanghai Road, Tanggu District, is registered under the name of Tianjin Taiping (Group) Co., Ltd. on the property ownership certificate. This discrepancy is due to the company's name not being updated in a timely manner. The ownership for the other properties is registered under Tianjin Taiping Pharmaceutical Co., Ltd. and its branches. The impact of this issue on the appraisal conclusion was not considered in this appraisal.

6. The long-term investment in Tianjin Jizhou Taiping Pharmaceutical Co., Ltd., which is included in the appraisal scope, encompasses 16 buildings. These primarily comprise the guesthouse building, Huaxin factory and warehouse, cold storage, and warehouse expansion, located at No. 93, Shangmao Street, Yuyang Town, Jizhou District. A real estate ownership certificate has been issued with the number Jin (2021) Jizhou District Real Estate No. 1049566. The certificate records a construction area of 2,404.63 square meters, while the actual construction area is 3,392.53 square meters. The discrepancy in area is due to the company expanding the plant and part of the office area in 2018 based on actual business needs. As of the appraisal base date, the ownership certificate for the expansion has not yet been processed. Tianjin Jizhou Taiping Pharmaceutical Co., Ltd. has committed that the property belongs to them, with no ownership disputes. The impact of this issue on the appraisal conclusion was not considered in this appraisal.

7. Due to the long time since purchase and the branch store closures, some equipment under long-term investment in Tianjin Taiping Xinhua Medical Devices Co., Ltd. no longer physically exists, totaling 8 items with an original book value of RMB 66,375.75 and a net book value of RMB 23,291.22. The non-physical items are appraised at zero.

8. The third building item, "Datongren New Location (Jincheng Jiayuan)," listed under the long-term investment subsidiary - Ninghe Taiping, is located at No. 135-114, Jincheng Jiayuan, on the west side of Shangye Road, Lutai Town, Ninghe District. The property ownership is currently

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Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. in Relation to its Proposed Restructuring

registered under Tianjin Urban Development and Investment Development Co., Ltd., due to the fact that the property ownership has not been transferred since the purchase. For this appraisal, the purchase contract and invoice have been obtained, and the long-term investment subsidiary - Ninghe Taiping has committed that the property belongs to them, with no ownership disputes. The impact of this issue on the appraisal conclusion was not considered in this appraisal.

This asset appraisal report serves solely as a reference for the economic activities described in the appraisal report. The validity period for using the appraisal conclusion is one year from the appraisal base date.

Users of the asset appraisal report should fully consider the assumptions, limiting conditions, and special matters noted in the report, as well as their impact on the appraisal conclusion.

The above content is derived from the main body of the asset appraisal report. For a comprehensive understanding of this appraisal project and to accurately interpret the appraisal conclusions, it is advisable to thoroughly review the entire asset appraisal report.



Beijing Guorongxinghua Assets
Appraisal Co., Ltd. 1101020049726

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



津药太平医药有限公司拟实施重组涉及津药太平医药有限公司股东全部权益价值项目评估报告

津药太平医药有限公司 拟实施重组涉及津药太平医药有限公司 股东全部权益价值项目 资产评估报告摘要

国融兴华评报字[2024]第 040089 号

本摘要内容摘自资产评估报告正文，欲了解本评估项目的详细情况和合理理解评估结论，应认真阅读资产评估报告正文。

津药达仁堂集团股份有限公司：

北京国融兴华资产评估有限责任公司接受贵公司的委托，按照法律、行政法规和资产评估准则的规定，坚持独立、客观、公正的原则，按照必要的评估程序，对津药太平医药有限公司股东全部权益在评估基准日的市场价值进行了评估。现将资产评估报告摘要如下：

评估目的：根据津药达仁堂集团股份有限公司总经理办公会会议纪要 2024 年 5 月 13 日“关于中新医药、津药太平重组事项选聘资产评估机构的议案”；津药太平医药有限公司拟资产重组，因此对所涉及的津药太平医药有限公司股东全部权益价值进行评估，为上述经济行为提供价值参考。

评估对象：津药太平医药有限公司股东全部权益价值。

评估范围：津药太平医药有限公司评估基准日 2024 年 4 月 30 日的全部资产及负债。

评估基准日：2024 年 04 月 30 日

价值类型：市场价值

评估方法：资产基础法及市场法

截至评估基准日，津药太平医药有限公司经审计的合并报表总资产账面价值为 438,896.68 万元，其中：流动资产为 426,481.38 万元，非流动资产为 12,415.30 万元；负债总额为 388,177.27 万元，其中：流动负债为 386,089.02 万元，非流动



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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



津药太平医药有限公司拟实施重组涉及津药太平医药有限公司股东全部权益价值项目评估报告

负债为 2,088.25 万元；所有者权益总额为 50,719.41 万元，归属于母公司所有者权益总额为 49,382.43 万元。

经审计的母公司资产总额账面价值为 392,703.12 万元，其中：流动资产为 381,085.96 万元，非流动资产为 11,617.16 万元；负债总额为 348,570.17 万元，其中：流动负债为 347,598.81 万元，非流动负债为 971.36 万元；所有者权益总额为 44,132.94 万元。

本资产评估报告选用资产基础法作为评估结论。具体评估结论如下：

经资产基础法评估，津药太平医药有限公司总资产评估价值 413,083.43 万元，增值 20,380.32 万元，增值率 5.19%；总负债评估价值 348,570.17 万元，无增减值；净资产评估价值 64,513.26 万元，增值 20,380.32 万元，增值率 46.18%。详见下表：

评估基准日：2024 年 04 月 30 日

金额单位：人民币万元

项目	账面价值	评估价值	增减值	增值率%
	A	B	C=B-A	D=C/A×100%
1 流动资产	381,085.96	382,053.53	967.57	0.25
2 非流动资产	11,617.16	31,029.91	19,412.75	167.10
3 其中：可供出售金融资产	-	-	-	-
4 其他权益工具	12.79	12.79	-	-
5 长期应收款	-	-	-	-
6 长期股权投资	3,271.72	13,816.09	10,544.37	322.29
7 投资性房地产	-	-	-	-
8 固定资产	5,370.28	13,382.56	8,012.28	149.20
9 在建工程	447.71	450.68	2.97	0.66
10 工程物资	-	-	-	-
11 固定资产清理	-	-	-	-
12 生产性生物资产	-	-	-	-
13 油气资产	-	-	-	-
14 无形资产	1,274.75	2,267.35	992.60	77.87
15 开发支出	-	-	-	-
16 使用权资产	38.85	38.85	-	-
17 长期待摊费用	-	-	-	-
18 递延所得税资产	944.60	805.13	(139.47)	(14.76)
19 其他非流动资产	256.46	256.46	-	-

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



津药太平医药有限公司拟实施重组涉及津药太平医药有限公司股东全部权益价值项目评估报告

项目	账面价值	评估价值	增减值	增值率%
	A	B	C=B-A	D=C/A×100%
20 资产总计	392,703.12	413,083.43	20,380.32	5.19
21 流动负债	347,598.81	347,598.81	-	-
22 非流动负债	971.36	971.36	-	-
23 负债合计	348,570.17	348,570.17	-	-
24 净资产(所有者权益)	44,132.94	64,513.26	20,380.32	46.18

以下事项是在评估过程中发现的,提请评估报告使用人关注该事项可能对评估结论产生的影响。

1、应收票据质押情况:

截止评估基准日,纳入评估范围内的部分应收票据已进行质押,本次评估未考虑该事项对评估值的影响,具体明细如下:

序号	户名(结算对象)	出票日期	到期日期	账面价值
1	天津市人民医院	2023-11	2024-05	3803,870.34
2	天津医科大学朱宪彝纪念医院	2023-12	2024-05	12,904,565.48
3	天津医科大学朱宪彝纪念医院	2023-12	2024-06	17,390,471.99
4	天津市人民医院	2023-12	2024-06	1,039,095.48
5	天津市人民医院	2024-01	2024-06	1,010,324.14
6	天津市人民医院	2024-02	2024-07	1,559,261.59
7	天津市人民医院	2024-03	2024-08	1,376,267.65
8	天津市人民医院	2024-04	2024-09	1,327,272.91
合计				38,411,129.58

2、存货-低值易耗品无实物情况

纳入评估范围内存货-低值易耗品,共 207 项(清单详见低值易耗品评估明细表),账面价值 933,707.57 元。经与企业核实,此部分存货无实物;无实物评估为零。

3、固定资产待报废或无实物情况

纳入评估范围内部分设备已无实物、部分设备待报废(清单):待报废机器设备 13 项,无实物机器设备 14 项;待报废车辆 1 项;待报废电子设备 71 项,无实物电子设备 411 项。无实物评估为按零;有实物的待报废资产按可收回价值评估。

4、未记录的无形资产状况

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



津药太平医药有限公司拟实施重组涉及津药太平医药有限公司股东全部权益价值项目评估报告

账面未记录的无形资产有 2 项专利、1 项商标、1 项软件著作权；详见下表：

序号	名称和内容	取得日期	法定/预计使用年限	类型	备注
1		1998-02	10	商标	已过期
2	一种药品保温箱及其监控系统	2015-10	10	实用新型	
3	包装盒(注射用福莫司汀)	2008-02	15	外观设计	已过期
4	冷藏运输温度监测记录系统	2015-11	50	软件著作权	

5、纳入评估范围的位于塘沽区上海道 94 号的塘沽区营业用房产证载权利人为天津太平(集团)有限公司，系公司名称未及时变更所致，其他房产权利人分别为津药太平医药有限公司及其分公司。本次评估未考虑该事项对评估结论的影响。

6、长投天津市蓟州太平医药有限公司纳入评估范围的房屋建筑物共计 16 项，主要包括招待所楼房、华新厂库房、冷库及库房扩建，位于蓟州区渔阳镇商贸街 93 号，已取得不动产权证书，证书编号为津(2021)蓟州区不动产权第 1049566 号，证载建筑面积为 2404.63 平方米，实际建筑面积为 3392.53 平方米，面积不符的原因为：被评估单位根据实际业务需要于 2018 年扩建了厂房和部分办公区，截至评估基准日尚未办理产权证。长投天津市蓟州太平医药有限公司承诺该房产为其所有，不存在权属争议。本次评估未考虑该事项对评估结果的影响。

7、长投天津太平新华医疗器械有限公司部分设备由于购进时间较长、分公司门店关闭等原因已无实物，共计 8 项，账面原值为 66,375.75 元，账面净值为 23,291.22 元。无实物评估值为零。

8、长投子公司-宁河太平的房屋建筑物中第 3 项“大同仁新址(金城嘉园)”，该房产位于宁河区芦台镇商业道西侧金城嘉园 135-114 号。房产权利人为天津市城开投资发展有限公司，经核实原因系自外购至今未办理产权变更；本次评估已取得该购房合同及发票，长投子公司-宁河太平承诺该房产为其所有，不存在权属争议。本次评估未考虑该事项对评估结果的影响。

本资产评估报告仅为资产评估报告中描述的经济行为提供价值参考，评估结论的使用有效期限自评估基准日起一年有效。

资产评估报告使用人应当充分考虑资产评估报告中载明的假设、限定条件、特别事项说明及其对评估结论的影响。

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APPENDIX B – SUMMARY OF TAIPING MEDICINE ASSET APPRAISAL REPORT



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以上内容摘自资产评估报告正文，欲了解本评估业务的详细情况和正确理解
评估结论，应当阅读资产评估报告全文。



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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



**Guo Rong
Xing Hua**

Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd.
in Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin
Pharmaceutical Da Ren Tang Group Corporation Limited

Asset Appraisal Report Summary on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd. In Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Guorongxinghua Appraisal Report No. [2024] 040090

This summary is derived from the main body of the asset appraisal report. For a comprehensive understanding of this appraisal project and to accurately interpret the appraisal conclusions, it is advisable to thoroughly review the entire asset appraisal report.

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited:

Beijing Guorongxinghua Assets Appraisal Co., Ltd. was entrusted by your company to assess the entire shareholders' equity value of Tianjin Zhongxin Pharmaceutical Co., Ltd. concerning the restructuring proposed by Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited, based on the market value on the appraisal base date. This appraisal was conducted following the necessary appraisal procedures and adhered to applicable laws, administrative regulations, and asset appraisal standards, upholding the principles of independence, objectivity, and fairness. The summary of the asset appraisal report is as follows:

Purpose of the appraisal: According to the minutes of the General Manager Office Meeting of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited held on May 13, 2024, concerning the "Proposal to Appoint an Asset Appraisal Institution for the Restructuring of Zhongxin Pharmaceutical and Tianjin Pharmaceutical Taiping", Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited plans to restructure Tianjin Zhongxin Pharmaceutical Co., Ltd. Therefore, an appraisal of the entire shareholders' equity value of Tianjin Zhongxin Pharmaceutical Co., Ltd. is conducted to provide a value reference for the aforementioned economic activity.

Appraisal object: the entire shareholders' equity value of Tianjin Zhongxin Pharmaceutical Co., Ltd.

Appraisal scope: All assets and liabilities of Tianjin Zhongxin Pharmaceutical Co., Ltd. as of April 30, 2024.

Appraisal base date: April 30, 2024

Value type: Market value

Appraisal methods: Asset-based method, and market approach



Beijing Guorongxinghua Assets
Appraisal Co., Ltd. 1101020049726

As of the appraisal base date, the audited book value of the total assets in the consolidated financial statements of Tianjin Zhongxin Pharmaceutical Co., Ltd. was RMB 2,727,020,000, which included RMB 2,665,892,900 in current assets and RMB 61,127,000 in non-current assets. The total liabilities were RMB 2,258,221,400, with RMB 2,232,216,300 in current liabilities and RMB 26,005,000 in non-current liabilities. The total shareholders' equity amounted to RMB 468,798,600, of which RMB 441,444,900 was attributable to the parent company's equity.

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



**Guo Rong
Xing Hua**

Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd.
in Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin
Pharmaceutical Da Ren Tang Group Corporation Limited

The audited book value of the total assets of Tianjin Zhongxin Pharmaceutical Co., Ltd. at the company level was RMB 2,651,470,300, with RMB 2,573,376,900 in current assets and RMB 78,093,400 in non-current assets. The total liabilities amounted to RMB 2,215,349,000, of which RMB 2,189,343,900 were current liabilities and RMB 26,005,000 were non-current liabilities. The total shareholders' equity was RMB 436,121,300.

This asset appraisal report adopts the asset-based method as the conclusion of the appraisal. The specific appraisal conclusion is as follows:

Based on the asset-based approach, the appraised value of the total assets of Tianjin Zhongxin Pharmaceutical Co., Ltd. is RMB 2,705,033,400, representing an appreciation of RMB 53,563,100 with an appreciation rate of 2.02%. The appraised value of total liabilities is RMB 2,211,415,600, reflecting a depreciation of RMB 3,933,300. The appraised value of net assets is RMB 493,617,700, with an appreciation of RMB 57,496,400 and an appreciation rate of 13.18%. Please refer to the table below for details:



Beijing Guorongxinghua Assets
Appraisal Co., Ltd. 1101020049726

Appraisal base date: April 30, 2024

Amount unit: RMB ten thousand

Item		Book Value	Appraised Value	Value Change	Appreciation Rate (%)
		A	B	C = B - A	D = C/A × 100%
1	Current Assets	257,337.69	258,516.88	1,179.19	0.46
2	Non-current Assets	7,809.34	11,986.46	4,177.12	53.49
3	Of which: Available-for-sale Financial Assets	-	-	-	-
4	Held-to-maturity Investments	-	-	-	-
5	Long-term Receivables	-	-	-	-
6	Long-term Equity Investments	2,505.98	4,889.39	2,383.41	95.11
7	Investment Properties	-	-	-	-
8	Fixed Assets	3,533.46	5,178.06	1,644.60	46.54
9	Construction in Progress	-	-	-	-
10	Engineering Materials	-	-	-	-
11	Fixed Assets Disposal	-	-	-	-
12	Productive Biological Assets	-	-	-	-
13	Oil and Gas Assets	-	-	-	-
14	Intangible Assets	555.17	767.28	212.11	38.21

Beijing Guorongxinghua Assets Appraisal Co., Ltd.

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Fax: 82253743

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



**Guo Rong
Xing Hua**

Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd.
in Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin
Pharmaceutical Da Ren Tang Group Corporation Limited

Item		Book Value	Appraised Value	Value Change	Appreciation Rate (%)
		A	B	C = B - A	D = C/A × 100%
15	Development Expenditures	-	-	-	-

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



**Guo Rong
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Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd.
in Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin
Pharmaceutical Da Ren Tang Group Corporation Limited

Item		Book Value	Appraised Value	Value Change	Appreciation Rate (%)
		A	B	C = B - A	D = C/A × 100%
16	Right-of-use Assets	92.25	92.25	-	-
17	Long-term Unamortized Costs	161.49	161.49	-	-
18	Deferred Tax Assets	960.99	897.99	(63.00)	(6.56)
19	Other Non-current Assets	-	-	-	-
20	Total Assets	265,147.03	270,503.34	5,356.31	2.02
21	Current Liabilities	218,934.39	218,934.39	-	-
22	Non-current Liabilities	2,600.50	2,207.17	(393.33)	(15.13)
23	Total Liabilities	221,534.90	221,141.56	(393.33)	(0.18)
24	Net Assets (Owner's Equity)	43,612.13	49,361.77	5,749.64	13.18

The following are the matters identified during the appraisal process that could potentially impact the appraisal conclusion:

1. Tianjin Zhongxin Pharmaceutical Co., Ltd. and its branches have a total of 199 scrapped or non-physical fixed assets recorded on their books, including 28 scrapped machinery and equipment items (detailed in the machinery and equipment appraisal list), 14 scrapped vehicles (detailed in the vehicle appraisal list), 1 non-physical vehicle, and 156 scrapped electronic devices (detailed in the electronic device appraisal list).

2. Tianjin Zhongxin Pharmaceutical Group Xuzhi Pharmaceutical Technology Co., Ltd. has 6 scrapped or non-physical electronic devices recorded on its books (detailed in the electronic device appraisal list), with an original asset value of RMB 15,323.00, accumulated depreciation of RMB 14,556.85, and a net asset value of RMB 766.15.

3. Tianjin Zhongxin Pharmaceutical Group Guowei Medicine Co., Ltd. has 1 scrapped machinery item (detailed in the machinery and equipment appraisal list) and 4 scrapped electronic devices (detailed in the electronic device appraisal list) recorded on its books, with an original asset value of RMB 16,371.98 and a net asset value of RMB 423.98.

4. The parent company, Tianjin Zhongxin Pharmaceutical Co., Ltd. at the company level, possesses a parcel of land with an original recorded value of RMB 15,074.12 (Asset No.: 04001 Land Use Rights), and one intangible asset for proprietary technology (Asset No.: 04002 Proprietary Technology). Upon examining the original vouchers, documents, as well as consulting with the former financial officer, it was determined that pertinent records of the intangible asset are untraceable in the manual financial books dating back to 2000. This is a historical issue and pertains to assets that are recorded but do not physically exist.

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



**Guo Rong
Xing Hua**

Asset Appraisal Report on Entire Shareholders' Equity Value of Tianjin Zhongxin Pharmaceutical Co., Ltd.
in Relation to the Restructuring of Tianjin Zhongxin Pharmaceutical Co., Ltd. Proposed by Tianjin
Pharmaceutical Da Ren Tang Group Corporation Limited

5. The long-term investment in Tianjin Zhongxin Pharmaceutical Binhai Co., Ltd. includes a property located at No. 122, Shiji Avenue, Dagang, Binhai New Area, Tianjin. The property ownership certificate number is No. DGZD090013872, with Tianjin Zhongxin Pharmaceutical Binhai Co., Ltd. registered as the property owner. The land certificate number is No. GGY(94)11, with Tianjin Dagang First Commercial General Company as the owner. The reason for this discrepancy is that the land certificate has not been divided, resulting in the land ownership certificate not being updated as of the appraisal base date. The appraised unit has agreed to bear any disputes arising from this matter.

This asset appraisal report serves solely as a reference for the economic industry described in the appraisal report. The validity period for using the appraisal conclusion is one year from the appraisal base date.

Users of the asset appraisal report should fully consider the assumptions, limiting conditions, and special matters noted in the report, as well as their impact on the appraisal conclusion.

The above content is derived from the main body of the asset appraisal report. For a comprehensive understanding of this appraisal project and to accurately interpret the appraisal conclusions, it is advisable to thoroughly review the entire asset appraisal report.



Beijing Guorongxinghua Assets
Appraisal Co., Ltd. 1101020049726

Beijing Guorongxinghua Assets Appraisal Co., Ltd.

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



拟对天津中新医药有限公司实施重组涉及的天津中新医药有限公司股东全部权益价值项目评估报告

津药达仁堂集团股份有限公司

津药达仁堂集团股份有限公司 拟对天津中新医药有限公司实施重组涉及的 天津中新医药有限公司 股东全部权益价值项目

资产评估报告摘要

国融兴华评报字[2024]第 040090 号

本摘要内容摘自资产评估报告正文，欲了解本评估项目的详细情况和合理理解评估结论，应认真阅读资产评估报告正文。

津药达仁堂集团股份有限公司：

北京国融兴华资产评估有限责任公司接受贵公司的委托，按照法律、行政法规和资产评估准则的规定，坚持独立、客观、公正的原则，按照必要的评估程序，就津药达仁堂集团股份有限公司拟对天津中新医药有限公司实施重组所涉及的天津中新医药有限公司股东全部权益在评估基准日的市场价值进行了评估。现将资产评估报告摘要如下：

评估目的：根据津药达仁堂集团股份有限公司 2024 年 5 月 13 日总经理办公会议纪要“关于中新医药、津药太平重组事项选聘资产评估机构的议案”；津药达仁堂集团股份有限公司拟对天津中新医药有限公司重组，因此对所涉及的天津中新医药有限公司股东全部权益价值进行评估，为上述经济行为提供价值参考。

评估对象：天津中新医药有限公司股东全部权益价值。

评估范围：天津中新医药有限公司截至 2024 年 4 月 30 日的全部资产及负债。

评估基准日：2024 年 4 月 30 日

价值类型：市场价值

评估方法：资产基础法、市场法

截至评估基准日，天津中新医药有限公司经审计的合并报表总资产账面价值为 272,702.00 万元，其中：流动资产为 266,589.29 万元，非流动资产为 6,112.70 万

北京国融兴华资产评估有限责任公司

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



津药达仁堂集团股份有限公司

拟对天津中新医药有限公司实施重组涉及的天津中新医药有限公司股东全部权益价值项目评估报告

元；负债总额为 225,822.14 万元，其中：流动负债为 223,221.63 万元，非流动负债为 2,600.50 万元；所有者权益总额为 46,879.86 万元，归属于母公司所有者权益总额为 44,144.49 万元。

经审计的母公司资产总额账面价值为 265,147.03 万元，其中：流动资产为 257,337.69 万元，非流动资产为 7,809.34 万元；负债总额为 221,534.90 万元，其中：流动负债为 218,934.39 万元，非流动负债为 2,600.50 万元；所有者权益总额为 43,612.13 万元。

本资产评估报告选用资产基础法评估结果作为评估结论。具体评估结论如下：

经资产基础法评估，天津中新医药有限公司总资产评估价值 270,503.34 万元，增值 5,356.31 万元，增值率 2.02%；总负债评估价值 221,141.56 万元，减值 393.33 万元；净资产评估价值 49,361.77 万元，增值 5,749.64 万元，增值率 13.18%。详见下表：

评估基准日：2024 年 4 月 30 日

金额单位：人民币万元

项目		账面价值	评估价值	增减值	增值率%
		A	B	C=B-A	D=C/A×100%
1	流动资产	257,337.69	258,516.88	1,179.19	0.46
2	非流动资产	7,809.34	11,986.46	4,177.12	53.49
3	其中：可供出售金融资产	-	-	-	-
4	持有至到期投资	-	-	-	-
5	长期应收款	-	-	-	-
6	长期股权投资	2,505.98	4,889.39	2,383.41	95.11
7	投资性房地产	-	-	-	-
8	固定资产	3,533.46	5,178.06	1,644.60	46.54
9	在建工程	-	-	-	-
10	工程物资	-	-	-	-
11	固定资产清理	-	-	-	-
12	生产性生物资产	-	-	-	-
13	油气资产	-	-	-	-
14	无形资产	555.17	767.28	212.11	38.21
15	开发支出	-	-	-	-

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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



津药达仁堂集团股份有限公司

拟对天津中新医药有限公司实施重组涉及的天津中新医药有限公司股东全部权益价值项目评估报告

项目		账面价值	评估价值	增减值	增值率%
		A	B	C=B-A	D=C/A×100%
16	使用权资产	92.25	92.25	-	-
17	长期待摊费用	161.49	161.49	-	-
18	递延所得税资产	960.99	897.99	(63.00)	(6.56)
19	其他非流动资产	-	-	-	-
20	资产总计	265,147.03	270,503.34	5,356.31	2.02
21	流动负债	218,934.39	218,934.39	-	-
22	非流动负债	2,600.50	2,207.17	(393.33)	(15.13)
23	负债合计	221,534.90	221,141.56	(393.33)	(0.18)
24	净资产(所有者权益)	43,612.13	49,361.77	5,749.64	13.18

以下为在评估过程中已发现可能影响评估结论的有关事项：

1、天津中新医药有限公司及所属分公司账面显示的报废、无实物固定资产 199 项，其中包括报废机器设备 28 项(详见机器设备评估明细表)、报废车辆 14 项(详见车辆评估明细表)，无实物车辆 1 项，报废电子设备 156 项(详见电子设备评估明细表)。

2、天津中新药业集团旭志医药科技有限公司账面显示的报废、无实物电子设备 6 项(详见电子设备评估明细表)，资产原值 15,323.00 元，累计折旧 14,556.85 元，资产净值 766.15 元。

3、天津中新药业集团国卫医药有限公司账面显示的报废机器设备 1 项(详见机器设备评估明细表)、电子设备 4 项(详见电子设备评估明细表)，资产原值 16,371.98 元，资产净值 423.98 元。

4、母公司中新医药土地使用权共计 1 宗，原始入账价值 15,074.12 元，资产编号为 04001 土地使用权；其他无形资产专有技术 1 项，资产编号为 04002 专有技术，经翻阅查找原始凭证、资料，并与前任财务负责人了解，截至 2000 年手工财务账，均未找到相关资料。为历史遗留问题，属于有账无物。

5、长投天津中新药业滨海有限公司位于天津市滨海新区大港世纪大道 122 号房产，房屋所有权证号：房权证大港字第 090013872 号，证载产权人为天津中新药业滨海有限公司。土地证号：港国用（94）字第 11 号，土地证载权人为天

北京国融兴华资产评估有限责任公司 电话：010-51667811 传真：82253743
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APPENDIX C – SUMMARY OF TJZX MEDICINE ASSET APPRAISAL REPORT



津药达仁堂集团股份有限公司

拟对天津中新医药有限公司实施重组涉及的天津中新医药有限公司股东全部权益价值项目评估报告

津市大港区第一商业总公司，原因是土地大证未进行分割，造成截止评估基准日土地产权证未做变更，被评估单位承诺同意承担该事项产生的纠纷。

本资产评估报告仅为资产评估报告中描述的经济行为提供价值参考，评估结论的使用有效期限自评估基准日起一年有效。

资产评估报告使用人应当充分考虑资产评估报告中载明的假设、限定条件、特别事项说明及其对评估结论的影响。

以上内容摘自资产评估报告正文，欲了解本评估业务的详细情况和正确理解评估结论，应当阅读资产评估报告正文。



北京国融兴华资产评估有限责任公司 电话：010-51667811 传真：82253743
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NOTICE OF EXTRAORDINARY GENERAL MEETING

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)
(the “Company”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT NOTE FOR SHAREHOLDERS:

The Company had previously given notice of the Extraordinary General Meeting on 11 September 2024 in compliance with Article 69 of the Articles of Association of the Company and the listing rules of the Shanghai Stock Exchange which require the Company to issue a written notice 45 days in advance of a shareholders' meeting.

This updated notice of Extraordinary General Meeting, which is given in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, supersedes the version announced by the Company on 11 September 2024.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM” or “**Extraordinary General Meeting**”) of the Company will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the People's Republic of China (the “PRC”) 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for holders of the S-Shares (“**S-Share Shareholders**”) in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m..

Unless otherwise defined, all capitalised terms used in this Notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular issued by the Company to its Shareholders dated 14 October 2024 (the “Circular”).

Shareholders should note that:

- (a) the passing of Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture are inter-conditional. This means that if either resolution is not approved, neither resolution will be passed; and
- (b) the passing of Resolution 3 pertaining to the Proposed Provision of Guarantee is conditional upon the passing of both Resolution 1 pertaining to the Proposed Capital Injection and Resolution 2 pertaining to the Proposed Joint Venture, but not *vice versa*. This means that if Resolution 1 and Resolution 2 are not passed, Resolution 3 will be deemed not to have been passed.

To consider and, if thought fit, approve the following resolutions, with or without modifications:

Resolution 1: To consider and approve the proposed capital injection into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) by the Company through the transfer of the 100% equity interest in the registered capital of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) to Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) and the proposed entry into a capital injection agreement in relation thereto as an interested person transaction;

NOTICE OF EXTRAORDINARY GENERAL MEETING

Resolution 2: To consider and approve the resultant joint venture in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) as an interested person transaction; and

Resolution 3: To consider and approve the proposed provision of a guarantee for an amount of up to RMB823,650,000 by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as an interested person transaction.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
14 October 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The EGM will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m..
2. EGM documents. Printed copies of this updated notice of EGM (the “**Notice of EGM**”), the accompanying Proxy Form and the circular dated 14 October 2024 issued by the Company (the “**Circular**”) will be sent to S-Share Shareholders. This Notice of EGM, the Proxy Form and the Circular have also been, or will also be made available on the SGXNET and on the Company’s website at www.jydr.com.cn. S-Share Shareholders and investors are advised to check the SGXNET and/or the Company’s website at www.jydr.com.cn regularly for the latest updates.
3. Shareholders’ questions and answers. S-Share Shareholders and duly appointed proxy or proxies will be able to attend the EGM in person and ask questions relating to the resolutions to be tabled for approval at the EGM.

However, S-Share Shareholders are encouraged to raise their questions (if any) as early as possible in advance of the EGM by **2:00 p.m. on Sunday, 27 October 2024** and can submit substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM, in advance of the EGM, in the following manner:

- (a) by email to drt600329@163.com; or
- (b) by post to the Company’s S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632.

S-Share Shareholders who submit questions in advance of the EGM should provide their full name, address, contact number, email address and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited; otherwise, please state if you hold your Shares through the Central Provident Fund Investment Scheme (“**CPF**”) or the Supplementary Retirement Scheme (“**SRS**”) or other Relevant Intermediary), for our verification purposes. “**Relevant Intermediary**” means (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company will endeavour to answer all substantial and relevant questions in relation to the resolutions to be tabled for approval at the EGM prior to, or at the EGM. **Where substantially similar questions are received, the Company may consolidate such questions and consequently not all questions may be individually addressed.**

The Company will also publish the minutes of the EGM which will include substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM and the responses from the Board and/or management of the Company to such questions on the SGXNET and on the Company’s website at www.jydr.com.cn within one (1) month after the date of the EGM.

4. Voting. A Shareholder (whether individual or corporate, including Relevant Intermediaries) entitled to attend and vote at the EGM is entitled to appoint one (1) or more persons (who need not also be Shareholder(s)) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the EGM. Where a Shareholder appoints more than one (1) proxy, the appointment shall be deemed to be 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.

A S-Share Shareholder (whether individual or corporate) can also choose to appoint the Chairman of the EGM as his/her/its proxy, but this is not mandatory. The Chairman of the EGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the EGM as his/her/its proxy for that resolution will be treated as invalid.**

Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the EGM) as his/her/its proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in the instrument appointing a proxy(ies). **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her discretion.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Proxy Form has been or will be made available on the SGXNET and may also be accessed at the Company's website at www.jydr.com.cn.

An investor who holds Shares under the CPF ("CPF Investor") and/or the SRS ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the EGM (i.e., by **5:00 p.m. on Thursday, 17 October 2024**). **The Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

The duly completed Proxy Form must be submitted by S-Share Shareholders to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, via email to the Company's S-Shares Registrar at srs.proxy@boardroomlimited.com,

in either case, by no later than **2:00 p.m. on Sunday, 27 October 2024**.

S-Share Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

A S-Share Shareholder who wishes to submit an instrument of proxy must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. If the S-Share Shareholder is a corporation, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.

The completion and return of the instrument appointing a proxy(ies) by a Shareholder does not preclude such Shareholder from attending, speaking and voting in person at EGM if such Shareholder subsequently decides to do so. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the Shareholder attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the EGM.

- 5. 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 not less than twenty (20) days prior to the EGM of his or her intention to attend the EGM. Accordingly, a holder of tradable domestic A-Shares with limiting conditions for sale who is planning to attend the EGM must give a written notice to the Company no later than 3 October 2024.
- 6. The EGM 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 EGM shall be borne by that Shareholder.
- 7. **Personal data privacy:** By (1) submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, (2) submitting any question prior to the EGM, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purposes of (i) the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof), (ii) the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), (iii) the addressing of substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM from Shareholders received prior to and/or at the EGM and if necessary, the following up with Shareholders in relation to such questions, and (iv) 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**"), (b) warrants that where a Shareholder discloses the personal data of such Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), such 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 (c) 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.

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PROXY FORM

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)
(the "Company")

EXTRAORDINARY GENERAL MEETING PROXY FORM

(You are advised to read the notes below before completing this form)

IMPORTANT

- The EGM will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m..
- A S-Share Shareholder (whether individual or corporate) can also choose to appoint the Chairman of the EGM as his/her/its proxy, but this is not mandatory. The Chairman of the EGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the EGM as his/her/its proxy for that resolution will be treated as invalid.**
- Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the EGM) as his/her/its proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in the instrument appointing a proxy(ies). **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her discretion.**
- An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the EGM (i.e., by **5:00 p.m. on Thursday, 17 October 2024**). **The Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
- Personal Data Privacy:** By submitting this Proxy Form, the S-Share Shareholders accepts and agrees to the personal data privacy terms set out in the Company's Notice of EGM dated 14 October 2024.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) by a S-Share Shareholder to attend, speak and vote on his/her/its behalf at the EGM.

I/We, _____ (Name) with
NRIC/Passport/Company Registration Number _____ of
_____ (Address)

being a member/members of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing whom, or if no persons are named above, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend, speak and vote on my/our behalf at the Extraordinary General Meeting of the Company ("EGM") to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the People's Republic of China (the "PRC") 300193 (concurrently, a video conferencing at RNN Conference Centre, 137 Cecil Street #12-02 Cecil Building, Singapore 069537 for S-Share Shareholders in Singapore) on Tuesday, 29 October 2024 at 2:00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote on the Resolution(s) to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies (except where the Chairman of the EGM is appointed as proxy) will vote or abstain from voting at his/her/their discretion on any matter arising at the meeting and at any adjournment thereof. **Where the Chairman of the EGM is appointed as proxy, and in the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.**

(Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (✓) or a cross (X) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

No.	Resolution(s) relating to:	For	Against	Abstain
1	To consider and approve the proposed capital injection into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) by the Company through the transfer of the 100% equity interest in the registered capital of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) to Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) and the proposed entry into a capital injection agreement in relation thereto as an interested person transaction			
2	To consider and approve the resultant joint venture in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) as an interested person transaction			
3	To consider and approve the proposed provision of a guarantee for an amount of up to RMB823,650,000 by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as an interested person transaction			

Dated this _____ day of _____ 2024

Total number of Shares in:	No. of Shares ^{Note 1}
(a) Depository Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. **If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.**
2. A Shareholder (whether individual or corporate, including Relevant Intermediaries) entitled to attend and vote at the EGM is entitled to appoint one (1) or more persons (who need not also be Shareholder(s)) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the EGM. Where a Shareholder appoints more than one (1) proxy, the appointment shall be deemed to be 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.

A S-Share Shareholder (whether individual or corporate) can also choose to appoint the Chairman of the EGM as his/her/its proxy, but this is not mandatory. The Chairman of the EGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the EGM as his/her/its proxy for that resolution will be treated as invalid.**

Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the EGM) as his/her/its proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in the instrument appointing a proxy(ies). **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her discretion.**
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the EGM (i.e., by **5:00 p.m. on Thursday, 17 October 2024**). **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
4. The duly completed Proxy Form must be submitted by S-Share Shareholders to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) if submitted electronically, via email to the Company's S-Shares Registrar at srs.proxy@boardroomlimited.com,in either case, by no later than **2:00 p.m. on Sunday, 27 October 2024**.

S-Share Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

A S-Share Shareholder who wishes to submit an instrument of proxy must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. If the S-Share Shareholder is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer or attorney. Where an instrument appointing a proxy(ies) and/or representative(s) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. The Completion and return of the instrument appointing a proxy(ies) by a Shareholder do not preclude such Shareholder from attending, speaking and voting in person at the EGM if such Shareholder subsequently decides to do so. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the Shareholder attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the EGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of S-Share Shareholders whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any instrument appointing a proxy(ies) lodged if such S-Share Shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the EGM, as certified by the CDP to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the S-Share Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 October 2024.

