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BEIJING TONG REN TANG CHINESE MEDICINE COMPANY LIMITED
北京同仁堂國藥有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 3613)

**CONTINUING CONNECTED TRANSACTIONS
REGARDING RENEWAL OF
THE EXCLUSIVE DISTRIBUTORSHIP FRAMEWORK AGREEMENTS**

RENEWAL OF THE EXISTING EXCLUSIVE DISTRIBUTORSHIP FRAMEWORK AGREEMENTS

Reference is made to the announcement of the Company dated 6 November 2020 in relation to, inter alia, the entering of the Existing TRT Tech Exclusive Distributorship Framework Agreement and the Existing TRT Ltd. Exclusive Distributorship Framework Agreement by the Company with each of Tong Ren Tang Technologies and Tong Ren Tang Ltd., respectively.

As each of the Existing Exclusive Distributorship Framework Agreements will expire after 31 December 2023, the Company entered into the New TRT Tech Exclusive Distributorship Framework Agreement with Tong Ren Tang Technologies and the New TRT Ltd. Exclusive Distributorship Framework Agreement with Tong Ren Tang Ltd. to extend the respective continuing connected transactions for a further term of three years ending 31 December 2026.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tong Ren Tang Technologies, who is interested in approximately 38.05% of the issued share capital of the Company, is the immediate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New TRT Tech Exclusive Distributorship Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Tong Ren Tang Ltd., who is interested in approximately 71.67% of the issued share capital of the Company, is the intermediate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New TRT Ltd. Exclusive Distributorship Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed highest annual caps in aggregate of the transactions contemplated under the New Exclusive Distributorship Framework Agreements exceed 5% and the proposed highest annual caps in aggregate are more than HK\$10,000,000, the transactions contemplated thereunder are subject to reporting, announcement, circular, annual review, as well as the Independent Shareholders' approval requirements under the Listing Rules.

With the approval of the Independent Board Committee, Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of each of the New TRT Tech Exclusive Distributorship Framework Agreement and the New TRT Ltd. Exclusive Distributorship Framework Agreement.

A circular containing, among others, further details of the transactions contemplated under the New Exclusive Distributorship Framework Agreements, the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM, will be despatched to the Shareholders on or before 5 December 2023.

RENEWAL OF THE EXISTING EXCLUSIVE DISTRIBUTORSHIP FRAMEWORK AGREEMENTS

Reference is made to the announcement of the Company dated 6 November 2020 in relation to, inter alia, the entering of the Existing TRT Tech Exclusive Distributorship Framework Agreement and the Existing TRT Ltd. Exclusive Distributorship Framework Agreement by the Company with each of Tong Ren Tang Technologies and Tong Ren Tang Ltd., respectively.

The Group is the primary overseas distribution platform of the Parent Group and is the only member of the Parent Group solely distributing the Mainland China manufactured "Tong Ren Tang" branded Chinese medicine products outside the Mainland China. The renewal of the Existing Exclusive Distributorship Framework Agreements is to ensure the continuity of the exclusive distributorship arrangement outside the Mainland China, which is of utmost importance to the Parent Group as well as the Group.

As each of the Existing Exclusive Distributorship Framework Agreements will expire after 31 December 2023, the Company entered into the New TRT Tech Exclusive Distributorship Framework Agreement with Tong Ren Tang Technologies and the New TRT Ltd. Exclusive Distributorship Framework Agreement with Tong Ren Tang Ltd. to extend the respective continuing connected transactions for a further term of three years ending 31 December 2026.

Details of the transactions and the arrangements contemplated under the New Exclusive Distributorship Framework Agreements are set out below:

(I) The New TRT Tech Exclusive Distributorship Framework Agreement

Date : 29 November 2023

Parties : (1) the Company
(2) Tong Ren Tang Technologies

- Term** : The New TRT Tech Exclusive Distributorship Framework Agreement shall be for a term of three years from 1 January 2024 to 31 December 2026 (both days inclusive) and shall be effective upon the approval of the Independent Shareholders at the EGM.
- Major terms and conditions** :
- The Tong Ren Tang Technologies Group appoints TRT International Natural-Pharm, a wholly-owned subsidiary of the Company, as its sole overseas distributor for the distribution of the Relevant Products of the Tong Ren Tang Technologies Group in markets outside the Mainland China.
 - Within the term of the New TRT Tech Exclusive Distributorship Framework Agreement and for the purpose of the overseas distribution of the Relevant Products of the Tong Ren Tang Technologies Group, TRT International Natural-Pharm will procure from the Tong Ren Tang Technologies Group, and the Tong Ren Tang Technologies Group shall supply to TRT International Natural-Pharm, the Relevant Products as agreed by the parties.
 - The Tong Ren Tang Technologies Group shall provide trainings on the Relevant Products of the Tong Ren Tang Technologies Group and the Group is responsible for the promotion of Relevant Products in markets outside the Mainland China.
 - Individual distribution agreement will be signed by members of the Tong Ren Tang Technologies Group and TRT International Natural-Pharm during the term of the New TRT Tech Exclusive Distributorship Framework Agreement to set out details of the quantity, price, specifications, standards, delivery time and settlement of the Relevant Products supplied, save as such individual distribution agreement shall be entered into on normal commercial terms as well as in accordance with the provisions of the New TRT Tech Exclusive Distributorship Framework Agreement.
- Pricing policy** :
- The price of the Relevant Products supplied by the Tong Ren Tang Technologies Group to TRT International Natural-Pharm shall be adjusted according to the actual situation (e.g. the prices of the Relevant Products may increase because of the increase of cost of the Relevant Products) and determined after arm's length negotiation, and under the same conditions, which shall not be higher than the wholesale price of the Relevant Products, which are identical or similar, sold by the Tong Ren Tang Technologies Group to the wholesale customers in the Mainland China. Given that the Group is the sole exclusive distributor of Tong Ren Tang Technologies Group overseas and that the Relevant Products are unique in nature and are not directly comparable to those available in the market, the Group can only make reference to and compare the price of the Relevant Products sold in the Mainland China.

- Payment of the price will be specified in individual distribution agreement to be signed between members of the Tong Ren Tang Technologies Group and TRT International Natural-Pharm.
- TRT International Natural-Pharm shall obtain an updated wholesale price list and payment terms of the Relevant Products which the members of the Tong Ren Tang Technologies Group have offered to independent third parties on a quarterly basis so as to determine whether the price and terms offered to TRT International Natural-Pharm are fair and reasonable and comparable to those they offered to their unrelated wholesale customers in the Mainland China. Members of the Tong Ren Tang Technologies Group shall also notify TRT International Natural-Pharm in case there is any material update of the said wholesale price list and payment terms of the Relevant Products from time to time.

(II) The New TRT Ltd. Exclusive Distributorship Framework Agreement

- Date** : 29 November 2023
- Parties** : (1) the Company
(2) Tong Ren Tang Ltd.
- Term** : The New TRT Ltd. Exclusive Distributorship Framework Agreement shall be for a term of three years from 1 January 2024 to 31 December 2026 (both days inclusive) and shall be effective upon the approval of the Independent Shareholders at the EGM.
- Major terms and conditions** :
- The Tong Ren Tang Ltd. Group appoints TRT International Natural-Pharm, as its sole overseas distributor for the distribution of the Relevant Products of the Tong Ren Tang Ltd. Group in markets outside the Mainland China.
 - Within the term of the New TRT Ltd. Exclusive Distributorship Framework Agreement and for the purpose of the overseas distribution of the Relevant Products of the Tong Ren Tang Ltd. Group, TRT International Natural-Pharm will procure from the Tong Ren Tang Ltd. Group, and the Tong Ren Tang Ltd. Group shall supply to TRT International Natural-Pharm, the Relevant Products as agreed by the parties.
 - The Tong Ren Tang Ltd. Group shall provide trainings on the Relevant Products of the Tong Ren Tang Ltd. Group and the Group is responsible for the promotion of Relevant Products in markets outside the Mainland China.

- Individual distribution agreement will be signed by members of the Tong Ren Tang Ltd. Group and TRT International Natural-Pharm during the term of the New TRT Ltd. Exclusive Distributorship Framework Agreement to set out details of the quantity, price, specifications, standards, delivery time and settlement of the Relevant Products supplied, save as such individual distribution agreement shall be entered into on normal commercial terms as well as in accordance with the provisions of the New TRT Ltd. Exclusive Distributorship Framework Agreement.

Pricing policy

- :
- The price of the Relevant Products supplied by the Tong Ren Tang Ltd. Group to TRT International Natural-Pharm shall be adjusted according to the actual situation (e.g. the prices of the Relevant Products may increase because of the increase of cost of the Relevant Products) and determined after arm's length negotiation, and under the same conditions, which shall not be higher than the wholesale price of the Relevant Products, which are identical or similar, sold by the Tong Ren Tang Ltd. Group to the wholesale customers in the Mainland China. Given that the Group is the sole exclusive distributor of Tong Ren Tang Ltd. Group overseas and that the Relevant Products are unique in nature and are not directly comparable to those available in the market, the Group can only make reference to and compare the price of the Relevant Products sold in the Mainland China.
 - Payment of the price will be specified in individual distribution agreement to be signed between members of the Tong Ren Tang Ltd. Group and TRT International Natural-Pharm.
 - TRT International Natural-Pharm shall obtain an updated wholesale price list and payment terms of the Relevant Products which the members of the Tong Ren Tang Ltd. Group have offered to independent third parties on a quarterly basis so as to determine whether the price and terms offered to TRT International Natural-Pharm are fair and reasonable and comparable to those they offered to their unrelated wholesale customers in the Mainland China. Members of the Tong Ren Tang Ltd. Group shall also notify TRT International Natural-Pharm in case there is any material update of the said wholesale price list and payment terms of the Relevant Products from time to time.

Historical Figures and Proposed Annual Caps

Set out below is the aggregate historical amounts paid/payable by the Group in respect of its purchase of the Relevant Products for its distribution in markets outside the Mainland China for the two years ended 31 December 2022 and nine months ended 30 September 2023 as well as the previous annual caps (exclusive of value-added tax in the PRC) under each of the Existing Exclusive Distributorship Framework Agreements:

| | Year ended 31 December | | | | Nine months ended 30 September 2023 | Year ending 31 December 2023 |
|--|--|-------------------|--|-------------------|--|---------------------------------------|
| | 2021 | | 2022 | | | |
| | Actual amounts (Audited) <i>(HK\$' million)</i> | Historical cap | Actual amounts (Audited) <i>(HK\$' million)</i> | Historical cap | | |
| Amounts paid/ payable under the Existing TRT Tech Exclusive Distributorship Framework Agreement (exclusive of value-added tax in the PRC) | 26.3 | 53.7 | 39.1 | 61.8 | 23.4 | 71.0 |
| Amounts paid/ payable under the Existing TRT Ltd. Exclusive Distributorship Framework Agreement (exclusive of value-added tax in the PRC) | 14.3 | 86.2 | 20.0 | 99.1 | 16.1 | 114.0 |
| Total paid/payable amounts (exclusive of value-added tax in the PRC) | 40.6 | 139.9 | 59.1 | 160.9 | 39.5 | 185.0 |

The low utilisation of the historical annual caps for the transactions contemplated under each of the Existing TRT Tech Exclusive Distributorship Framework Agreement and the Existing TRT Ltd. Exclusive Distributorship Framework Agreement for the years ended 31 December 2021 and 2022 was due to the impact of COVID-19 pandemic. The logistics and exportation in various regions have been affected during the COVID-19 pandemic which had led to a decrease in purchase amounts, resulting in the low utilisation of the historical annual caps. It is expected that the purchase amounts under the Existing TRT Tech Exclusive Distributorship Framework Agreement and the Existing TRT Ltd. Exclusive Distributorship Framework Agreement for the year ending 31 December 2023 will be approximately HK\$38.2 million and approximately HK\$91.2 million, respectively.

The proposed annual caps (exclusive of value-added tax in the PRC) under the New Exclusive Distributorship Framework Agreements for each of the three years ending 31 December 2026 are set out below:

| | For the year ending 31 December | | |
|---|--|------------------------|------------------------|
| | 2024 | 2025 | 2026 |
| | <i>(HK\$' million)</i> | <i>(HK\$' million)</i> | <i>(HK\$' million)</i> |
| New TRT Tech Exclusive Distributorship Framework Agreement | 49.0 | 55.8 | 63.6 |
| New TRT Ltd. Exclusive Distributorship Framework Agreement | 111.0 | 120.0 | 130.0 |
| Total proposed annual caps (exclusive of value-added tax in the PRC) | 160.0 | 175.8 | 193.6 |

The proposed annual caps set out above are determined based on the following factors which are applicable to both of the New Exclusive Distributorship Framework Agreements:

- (a) the historical figures of the relevant transactions and the historical annual caps as disclosed above;
- (b) the expected purchase amounts for the year ending 31 December 2023 which comprises of actual purchase amounts for the nine months ended 30 September 2023 and the expected purchase amounts for the period from 1 October 2023 to 31 December 2023 based on the purchase orders that had been issued by the Group;
- (c) the expected improving market conditions and the continuous increase in demand for the Relevant Products in markets outside the Mainland China;
- (d) the expected increase in supply prices for the Relevant Products over the next three years as a result of the continuous increase in manufacturing costs, in particular, continuous increase in costs in labour and raw materials;
- (e) taking into account the above items (c) and (d), it is estimated (i) a forecasted annual growth rate of approximately 14% for the three years ending 31 December 2026 for the purchase of the Relevant Products from the Tong Ren Tang Technologies Group; and (ii) a forecasted annual growth rate of approximately 8% for the three years ending 31 December 2026 for the purchase of the Relevant Products from the Tong Ren Tang Ltd. Group, which is based on the annual growth in average for the purchase of the Relevant Products from Tong Ren Tang Technologies Group and Tong Ren Tang Ltd. Group respectively for the years from 2017 to 2019, under an expectation that the annual growth for the three years ending 31 December 2026 will resume to the extent before COVID-19 pandemic; and
- (f) an annual buffer of approximately 13% for the three years ending 31 December 2026 for any unexpected increase in the aforesaid transaction volume amount (as a result of any unexpected increase in market demand for the Relevant Products) or unexpected increase in the cost of supply or a change in exchange rate.

Such projection is assumed solely for determining the annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue, profitability or trading prospects of the Group and of the Tong Ren Tang Technologies Group or the Tong Ren Tang Ltd. Group.

REASONS FOR ENTERING INTO THE NEW EXCLUSIVE DISTRIBUTORSHIP FRAMEWORK AGREEMENTS

The transactions contemplated under the New Exclusive Distributorship Framework Agreements are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group.

The Directors consider that securing a long-term business relationship with the Tong Ren Tang Ltd. Group and the Tong Ren Tang Technologies Group who have reputable business associated with profound experience in the Chinese medicine industry in the Mainland China is beneficial to the Group. The increased co-operation would be expected to bring considerable and stable contribution to the Group's revenue and profitability in the long run.

The Directors (excluding the independent non-executive Directors who will provide their advice after having received the advice from the Independent Financial Adviser) are of the view that the New Exclusive Distributorship Framework Agreements (including the caps thereunder) (i) have been negotiated on an arm's length basis; (ii) have been conducted and will continue to be conducted on normal commercial terms or better; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the aforesaid pricing policies for the transactions contemplated under the New Exclusive Distributorship Framework Agreements will be adhered to, the Company will continue to adopt the following internal control measures:

- (i) the export department of TRT International Natural-Pharm and the sales department of the Company are responsible for specific implementation and supervision of the transactions contemplated under the New Exclusive Distributorship Framework Agreements, so as to ensure that such transactions are conducted in accordance with the terms of the New Exclusive Distributorship Framework Agreements;
- (ii) the finance department of the Company is responsible for monitoring, collecting and evaluating the detailed information of the transactions contemplated under the New Exclusive Distributorship Framework Agreements (including but not limited to the payment arrangements and actual transaction amount under each of the individual distribution agreements) on a regular monthly basis, so as to ensure that the amount of the transaction does not exceed the established annual caps. If there is any imminent or possible exceeding of the annual caps of the transactions contemplated under the New Exclusive Distributorship Framework Agreements, the export department of TRT International Natural-Pharm and the sales department of the Company shall report as soon as possible to the finance department and the company secretarial department of the Company to determine the necessity to revise the annual caps on a timely basis. If the company secretarial department confirms the necessity to revise the annual caps, the export department of TRT International Natural-Pharm and the sales department of the Company shall propose the revised annual caps and reasons for adjustment, and relevant approval and disclosure procedures shall be implemented as soon as practicable. Prior to the compliance of all of the approval and disclosure procedures, the export department of TRT International Natural-Pharm and the sales department of the Company involved in the transactions contemplated under the New Exclusive Distributorship Framework Agreements shall closely monitor, and ensure that the transaction amounts do not exceed the annual caps;

- (iii) the Company shall regularly, and in any event, at least once a year, provide the export department of TRT International Natural-Pharm and the sales department of the Company with trainings on the requirements for continuing connected transactions under the Listing Rules so as to ensure the adequacy of relevant staff's qualifications and experience;
- (iv) as mentioned above, TRT International Natural-Pharm shall procure an updated wholesale price list and payment terms of the Relevant Products which the Tong Ren Tang Technologies Group and the Tong Ren Tang Ltd. Group have offered to independent third parties on a quarterly basis so as to determine whether that the price and terms offered to TRT International Natural-Pharm are fair and reasonable and comparable to those they offered to their unrelated wholesale customers in the Mainland China. The Group will, on a random and sample basis, request each of the Tong Ren Tang Technologies Group and the Tong Ren Tang Ltd. Group to provide supporting documents to the Group in relation to the wholesale price and payment terms offered to independent third parties to ensure that the prices obtained by the Group are reasonable and comparable. Members of the Tong Ren Tang Technologies Group and the Tong Ren Tang Ltd. Group shall also notify TRT International Natural-Pharm in case there is any material update of the said wholesale price list and payment terms of the Relevant Products from time to time;
- (v) the independent non-executive Directors and the auditor of the Company will also on a regular basis, in any event, no less than once a year, be provided with (i) the New Exclusive Distributorship Framework Agreements; (ii) sales contracts entered into between the Tong Ren Tang Technologies Group or the Tong Ren Tang Ltd. Group and independent third parties for the supply of the Relevant Products; (iii) individual distribution agreements entered into between the Group and the Tong Ren Tang Technologies Group or the Tong Ren Tang Ltd. Group (as the case may be); and (iv) the quarterly updated wholesale price lists and payment terms of the Relevant Products;
- (vi) the independent non-executive Directors have reviewed and will continue to review and compare the relevant payment terms, payment method and price payable under these agreements and sales contracts to ensure that the transactions contemplated under the New Exclusive Distributorship Framework Agreements are conducted on normal commercial terms, are fair and reasonable, are comparable to those entered into between the Tong Ren Tang Technologies Group or the Tong Ren Tang Ltd. Group (as the case may be) and independent third parties and are carried out pursuant to the terms of such agreements; and
- (vii) the auditor of the Company has reviewed and will also continue to conduct annual review on the pricing and annual caps of the transactions contemplated under the New Exclusive Distributorship Framework Agreements and confirm the transactions contemplated under the New Exclusive Distributorship Framework Agreements are conducted in accordance with the terms of the New Exclusive Distributorship Framework Agreements.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated departments and responsible officers, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the New Exclusive Distributorship Framework Agreements. The Directors (including the independent non-executive Directors) are of the view that the Company has implemented effective internal control measures, and such methods and procedures can ensure that the transactions contemplated under the New Exclusive Distributorship Framework Agreements will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tong Ren Tang Technologies, who is interested in approximately 38.05% of the issued share capital of the Company, is the immediate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New TRT Tech Exclusive Distributorship Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Tong Ren Tang Ltd., who is interested in approximately 71.67% of the issued share capital of the Company, is the intermediate controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New TRT Ltd. Exclusive Distributorship Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed highest annual caps in aggregate of the transactions contemplated under the New Exclusive Distributorship Framework Agreements exceed 5% and the proposed highest annual caps in aggregate are more than HK\$10,000,000, the transactions contemplated thereunder are subject to reporting, announcement, circular, annual review, as well as the Independent Shareholders' approval requirements under the Listing Rules.

Ms. Feng Li (who is the non-executive director of Tong Ren Tang Technologies as well as the deputy general manager and the secretary to the board of directors of Tong Ren Tang Ltd.), the non-executive Director of the Company, is considered to have material interests in the transactions contemplated under the New Exclusive Distributorship Framework Agreements by virtue of her respective positions in Tong Ren Tang Technologies and Tong Ren Tang Ltd., for good corporate governance, Ms. Feng Li has abstained from voting on the relevant Board resolutions in the Board meeting to approve the transactions contemplated under the New Exclusive Distributorship Framework Agreements.

Save as disclosed, there is no other Director who has a material interest in the transactions contemplated under the New Exclusive Distributorship Framework Agreements.

With the approval of the Independent Board Committee, Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of each of the New TRT Tech Exclusive Distributorship Framework Agreement and the New TRT Ltd. Exclusive Distributorship Framework Agreement.

A circular containing, among others, further details of the transactions contemplated under the New Exclusive Distributorship Framework Agreements, the respective advice of the Independent Financial Adviser and the Independent Board Committee and the notice of the EGM, will be despatched to the Shareholders on or before 5 December 2023.

GENERAL INFORMATION

The Company

The Company is principally engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments.

Tong Ren Tang Technologies

Tong Ren Tang Technologies is principally engaged in the manufacturing and sale of Chinese medicines.

Tong Ren Tang Ltd.

Tong Ren Tang Ltd. is principally engaged in the manufacturing and sale of Chinese medicines.

TRT International Natural-Pharm

TRT International Natural-Pharm is principally engaged in the sale and distribution of Chinese medicines and healthcare products.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the EGM, which is expected to be convened on or around Wednesday, 27 December 2023 for approving the New Exclusive Distributorship Framework Agreements and the proposed annual caps contemplated thereunder, the register of members of the Company will be closed from Wednesday, 20 December 2023 to Wednesday, 27 December 2023, both days inclusive, during which period no transfer of the shares of the Company will be registered.

In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 19 December 2023. All persons who are registered holders of the shares of the Company on 27 December 2023, the record date of the EGM, will be entitled to attend and vote at the EGM.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

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|------------------------------|---|
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of directors of the Company |
| “Company” | Beijing Tong Ren Tang Chinese Medicine Company Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

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| “EGM” | the extraordinary general meeting of the Company to be convened to, among other things, consider and, if thought fit, approve the New Exclusive Distributorship Framework Agreements and the proposed annual caps contemplated thereunder |
| “Existing Exclusive Distributorship Framework Agreements” | collectively, the Existing TRT Tech Exclusive Distributorship Framework Agreement and the Existing TRT Ltd. Exclusive Distributorship Framework Agreement |
| “Existing TRT Ltd. Exclusive Distributorship Framework Agreement” | the exclusive distributorship framework agreement dated 6 November 2020 entered into between the Company and Tong Ren Tang Ltd. in relation to the distribution of the Relevant Products of the Tong Ren Tang Ltd. Group in markets outside the Mainland China |
| “Existing TRT Tech Exclusive Distributorship Framework Agreement” | the exclusive distributorship framework agreement dated 6 November 2020 entered into between the Company and Tong Ren Tang Technologies in relation to the distribution of the Relevant Products of the Tong Ren Tang Technologies Group in markets outside the Mainland China |
| “Group” | the Company and its subsidiaries (either directly owned or indirectly owned) |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Company comprising all the independent non-executive Directors, namely Mr. Tsang Yok Sing, Jasper, Mr. Xu Hong Xi and Mr. Chan Ngai Chi, formed for the purpose of advising the Independent Shareholders in respect of the terms of the New Exclusive Distributorship Framework Agreements (including the proposed annual caps) |
| “Independent Shareholders” | Shareholders other than the Parent Group |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| “Mainland China” | the PRC and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan region |
| “New Exclusive Distributorship Framework Agreements” | collectively, the New TRT Tech Exclusive Distributorship Framework Agreement and the New TRT Ltd. Exclusive Distributorship Framework Agreement |
| “New TRT Ltd. Exclusive Distributorship Framework Agreement” | the new exclusive distributorship framework agreement dated 29 November 2023 entered into between the Company and Tong Ren Tang Ltd. in relation to the distribution of the Relevant Products of the Tong Ren Tang Ltd. Group in markets outside the Mainland China |

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| “New TRT Tech Exclusive Distributorship Framework Agreement” | the new exclusive distributorship framework agreement dated 29 November 2023 entered into between the Company and Tong Ren Tang Technologies in relation to the distribution of the Relevant Products of the Tong Ren Tang Technologies Group in markets outside the Mainland China |
| “Parent Group” | Tong Ren Tang Holdings, Tong Ren Tang Ltd., Tong Ren Tang Technologies and their respective associates (excluding the Group) |
| “PRC” | the People’s Republic of China |
| “Relevant Products” | the “Tong Ren Tang” branded products and/or Chinese medicine products supplied by the Tong Ren Tang Ltd. Group or the Tong Ren Tang Technologies Group to TRT International Natural-Pharm under the New Exclusive Distributorship Framework Agreements for the purpose of the distribution or production in the markets outside the Mainland China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Somerley” or “Independent Financial Adviser” | Somerley Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Exclusive Distributorship Framework Agreements (including the proposed annual caps) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tong Ren Tang Holdings” | China Beijing Tong Ren Tang Group Co., Ltd., a state-owned enterprise established in the PRC on 17 August 1992 and is the ultimate controlling shareholder of the Company |
| “Tong Ren Tang Ltd.” | Beijing Tong Ren Tang Company Limited, a joint stock limited company established in the PRC on 18 June 1997, the shares of which have been listed on the Shanghai Stock Exchange since 1997 and is the intermediate holding company of the Company |
| “Tong Ren Tang Ltd. Group” | Tong Ren Tang Ltd. and its subsidiaries (either directly owned or indirectly owned, other than Tong Ren Tang Technologies Group and the Group) |
| “Tong Ren Tang Technologies” | Tong Ren Tang Technologies Co. Ltd., a joint stock limited company established in the PRC on 22 March 2000, the H shares of which are listed on the Stock Exchange, and is the immediate holding company of the Company |

| | |
|------------------------------------|--|
| “Tong Ren Tang Technologies Group” | Tong Ren Tang Technologies and its subsidiaries (either directly owned or indirectly owned, other than the Group) |
| “TRT International Natural-Pharm” | Beijing Tong Ren Tang International Natural-Pharm Co., Ltd., a company incorporated in the PRC with limited liability on 6 March 2006 and a wholly-owned subsidiary of the Company |
| “%” | per cents |

By order of the Board
Beijing Tong Ren Tang
Chinese Medicine Company Limited
Yu Jin
Executive Director and Chief Executive Officer

Hong Kong, 29 November 2023

As at the date of this announcement, the composition of the Board is as follows:

Executive Directors:

Mr. Yu Jin
Mr. Chen Fei

Non-executive Director:

Ms. Feng Li

Independent Non-executive Directors:

Mr. Tsang Yok Sing, Jasper
Mr. Xu Hong Xi
Mr. Chan Ngai Chi