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Tong Ren Tang Technologies Co. Ltd.

北京同仁堂科技發展股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1666)

PROPOSED RENEWAL OF CONTINUING CONNECTED TRANSACTIONS DISTRIBUTION FRAMEWORK AGREEMENT AND MASTER PROCUREMENT AGREEMENT

The Board hereby announces that, as each of the Distribution Framework Agreement and the Master Procurement Agreement entered into between the Company and Tong Ren Tang Holdings will expire on 31 December 2025, the parties renewed such agreements on 29 September 2025, each for a term of three years from 1 January 2026 to 31 December 2028, and set the annual caps for the continuing connected transactions contemplated under each of the aforesaid agreements for the three years ending 31 December 2028.

As at the date this announcement, Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under each of the renewed Distribution Framework Agreement and renewed Master Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated annual caps for the continuing connected transactions under the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement respectively exceed 5%, both the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder are subject to independent shareholders' approval requirement in addition to reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

An extraordinary general meeting of the Company will be convened to seek the approval of the Independent Shareholders in this regard. Tong Ren Tang Holdings and its associates will abstain from voting in respect of the relevant resolutions at the extraordinary general meeting of the Company.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders.

A circular containing, among others, details of the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement as well as the proposed annual caps for the continuing connected transactions contemplated thereunder, a letter from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders, together with a notice convening the extraordinary general meeting of the Company, will be dispatched to the Shareholders in due course.

BACKGROUND

On 29 September 2025, the Company and Tong Ren Tang Holdings renewed the Distribution Framework Agreement and the Master Procurement Agreement, and set the annual caps for the respective continuing connected transactions contemplated thereunder for the three years ending 31 December 2028. Pursuant to the Hong Kong Listing Rules, both of the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement as well as the proposed annual caps for the respective continuing connected transactions contemplated thereunder are still subject to the approval by the Independent Shareholders.

PROPOSED RENEWAL OF THE DISTRIBUTION FRAMEWORK AGREEMENT

Major Terms of the Renewed Distribution Framework Agreement

Renewal Date:	29 September 2025
Parties:	(i) the Company (ii) Tong Ren Tang Holdings
Term of the Agreement:	Subject to the approval by the Independent Shareholders, the renewed Distribution Framework Agreement is for a term of three years from 1 January 2026 to 31 December 2028.
Principal Terms and Conditions:	Pursuant to the renewed Distribution Framework Agreement: • The Company agreed that the Group may, from time to time, sell its products to members of Tong Ren Tang Group.

- Tong Ren Tang Holdings agreed that Tong Ren Tang Group as the non-exclusive distributor of the Group, members of Tong Ren Tang Group may, from time to time, purchase products from the Group and then distribute the same to retailers and/or end-users.
- Details of the products and quantities to be sold by the Group to Tong Ren Tang Group shall be determined by the Group and Tong Ren Tang Group according to market conditions and stated in the individual implementation agreement.

Pricing Policies:

Under the renewed Distribution Framework Agreement, the price of the products to be sold by the Group to Tong Ren Tang Group is determined based on market orientation, and such terms shall be no less favorable than the pricing terms of the products sold by the Group to other independent third parties under the same conditions and shall be determined in accordance with a reasonable cost plus a fair and reasonable profit margin: (i) the reasonable cost shall be determined with reference to the cost of the raw materials, the cost of labor and the manufacturing expense of the Group, etc.; and (ii) the profit margin shall be determined by reference to the prevailing market rate and the then market price for comparable products in the related industry, and the average gross profit rate of the products of the Group in the past years (approximately 35% to 45%).

Payment of the Fees:

Payment arrangement will be negotiated by the parties participating in the specific transactions contemplated under the renewed Distribution Framework Agreement and as stated in the individual implementation agreement, but shall be the same as the arrangement with other independent third parties. Usually, the payment shall be settled by wire transfer or by acceptance bill, and the credit period is between 30 days and 180 days.

Implementation Agreement:

During the term of the renewed Distribution Framework Agreement, members of the Group and members of Tong Ren Tang Group will enter into, from time to time and as necessary, individual implementation agreement for each of the specific transactions contemplated under the renewed Distribution Framework Agreement.

Any such implementation agreement shall be subject to the terms and conditions of the renewed Distribution Framework Agreement, and the relevant annual caps for the continuing connected transaction contemplated thereunder.

The terms of the renewed Distribution Framework Agreement have no material difference from those of the existing Distribution Framework Agreement.

Annual Caps

Historical Transaction Amount

The historical transaction amount under the Distribution Framework Agreement for the two years ended 31 December 2024 and for the eight months ended 31 August 2025 is set out as below:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Eight months ended 31 August 2025 (Unaudited)**
	(RMB million)	*(RMB million)*	*(RMB million)*
Historical Transaction Amount	1,590.40	2,245.86	1,699.28

Historical Annual Caps and Utilization Rate

The annual caps for the transactions contemplated under the Distribution Framework Agreement and the utilization rate of each of the historical annual caps for the three years ending 31 December 2025 are set out as below:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ending 31 December 2025**
	(RMB million)	*(RMB million)*	*(RMB million)*
Historical Annual Caps	2,680	3,000	3,450
Utilization Rate (%)	59.34%	74.86%	73.88%*(Note)*

Note: The utilization rate is calculated by dividing the historical transaction amount for the eight months ended 31 August 2025 by the pro-rated annual cap.

The Directors have been monitoring the transaction amount contemplated under the Distribution Framework Agreement, and for the two years ended 31 December 2024, the annual cap for each year has not been exceeded. As at the date of this announcement and for the year ending 31 December 2025, the annual cap for the transactions contemplated under the Distribution Framework Agreement for the year ending 31 December 2025 has not been and is not expected to be exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the renewed Distribution Framework Agreement for the three years ending 31 December 2028 are set out as below:

	Year ending 31 December 2026	**Year ending 31 December 2027**	**Year ending 31 December 2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Proposed Annual Caps	3,700	4,220	4,820

The above proposed annual caps were determined with reference to the historical transaction amount as listed above and after taking into consideration the following factors:

(i) The historical transaction amount under the Distribution Framework Agreement has gradually increased over the past three years. The utilization rate under the Distribution Framework Agreement was approximately 60% in 2023, approximately 75% in 2024 and it is expected to be approximately 74% in 2025. At the same time, the actual transaction amount under the Distribution Framework Agreement in 2024 increased by approximately 41% compared to 2023, and it is expected that the actual transaction amount in 2025 will increase by approximately 13% compared to 2024 and approximately 60% compared to 2023;

(ii) The Group's sales revenue has steadily increased over the past three years, and the overall economic operation remains stable and positive. According to the disclosure in the 2024 Annual Report, the Group's sales revenue in 2024 increased by approximately 21% compared to 2022, and the compound annual growth rate (CAGR) of revenue from 2022 to 2024 was approximately 10%;

(iii) Benefiting from the Group's "Major Varieties" strategy, the scale of the Group's product portfolio continues to expand. As disclosed in the 2024 Annual Report, there are 56 products with annual sales exceeding RMB5 million, among which there are 9 products with sales exceeding RMB100 million. For the core products, sales of the Liuwei Dihuang Pills (六味地黃丸) series increased by 10.71% year-on-year, the Shengmai Liquor (生脈飲口服液) series increased by 14.85% year-on-year, the Ganmao Qingre Granules (感冒清熱顆粒) series increased by 17.14% year-on-year, the Jinkui Shenqi Pills (金匱腎氣丸) series increased by 3.45% year-on-year, and the Jiawei Xiaoyao Pills (加味逍遙丸) series increased by 5.02% year-on-year. Looking forward, the Company will continue to focus on modern traditional Chinese medicine, seize the opportunities in traditional Chinese medicine development, and adhere to a consumer-centric approach, guided by the "Major Varieties Strategy". The Company will further refine its product lines in categories including treatments for chronic diseases, preventive healthcare, non-pharmaceutical products, pediatric medicines, anti-cancer products and Tong Ren Tang specialty medicines, to drive overall sales growth of related products. Through research and development as well as product introductions, the Company will continuously enrich the range of products and categories to be sold to Tong Ren Tang Group under the Distribution Framework Agreement. In addition to traditional Chinese medicine, the Company's subsidiaries offer products in the fields of food, cosmetics and disinfectant products. During the "15th Five-Year Plan" period, the Company will also promote its subsidiaries to rely on their specialized positioning for in-depth development, continuously expanding product areas, types, and sales volumes across various categories. Therefore, the Company expects that the transaction value under the renewed Distribution Framework Agreement will continue to grow;

(iv) The main component of the proposed annual caps for the Distribution Framework Agreement is the sales of the Group's products through the "Tong Ren Tang" brand distribution channels of Tong Ren Tang Group. It is expected that the expansion of the sales network of the "Tong Ren Tang" brand of Tong Ren Tang Group will also lead to an increase in the volume of transactions under the renewed sales framework agreement.

As disclosed in the annual report of Tong Ren Tang Ltd., by the end of 2024, the number of retail stores under the "Tong Ren Tang" brand had reached 1,251, an increase of 309 stores compared to 2022, representing a growth of 33%. During the "15th Five-Year Plan" period, the Company will continue to strengthen the intensity of its cooperation with retail pharmacies under the "Tong Ren Tang" brand, fully leverage the brand advantages, professional and standardized services, and customer resources of the "Tong Ren Tang" brand sales network, enhance consumer interactive marketing, and thereby drive growth in end-user sales.

At the same time, as the scale of retail pharmacies within the Tong Ren Tang system continues to grow, it is expected that the Group's sales scale to retail pharmacies within the Tong Ren Tang system will also continue to grow. Therefore, it is anticipated that the transaction value under the renewed sales framework agreement over the next three years will further grow at a rate of approximately 15% per year. This growth rate has been determined by considering the CAGR of revenue from 2022 to 2024 (approximately 10%), the overall output value and production volume of finished Chinese medicine of the Group in 2024 increased by approximately 16% and 12%, respectively, compared to 2022, and the CAGR of sales revenue of the Group's top five product series from 2022 to 2024 (approximately 11%).

In addition, any potential new investments that Tong Ren Tang Group may make over the next three years could lead to an increase in the number of retail pharmacies under the "Tong Ren Tang" brand, thereby increasing the volume of transactions between the Group and Tong Ren Tang Holdings under the renewed sales framework agreement;

(v) 2026 will be the commencement year of the Group's "15th Five-Year Plan". To ensure the achievement of the Group's "15th Five-Year Plan", from 2026 to 2030, the Group will continue to accelerate to build its grand health industrial cluster with traditional Chinese medicine as core business, food products, functional household chemical products as growing business, gel products and disinfectant products as business with growth potential. As such, the sales volume of the Group's product series will continue to grow, which will result in the corresponding increase in the transaction amount under the renewed Distribution Framework Agreement; and

(vi) In consideration of the above factors, including the full use of the sales network of "Tong Ren Tang" brand, the continuing optimization of the construction of products, and the recovery of market conditions and overall economy in the PRC, it is expected that the sales volume under the Distribution Framework Agreement between the Company and Tong Ren Tang Holdings will continue to increase. In addition, an additional buffer of 5% has been included for the estimated amount of sales of products by the Group under the renewed Distribution Framework Agreement for any unexpected increase in the aforesaid amount in the next three years.

Reasons for and benefit of renewal of the Distribution Framework Agreement

Tong Ren Tang Holdings, with its subsidiaries and associates located in the PRC, has a sales network providing a wide coverage. The Directors consider that the utilization of the sales network of Tong Ren Tang Group to distribute the Group's products will give full play to the advantage of the brand and resources owned by Tong Ren Tang Group and expand the market share of the Group, hence is beneficial to the development of the business of the Group.

The Directors and the Independent Board Committee are of the view that the renewed Distribution Framework Agreement was entered into on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Measures of Internal Control

To ensure the Group's conformity with the pricing policies in relation to the continuing connected transactions contemplated under the renewed Distribution Framework Agreement, the Company has adopted the following internal control policies for its daily operation:

(a) After renewing Distribution Framework Agreement, the continuing connected transactions contemplated thereunder shall be strictly in compliance with the approved terms and conditions. Individual implementation agreements of the renewed Distribution Framework Agreement shall be performed in strict accordance with pricing policies set out in the renewed Distribution Framework Agreement. If revision of such terms and conditions is required due to change of actual situation, it is required to re-perform appropriate approval process;

(b) The relevant business departments of the Company will continuously monitor the pricing terms, receipt arrangements and actual transaction amount of each of the individual implementation agreements relating to the renewed Distribution Framework Agreement, and the audit department of the Company will review the implementation of the relevant management policies of the Company in the assessment of the internal control system every half year, and conduct sampling review of the above information, so as to ensure transactions under the renewed Distribution Framework Agreement comply with the relevant management policies of the Company and ensure the relevant transactions are entered into on normal commercial terms or better and are fair and reasonable, the terms and conditions available to the Group are no less favorable than those available to independent third parties, and such transactions are carried out pursuant to the terms of the renewed Distribution Framework Agreement;

(c) The sales department of the Company is responsible for monitoring, collecting and evaluating the market data on a quarterly basis, including but not limited to the prevailing market and the then market price for comparable products in the related industry, which is subject to the preliminary review by the sales personnel and the final review by the sales manager. Under the circumstances such as the then market price for the comparable products recorded significant increases or decreases as compared with the price of the specific product under the renewed Distribution Framework Agreement as set by the Company, the sales department or pricing department of the Company will put forward the proposal of price adjustment, which is subject to the preliminary approval by the deputy general manager of the Company in charge of sales and the final review and approval by the board of managers of the Company after the research and discussion by sales, pricing, financial departments and other relevant departments of the Company;

(d) The financial department of the Company is responsible to collect and total the transaction amount of the Group's continuing connected transactions on a monthly basis based on the respective transaction amount reported by the relevant business departments, and is responsible to prepare the summary sheet of the Group's continuing connected transactions. Relevant business departments, if discover any imminent or possible exceeding of the annual caps of any continuing connected transactions, shall report as soon as possible to the financial department and the securities affairs department of the Company. If the relevant business departments confirm the necessity to revise the annual caps, they shall make the application regarding the revision of annual caps, including but not limited to the amount and composition of the revised annual caps as well as the basis for adjustment, and then submit the application to the board of managers of the Company for review and discussion after obtaining the approval of the head of business. The Board or the shareholders' general meeting will finally decide whether to revise the annual caps of the relevant continuing connected transactions and proceed with the relevant disclosure procedures. Before completion of all approval and disclosure procedures, the person in charge of the relevant business departments involved in the continuing connected transactions shall ensure that the transaction amounts do not exceed the original annual caps;

(e) The Company will implement, amend and improve the relevant rules and the requirements, and specify that the subsidiaries of the Company will comply with the above-mentioned pricing policies in respect of the continuing connected transactions contemplated under the renewed Distribution Framework Agreement;

(f) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions under the renewed Distribution Framework Agreement, so as to ensure all transactions contemplated thereunder are entered into on normal commercial terms or better and are fair and reasonable, the terms and conditions available to the Group are no less favorable than those available to independent third parties, and such transactions are carried out pursuant to the terms of the renewed Distribution Framework Agreement; and

(g) The auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures are necessary components of an internal control system, including designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the abovementioned review procedures and approval process against the explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the renewed Distribution Framework Agreement, the Directors are of the view that such methods and procedures can ensure and safeguard that the transactions contemplated under the renewed Distribution Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders as a whole.

PROPOSED RENEWAL OF THE MASTER PROCUREMENT AGREEMENT

Major Terms of the Renewed Master Procurement Agreement

Renewal Date:	29 September 2025
Parties:	(i) the Company (ii) Tong Ren Tang Holdings
Term of the Agreement:	Subject to the approval by the Independent Shareholders, the renewed Master Procurement Agreement is for a term of three years from 1 January 2026 to 31 December 2028.
Principal Terms and Conditions:	Pursuant to the renewed Master Procurement Agreement: • The Company agreed that the Group may, from time to time, procure the Relevant Products *(Note)* from members of Tong Ren Tang Group for the purpose of its production, sale and distribution. • Tong Ren Tang Holdings agreed that Tong Ren Tang Group as a non-exclusive supplier of the Group, members of Tong Ren Tang Group may, from time to time, supply the Relevant Products to the Group.
Pricing Policies:	The price to be paid for the Relevant Products procured by the Group from Tong Ren Tang Group shall be determined in accordance with the following principles: • The Relevant Products supplied to the Group must satisfy the Pharmacopoeia of the People's Republic of China (《中華人民共和國藥典》) standard and the internal quality standard of the Company. The Group has maintained a list of qualified suppliers (including Tong Ren Tang Group) which are able to provide the Relevant Products that satisfy the abovementioned standards. For each specific transaction, the Company shall negotiate the detailed terms and conditions of the supply of the Relevant Products with different qualified suppliers (including Tong Ren Tang Group, and at least two independent qualified suppliers in the same or surrounding areas) on a fair competition basis through bidding process, competitive negotiation, business inquiry and/or similar procedures. In the abovementioned price determination procedure, the quality of the Relevant Products and the price provided by different qualified suppliers (including Tong Ren Tang Group) will be compared and determined by the Group; and the prevailing market rate of the Relevant Products will also be taken into consideration. Under the premise of equal quality, the procurement contract shall be granted to the supplier offering most favorable terms; and • The terms and conditions of the renewed Master Procurement Agreement under which Tong Ren Tang Group supplies the Relevant Products to the Group shall not be less favorable than the price or fair market terms offered by any independent third party supplying the same products to the Group (whichever is more favorable).

Payment of the Fees:	For the Relevant Products, payment arrangement will be negotiated by the parties and stated in the specific implementation agreement, but shall be the same as the arrangement with other independent third parties. Normally, payments will be made by wire transfer or by acceptance bill between 90 to 180 days after the transfer of the ownership of the Relevant Products and the issuance of value-added tax invoices.
Implementation Agreement:	During the term of the renewed Master Procurement Agreement, members of the Group and members of Tong Ren Tang Group will enter into, from time to time and as necessary, individual implementation agreement for each of the specific transactions contemplated under the renewed Master Procurement Agreement. Any such implementation agreement shall be subject to the terms and conditions of the renewed Master Procurement Agreement and the relevant annual caps for the continuing connected transaction contemplated thereunder.

Note: Relevant Products mainly include Chinese medicine raw materials, semi-finished products and finished products such as Pinellia ternata (半夏), red ginseng (紅參), rehmannia (地黃), Angong Niuhuang Wan Powder (安宮牛黃丸粉) and so on. Products sold to Tong Ren Tang Group under the Distribution Framework Agreement mainly include Chinese patent medicine products manufactured by the Group such as Liuwei Dihuang Pills (六味地黃丸), Jinkui Shenqi Pills (金匱腎氣丸), Ganmao Qingre Granules (感冒清熱顆粒), as well as other healthcare products, food products, household chemical products and cultural and creative products developed and manufactured by the Group. Accordingly, there is no product overlap between the Relevant Products and the products under the renewed Distribution Framework Agreement.

The terms of the renewed Master Procurement Agreement have no material difference from those of the existing Master Procurement Agreement.

Annual Caps

Historical Transaction Amount

Historical transaction amount under the Master Procurement Agreement for the two years ended 31 December 2024 and for the eight months ended 31 August 2025 is set out as below:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Eight months ended 31 August 2025 (Unaudited)**
	(RMB million)	*(RMB million)*	*(RMB million)*
Historical Transaction Amount	187.48	122.66	180.31

Historical Annual Caps and Utilization Rate

The annual caps for the transactions contemplated under the Master Procurement Agreement and the utilization rate of each of the historical annual caps for the three years ending 31 December 2025 are set out as below:

	Year ended 31 December 2023 *(RMB million)*	**Year ended 31 December 2024** *(RMB million)*	**Year ending 31 December 2025** *(RMB million)*
Historical Annual Caps	500	550	600
Utilization Rate (%)	37.50%	22.30%	45.08% *(Note)*

Note: The utilization rate is calculated by dividing the historical transaction amount for the eight months ended 31 August 2025 by the pro-rated annual cap.

The Directors have been monitoring the transaction amount contemplated under the Master Procurement Agreement, and for the two years ended 31 December 2024, the annual cap for each year has not been exceeded. As at the date of this announcement and for the year ending 31 December 2025, the annual cap for the transactions contemplated under the Master Procurement Agreement for the year ending 31 December 2025 has not been and is not expected to be exceeded.

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the renewed Master Procurement Agreement for the three years ending 31 December 2028 are set out as below:

	Year ending 31 December 2026 *(RMB million)*	**Year ending 31 December 2027** *(RMB million)*	**Year ending 31 December 2028** *(RMB million)*
Proposed Annual Caps	360	400	450

The above proposed annual caps were determined with reference to the historical transaction amount as listed above and after taking into consideration the following factors:

(i) The relatively low utilization rates of the annual caps in 2023 and 2024 were mainly due to the wide variety of Relevant Products purchased by the Group, and the raw materials in these products being special agricultural products with significant fluctuations in yield, quality and price. To address this, the Group has established a "List of Qualified Suppliers" (《合格供應商名錄》) (which includes both connected persons and independent third parties). When conducting procurement activities, the Group, on the basis of fair competition, negotiates detailed terms and conditions for product supply with suppliers listed in the "List of Qualified Suppliers" through open bidding, competitive tendering, or similar procedures. Under the principle of equal quality, the Group entered into procurement agreements with suppliers offering the best conditions, which could be either connected persons or independent third parties. There are more than 200 suppliers in the "List of Qualified Suppliers", resulting in a certain degree of randomness in the selection of suppliers for the Group's procurement activities. Despite the randomness in the Group's procurement activities, it has stringent requirements for raw materials. Given that the Group has been involved in the field of traditional Chinese medicine raw materials for a long time and has matured in recent years, Tong Ren Tang Group has a more significant supply advantage compared to other suppliers. The raw materials provided by Tong Ren Tang Group better meet the Group's pharmaceutical standards and are easier to trace, thereby better meeting our group's needs. Therefore, in setting the caps for the next three years, our group also considered Tong Ren Tang Group's supply capacity for related products, ensuring that our group can procure the necessary products from Tong Ren Tang Holdings in a timely manner, thus safeguarding the Group's daily production needs;

(ii) For the eight months ended 31 August 2025, the Group's transaction amount for procuring the Relevant Products from Tong Ren Tang Group reached RMB180 million, far exceeding the actual transaction amount in 2024. Based on the actual procurement amount for the eight months ended 31 August 2025, it is estimated that the procurement amount from Tong Ren Tang Group by the Group in 2025 may reach nearly RMB270 million, being almost twice as the actual procurement amount in 2024. Assuming the Group operates under normal business conditions without production interruptions caused by force majeure or other factors, the Company expects that the transaction amount under the Master Procurement Agreement to be renewed in the future will continue to show an upward trend;

(iii) All along, the Group has been conducting careful analysis on the market environment, taking proactive actions, adapting to the new normal of development and grasped development opportunities. The Group's sales revenue for the last three years has been increasing steadily, which illustrates that the overall operation of the Group continued to improve. According to the 2024 Annual Report, the Group's sales revenue for 2024 has increased by approximately 21% as compared to 2022, the CAGR of revenue between 2022 and 2024 has increased by approximately 10%. At the same time, benefitting from the Group's "Major Varieties" strategy, the product portfolio of the Group continues to expand. As disclosed in the 2024 Annual report, the Company has 56 products with sales exceeding RMB5 million, among which 9 products with sales exceeding RMB100 million. For the core products, the sales of Liuwei Dihuang Pills Series (六味地黃丸系列) increased by 10.71% compared to the same period last year, the sales of Shengmai Liquor Series (生脈飲口服液系列) increased by 14.85%, the sales of Ganmao Qingre Granules Series (感冒清熱顆粒系列) increased by 17.14%, the sales of Jinkui Shenqi Pillls Series (金匱腎氣丸) increased by 3.45%, and the sales of Jiawei Xiaoyao Pills Series (加味逍遙丸系列) increased by 5.02%. In the future, the Company will continue to focus on modern traditional Chinese medicine, seize the opportunity of the development of traditional Chinese medicine, continue to focus on the customer-centric approach, work under the guidance of the large-variety-strategy, continuously refine the products series of "treatment of chronic disease, treatment of foreseeable disease, non-medicine, pediatric drugs, cancer prevention and anti-cancer drugs, Tong Ren Tang special medicine" and boost the overall sales volume of the Relevant Products, and continuously enrich the varieties and categories of products sold by the Group to Tong Ren Tang Group under the Master Procurement Agreement through research and development, introduction of new varieties and other methods. In addition to traditional Chinese medicine, the Company's subsidiaries offer products covering the fields of food, cosmetics, and disinfectant products. During the "15th Five-Year Plan" period, the Company will also promote its subsidiaries to further develop based on their specialized positioning, expand product categories and sales volumes across various product lines. The Company expects that the procurement volume of the Relevant Products by the Group is expected to increase in the next three years;

(iv) The Group's total output value and production volume of Chinese patent medicine in 2024 increased by approximately 16% and 12% respectively, compared to 2022, and are expected to continue to grow steadily in the future. In view of the growth in the Group's production volume in recent years and the expected increase in the Group's sales revenue, the Company anticipates that the procurement volume of the Relevant Products will continue to grow over the next three years to support the higher sales demand of the Group's products. At the same time, the expected expansion of Tong Ren Tang Group's "Tong Ren Tang" brand sales network is expected to lead to an increase in the sales of the Group's products, thereby resulting in an increase in the Group's procurement volume;

(v) Reference is made to the announcement of Tong Ren Tang Chinese Medicine dated 20 December 2024, in relation to the renewal of the Angong Niuhuang Wan Power (安宮牛黃丸粉) purchase framework agreement with Tong Ren Tang Ltd, which constitutes as continuing connected transactions, pursuant to which the Tong Ren Tang Chinese Medicine Group may purchase Angong Niuhuang Wan Power from Tong Ren Tang Ltd. as raw materials for the production of Angong Niuhuang Wan. The proposed annual caps for the transactions contemplated under the Angong Niuhuang Wan Powder purchase framework agreement for the years ending 31 December 2025 and 31 December 2026 and for the six months ending 30 June 2027 are HK$65 million, HK$69 million and HK$36 million, respectively. As An Gong Niu Huang Wan Powder constitutes as a Relevant Product under the Master Procurement Agreement, the Company expects that the transaction value of the renewed Master Procurement Agreement will also continue to increase;

(vi) The Group sets strict standards on the choice of raw materials, while Tong Ren Tang Holdings has been engaged in the business of traditional Chinese medicine raw materials for a long period and such business has become well established in recent years. As compared with other suppliers, Tong Ren Tang Group has obvious advantages, and the traditional Chinese medicine raw materials supplied by Tong Ren Tang Group can better meet the medical standard of the Group, are more convenient to track origin and therefore can better meet the Group's needs. Meanwhile, the Group will continue to implement strategic reserves of some Chinese medicine raw materials for the continuous development of potential species and the demand for some scarce Chinese medicine raw materials. Accordingly, it is expected that the procurement amount of the Group from Tong Ren Tang Group will grow significantly;

(vii) Based on the Weekly Price-Based Index of Chinese Medicines (中藥材周價格定基指數), during 2023 and 2024, the price of Chinese medicine raw materials increased significantly. In 2023 and 2024, the average increasement in the unit price of the various types of core raw materials which applied on the Group's core products is approximately 15% to 120%. Although the overall price of Chinese medicine raw materials has declined in 2025, the prices of certain raw materials remain high. Moreover, as special agricultural products, raw materials are subject to fluctuations in yield, quality and price due to changes in climate and environmental conditions. As such, the Company believes that such increasing trend will continue in the future and the annual caps of the Master Procurement Agreement shall increase accordingly; and

(viii) A buffer of around 5% of the estimated procurement amount of the Relevant Products has been included for any unexpected increase in the next three years. For example, it is expected that Tong Ren Tang Group will continuously expand the scope and scale of production and operation of traditional Chinese medicine products to ensure its long-term development. Furthermore, the increase in the number of members of Tong Ren Tang Group due to any new investments that Tong Ren Tang Group may make in the next three years will increase the transaction volume between the Group and Tong Ren Tang Group under the renewed Master Procurement Agreement.

Reasons for and benefit of renewal of the Master Procurement Agreement

Tong Ren Tang Holdings owns subsidiaries that specialize in Chinese medicinal raw materials related business, which provides variable Chinese medicinal raw materials with good quality. Meanwhile, some of its subsidiaries in China own their own production facilities for medicinal raw materials in local Chinese medicinal raw materials origins and have extensive experience in procuring Chinese medicinal raw materials and a broad customer base. Since resources of suppliers or qualifications of several Chinese medicinal raw materials are limited, procurement of such raw materials by the Group from Tong Ren Tang Group which owns such resources and qualifications will secure the quality of raw materials procured by the Group, and ensure the production stability and product supply of the Group. In addition, Tong Ren Tang Holdings also owns subsidiaries which are engaged in the production and sales of Chinese medicine products. Therefore, the procurement of such products by the Group from Tong Ren Tang Group for further production or distribution by the Group is beneficial to the production and the development of the business of distribution of Chinese medicine products of the Group.

The Directors and the Independent Board Committee are of the view that the renewed Master Procurement Agreement was entered into on normal commercial terms, and the terms and conditions therein as well as the annual caps for the continuing connected transactions contemplated thereunder are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Measures of Internal Control

To ensure the Group's conformity with the pricing policies in relation to the continuing connected transactions contemplated under the renewed Master Procurement Agreement, the Company adopts the following internal control policies for its daily operation:

(a) After renewing Master Procurement Agreement, the continuing connected transactions contemplated thereunder shall be strictly in compliance with the approved terms and conditions. Specific implementation agreements of the renewed Master Procurement Agreement shall be performed in strict accordance with pricing policies set out in the renewed Master Procurement Agreement. If revision of such terms and conditions is required due to change of actual situation, it is required to re-perform appropriate approval process;

(b) The relevant business departments of the Company will continuously monitor the pricing terms and actual transaction amount of each of the specific implementation agreements relating to the renewed Master Procurement Agreement, the financial department will arrange payment in accordance with the procurement agreement and payment policies, and the audit department of the Company will review the implementation of the relevant transaction management policies of the Company in the assessment of the internal control system every half year, and conduct sampling review of the above information, so as to ensure all transactions under the renewed Master Procurement Agreement conform with the relevant management policies of the Company and ensure the relevant transactions are entered into on normal commercial terms or better and are fair and reasonable, the terms and conditions available to the Group are no less favorable than those available to independent third parties, and such transactions are carried out pursuant to the terms of the renewed Master Procurement Agreement;

(c) The procurement department of the Company are responsible for regularly monitoring, collecting and evaluating the market data of common raw materials, including but not limited to the prevailing market and the then market price for comparable products in the related industry, and report and approve according to the Company's internal procedures. The Company will also make corresponding adjustments in accordance with the relevant procurement price policies, as may be revised from time to time;

(d) The financial department of the Company is responsible to collect and total the transaction amounts of the Group's continuing connected transactions on a monthly basis based on the respective transaction amounts reported by the relevant business departments, and is responsible to prepare the summary sheet of the Group's continuing connected transactions. Relevant business departments, if discover any imminent or possible exceeding of the annual caps of any continuing connected transactions, shall report as soon as possible to the financial department and the securities affairs department of the Company. If the relevant business departments confirm the necessity to revise the annual caps, they shall make the application regarding the revision of annual caps, including but not limited to the amount and composition of the revised annual caps as well as the basis for adjustment, and then submit the application to the board of managers of the Company for review and discussion after obtaining the approval of the head of business. The Board or the shareholders' general meeting will finally decide whether to revise the annual caps of relevant continuing connected transactions and proceed with the relevant disclosure procedures. Before completion of all approval and disclosure procedures, the person in charge of the relevant business departments involved in the continuing connected transactions shall ensure that the transaction amounts do not exceed the original annual caps;

(e) The Company will implement, amend and improve the relevant rules and the requirements, and specify that the subsidiaries of the Company comply with the above-mentioned pricing policies in respect of the continuing connected transactions contemplated under the renewed Master Procurement Agreement;

(f) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions under the renewed Master Procurement Agreement to ensure all transactions contemplated thereunder are entered into on normal commercial terms or better and are fair and reasonable, the terms and conditions available to the Group are no less favorable than those available to independent third parties, and such transactions are carried out pursuant to the terms of the renewed Master Procurement Agreement; and

(g) The auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures are necessary components of an internal control system, including designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the abovementioned review procedures and approval process against the explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the renewed Master Procurement Agreement, the Directors are of the view that such methods and procedures can ensure and safeguard that the transactions contemplated under the Master Procurement Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the minority Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As at the date this announcement, Tong Ren Tang Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under each of the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated annual caps for the continuing connected transactions under the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement respectively exceed 5%, both the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder are subject to independent shareholders' approval requirement in addition to reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

An extraordinary general meeting of the Company will be convened to seek the approval of the Independent Shareholders in this regard. Tong Ren Tang Holdings and its associates will abstain from voting in respect of the relevant resolutions at the extraordinary general meeting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder, and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders.

A circular containing, among others, details of the Distribution Framework Agreement and the Master Procurement Agreement, as well as the proposed annual caps for the continuing connected transactions contemplated thereunder, a letter from the Independent Board Committee and the advice from the independent financial adviser to the Independent Board Committee and Independent Shareholders, together with a notice convening the extraordinary general meeting of the Company, will be dispatched to the Shareholders in due course.

Since each of Mr. Zhang Chun You, Mr. Chen Fei and Ms. Feng Li, being a Director also holding a management position or directorship with Tong Ren Tang Group, they are deemed to have material interests in the above continuing connected transactions, and therefore has abstained from voting on the relevant resolutions of the Board. Save for disclosed above, to the best of the Directors' knowledge, information and belief after all reasonable enquiry, no other Directors have material interests in the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement and as a result are required to abstain from voting on the relevant resolution at the Board meeting.

GENERAL INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in the manufacturing and sale of Chinese medicine.

Tong Ren Tang Holdings

Tong Ren Tang Holdings is engaged in the processing and manufacture of Chinese patent medicine and Chinese medicinal decoction pieces, sales of Chinese medicinal, Chinese patent medicine and Chinese medicinal decoction pieces, medical food, warehousing and transportation, etc. Beijing State-owned Assets Supervision and Administration Commission (北京市國有資產監督管理委員會) ("**Beijing SASAC**") is the ultimate beneficial owner of Tong Ren Tang Holdings. Pursuant to the Program for the Reform of the Institutions of the People's Government of Beijing Municipality (《北京市人民政府機構改革方案》) as approved by the Central Committee of the Communist Party of China and the State Council and the Circular of the People's Government of Beijing Municipality about the Establishment of Institutions (《北京市人民政府關於設立機構的通知》), Beijing SASAC is established as a special institution directly under the Municipality Government and is authorized by the Municipality Government to represent the State to perform the duties of the state-owned assets contributor.

DEFINITIONS

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

"2024 Annual Report"	means the 2024 annual report of the Company published on 25 April 2025
"associate(s)"	has the meaning ascribed under the Hong Kong Listing Rules
"Board"	means the board of directors of the Company
"Company"	means Tong Ren Tang Technologies Co. Ltd. (北京同仁堂科技發展股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1666)
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	means the director(s) of the Company
"Distribution Framework Agreement"	means the Distribution Framework Agreement entered into between the Company and Tong Ren Tang Holdings on 15 April 2008, and renewed by the parties on 18 January 2011, 10 October 2013, 29 September 2016, 16 October 2019, 28 November 2022 and 29 September 2025, which is still subject to the approval by the Independent Shareholders, and pursuant to which the Group may sell its products to Tong Ren Tang Group, and Tong Ren Tang Group, as non-exclusive distributor of the Group, may purchase products from the Group and then distribute the same to retailers and/or end-users
"Group"	means the Company and its subsidiaries

"H Share(s)"	means the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/ are listed on the main board of the Hong Kong Stock Exchange and subscribed for in Hong Kong dollars
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	means the independent board committee comprising all independent non-executive Directors, namely Ms. Chan Ching Har, Eliza, Mr. Zhan Yuan Jing and Mr. Li Siu Bun, which was established to advise the Independent Shareholders in relation to the renewed Distribution Framework Agreement and the renewed Master Procurement Agreement, as well as the proposed annual caps for the respective continuing connected transactions contemplated thereunder
"Independent Shareholders"	means Shareholders other than Tong Ren Tang Holdings and its associates
"Master Procurement Agreement"	means the Master Procurement Agreement entered into between the Company and Tong Ren Tang Holdings on 28 February 2011 and renewed by the parties on 10 October 2013, 29 September 2016, 16 October 2019, 28 November 2022 and 29 September 2025, which is still subject to the approval by the Independent Shareholders, and pursuant to which the Group may procure from Tong Ren Tang Group and Tong Ren Tang Group may supply to the Group the Relevant Products for the Group's production, sale and distribution
"PRC"	means the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China
"Relevant Products"	means the raw materials, semi-finished products and finished products supplied by Tong Ren Tang Group to the Group under the renewed Master Procurement Agreement, collectively
"RMB"	means Renminbi, the lawful currency of the PRC
"Shareholder(s)"	means the shareholder(s) of the Company

"Tong Ren Tang Chinese Medicine"	means Beijing Tong Ren Tang Chinese Medicine Company Limited (北京同仁堂國藥有限公司), a non-wholly owned and connected subsidiary of the Company, which was incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3613), and its subsidiaries
"Tong Ren Tang Holdings"	means China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂（集團）有限責任公司), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company who is directly and indirectly interested in approximately 48.18% equity interest in the Company
"Tong Ren Tang Group"	means Tong Ren Tang Holdings and its subsidiaries and associates (excluding the Group, but including entities constitute connected subsidiaries of the Company pursuant to the Hong Kong Listing Rules)
"Tong Ren Tang Ltd."	means Beijing Tong Ren Tang Company Limited (北京同仁堂股份有限公司), a joint stock limited company established in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 600085.SH), and is the controlling shareholder of the Company

By order of the Board

Tong Ren Tang Technologies Co. Ltd.

Zhang Yi

Chairman of the Board

Beijing, the PRC
29 September 2025

As at the date of this announcement, the Board comprises Mr. Zhang Yi, Mr. Zhang Chun You, and Ms. Wen Kai Ting as executive Directors, Mr. Chen Fei and Ms. Feng Li as non-executive Directors, Ms. Chan Ching Har, Eliza, Mr. Zhan Yuan Jing and Mr. Li Siu Bun as independent non-executive Directors, Mr. Zhu Dong Sheng as employee Director.