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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  
THE RENEWED TRT GROUP PRC DISTRIBUTION  
FRAMEWORK AGREEMENT**

**THE RENEWED TRT GROUP PRC DISTRIBUTION FRAMEWORK AGREEMENT**

References are made to the announcement of the Company dated 20 February 2023 in relation to, inter alia, the continuing connected transactions under the Existing TRT Group PRC Distribution Framework Agreement with Tong Ren Tang Holdings.

As the Existing TRT Group PRC Distribution Framework Agreement will expire on 31 December 2025, the Company has entered into the Renewed TRT Group PRC Distribution Framework Agreement with Tong Ren Tang Holdings on 30 December 2025 to renew the PRC distribution arrangement for a further term of three years ending 31 December 2028.

**IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Tong Ren Tang Holdings, who is interested in approximately 71.67% of the issued share capital of the Company, is the ultimate Controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed TRT Group PRC Distribution 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 annual caps of the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement exceed 5%, 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 the Renewed TRT Group PRC Distribution Framework Agreement.

As additional time is needed for preparation of certain relevant information to be included in the circular, a circular containing, among others, details of the Renewed TRT Group PRC Distribution Framework Agreement, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser on the terms of the Renewed TRT Group PRC Distribution Framework Agreement, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## THE RENEWED TRT GROUP PRC DISTRIBUTION FRAMEWORK AGREEMENT

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### Major Terms of the Renewed TRT Group PRC Distribution Framework Agreement

- Date** : 30 December 2025
- Parties** : (1) the Company; and  
(2) Tong Ren Tang Holdings
- Term** : The Renewed TRT Group PRC Distribution Framework Agreement shall be from 1 January 2026 to 31 December 2028 (both days inclusive) and shall be effective upon the approval of the Independent Shareholders at the EGM
- Major terms and conditions** :
- The Company agreed that the Tong Ren Tang Group, by acting as the non-exclusive distributor of the Group, may purchase the Products from the Group and may distribute the same to, among others, distributors, retailers or end-users in the PRC or use them for the purpose of production.
  - Details and the quantities of the Products shall be determined by both parties in accordance with the then market conditions and shall be stated in separate implementation agreements within the ambit of the Renewed TRT Group PRC Distribution Framework Agreement.
- Pricing policy** :
- Price for the Products shall be determined based on the prevailing market price, which is with reference to the price and sale terms of similar products in the industry and in the PRC market at the time when a separate implementation agreement is entered into. The Group shall: (i) compare the prices of the major Products supplied to the Tong Ren Tang Group with the prices for similar products as obtained by the Group on the market from time to time representing market prices for these products; and (ii) at least, on a quarterly basis, compare the price and sales terms of the purchase orders of the major Products supplied to the Tong Ren Tang Group with those entered into with and/or obtained from at least two independent third parties. After conducting the above mechanisms, the Group shall determine the prices and sales terms of the Products sold to members of Tong Ren Tang Group which shall not be more beneficial than those sold to independent third parties under the same condition;

- In addition, price for the Owned Products shall be determined based on a reasonable cost plus a fair and reasonable profit margin: (a) the reasonable cost shall be determined by reference to the cost of the raw materials, the cost of labour and the manufacturing expense, etc.; and (b) the profit margin shall be determined by reference to the average gross profit rate of the Group in the previous three years, which shall not be less than 50%.

The consideration for the Products sold by the Group under the Renewed TRT Group PRC Distribution Framework Agreement shall be settled by the Tong Ren Tang Group within three months from the date of their receipt of the Products.

## Implementation Agreements

Members of the Group and members of the Tong Ren Tang Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement during the term thereof. Each implementation agreement will set out the details of the products supplied, and the specifications, quantities, prices and other relevant terms thereof. Any such implementation agreements will be within the ambit of the Renewed TRT Group PRC Distribution Framework Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

## Historical Figures and Proposed Annual Caps

Set out below are the aggregate historical amounts received/receivable by the Group for the two years ended 31 December 2024 and nine months ended 30 September 2025 as well as the annual caps (exclusive of value-added tax in the PRC) under the Existing TRT Group PRC Distribution Framework Agreement:

|                                                                                                                                                 | Year ended 31 December<br>2023 <sup>(Note)</sup>  |                                      | 2024                                              |                                      | Nine<br>months ended<br>30 September<br>2025        | Year ending<br>31 December<br>2025   |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------|---------------------------------------------------|--------------------------------------|-----------------------------------------------------|--------------------------------------|
|                                                                                                                                                 | Actual<br>amounts<br>(HK\$' million)<br>(Audited) | Historical<br>Cap<br>(HK\$' million) | Actual<br>amounts<br>(HK\$' million)<br>(Audited) | Historical<br>Cap<br>(HK\$' million) | Actual<br>amounts<br>(HK\$' million)<br>(Unaudited) | Historical<br>Cap<br>(HK\$' million) |
| <b>Amounts received/ receivable under the Existing TRT Group PRC Distribution Framework Agreement (exclusive of value-added tax in the PRC)</b> | 15.0                                              | 330.0                                | 56.8                                              | 380.0                                | 83.8                                                | 436.0                                |

*Note: Pursuant to the Existing TRT Group PRC Distribution Framework Agreement, the term was commenced on 20 February 2023.*

The low utilisation is mainly attributable to a deviation between the market actual conditions and demand after the pandemic from expectation, where some distributors in the mainland China were still off-loading the Owned Products of the Group during 2023, which had affected the sales of the Group's Owned Products in the mainland China. However, the volume of sales is gradually increasing and recovering, with notable year-on-year growth in 2024 and 2025.

The proposed annual caps (exclusive of value-added tax in the PRC) under the Renewed TRT Group PRC Distribution Framework Agreement for the distribution of the Products (including both the Owned Products and the Chinese Medicine Products) for each of the three years ending 31 December 2028 are set out below:

|                                                                       | For the year ending 31 December |                         |                         |
|-----------------------------------------------------------------------|---------------------------------|-------------------------|-------------------------|
|                                                                       | 2026<br>(HK\$' million)         | 2027<br>(HK\$' million) | 2028<br>(HK\$' million) |
| <b>Proposed annual caps (exclusive of value-added tax in the PRC)</b> | 230                             | 320                     | 440                     |

The proposed annual caps for the three years ending 31 December 2028 set out above are determined based on the following factors which are applicable to the Renewed TRT Group PRC Distribution Framework Agreement:

- (a) the historical figures of the relevant transactions and the historical annual caps as disclosed above;
- (b) an estimated year-on-year growth rate of 15% for the demand of the Products for the three years ending 31 December 2028;
- (c) the estimated sales of potential new Owned Products and the Chinese Medicine Products for the three years ending 31 December 2028;
- (d) the expected price of the Products for the three years ending 31 December 2028; and
- (e) a buffer for any unexpected increase of the sales amount, the current market condition, and for any potential appreciation in the RMB against HK\$. The buffer 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 Group.

## **REASONS FOR ENTERING INTO THE RENEWED TRT GROUP PRC DISTRIBUTION FRAMEWORK AGREEMENT**

The Directors believe that the Products' continuous availability for sale to the members of the Tong Ren Tang Group would be in the interests of the Company and its Shareholders as well as the consumers as a whole. Other than those under the Renewed TRT Group PRC Distribution Framework Agreement, the Company also entered into distributorship agreements with other PRC distributors, which are independent of and not connected with the Company and its Connected Persons, the terms of which are substantially the same as those under the Renewed TRT Group PRC Distribution Framework Agreement.

The sale of the Products to the members of the Tong Ren Tang Group would be beneficial to the development of the business of the Group as well as the business of the Tong Ren Tang Group, whose sales network is operating under the brand of Tong Ren Tang which is targeted to gain dominant position in respect of sales of Chinese medicine and healthcare products in the PRC. The sales of the Products through the network of the Tong Ren Tang Group will also provide additional protection to consumers to ensure that no products of substandard will be purchased by the consumers in the distribution network operated by the Tong Ren Tang Group in the PRC.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms of the Renewed TRT Group PRC Distribution Framework Agreement (i) have been negotiated on an arm's length basis; (ii) have been conducted and will 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other continuing transaction entered into between any member of the Group and the Tong Ren Tang Group and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement, aggregated under the Listing Rules.

## **INTERNAL CONTROL MEASURES**

In order to ensure that the aforesaid pricing policies for the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreements will be adhered to, the Company will continue to adopt the following internal control measures:

- (i) the responsible persons of the relevant business departments of the Group shall monitor the performance of the implementation agreements and the prices of the Products sold to the members of the Tong Ren Tang Group on a monthly basis (or more frequently if it is determined necessary) to ensure that the prices of the Products are determined in strict accordance with the pricing policies as set out in the Renewed TRT Group PRC Distribution Framework Agreement. If any revision of terms or any price adjustment is required or if any imminent or possible exceeding of the annual caps is discovered due to change of actual circumstances, the relevant business departments are required to communicate to the finance department of the Company which will consider to initiate the appropriate approval process. Relevant business departments shall also regularly report the actual transaction amount to the finance department of the Company;
- (ii) the finance department of the Company is responsible for monitoring, collecting, and evaluating the specific information in relation to the implementation agreements under the Renewed TRT Group PRC Distribution Framework Agreement (including but not limited to the pricing terms of each specific transaction, payment arrangement and the actual transaction amount) to ensure the prices of the Products charged by the Group are in compliance with the pricing policies and the aggregate transaction amount does not exceed the proposed annual caps. In particular, based on the actual transaction amount regularly reported by the relevant business departments of the Company, the finance department will collect and add up the transaction amount of the continuing connected transactions. The finance department maintains a database, which is updated monthly (or more frequently if it is determined necessary), to store all the information for the Products sold to the members of the Tong Ren Tang Group. Such database allows the relevant business departments of the Company to keep up-to-date records of the selling prices and transaction records for the Products sold to the members of the Tong Ren Tang Group. The finance department will check the information monthly (or more frequently if it is determined necessary) to ensure reasonableness of the continuing connected transactions;
- (iii) the independent non-executive Directors and the auditor of the Company will on a regular basis be provided with (a) the Renewed TRT Group PRC Distribution Framework Agreement; (b) the agreements entered into between the Group and independent third parties for the distribution of the same type of the Products; and (c) separate implementation agreements entered into between the Group and the Tong Ren Tang Group as well as those between the Group and independent third parties in respect of distribution of the Products in the PRC. The independent non-executive Directors will also review and compare the

relevant payment terms, payment method and price payable under these agreements and to ensure that the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement are conducted on normal commercial terms or better, and are fair and reasonable. The auditor of the Company will review and confirm the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement are conducted in accordance with the terms of the Renewed TRT Group PRC Distribution Framework Agreement on an annual basis; and

- (iv) the finance department, on a regular basis, will monitor the status of the collection of the receivables under individual purchase agreements and that the members of the Tong Ren Tang Group shall settle the receivables in accordance with the terms set out in the Renewed TRT Group PRC Distribution Framework Agreement.

Taking into account of that: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the abovementioned 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 Renewed TRT Group PRC Distribution Framework Agreement. 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 Renewed TRT Group PRC Distribution Framework Agreement 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 Holdings, who is interested in approximately 71.67% of the issued share capital of the Company, is the ultimate Controlling Shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Renewed TRT Group PRC Distribution 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 annual caps of the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to reporting, announcement, circular, annual review as well as the Independent Shareholders' approval requirements under the Listing Rules.

There is no Director who has a material interest in the transactions contemplated under the Renewed TRT Group PRC Distribution Framework Agreement.

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 the Renewed TRT Group PRC Distribution Framework Agreement.

As additional time is needed for preparation of certain relevant information to be included in the circular, a circular containing, among others, details of the Renewed TRT Group PRC Distribution Framework Agreement, a letter from the Independent Board Committee and a letter from the Independent Financial Adviser on the terms of the Renewed TRT Group PRC Distribution Framework Agreement, together with a notice convening the EGM, will be despatched to the Shareholders as soon as practicable.

## 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 Holdings*

Tong Ren Tang Holdings is an investment holding company. The Tong Ren Tang Group is engaged in the processing, manufacturing and sale of Chinese medicinal materials, Chinese patent medicine, Chinese medicinal decoction pieces, medical food, warehousing and transportation, etc..

## DEFINITIONS

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

|                                                           |                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Associate”                                               | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                        |
| “Board”                                                   | the board of Directors                                                                                                                                                                                                                                                                                                                                                                          |
| “Chinese Medicine Products”                               | Chinese medicines, healthcare products, Chinese herbs and raw materials for production of Chinese medicines and healthcare products but excluding Owned Products                                                                                                                                                                                                                                |
| “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 Persons”                                       | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                        |
| “Controlling Shareholder”                                 | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                        |
| “Directors”                                               | the directors of the Company                                                                                                                                                                                                                                                                                                                                                                    |
| “EGM”                                                     | the extraordinary general meeting of the Company to be convened to, among other things, consider and, if thought fit, approve the Renewed TRT Group PRC Distribution Framework Agreement and the proposed annual caps contemplated thereunder                                                                                                                                                   |
| “Existing TRT Group PRC Distribution Framework Agreement” | an existing framework agreement dated 20 February 2023 entered into between the Company and Tong Ren Tang Holdings, pursuant to which the Tong Ren Tang Group, as a non-exclusive distributor of the Group, would purchase the Products from the Group and then distribute the same to, among others, distributors, retailers or end-users in the PRC or use them for the purpose of production |

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “GLSPC”                                                  | Sporoderm-broken Ganoderma Lucidum Spores Powder Capsule manufactured by the Group                                                                                                                                                                                                                                                                                                                      |
| “Group”                                                  | the Company and its subsidiaries (either directly owned or indirectly owned)                                                                                                                                                                                                                                                                                                                            |
| “Hong Kong”                                              | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                                                                  |
| “HK\$”                                                   | Hong Kong dollar, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                                                                                      |
| “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 Renewed TRT Group PRC Distribution Framework Agreement (including the proposed annual caps)                              |
| “Independent Shareholders”                               | Shareholders other than Tong Ren Tang Holdings and their Associates (excluding the Group)                                                                                                                                                                                                                                                                                                               |
| “Listing Rules”                                          | The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)                                                                                                                                                                                                                                                                                                      |
| “Owned Products”                                         | Chinese medicine and/or healthcare products to be researched, developed and manufactured by the Group from time to time, including the Chinese medicine and/or healthcare products containing ganoderma lucidum or ganoderma lucidum spore as raw materials to be researched, developed and manufactured by the Group (including GLSPC), but for the avoidance of doubt, excluding Angong Niu Huang Wan |
| “PRC”                                                    | the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan                                                                                                                                                                                                                                             |
| “Products”                                               | collectively, the Chinese Medicine Products and the Owned Products                                                                                                                                                                                                                                                                                                                                      |
| “Renewed TRT Group PRC Distribution Framework Agreement” | a new framework agreement dated 30 December 2025 entered into between the Company and Tong Ren Tang Holdings, pursuant to which the Tong Ren Tang Group, as a non-exclusive distributor of the Group, would continue to purchase the Products from the Group and then distribute the same to, among others, distributors, retailers or end-users in the PRC or use them for the purpose of production   |
| “RMB”                                                    | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                                                                                                                                                |
| “Shareholders”                                           | the shareholders 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 SFO, the independent financial adviser appointed to advise the Independent                                                                                                                |

Board Committee and the Independent Shareholders in respect of the terms of the Renewed TRT Group PRC Distribution Framework Agreement (including the proposed annual caps)

|                              |                                                                                                                                                                                                                                                    |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                            |
| “Tong Ren Tang Group”        | Tong Ren Tang Holdings, its subsidiaries (either directly owned or indirectly owned), its jointly-controlled entities and its Associates (other than Tong Ren Tang Technologies and its subsidiaries)                                              |
| “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 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                            |
| “%”                          | per cents                                                                                                                                                                                                                                          |

By order of the Board  
**Beijing Tong Ren Tang**  
**Chinese Medicine Company Limited**  
**Yan Han**  
*Chairman*

Hong Kong, 30 December 2025

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

***Executive Directors:***

Mr. Yan Han (*Chairman*)  
Mr. Yue Zheng (*Vice Chairman*)  
Mr. Wang Chi

***Independent Non-executive Directors:***

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

***Non-executive Director:***

Ms. Feng Li