国药集团
SINOPHARM

CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED
中國中藥控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 570)

CONNECTED TRANSACTIONS IN RELATION TO SHANDONG YIFANG WORKSHOP RENOVATION PROJECT AND ZHONGLIAN PHARMACEUTICAL PRODUCTION CAPACITY ENHANCEMENT TECHNICAL RENOVATION PROJECT

The Board announces that on 15 September 2026, subsidiaries of the Company entered into the following contracts (the "**Contracts**"):

(1) Shandong Yifang and Pharmengin entered into an engineering, procurement and construction contract for the workshop renovation project, pursuant to which Pharmengin, as contractor, contracted to undertake the design, equipment procurement, construction works and installation works of the Shandong Yifang TCM decoction pieces workshop renovation project, with a contract amount of RMB10,556,888.89; and

(2) Zhonglian Pharmaceutical and Pharmengin entered into an engineering, procurement and construction contract for the production capacity enhancement technical renovation project, pursuant to which Pharmengin, as contractor, contracted to undertake the design optimization, construction works, installation works and outdoor ancillary works of the production capacity enhancement technical renovation project for products such as isotretinoin erythromycin gel of Zhonglian Pharmaceutical, with a contract amount of RMB11,348,786.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNPGC held 1,685,055,642 Shares, representing approximately 33.46% of the issued Shares. Shandong Yifang and Zhonglian Pharmaceutical are subsidiaries of the Company, and Pharmengin is a subsidiary of CNPGC. Therefore, Pharmengin is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Contracts constitute connected transactions of the Company.

As the transactions contemplated under the Contracts were entered into with the same connected person, pursuant to the requirements under Rule 14A.81 of the Listing Rules, the transactions contemplated under the Contracts shall be aggregated and regarded as a single transaction.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Contracts exceed 0.1% but are all less than 5%, and the transactions contemplated under the Contracts are conducted on normal commercial terms, they are exempted from the requirement of approval by independent Shareholders, but shall be subject to the announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 15 September 2026, Shandong YiFang and Zhonglian Pharmaceutical, both subsidiaries of the Company, entered into contracts with Pharmengin respectively, in relation to the workshop renovation project of Shandong YiFang and the production capacity enhancement and technical renovation project of Zhonglian Pharmaceutical.

ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT FOR THE WORKSHOP RENOVATION PROJECT OF SHANDONG YIFANG

Date: 15 September 2026

Parties: (i) Shandong Yifang, as employer; and

(ii) Pharmengin, as contractor.

Contracting Scope

Pharmengin has agreed to act as contractor and be responsible for the construction and ancillary services of the Shandong Yifang TCM decoction pieces workshop renovation project, with a renovation area of approximately 4,800 square meters. Pharmengin shall be responsible for engineering design, equipment procurement, construction and installation, on-site testing, full-process commissioning, acceptance at each stage, training of operation and maintenance personnel, formal delivery, rectification and repair of defects, and warranty services during the defect liability period (12 months, commencing from the date of passing the completion acceptance of the project).

Contract Period

The total contract period is 120 days, of which the design period is 15 calendar days and the construction and equipment procurement period is 105 days.

Engineering Contract Price

Cost Item	**Amount** *(RMB)* (inclusive of all taxes)
Design fees	100,000
Equipment procurement fees	3,000,000
Construction and installation engineering fees	7,456,888.89
Total	**10,556,888.89**

Payment Terms

The contract fees shall be paid in installments according to the progress of the project, or paid according to the actual amount incurred. Among them, 3% of the construction and installation engineering fees and 3% of the equipment procurement fees shall be retained as defect liability warranty deposit and quality assurance deposit respectively, and shall be paid to Pharmengin after Shandong Yifang receives the corresponding defect liability bank guarantee letter submitted by Pharmengin. The defect liability period shall commence from the date of passing the completion acceptance of the project and shall last for one year.

ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT FOR THE PRODUCTION CAPACITY ENHANCEMENT TECHNICAL RENOVATION PROJECT OF ZHONGLIAN PHARMACEUTICAL

Date: 15 September 2026

Parties:
(i) Zhonglian Pharmaceutical, as employer; and

(ii) Pharmengin, as contractor.

Contracting Scope

Pharmengin, has agreed to act as contractor and be responsible for the renovation of the gel workshop (formerly the powder workshop), the installation of the cool warehouse and mobile hazardous goods warehouse, the renovation of the methadone warehouse, and the general layout water supply and drainage and demolition works, etc. for the product production capacity enhancement technical renovation project. Pharmengin shall be responsible for design optimization, construction and installation, outdoor ancillary works, demolition works required, on-site testing, full-process commissioning, acceptance at each stage, training of operation and maintenance personnel, formal delivery, rectification and repair of defects, and warranty services during the defect liability period (12 months, commencing from the date of passing the completion acceptance of the project).

Contract Period

The total contract period is 105 days, of which the design period is 15 calendar days and the construction and equipment procurement period is 90 days.

Engineering Contract Price

Cost Item	**Amount** *(RMB)* (inclusive of all taxes)
Design fees	400,000
Equipment procurement fees	1,500,000
Construction and installation engineering fees	9,448,786
Total	**11,348,786**

Payment Terms

The contract fees shall be paid in installments according to the progress of the project, or paid according to the actual amount incurred. Among them, 3% of the construction and installation engineering fees and 3% of the equipment procurement fees shall be retained as defect liability warranty deposit and quality assurance deposit respectively, and shall be paid to Pharmengin after Zhonglian Pharmaceutical receives the corresponding defect liability bank guarantee letter submitted by Pharmengin. The defect liability period shall commence from the date of passing the completion acceptance of the project and shall last for one year.

BASIS FOR FEES

The fees for the Contracts were determined after negotiation, taking into account the bidding price together with engineering quantity optimization and cost control, market conditions and technical optimization, and shall be paid with the self-owned funds of Shandong Yifang and Zhonglian Pharmaceutical. To ensure that the price complies with normal commercial terms, the service providers for the Contracts are selected through an open bidding process. At least three providers have participated in the bidding process which complied with relevant regulations. During the bidding process, the Group has considered the factors including (i) the terms of tender proposals offered by the participating bidders, which include the tender price and the terms set by them for bidding; (ii) the background, qualifications and financial position of the participating bidders; (iii) the expected workload; (iv) the financial budget for relevant services; and (v) the past tender contract unit price and charging standards prescribed by the national laws and regulations, and a bid price ceiling is set.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTS

In respect of the engineering, procurement and construction contract for the workshop renovation project of Shandong Yifang, Shandong Yifang is currently actively expanding into unserved markets for traditional TCM decoction pieces within and outside Shandong Province, and as centralized procurement of TCM decoction pieces continues to expand, the existing production capacity of Shandong Yifang for TCM decoction pieces will be unable to meet future market demand. The TCM decoction pieces workshop renovation project will supplement the future production capacity of Shandong Yifang for TCM decoction pieces and also lay the foundation for future full-variety production.

In respect of the engineering, procurement and construction contract for the production capacity enhancement technical renovation project of Zhonglian Pharmaceutical, the original designed production capacity of isotretinoin erythromycin gel, the third largest key product of Zhonglian Pharmaceutical, will be unable to meet existing market demand, and entrusted production cannot be carried out. Therefore, production capacity enhancement renovation must be implemented, while at the same time eliminating fire safety hazards and promoting the healthy and sustainable development of the enterprise.

By entering into the Contracts with Pharmengin, the Group will be able to leverage CNPGC's internal synergetic effects to reduce project costs and increase overall efficiency. Pharmengin holds qualifications for construction and management, including Grade II General Contracting of Constructions, Grade I Professional Contracting of Building Mechanical and Electrical Installation, Grade II Specialized Contracting for Building Decoration and Renovation Projects, Grade II Professional Contracting of Environmental Projects, as well as Grade B Professional Qualification for Engineering Supervision. During the bidding process, the Group has taken into account the factors mentioned above in this announcement and Pharmengin's qualifications and decided to accept Pharmengin's bid and entrust it with the aforementioned services.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Contracts are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP, SHANDONG YIFANG, ZHONGLIAN PHARMACEUTICAL AND PHARMENGIN

The principal business activities of the Group are the manufacture and sales of TCM and pharmaceutical products in the PRC with a focus on concentrated TCM granules, TCM finished drugs and TCM decoction pieces.

Shandong Yifang is a subsidiary of the Company, and its business covers the cultivation of Chinese medicinal materials, TCM decoction pieces, extraction of Chinese medicinal materials and concentrated TCM granules, etc. Its production scale and market scale of concentrated TCM granules and TCM decoction pieces rank first in the same industry in Shandong Province. It has more than 500 filed varieties of concentrated TCM granules and is the main drafting unit of the standards for concentrated TCM granules in Shandong Province. It operates more than 600 varieties and more than 900 specifications of TCM decoction pieces.

Zhonglian Pharmaceutical is a key enterprise of the Company in central China, with more than 70 years of development history. Its business covers TCM finished drugs, TCM decoction pieces, concentrated TCM granules, etc. It has 330 registered products and 18 nationally exclusive varieties. Its key products include Jinye Baidu Granules, Trionycis Bolus, Jiawei Shenghua Granules, etc., involving medication fields such as liver, respiratory system, gynecology and cardiovascular and cerebrovascular diseases.

Pharmengin, a subsidiary of CNPGC, is engaged in the pharmaceutical engineering services industry. Pharmengin is committed to providing customers with the whole process technical services including pharmaceutical engineering consulting design, construction general contracting and GMP verification overall solution plans, which has the most comprehensive engineering and technical qualifications in the pharmaceutical engineering services industry in China.

LISTING RULES IMPLICATIONS

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Mr. GUO Jinhong, Mr. LI Hongjian and Mr. PENG Li, the executive Directors and Mr. LI Xiangrong, Mr. ZU Jing, Ms. XU Jinghui and Mr. CHEN Kun, the non-executive Directors, are Directors nominated by CNPGC and are considered to have material interests in the Contracts. They have abstained from voting on the relevant resolutions to approve the Contracts at the Board meeting. Save as disclosed above, none of the other Directors has a material interest in the Contracts and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

"Board"	the board of directors of the Company
"CNPGC"	China National Pharmaceutical Group Co., Ltd.（中國醫藥集團有限公司）, a state-owned enterprise established in the PRC
"Company"	China Traditional Chinese Medicine Holdings Co. Limited（中國中藥控股有限公司）, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 570)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Contracts"	the engineering, procurement and construction contract for the workshop renovation project entered into between Shandong Yifang and Pharmengin; and the engineering, procurement and construction contract for the production capacity enhancement technical renovation project entered into between Zhonglian Pharmaceutical and Pharmengin
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Pharmengin"	Sino Pharmengin Corporation, a subsidiary of CNPGC
"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Yifang"	Shandong Yifang Pharmaceutical Co., Ltd., a subsidiary of the Company
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TCM"	traditional Chinese medicine
"Zhonglian Pharmaceutical"	Sinopharm Group Zhonglian Pharmaceutical Co., Ltd., a subsidiary of the Company
"%"	percent

By Order of the Board
China Traditional Chinese Medicine Holdings Co. Limited
GUO Jinhong
Chairman

Hong Kong, 15 September 2026

As at the date of this announcement, the Board comprises twelve Directors, of which Mr. GUO Jinhong, Mr. LI Hongjian and Mr. PENG Li are executive Directors; Mr. LI Xiangrong, Mr. ZU Jing, Ms. XU Jinghui, Mr. CHEN Kun and Mr. HUANG Hao are non-executive Directors; and Mr. XIE Rong, Mr. YU Tze Shan Hailson, Mr. QIN Ling and Mr. LI Weidong are independent non-executive Directors.