



TIANJIN PHARMACEUTICAL DA REN TANG
GROUP CORPORATION LIMITED



2024
ANNUAL
REPORT



**FOCUS
AND INNOVATE**



TABLE OF CONTENTS

02	CORPORATE INFORMATION
03	BRIEF INTRODUCTION OF THE COMPANY
05	EQUITY STRUCTURE OF THE COMPANY
06	STRUCTURE OF THE COMPANY
07	RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERS
12	CHAIRMAN'S WORK REPORT 2024
23	FINANCIAL REVIEW
26	WORK REPORT OF THE BOARD OF SUPERVISORS
28	FINANCIAL CONTENTS
29	CORPORATE GOVERNANCE STATEMENT
151	NOTICE OF ANNUAL GENERAL MEETING
156	PROXY FORM
161	OTHER INFORMATION
162	INFORMATION ON SHAREHOLDING
164	PROPOSED RENEWAL OF MANDATE FOR INTERESTED PERSON TRANSACTIONS
187	SUSTAINABILITY REPORTING



CORPORATE INFORMATION

Name of the Company:	Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
Registered address:	17 Baidi Road, Nankai District, Tianjin, PRC
Office address:	Da Ren Tang Mansion, 17# Baidi Road, Nankai District, Tianjin, PRC
Post code:	300193
Telephone:	86-22-27020892
Bank of Deposit:	Chengdudao Sub-office, Tianjin Xinhua Sub-branch, the Industrial and Commercial Bank of China
Registry of S-shares and Singapore Share Transfer Office:	Boardroom Corporate & Advisory Services Pte. Ltd.
Address of "S" Shares Registrar:	1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632
Registry of A-shares:	China Securities Depository & Clearing Co., Ltd Shanghai Branch.
Address of "A" Shares Registrar:	188 Yanggao South Road Pudong New District, Shang Hai, China, 200127

AUDITORS:

<i>PRC Auditors:</i>	CAC Certified Public Accountants LLP
<i>International Auditors:</i>	Foo Kon Tan LLP

BOARD OF DIRECTORS:

<i>Chairman:</i>	Ms. Wang Lei
<i>Executive Directors:</i>	Mr. Guo Min, Ms. Wang Lei, Mr. Shang Mingjie, Mr. Zhou Hong
<i>Non-Executive Directors:</i>	Mr. Xing Jianhua, Ms. Mao Weiwen
<i>Independent and Non-Executive Directors:</i>	Mr. Yeo Guat Kwang, Mr. Liew Yoke Pheng Joseph, Mr. Zhong Ming
<i>Secretary to the Board:</i>	Mr. Wong Gang (Singapore), Ms. Jiao Yan

SUPERVISORY COMMITTEE:

<i>Chairman:</i>	Mr. Wang Yuanxi
<i>Supervisors:</i>	Ms. Xie Xi, Ms. Guo Xiumei

SENIOR EXECUTIVES:

<i>Deputy General Manager and Chief Engineer:</i>	Mr. Zhou Hong
<i>Chief Financial Officer (CFO):</i>	Mr. Ma Jian
<i>Chief Production Officer (CPO):</i>	Mr. Zhang Yu

AUDIT COMMITTEE:

<i>Chairman:</i>	Mr. Liew Yoke Pheng Joseph
<i>Members:</i>	Mr. Yeo Guat Kwang, Mr. Zhong Ming

STRATEGY COMMITTEE:

<i>Chairman:</i>	Ms. Wang Lei
<i>Members:</i>	Mr. Guo Min, Mr. Xing Jianhua

NOMINATION COMMITTEE:

<i>Chairman:</i>	Mr. Zhong Ming
<i>Members:</i>	Mr. Yeo Guat Kwang, Mr. Guo Min

REMUNERATION COMMITTEE:

<i>Chairman:</i>	Mr. Yeo Guat Kwang
<i>Members:</i>	Mr. Liew Yoke Pheng Joseph, Ms. Mao Weiwen

BRIEF INTRODUCTION OF THE COMPANY

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (“**Da Ren Tang Group**” or the “**Company**”) is the core pharmaceutical manufacturing arm of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**Tianjin Pharmaceutical Holdings**” or “**TPH**”). Boasting a long history, the Company is a national high- and new-tech enterprise featuring innovation in Chinese traditional medicine. It was listed on the Singapore Exchange Securities Trading Limited in 1997 and on the Shanghai Stock Exchange in 2001.

With green Chinese traditional medicine as its core business, Da Ren Tang Group is equipped with a complete industry chain, product chain and talent chain integrating production, management and scientific research. Its business covers a number of areas including research, development and manufacturing of Chinese herbal medicines, proprietary Chinese medicines, chemical raw materials and preparations and nutritional and health products. The Company has nineteen (19) branches, thirteen (13) wholly-owned and controlled subsidiaries or entities, and nine (9) associates. Its two (2) major business segments, Chinese medicine industry and pharmaceutical commerce, are complementary to each other, laying a solid foundation for the steady development of the Company and allowing Da Ren Tang Group to rank among quality listed companies in recent years. Da Ren Tang (达仁堂), Le Ren Tang (乐仁堂), Long Shun Rong (隆顺德) and other time-honoured Chinese brands and trademarks under



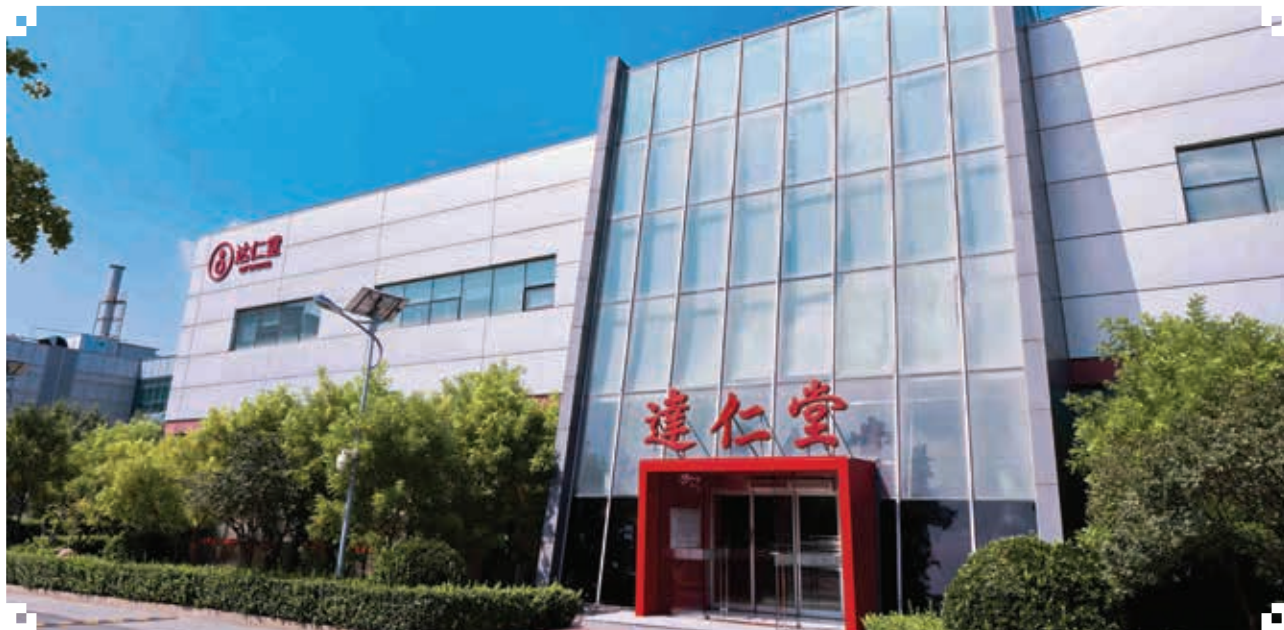
Da Ren Tang Group have all won the title of “Famous Chinese Trademark”, and the “Song Bai” (松柏) brand of the Sixth Chinese Medicine Plant, an iconic modern Chinese medicine enterprise, has also been awarded the title of “Famous Chinese Trademark”. The Company has thus become a leading enterprise in the protection of time-honoured Chinese brands.

Upholding the development philosophy of “inheriting the essence of Chinese medicine development and caring for healthy and quality life” and the corporate spirit of “inheritance and innovation”, Da Ren Tang Group is devoted to innovative research, development and manufacturing of general-purpose, good-quality, high-efficiency and quick-acting medicines with innovation in Chinese traditional medicine playing a commanding role in its business development ideas. It has obtained

certificates of approval for 599 medicines belonging to 22 types of preparations. Two (2) of which are China’s treasure-class Chinese traditional medicines. Suxiao Jiuxin Wan (速效救心丸) which was invented by Professor Zhang Chengui, senior consultant of Da Ren Tang Group and honorary director of its technology centres as well as a famous expert in Chinese medicine preparations in China is a national classified variety. In addition, Jing Wan Hong



BRIEF INTRODUCTION OF THE COMPANY

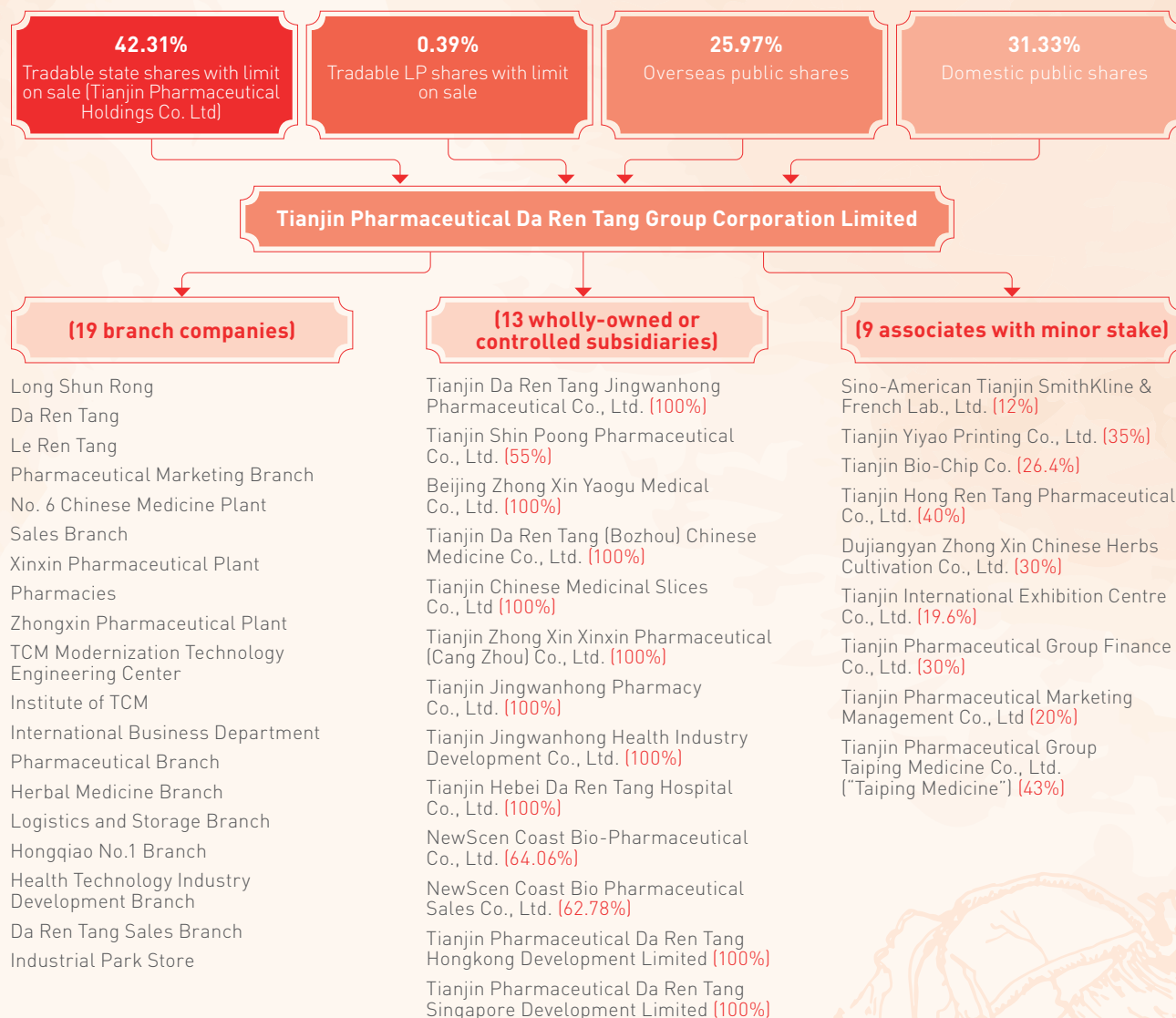


(京万红) is a national confidential variety. The Company has five (5) product varieties being Chinese medicines protected by the State, 122 product varieties being exclusively produced by the Company, 94 product varieties being included in the National Essential Medicine Catalogue and 279 product varieties being covered by national medical insurance. Da Ren Tang Group has a nationwide marketing network and many of its quality products, enjoying a high reputation, are exported to over twelve (12) countries and regions around the world.

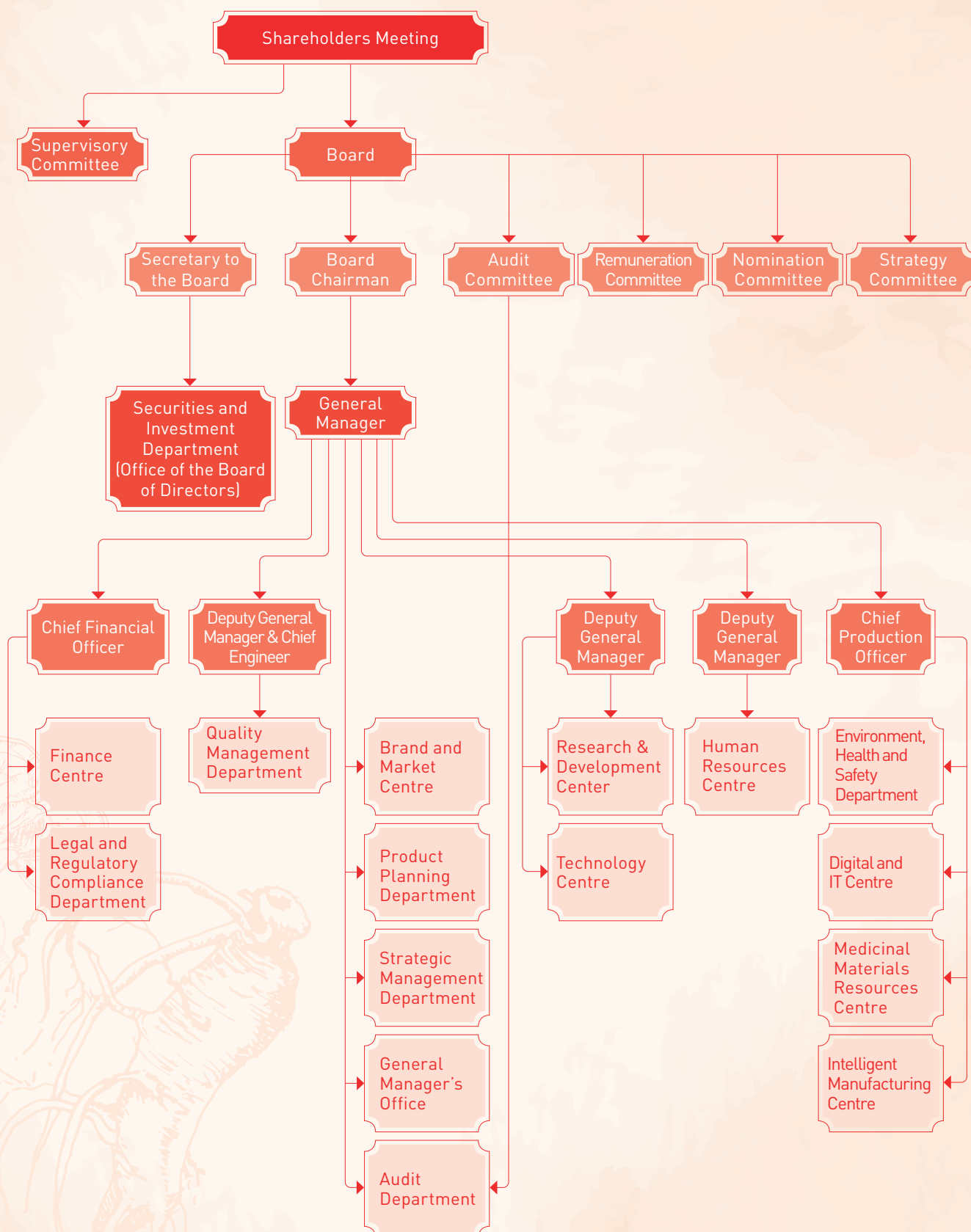
The Company has one national-level enterprise technology centre, five (5) municipality-level enterprise technology centres, one (1) municipality-level modern technological engineering centre on Chinese medicine and a key enterprise laboratory as well as postdoctoral workstations approved by the Ministry of Personnel. It has six (6) famous Chinese trademarks, namely Da Ren Tang, Le Ren Tang, Long Shun Rong, Song Bai, Jing Wan Hong and Bi Qi (痹祺), as well as four (4) national-level and nine (9) Tianjin-level representative intangible cultural heritage projects. After years of practices and explorations, the Company has integrated and optimised the world's most advanced Chinese medicine equipment and technology to form an integrated modern Chinese medicine development platform unique to Da Ren Tang Group. It implements the GAP, GLP, GCP, GMP and GSP series of standards on a full scale and carries out quality control throughout the process to ensure the safety and efficacy of its products.

Da Ren Tang Group has always dedicated its career to healthcare, harmony, integrity and responsibility, resolutely marching towards the strategic positioning of being the "promoter of a sound China, guardian of national health and leader in scientific Chinese medicine". In the market environment, the Company actively establishes and intensifies the awareness of social responsibility and the concept of sustainable development, vigorously optimising the supply chain and streamlining business operations, continuously improving efficiency and saving resources, balancing stakeholders' expectation and long-term sustainable development planning, strictly complying with the laws and regulations of countries and regions where it operates, adhering to environmental protection, abiding by social morality and business ethics, and earnestly integrating social responsibility and sustainable development into the ordinary course of business. It will always be the Company's conscious pursuit in its development process to uphold the good traditions of the Chinese people, observe the objective law of business development, and promote harmony between business development and social progress.

EQUITY STRUCTURE OF THE COMPANY



STRUCTURE OF THE COMPANY



RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERS

DIRECTORS

The particulars of our Directors as at 31 December 2024 are as follows:

Name	Age	Designation
Ms. Wang Lei	53	Chairman of the Board and Executive Director
Mr. Guo Min	53	Executive Director
Mr. Shang Mingjie	55	Executive Director
Mr. Zhou Hong	54	Executive Director
Mr. Xing Jianhua	53	Non-Executive and Non-Independent Director
Ms. Mao Weiwen	50	Non-Executive and Non-Independent Director
Mr. Yeo Guat Kwang	63	Independent and Non-Executive Director
Mr. Liew Yoke Pheng Joseph	68	Independent and Non-Executive Director
Mr. Zhong Ming	37	Independent and Non-Executive Director

RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERS

Information on the business and working experience of our Directors is set out below:–

Ms. Wang Lei, born in August 1971, is a senior engineer and holds a master's degree and a doctorate degree in engineering. She joined the Company in July 1993 and held various positions at Darentang Pharmaceutical Factory, the Planning Office of the Chinese Patent Medicine Department of the Company, the Industrial Department of the Company, and Lerentang Pharmaceutical Factory. From May 2013 to June 2013, she served as a member of the Supervisory Committee of the Company. From June 2013 to March 2018, she successively served as Deputy General Manager and General Manager of the Company. Ms. Wang was appointed as a Director of the Company from May 2015 to May 2018. Since March 2018, she has successively served as Executive Deputy General Manager, General Manager, and Deputy Chairman of Jingwanhong Pharmaceutical. From January 2022 to August 2022, she served as Deputy General Manager of TPH Marketing Management Center. From August 2022 to December 2024, she served as General Manager of the Company. Ms. Wang was appointed as an Executive Director in December 2022 and as the Chairman of the Board of the Company in November 2024.

Mr. Guo Min, born in September 1971, holds a Master of Business Administration Degree from Cheung Kong Graduate School of Business and a Doctor of Business Administration Degree from Arizona State University. Mr. Guo has been a director of Shenzhen Angel Drinking Industry Group Co., Ltd. (深圳安吉尔饮水产业集团有限公司) since March 2005 and has served as the Honorary Chairman of Shenzhen Ming Foundation (深圳市铭基金公益基金会) since September 2017. From 21 October 2020 to 28 December 2021, Mr. Guo served as a director of Jinhushen Biological Medical Science and Technology Co., Ltd. (津沪深生物医药科技有限公司) ("Jinhushen Biotech"). He was appointed as General Manager of Jinhushen Biotech from 29 December 2021 to 24 November 2024, and ceased to hold any position in Jinhushen Biotech with effect from 25 November 2024. Mr. Guo served as Chairman of the Board and Legal Representative of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("TPH") from 24 March 2021 to 30 December 2021. Since 30 December 2021, he has been serving as Vice Chairman and Executive Director of TPH (being the controlling shareholder of the Company). Mr. Guo was appointed as an Executive Director of the Company in September 2021.

Mr. Shang Mingjie, born in February 1969, graduated from Beijing Medical University (北京医科大学) in July 1992 with a Bachelor of Science degree in pharmacy, and obtained a Master of Business Administration (MBA) degree from Tianjin University (天津大学) in June 2014. He is an associate chief pharmacist. From October 1995 to June 2003, Mr. Shang successively served as Deputy Manager of the Fourth Pharmaceutical Branch,

the Comprehensive Pharmaceutical Operation Branch, and the Third Pharmaceutical Branch of Tianjin Taiping (Group) Co., Ltd. (天津太平(集团)有限公司) ("Tianjin Taiping"), Manager of the Comprehensive Pharmaceutical Operation Branch of Tianjin Taiping, and General Manager of Tianjin Anshun Pharmaceutical Co., Ltd. (天津市安舜医药有限公司). From June 2003 to March 2023, Mr. Shang successively held the following positions: Deputy General Manager of Tianjin Taiping, Deputy General Manager of Tianjin Pharmaceutical Company (天津市医药公司); Deputy Director of the Marketing Department of TPH; Manager of the Marketing Branch of TPH; Secretary to the Party Committee and Executive Deputy General Manager of Tianjin Taihe Pharmaceutical Co., Ltd. (天津太河制药有限公司); Deputy General Manager of Tianjin Maida Medical Technology Co., Ltd. (天津迈达医学科技股份有限公司); Secretary to the Party Branch and Chairman of Bangsheng Medical Equipment (Tianjin) Co., Ltd. (邦盛医疗装备(天津)股份有限公司); Deputy General Manager of Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司); Deputy General Manager of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司); General Manager, Secretary to the Party Branch and Chairman of Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司); and General Manager and Chairman of Tianjin Pharmaceutical Group Daming Optical Co., Ltd. (天津医药集团大明眼镜有限公司). Since March 2023, he has been serving as Deputy Secretary to the Party Committee of the Company and Chairman of the Labour Union of the Company. Mr. Shang was appointed as an Employee Director of the Company in June 2023.

Mr. Zhou Hong, born in July 1970, is a senior engineer (senior title) and holds a Ph.D. degree in engineering. From July 1992 to December 2007, he successively held the positions of Sales Executive, Deputy Director of Factory Workshop, Director of Factory Workshop, Leader of the Technical Process, and Head of the Technology Department of Tianjin Zhong Xin Pharmaceutical Factory #6. From December 2007 to January 2010, he served as Deputy Director of Tianjin Zhong Xin Pharmaceutical Factory #6. From January 2010 to July 2011, he was promoted to Executive Deputy Director of Tianjin Zhong Xin Pharmaceutical Factory #6. From July 2011 to October 2017, he served as Director and Deputy Secretary to the Party Committee of Tianjin Zhong Xin Pharmaceutical Factory #6. From December 2012 to March 2019, Mr. Zhou served as an Employee Director of the Company. From February 2017 to August 2017, he served as Assistant to the General Manager of the Company. Since October 2017, he has been serving as Deputy General Manager and Chief Engineer of the Company. Mr. Zhou was appointed as an Executive Director of the Company in May 2019.

Mr. Xing Jianhua, born in August 1971, holds a postgraduate degree, a Bachelor of Engineering, and a Master of Accounting. He is a Senior Accountant (Professor Level), a non-practicing Certified Public Accountant, and a graduate of the 8th cohort of the National Accounting

Leading Talent Program organised by the Ministry of Finance of the PRC. Mr. Xing has extensive experience in financial management, investments, and mergers and acquisitions. From February 2006 to February 2018, he successively served as General Manager of the Finance Department of China General Nuclear Power Group (中国广核集团有限公司), and concurrently as Deputy General Manager and Chief Accountant of CGNPC Uranium Resources Co., Ltd. (中广核铀业发展有限公司). From February 2018 to May 2021, he served as General Manager of the Finance Department of China Xiongan Group Co., Ltd. (中国雄安集团有限公司). From December 2021 to November 2024, he was a member of the Supervisory Committee of the Company. Since May 2021, Mr. Xing has been serving as Chief Financial Officer of TPH (being the controlling shareholder of the Company). Mr. Xing was appointed as a Non-Executive and Non-Independent Director of the Company in December 2024.

Ms. Mao Weiwen, born in May 1974, is a senior economist and a certified human resource professional (level 1). She holds a postgraduate degree in organisation and human resource management from the University of Hong Kong, and an MBA degree from Lingnan University. From May 1996 to April 2001, she served as Secretary to the Youth League Committee of Shanghai Municipal Pharmaceutical Company Limited (上海市医药有限公司). From April 2001 to March 2009, Ms. Mao successively served as Manager of the Customer Service Department of the Sales Headquarters, and as Manager and Secretary to the Communist Party of China Branch of the Shanghai-West Branch of Shanghai Pharmaceutical Co., Ltd. (上海市医药股份有限公司); Assistant General Manager and Office Director of Shanghai Pharma Co., Ltd. (上药控股有限公司); and General Manager of Shanghai Pharmaceutical Logistics Center Co., Ltd. (上海医药物流中心有限公司). From March 2009 to February 2014, she served as General Manager of the Human Resources Department of Shanghai Pharmaceutical Holdings Co., Ltd. (上海医药集团股份有限公司). From March 2014 to May 2021, she served as a Director and Executive Vice President of Shanghai Shengyuan Group (上海盛源集团). From May 2021 to December 2021, Ms. Mao served as Human Resources Director of TPH (being the controlling shareholder of the Company). Since December 2021, she has been serving as Chief Human Resources Officer of TPH. Ms. Mao was appointed as a Non-Executive and Non-Independent Director of the Company in December 2022.

Dr. Yeo Guat Kwang, born in January 1961, is a Singaporean and serves as the Lead Independent and Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee. Dr. Yeo is currently an Advisor to the National Trades Union Congress (NTUC) of Singapore. He is also a Lecturer in Nanyang Centre for Public Administration at Nanyang Technological University, and at the Business School of National University of Singapore. Dr. Yeo has more than 20 years of experience in executive roles, public institution

board memberships, and serving as an independent director of companies listed on the SGX-ST, including SIIC Environment Holdings Ltd. He was also a Member of Parliament from 1997 to 2015, and the president of the Consumers Association of Singapore from 2003 to 2012. Dr. Yeo obtained an Honours degree in Arts and Social Sciences from the National University of Singapore in 1986 and a master's degree in Public Administration and Management in Lee Kuan Yew School of Public Policy of the National University of Singapore in 2013. He was conferred a Doctorate in Business Administration by United Business Institutes, Brussels in 2016. Dr. Yeo was appointed as an Independent and Non-Executive Director of the Company in November 2023.

Mr. Liew Yoke Pheng Joseph, born in May 1956, is a Singaporean. He graduated from Nanyang University, Singapore with a Bachelor of Commerce (Accountancy) in 1980. Mr. Liew obtained his Singapore Certified Public Accountant (CPA) qualification in 1989, and became a Certified Information Systems Auditor (CISA) in 1994. He also obtained his Certified Fraud Examiner (CFE) qualification in 1996. Mr. Liew has been a fellow of the Association of Chartered Certified Accountants (ACCA) since 2006 and a fellow of the Institute of Singapore Chartered Accountants (ISCA) since 2004. He is a Senior Accredited Director and a member of the Singapore Institute of Directors (SID). He is fluent in Mandarin, Cantonese and English. Mr. Liew has extensive experience in corporate strategy management, and in particular, is a professional in the fields of information technology, corporate governance, finance and accounting. He has held senior management positions in many large multinational companies based in the PRC and Singapore. Mr. Liew also serves as the Independent, Non-Executive Chairman, Chairman of the Audit Committee and member of the Nominating Committee and Remuneration Committee of Grand Venture Technology Limited, as well as the Independent, Non-Executive Director, Chairman of the Audit Committee and member of the Nominating Committee of Biolidics Limited, both of which are listed on the SGX-ST. In addition, he serves as an independent director of Lew Foundation and a director of Char Yong (Dabu) Foundation. Mr. Liew was re-appointed as an Independent and Non-Executive Director of the Company in November 2023.

Mr. Zhong Ming, born in February 1987, is a Singaporean and holds a bachelor's degree in Accounting and Finance from the University of Melbourne. Since 2016, he has been serving as an Executive Director of Yanlord Land Group Limited, a company listed on the Mainboard of the SGX-ST. He is also an Independent Director of SIIC Environment Holdings Ltd., a company listed on both The Stock Exchange of Hong Kong Limited and Mainboard of the SGX-ST. In addition, he has been serving as a director of Ren Ci Hospital since 2018. Mr. Zhong was appointed as an Independent and Non-Executive Director of the Company in May 2024.

RESUMES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERS

SUPERVISOR

The particulars of members of our Supervisory Committee as at 31 December 2024 are as follows:–

Name	Age	Designation
Mr. Wang Yuanxi	46	Chairman of the Supervisory Committee
Ms. Xie Xi	38	Supervisor
Ms. Guo Xiumei	42	Supervisor

The business and working experience of our supervisors are as follows:–

Mr. Wang Yuanxi, born in January 1978, is an economist. Mr. Wang obtained his bachelor's degree in chemical engineering from Tianjin University of Science and Technology and his MBA from Tianjin University. From July 2002 to September 2008, he successively served as a staff member of Tianjin Tianyao Pharmaceutical Co., Ltd., Tianjin Jinyao Group Co., Ltd. and Tianjin Pharmaceutical Group Co., Ltd. From September 2008 to December 2013, he successively held the positions of Deputy Director of the Board of Director Office and the President Office of Tianjin Jinyao Group Co., Ltd., and Deputy Director of the Board of Director Office and the Manager Office of Tianjin Pharmaceutical Group Co., Ltd. Mr. Wang was appointed as Deputy Director, and then was promoted as Director, of the General Manager Office of Tianjin Pharmaceutical Holdings Co., Ltd. for the period from December 2013 to August 2019. He has been serving as a Director of Tianjin Pharmaceutical Group International Holdings Co., Ltd. since October 2017, Party Branch Secretary and Executive Director of Tianjin Pharmaceutical Group Sales Co., Ltd. since May 2018, and Director of the Party Committee Office and Director of the Board of Director Office of TPH (being the controlling shareholder of the Company) since August 2019.

Ms. Xie Xi, born in May 1986, holds a Bachelor of Economics and a Master of Business Administration. From July 2008 to March 2022, she successively served within the Company as an Accountant in the Finance Department, Assistant to the Head of the Finance Department, Securities Affairs Representative, Deputy Head of the Finance Department, and Head of the Finance Department. Since March 2022, she has been serving as Deputy General Manager of the Finance Department of TPH.

Ms. Guo Xiumei, born in January 1982, is an Assistant Engineer and holds a bachelor's degree. From September 2006 to July 2016, Ms. Guo was an employee in the Liquid and Packaging Workshop of Long Shun Rong Pharmaceutical Factory of the Company. From July 2016 to April 2018, she was the Integrated Workshop Supervisor and held a concurrent post of Vice Chairman of the Labour Union of Long Shun Rong Pharmaceutical Factory of the Company. Since December 2018, she has been serving concurrently as Vice Chairman of the Labour Union of the Company.

MANAGEMENT

The particulars of our key management personnel as at 31 December 2024 are as follows:–

Name	Age	Designation
Mr. Ma Jian	46	Chief Financial Officer
Mr. Zhou Hong	54	Deputy General Manager and Chief Engineer
Mr. Zhang Yu	51	Chief Production Officer

The business and working experience of our key management personnel are as follows:–

Mr. Ma Jian, born in November 1978, is a certified public accountant. He obtained a Master of Business Administration Degree from Tianjin University of Finance and Economics in December 2016. From December 1998 to March 2007, Mr. Ma successively served as a Staff Member of the Finance Department of Tianjin Hebei Pharmaceutical Factory (天津市河北制药厂), a Staff Member of the Finance Department of Tianjin Taihe Pharmaceutical Co., Ltd. (天津太河制药有限公司) (“**Tianjin Taihe**”), and subsequently as Head of the Finance Department of Tianjin Taihe. From March 2007 to June 2016, he successively served as Deputy Chief Staff Member, Deputy Head of the Finance Department, and Deputy Head of the Audit Department of TPH (being the controlling shareholder of the Company). From June 2016 to July 2023, Mr. Ma successively held the posts of General Manager of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) and Director of the Fund Management Center of TPH.

Mr. Zhang Yu, born in September 1973, holds a Master of Engineering Degree and is a senior engineer. From July 1995 to May 2019, Mr. Zhang worked at the Company's Le Ren Tang Pharmaceutical Factory, where he successively served as Regional Manager of the Sales Branch, Head of the Science and Technology Quality Department, Production Director, Assistant to the Factory Director and Chief Engineer. From May 2019 to March 2022, Mr. Zhang served as Deputy Director of the Operation Management Department and Deputy Director of the Production Operation Department of TPH (being the controlling shareholder of the Company).



CHAIRMAN'S WORK REPORT 2024



CHAIRMAN'S WORK REPORT 2024

WANG LEI

DEAR SHAREHOLDERS,

In 2024, Da Ren Tang Group continued to implement the work theme of "one center, eight action frameworks," pragmatically advancing brand building, marketing, scientific innovation, lean production, and other operational development initiatives. We continuously enhanced our brand strength, product capabilities, and service capabilities.

During the reporting period, apart from core business operations, the Company adjusted its commercial business and equity assets of associated enterprises. The Company used the entire equity of its wholly-owned subsidiary, Tianjin Zhongxin Medicine Co., Ltd., as capital contribution into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. After the capital increase, the commercial business assets held by the Company were reflected in the form of a 43.35% equity stake in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd., which became an associated company of the Company. As a result, the Company no longer consolidates the revenue of this business in its financial statements but recognizes profits and losses based on the equity ratio. In the 2024 annual report, the Company reported commercial business revenue of RMB3.11 billion, a year-on-year decrease of 17.3%.

During the reporting period, policies and markets in the fields of healthcare, medical insurance, and pharmaceuticals continued to evolve, presenting both opportunities and challenges for the industry. According to data from the National Bureau of Statistics, the total operating income of pharmaceutical manufacturing enterprises above designated size in China was RMB2,529.85 billion, remaining flat year-on-year. Operating costs were RMB1,472.96 billion, an increase of 2% year-on-year, while total profits amounted to RMB342.07 billion, a year-on-year decrease of 1.1%. Menet.com.cn [米内网] predicts that in 2024, drug sales in public medical institutions will decrease by 3% year-on-year, with Traditional Chinese Medicine (TCM) products declining by 2%. According to Zhongkang data, total sales of physical drugstores in 2024 decreased by 2.2% year-on-year, with TCM products declining by 3.6%. The Company's industrial revenue reached RMB4.49 billion, a year-on-year decrease of 8.9%. Sales revenue from 13 key products reached RMB3.56 billion, accounting for 79% of the total product revenue. Among them, Suxiao Jiuxin Wan (速效救心丸) achieved sales of RMB1.98 billion (including tax); Qingyan Di Wan (清咽滴丸) surpassed RMB350 million in sales (including tax), representing a significant year-on-year increase of 61%.

In 2024, the Company achieved a net profit attributable to shareholders of the parent company of RMB2.23 billion, a year-on-year increase of 126%. This was mainly due to the Company's transfer of its 13% stake in Sino-American Tianjin SmithKline Pharmaceutical Co., Ltd., which added RMB1.45 billion in gains. However, during the reporting period, the investment income recognized from associated companies such as Tianjin Shike Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) and Tianjin Hongrentang Pharmaceutical Co., Ltd. (天津宏仁堂药业有限公司) declined year-on-year. Additionally, the provision for impairment of goodwill and other long-term assets increased year-on-year, which were the main reasons for the decline in the Company's non-GAAP net profit.

I. Economic Operations in 2024

(A) Enhancing Brand Power and Promoting Comprehensive Brand IP Empowerment

To strengthen brand building, in August 2024, the Company established the Brand and Marketing Center to convey brand value. The Company implemented five key brand projects:

1. Brand Strategy Scanning: Initiated a brand strategy scan to upgrade the brand strategy.
2. Brand Film Broadcast: The brand film *Our Watch* (《我们的守望》) was aired on CCTV-1's *Morning News* (《朝闻天下》), authoritatively showcasing Da Ren Tang's inheritance and innovation of Traditional Chinese Medicine (TCM).



CHAIRMAN'S WORK REPORT 2024



culture. The film was disseminated through over 200 new media platforms, including People's Daily Online and Xinhua Net, amplifying brand awareness and deepening consumers' understanding of Da Ren Tang's history, culture, heritage, and innovation. Outdoor and business travel posters were also released, along with advertisements on the Jingxin screen, 150 large screens at airports across 34 cities nationwide, and 50 large screens at 20 stations, quickly enhancing brand recognition. The campaign reached 135 million people.

3. "Roots-Seeking Journey" for 18 Branches: Launched a "root-seeking journey" for Da Ren Tang's 18 branches, visiting four cities – Chengdu, Changchun, Xi'an, and Wuhan. Over 50 events, including staff training and public welfare activities, were held, reaching more than 10,000 local residents.
4. Renovation of the Da Ren Tang TCM Culture Museum: As the only designated unit by the Tianjin Municipal Health Commission, the Company visited 72 primary, secondary, and tertiary schools in Tianjin, conducting 101 lectures that reached over 20,000 teachers and students.



5. Successful Hosting of the 11th Chinese Herbal Medicine Base Co-Building and Sharing Exchange Conference: During the conference, 3,500 academicians and experts, along with 190 enterprises, gathered. The National Chinese Herbal Medicine Innovation Alliance sent a letter of appreciation. The successful hosting of the event earned high praise from Academician Zhang Boli and enhanced Da Ren Tang's influence within the industry.

Additionally, at the Wuzhen Conference, the Company successfully launched the "Health for Everyone, Rescue Nearby – Da Ren Tang Tibet Charity Initiative 2024." At the MiSi Conference, we unveiled the Da Ren Tang Heart Strategy and initiated a public welfare rescue station activity. At the West Lake Conference, we shared three years of practical experience in the integrated treatment of cardiovascular diseases using both Traditional Chinese Medicine and Western Medicine under the initiative "Chinese Heart • Healthy Journey." Through these efforts, we shaped the image of a "warm technology enterprise," enhancing brand credibility and consolidating our industry position by sharing expertise, thereby promoting both the social value and market competitiveness of the Company.

The expansion of the brand has laid a foundation for developing overseas businesses. In 2024, the Company successfully registered 229 trademarks abroad. Currently, the main logo in core Class 5 and Class 35 has been successfully registered in 74 countries and regions.

(III) Marketing Entity Formation and Health Technology 2.0 Moving Forward

In 2024, the Company successfully implemented organizational optimization for its health technology division, promoting the comprehensive integration of industrial marketing and achieving operational entity status. The new organizational structure redefined the major regions and key products for each business unit, while the mid- and back-office adopted

a “large department system” integration approach, emphasizing marketing leadership, professional operations, and channel penetration. The number of personnel in the marketing division increased by 29%. Through competitive recruitment, the percentage of regional managers with master’s degrees or higher increased by 25%, and the average age decreased by five years.

We adopted a strategy of product breakthroughs, extensive regional coverage, and strong channel penetration to strengthen market capabilities. In the medical sector, the Company completed 243 bidding projects for 149 products across 34 provinces. Six new products were included in 15 national and provincial guidelines and consensus documents. Emphasizing academic leadership, we established a KOL expert system comprising over 300 experts, covering fields such as cardiovascular, rheumatism, respiratory, and digestive health. Suxiao Jiuxin Wan (速效救心丸) achieved dual growth in both the medical and retail sectors. Leveraging the construction of a nationwide network of Chest Pain Centers, the Company organized 106 events under the “China Heart • Healthy Journey” initiative, achieving an 81% coverage rate of Suxiao Jiuxin Wan (速效救心丸) in chest pain centers. In the retail sector, we conducted terminal activities under the theme “Health for Everyone, Rescue Nearby”. According to Sinohealth’s data, Suxiao Jiuxin Wan (速效救心丸) ranked second in terms of sales growth among top products, with their market share increasing by 0.9%. E-commerce continued to grow significantly, surpassing RMB60 million in revenue in 2024, representing a year-on-year increase of 53%. In terms of overseas business, in 2024, 12 Traditional Chinese Medicine (TCM) products,

including Suxiao Jiuxin Wan (速效救心丸) and Qingyan Di Wan (清咽滴丸), were successfully registered in Singapore. Two products received approval for registration in Hong Kong, and 18 products obtained HALAL certification.

(III) Systematic R&D, Enhancing Product Power through Technological Advancements

The Company adheres to the philosophy of serving production, supporting sales, and leading the future, restructuring its three-tier R&D system. The organizational structure of the technology center was adjusted to achieve departmentalized management. Throughout the year, the Company completed the initiation of 10 new product projects and conducted secondary development of large varieties involving 22 products, achieving an 80% completion rate for key milestones. The Company launched Project 001 for product value exploration, completing the traceability work for all 531 Traditional Chinese Medicine (TCM) formulas and their origins. An electronic archive system for Da Ren Tang products was established, enabling standardized and informatized product management. In 2024, the Company submitted applications for approval of 12 major projects under the “Four Major Chronic Diseases” initiative and one project under the National Key R&D Program for “Modernization of Traditional Chinese Medicine.” In January 2025, five national major science and technology projects were approved, with six exclusive products – Suxiao Jiuxin Wan (速效救心丸), Shenfu Qiangxin Wan (参附强心丸), Qingfei Xiaoyan Wan (清肺消炎丸), Jing Wan Hong Ruan Gao (京万红软膏), Jinqi Jiang Tang Pian (金芪降糖片), and Zi Long Jin Pian (紫龙金片) – selected for inclusion. The project

“十四五”国家重点研发计划“中医药现代化”专项 《非小细胞肺癌中西医结合防治关键技术与诊疗方案研究》项目启动会

2024.1.20 中国·北京

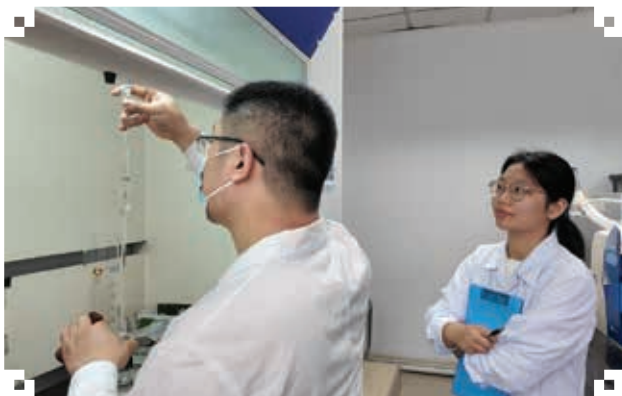


CHAIRMAN'S WORK REPORT 2024

"Systematic Development and Application Research of the Zi Long Jin Pian (紫龙金片) Large Varieties" won the Third Prize for Scientific and Technological Progress in Tianjin.

1. Building Domestic and International Technology Collaboration Platforms: The Company strengthened cooperation with renowned universities and expedited overseas R&D initiatives. In 2024, the Company partnered with Milan University, Tianjin University of Traditional Chinese Medicine, and Zhejiang University to establish a four-party international R&D collaboration. This partnership initiated research into the effective components of Tongmai Yangxin Wan (通脉养心丸) for treating arrhythmia and the mechanism of Weichang'an Wan (胃肠安丸) in preventing intestinal diseases. Additionally, the Company collaborated with the Macao University-Jinyao Da Ren Tang Chinese Medicine Innovation Joint Laboratory to study the wound-healing mechanism of Jing Wan Hong Ruan Gao (京万红软膏). Strategic partnerships with the Modern Chinese Medicine Haihe Laboratory and Tianjin University of Traditional Chinese Medicine also led to the completion of development plans for six major products, including those under the "China Heart" research project, Qingyan Di Wan (清咽滴丸), and Weichang'an Wan (胃肠安丸).
2. Conducting Secondary Development Research on TCM Products: The Company initiated a clinical evaluation project titled "Comprehensive Application of Suxiao Jiuxin Wan (速效救心丸) in ACS Patients at Chest Pain Centers." To date, 1,800 cases have been enrolled, accounting for 64.3% of the total cases. Mid-term results indicate that Suxiao Jiuxin Wan (速效救心丸) effectively alleviate angina pectoris. Additionally, the Company continued the "Healthcare for All in Tibet Project" and launched a clinical study on the use of Suxiao Jiuxin Wan (速效救心丸) for preventing Acute Mountain Sickness (AMS).

In 2024, the application of Qingyan Di Wan (清咽滴丸) in the Preparation of Anti-COVID-19 Drugs received national patent authorization. Experiments showed that components such as corilagin, rhoifolin, hamamelitannin, and licochalcone B in Qingyan Di Wan (清咽滴丸) inhibit the MPro (main protease), PLpro (papain-like protease), and/or S protein of the coronavirus. Moreover, these active monomer components exhibit synergistic effects. At the 20th Academic Annual Meeting of the Ear, Nose, and Throat Specialty Committee of the Chinese Association of Integrative Medicine, findings from a real-world study involving 4,375 patients with sore throat were presented. The study found that after taking Qingyan Di Wan (清咽滴丸), patients with acute and chronic pharyngitis, acute tonsillitis, or common colds experienced over 99% effectiveness within seven days, with an overall cure rate exceeding 70%. The treatment demonstrated excellent efficacy for acute and chronic throat ailments. Internationally, the Company successfully developed a guinea pig cough induction model using an Angiotensin-Converting Enzyme Inhibitor (ACEI) compound inducer. Results confirmed that Qingyan Di Wan (清咽滴丸) effectively treat ACEI-induced dry cough by significantly prolonging the latency period of coughing and reducing cough frequency. The antitussive rate in the treated group exceeded 60%. Preliminary investigations suggest that Qingyan Di Wan (清咽滴丸) may improve ACEI-induced cough by lowering cough hypersensitivity and airway hyperresponsiveness, inhibiting bradykinin accumulation, reducing inflammatory and cough-inducing factors, and blocking cough signal transmission. Related research findings have been submitted for patent application. In October 2024, the "First China Respiratory Health Conference," guided by the Ministry of Science and Technology and the National Health Commission of the People's Republic of China and led by nine academicians, including Zhong Nanshan and Zhang Boli, was grandly held in Hengqin, Guangdong. Jinyao Da Ren Tang was honored as one of the first member units of the "Traditional Chinese Medicine Respiratory Health Development Community." The Company will collaborate with the initiating organizations, including the First Affiliated Hospital of Guangzhou Medical University, Guangzhou Institute of Respiratory Health, National Key Laboratory of Respiratory Diseases, Tianjin University of Traditional Chinese Medicine Research Institute, and the Modern Chinese Medicine Haihe Laboratory. Through deep integration of industry, academia, research, and application, the Company will leverage the unique advantages of core exclusive products like Qingyan Di Wan (清咽滴丸) and Qingfei Xiaoyan Wan (清肺消炎丸) to contribute to the construction of new productivity in the field of TCM respiratory health.



3. Adopting a development model of “self-research + external introduction,” the integration and coordinated development of “Traditional Chinese Medicine (TCM) + health products” has been promoted. Efforts have been made to strategically developed hospital formulations, classic prescriptions, modern patches, and big health products. In 2024, research on the herbal and processed slice stages of three classic prescriptions – Pinellia Heart-Draining Decoction (半夏泻心汤), Gallbladder-Warming Decoction (温胆汤), and Huangqi Guizhi Wuwu Decoction (黄芪桂枝五物汤) – has been completed. The registration process for two classic formulas from *The Le Family's Generational Secret Formulas for Pills, Powders, Ointments, and Elixirs* (《乐氏世代祖传丸散膏丹引配方》) as hospital formulations has been initiated. Collaborative exploratory research with partner hospitals has been conducted on converting Bu Shen Kang Shuai Pian (补肾抗衰老片) and Weizhuan'an Keli (胃转安颗粒) (I) into new drugs for medical institution use. A modern TCM patch technology platform has been established to develop advanced TCM patch products that act faster, are more potent, and have lower allergic reaction rates. Development efforts for improved new drugs have been launched based on Bi Qi Capsule (痹祺胶囊) and Jing Wan Hong Ruan Gao (京万红软膏), two of the large varieties. Additionally, the Company successfully developed 14 functional health products, including Kudzu Root Wine (葛根酒), Shoutao Wine (寿桃酒), Anti-Aging Whitening Drinks (养颜美白抗黑饮), and Qingyan Weipao Pian (清咽微泡片).

(IV) Winning with Quality in the New Normal: Digital Intelligence Empowering New Productivity

In September 2024, Suxiao Jiuxin Wan (速效救心丸) were successfully selected for Tianjin's Modern Chinese Medicine New Productivity Science and Technology Innovation Project, led by Academician Zhang Boli as the technical director. The project focuses on in-depth research into the pharmacological mechanisms, safety evaluations, high-level clinical evidence-based studies, and quality process optimization of Suxiao Jiuxin Wan (速效救心丸). It aims to establish a core technology system for cultivating new productivity in Traditional Chinese Medicine while building a demonstration production line for intelligent manufacturing of TCM dripping pills, promoting high-quality development in both the TCM industry and sector.

In 2024, the Company built an agile supply chain system, establishing two new bases meeting the standard of “Three-Free-One-Whole”, i.e. sulphur-free processing, no aflatoxin contamination, pollution free and whole-process traceability (三无一全)” for Coptis and Magnolia officinalis. Its independently developed



digital traceability platform for TCM products was selected as a typical application case under the “Expanding Variety, Improving Quality and Creating Brands with Digital Empowerment (数字三品)” initiative by the Ministry of Industry and Information Technology (MIIT) in 2024.

The Company initiated 79 quality improvement projects targeting production challenges. Active efforts were made to revise safety information in product instructions, with approvals obtained for 45 products. Research on extending product shelf life was also initiated, with six products completing the registration process for extended validity periods. In terms of manufacturing enhancement, continuous implementation of lean improvement initiatives such as TPM (Total Productive Maintenance) and rapid changeovers further optimized product delivery rates and main production cycle times. Steady progress was made in integrating dosage forms, launching strip-packaged products, and resuming production of dormant varieties. A unified ERP system for the production framework was planned, and No. 6 Chinese Medicine Plant completed the launch of its new ERP version. Production-sales coordination was strengthened through the activation of platforms for production orders and inventory visualization. The channel management platform now covers 15 million data entries, and the SCRM platform has integrated 14 million data points, achieving visualization of coverage maps for 626 chain stores after connecting with the data center.

CHAIRMAN'S WORK REPORT 2024



In quick-win digital intelligence projects, digital employees in areas such as marketing, operations, and finance gradually came online, improving workforce efficiency and business accuracy. A digital intelligence-based network survey platform enables 24/7 monitoring of over 30 key products on e-commerce platforms, providing insights for market decision-making. The 1.0 version of Da Ren Tang's digital membership system officially launched, increasing registered users from 20,000 at the beginning of the year to 110,000. The online store launched 157 products, completed 430 orders, and fostered active engagement across 43 communities. This empowered precise community operations. The "Store Exploration Handbook" systematized the store exploration process, enabling employees to conduct convenient market research and directly transmit frontline information to the backend, ultimately empowering decision-making.

During the reporting period, five enterprises under the Company passed the evaluation for the first batch of digital workshops in Tianjin, and three enterprises were successfully approved as advanced-level intelligent factories in Tianjin. Jingwanhong



Pharmaceutical Co., Ltd. was awarded the title of National Green Factory, while No. 6 Chinese Medicine Plant received the Tianjin Municipal Green Factory designation.

At the same time, during this reporting period, the Company steadily advanced its work in financial control, compliance construction, safety management, employee care, and social responsibility.

II. The Corporate Governance Structure is Further Improved, and Shareholders' Interests are Effectively Protected

The Company is a publicly listed entity with shares issued on both the Singapore Exchange and the Shanghai Stock Exchange, and it must comply with the regulatory governance requirements of both exchanges as well as the laws and regulations of China and Singapore. The company has always strictly adhered to regulations such as the *Articles of Association*, *Rules for Shareholder Meetings*, *Rules for Board of Directors Meetings*, and *Rules for Supervisory Board Meetings*. In 2024, the convening and decision-making of the Company's shareholders'



meetings, meetings of the board of directors and supervisory board all complied with relevant laws and regulations. The Company has effectively safeguarded the legitimate rights and interests of all shareholders, especially small and medium shareholders, from various perspectives.

As always, the Company is committed to improving the quality of its listed status, enhancing corporate governance, and progressively refining standardized operations. In accordance with the relevant requirements of the China Securities Regulatory Commission (CSRC), the Shanghai Stock Exchange, and the Singapore Exchange, the Company carried out a series of initiatives. It continued to conduct investor protection publicity activities. In June, September, and December 2024, the Company held online performance briefings for “2023 and Q1 2024,” “H1 2024,” and “Q3 2024” via interactive webinars. Management communicated with investors on topics such as operating performance and profit distribution, enabling investors and potential investors to promptly and fully understand the Company’s operational dynamics, thereby showcasing the Company’s positive corporate image. To further protect shareholders’ rights to receive investment returns, the Company’s 2023 annual general meeting reviewed and approved the 2023 profit distribution plan: “Based on the total share capital as of December 31, 2023, a cash dividend of RMB12.8 per 10 shares (including tax) will be distributed to all shareholders,” rewarding investors with concrete actions. In 2024, the Company continued to strengthen the management of insiders with access to material non-public information, strictly adhering to the *Insider Information Management System* for registration and confidentiality notifications. During

the 2024 annual report process, both the independent directors and the audit committee rigorously followed relevant systems in conducting their reviews. In summary, in 2024, all company regulations were effectively implemented.

The Company has consistently adhered to the principle of being stringent rather than lenient, and comprehensive rather than minimal, in complying with the disclosure requirements of regulators in both China and Singapore. In 2024, the Company strictly followed the *Information Disclosure Management System* to ensure that all announcements were truthful, accurate, timely, and complete, maintaining consistency in disclosures across domestic and international markets. At the same time, the Company warmly welcomed visits and inquiries from investors, strengthening communication through compliant and thorough information disclosure, promoting investor understanding and recognition of the Company, maintaining good relations with investors, and establishing a positive market image.

III. Profit Distribution for 2024

The Company plans to distribute cash dividends from the profits for 2024. The specific profit distribution plan is as follows: “Based on the total share capital on the record date for equity distribution, a cash dividend of RMB12.8 per 10 shares (including tax) will be distributed to all shareholders.”

IV. Major Legal Disputes

Currently, the Company has no major legal disputes.



CHAIRMAN'S WORK REPORT 2024

V. Interested Person Transactions disclosure

The Group obtained a general mandate (the “**IPT General Mandate**”) from shareholders for interested person transactions (the “**IPTs**”, and each, an “**IPT**”) at the annual general meeting held on 15 May 2024 for the financial year ended 31 December 2023 (“**FY2023**”). Please refer to the annexure accompanying the notice of annual general meeting in relation to the proposed renewal of mandate for IPTs (as set out on pages 179 to 199 of the Company’s annual report for FY2023) for further details on the IPT General Mandate. During the financial year ended 31 December 2024 (“**FY2024**”), there were no IPTs (excluding transactions less than S\$100,000) entered into with the mandated interested persons that were conducted under the IPT General Mandate.

Shareholders’ approval was also obtained for the Company’s entry into a financial services agreement with Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“**TPGF**”) as an IPT and all transactions arising therefrom, at the annual general meeting held on 15 May 2023 for the financial year ended 31 December 2022. Please refer to the annexure dated 28 April 2023 accompanying the notice of annual general meeting in relation to the foregoing IPT for further details.

Accordingly, the aggregate value of all IPTs during FY2024 (excluding transactions less than S\$100,000) is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)	
		12-month period ended 31 December 2024	12-month period ended 31 December 2023	12-month period ended 31 December 2024	12-month period ended 31 December 2023
		RMB’000	RMB’000	RMB’000	RMB’000
Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (i.e., TPGF)	Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“ TPH ”), the controlling shareholder of the Company	The interest payable on the credit facilities provided by TPGF: 13,984	9,068	-	-
TPGF	Subsidiary of TPH, the controlling shareholder of the Company	Capital contribution into TPGF with the Company’s shareholding percentage remaining unchanged: 150,000	-	-	-
TPH	Controlling shareholder of the Company	The Company transferred its 100% equity interest in the registered capital of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as a capital injection into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司): 493,618	-	-	-
TPH	Controlling shareholder of the Company	The Company transferred its 13% equity interest in Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) (“ TSKF ”) to Haeon China Co., Ltd. (“ Haeon China ”). At the same time, TPH transferred its 20% equity interest in TSKF to Haeon China: 1,758,756	-	-	-
Total		2,416,358	9,068	-	-

Note(s):

- As at 31 December 2024, placement of deposit with TPGF amounted to approximately RMB1,431.38 million.

VI. Key Focus Areas for 2025

In 2025, the Company will center on “brand leadership” and continue to implement six key thematic initiatives: marketing innovation, scientific research innovation, quality improvement and efficiency enhancement, management upgrades, organizational transformation, and cultural cohesion. The Company will focus on enhancing brand power, product strength, and service capabilities. Key areas of focus include:

1. Brand Leadership: Reaching Consumer Minds

Under the leadership of the main brand “Da Ren Tang,” the Company will advance market efforts through five key measures to deepen brand influence among consumers (C) as follows:

- 1.1 Strengthening Cardiovascular Category Positioning: Leveraging the core product Suxiao Jiuxin Wan (速效救心丸) to reinforce Da Ren Tang’s position in the cardiovascular category, using products as a bridge to connect with consumers’ minds.
- 1.2 Expanding Da Ren Tang Branded Stores: Increasing brand visibility by expanding the presence of Da Ren Tang branded stores.
- 1.3 Brand Promotion on CCTV and Multi-Channel Media: Amplifying brand exposure through media campaigns on CCTV and other channels.
- 1.4 Continuing the “Roots-Seeking Journey” for 18 Branches: Further promoting Traditional Chinese Medicine (TCM) culture by continuing the journey to reconnect with Da Ren Tang’s historical branches.
- 1.5 Promoting TCM Culture in Schools: Continuing efforts to promote TCM culture in educational institutions, with plans to expand these activities to provinces such as Shandong, Guangdong, and Jiangsu in 2025.

2. Marketing Innovation: Business Model Transformation and Upgrading

Centered on consumers, the Company will transition its marketing approach from “1.0 Sales-Driven” to a comprehensive “2.0 Push-Pull Combination.” It will strengthen 3S management (Sell In for shipping, Sell Through for distribution, and Sell Out for actual sales), with a particular focus on Sell Out management. Efforts will be made to enhance data organization on channel management platforms and leverage insights from

SCRM (Social Customer Relationship Management) platforms to build and apply a membership platform system, aiming to progress toward “3.0 Mindshare Capture (3.0占领消费者心智).”

2.1 Advancing the Large Varieties Strategy. Launching the “Suxiao Jiuxin” Public Welfare Initiative: for the medical sector, to continue strengthening participation in chest pain center construction, improving academic and R&D quality, and expanding regular usage; for the retail sector, to enter the list of top 100 chain stores and promote stockpiling of essential products; for B2C, to enhance content engagement to improve communication and scenario-based marketing. The Company will timely launch the “China Brain Health Initiative (中国脑健康行动)” to drive renewed growth for products like Qinggong Shoutao Wan (清宫寿桃丸) and Shunaoxin Diwan (舒脑欣滴丸);

2.2 Enhancing terminal coverage capability from regional levels to terminal task forces in order to comprehensively improve terminal coverage capabilities to achieve rapid growth in targeted regions;

2.3 Strengthening channel penetration: in the medical sector, to promote academic transformation and increase product coverage; in the retail sector, to enhance brand co-building, store sales momentum, and team building. We intend to foster partnerships with chains exceeding RMB100 million in revenue, actively embrace new retail models, and collaborate strategically with Meituan Health, and launch the O2O “Wind Fire Wheel” initiative (“风火轮”计划). In commerce, we intend to enhance integrated coverage, and ensure smooth product listings and conversion rates on e-commerce platforms.

3. Technology Leadership, Innovation Driven by Research

We will focus on market needs, consumer demands, and clinical value to drive research and innovation. We will strengthen collaboration with research institutions and teams of academicians and experts.

3.1 We will continue to advance the completion and initiation of secondary development projects for strategic key products. 3.2 In terms of heritage research, we will accelerate the initiation of classic formula projects and improve research on substitutes for endangered medicinal materials. 3.3 For innovative Traditional Chinese Medicine (TCM), we will increase the registration of hospital formulations and promote the establishment of a modern patch platform.

CHAIRMAN'S WORK REPORT 2024

4. Quality Improvement and Efficiency Enhancement to Strengthen Operational Efficiency

We will promote the development of “GAP bases,” “Three-Free-One-Whole” base certifications, and traceability base construction to enhance supply chain reliability. We will continue to advance TGA and HALAL certifications for products, revise product instructions, and carry out initiatives such as reviving dormant products, converting large honeyed pills into small honeyed pills, and conducting stability studies for strip-packaged products to address technical challenges and enhance productivity. We will keep on our lean production practices to optimize the procurement costs of raw materials, auxiliary materials, and packaging, reduce material waste, and improve product yield through process improvements. These efforts aim to achieve cost reduction and efficiency enhancement across the entire value chain, thereby strengthening operational efficiency.

5. Organizational Transformation, Management Upgrade for Greater Efficiency

We will drive organizational transformation centered on operations and market orientation, leveraging organization, processes, and digitalization to transform the enterprise. We will refine the Group's strategy-focused headquarters and strengthen its operation-focused organization to create agile, combat-ready business units. We will solidify the basic framework governing employee roles, responsibilities, levels, and compensation to ensure optimal personnel allocation. We will implement company-wide performance evaluations and vigorous use of result data, so as to effectively motivate employees while improving management efficiency. Additionally, we will optimize team structures, increase the proportion of frontline personnel in production and marketing, and strengthen the construction of professional talent teams.

We will complete the first round of process optimization within the Group, finalize end-to-end optimization plans

for high-frequency, high-value processes, and use the EPROS system to comprehensively manage process optimization work. This will help us build an initial customer-centric end-to-end process system. As planned, we will complete the construction of industrial ERP systems, enhance the SCRM platform, and cover commercial sales, pure sales, and terminals to achieve integrated management. We will embrace digital transformation by fully promoting the use of AI tools. By strengthening process management and deeply integrating performance metrics, we will ensure that PBA (Performance-Based Assessment) management remains dynamically optimized and continuously improved.

6. Cultural Cohesion: Love, Integrity, and Strength

We will continue to promote the “craftsman spirit” and “model worker spirit,” adhering to our core values of love, integrity, and strength. Guided by the corporate spirit of “upholding tradition while innovating, and uniting in kindness,” we will strengthen employee care, occupational health, production safety, environmental protection, social responsibility, and ESG-related work. We will strive to realize our corporate vision of becoming a “market-driven, technology-empowered leader in the health industry”.



FINANCIAL REVIEW



A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business.

The financial performance of the Group is not significantly affected by any of the seasonality or cyclicity of interim operations.

(a) Revenue:

The Group's revenue for the financial year ended 31 December 2024 ("FY2024") was approximately RMB7,306.74 million, a decrease of approximately RMB915.57 million, or 11%, as compared to RMB8,222.31 million for the financial year ended 31 December 2023 ("FY2023"). This was primarily due to a year-on-year decrease in commercial sales.

(b) Gross Profit Margin:

The Group's gross profit in FY2024 decreased by approximately 3% from approximately RMB3,539.18 million in FY2023 to approximately RMB3,444.92 million in FY2024. The gross profit margin has increased by 4% from 43% in FY2023 to 47% in FY2024. The increase was mainly due to changes in sales structure, with an increased proportion of industrial sales contributing to the overall increase in the gross profit margin.

(c) Other Gains:

Other gains in FY2024 were approximately RMB1,790.02 million, an increase of approximately RMB1,750.07 million over the previous corresponding period. The increase was mainly due to a gain of RMB1,709.26 million on partial disposal of an associate, an increase of RMB16.81 million in income from large-denomination certificates of deposit.

(d) Major Expenses:

- (i) Marketing and distribution costs in FY2024 were approximately RMB1,999.98 million, representing a decrease of RMB126.46 million or 5.9% from RMB2,126.44 million in the previous corresponding period. This is mainly due to a decrease in sales revenue compared to the previous year.
- (ii) Research and Development costs in FY2024 were approximately RMB162.38 million, a decrease of approximately RMB22.25 million or 12% from RMB184.63 million in the previous corresponding period.

FINANCIAL REVIEW

- (iii) Administrative expenses in FY2024 were approximately RMB477.3 million, an increase of approximately RMB76.94 million or 19% from RMB400.36 million in the previous corresponding period. This was mainly attributed to the repurchase of restricted shares during the same period, resulting in the reversal of previously recognised expenses, share-based incentive expenses increased by RMB18.96 million over the prior year. Additionally, consulting fees increased by RMB24.50 million, and brand development expenses increased by RMB12.62 million.
- (iv) Finance costs in FY2024 increased by approximately RMB6.05 million from approximately RMB24.59 million to approximately RMB30.64 million.
- (v) In FY2024, the Group's other losses amounted to RMB182.93 million, an increase of RMB85.85 million or 88% compared to RMB97.08 million in the previous year, mainly due to an increase in impairment provisions for goodwill and other long-term assets.

(e) Share of profits of associated companies:

The Group's share of profits of associated companies in FY2024 was approximately RMB168.21 million, a decrease of approximately RMB126.37 million or 43% from RMB294.58 million in the previous corresponding period. This was mainly due to a year-on-year decrease in investment income from Sino-American Tianjin SmithKline & French Laboratories Ltd. (中美天津史克制药有限公司) and a year-on-year decline in investment income from Hongrentang (宏仁堂).

(f) Total comprehensive income:

In FY2024, the Group recorded a total comprehensive income (net of tax) of RMB2,207.81 million, an increase of RMB1,234.30 million or 127% compared to RMB973.51 million in the previous year. The increase was mainly driven by a net gain of RMB1,454.82 million from the disposal of a 13% equity interest in associate Sino-American SmithKline, partially offset by a decline in associate profit and an increase in impairment losses on goodwill and other long-term assets.

(g) Major changes in statement of financial positions:

As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB2,944.43 million, which was an increase of approximately RMB819.23 million, or 39% over the balance as at 31 December 2023.

Trade and other receivables decreased by approximately 51% or RMB1,362.04 million to approximately RMB1,324.89 million as at 31 December 2024.

Inventories were approximately RMB1,285.69 million as at 31 December 2024, which was a decrease of approximately RMB280.83 million, or 18% over the balance as at 31 December 2023.

As at 31 December 2024, the Group's other current assets amounted to RMB52.98 million, representing a decrease of RMB58.35 million or 52% from the beginning of the year.

As at 31 December 2024, the Group's investment in associates amounted to RMB1,293.53 million, an increase of RMB411.22 million or 47% compared to the beginning of the year.

As at 31 December 2024, the Group's fixed assets amounted to RMB1,386.80 million, representing a decrease of RMB47.94 million or 3% compared to the beginning of the year.

The changes in balance sheet items were mainly due to the Company contributing its entire equity interest in its wholly-owned subsidiary, Tianjin Zhongxin Medicine Co., Ltd., as capital injection into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd.. As a result, Tianjin Zhongxin Medicine Co., Ltd. is no longer included in the Group's consolidation, and its corresponding assets and liabilities are no longer reflected in the Group's balance sheet as at the end of the reporting period.

(h) Change in cash flow position:

In FY2024, the Group generated net cash inflow from operating activities of RMB895.90 million, representing an increase of RMB262.05 million or 41% from RMB633.85 million in the previous year.

Net cash inflow from investing activities amounted to RMB371.08 million, compared to a net outflow of RMB514.27 million in the prior year, representing an improvement of RMB885.35 million. The increase was mainly due to RMB1.76 billion in proceeds from the disposal of the Group's equity interest in associate Sino-American SmithKline, partially offset by a year-on-year increase of RMB530 million in cash used for the purchase of large-denomination certificates of deposit, and a decrease of RMB350 million in cash due to the disposal of the entire equity interest in Tianjin Zhongxin Medicine Co., Ltd to Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd., resulting in Tianjin Zhongxin Medicine Co., Ltd being deconsolidated.

Net cash outflow from financing activities was RMB319.89 million, an improvement of RMB513.88 million compared to a net outflow of RMB833.77 million in the prior year. The improvement was primarily due to a year-on-year increase of RMB630 million in net borrowings received, partially offset by an increase of RMB130 million in cash dividends paid.

Significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The pharmaceutical industry is a critical sector that is integral to the national economy and the well-being of the population, holding significant influence over both economic and social dimensions. The advancement of the pharmaceutical industry is of paramount importance for safeguarding public health, driving economic development, and promoting social progress.

As a treasure of the Chinese nation, TCM has been elevated to the level of national strategy in recent years, ushering in a golden era of development. From the “Healthy China 2030” Plan Outline to the Strategic Plan for the Development of Traditional Chinese Medicine (2016-2030), a series of policy documents have charted the course for TCM development and provided robust policy support. By 2025, China will continue to deepen reforms in the healthcare system, focusing on advancing policies such as tiered medical care, reforms in medical insurance payment methods, and centralized volume-based drug procurement. These measures aim to further reduce the costs of drugs and medical services while enhancing the level of healthcare protection.

Integrating with the Healthy China initiative, Traditional Chinese Medicine (TCM) is experiencing a renewed vitality: With the deepening implementation of the Healthy China strategy, the public’s demand for health and wellness continues to grow. TCM, with its unique advantages in preventive care, treatment of major diseases, and rehabilitation, is poised to embrace a broader market potential.

Riding the wave of technological advancement, modern innovations such as artificial intelligence (AI) and big data are deeply integrating with Traditional Chinese Medicine (TCM), driving its modernisation and providing technological support for the innovative development of TCM-listed companies.

As a century-old brand with 5 national-level intangible cultural heritage items and 9 municipal-level intangible cultural heritage techniques, Tianjin Pharmaceutical Darentang has consistently adhered to the development philosophy of “preserving tradition while embracing innovation.” Through continuous exploration in heritage preservation and breakthroughs in innovation, the Company has carved out a unique and distinctive path of growth.

Tianjin Pharmaceutical Darentang takes it as its mission to preserve and promote its national and municipal-level intangible cultural heritage techniques. The Company adheres to traditional preparation methods, striving for excellence to ensure that every herb carries the craftsmanship of a century-old legacy. At the same time, it actively responds to national initiatives by advancing the modernisation, industrialisation, and internationalisation of Traditional Chinese Medicine (TCM). By integrating traditional TCM with modern technology, Tianjin Pharmaceutical Darentang is revitalising this treasured practice, infusing it with new vitality.

In addition, Tianjin Pharmaceutical Darentang has actively embraced the internet, exploring new retail models to integrate online and offline channels, creating a seamless retail ecosystem that provides consumers with more convenient and efficient service experiences. The Company has also strengthened collaboration with upstream and downstream partners, building diverse digital marketing scenarios to ensure products reach target audiences more precisely, injecting new vitality into the development of the Traditional Chinese Medicine (TCM) industry.

Looking ahead, Tianjin Pharmaceutical Darentang will continue to be guided by the principle of “preserving tradition while embracing innovation,” seizing opportunities and meeting challenges with pragmatic actions. The Company is committed to contributing to the growth of the TCM industry, perpetuating the legacy of herbal medicine, and creating boundless possibilities for the future.



WORK REPORT OF THE BOARD OF SUPERVISORS

CHAIRMAN OF THE BOARD OF SUPERVISORS: WANG YUANXI

DEAR SHAREHOLDERS,

In 2024, in accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Code of Corporate Governance for Listed Companies of China, the relevant laws and regulations of Singapore and the provisions of the Articles of Association, the Board of Supervisors of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited conscientiously carried out their duties and responsibilities to safeguard the interests of shareholders and the Company and performed their work with reasonable care, diligence and initiation following the principle of good faith.

In 2024, the board of supervisors held a total of six meetings, at which the 2023 Annual Report, 1Q2024 Report, 2024 Interim Report, 3Q2024 Report, 2023 Profit Distribution Plan of the Company, 2023 Internal Control Assessment Report of the Company, Resolution on the Company's Write-off of Assets and Allocation of Provisions for Impairment of Assets in 2023, the Resolution on Continuing Utilization of Part of the Idle Proceeds to Temporarily Replenish the Company's

Working Capital, the Resolution on Repurchase and Cancellation of a Part of Restricted Shares and the Resolution on the Unlocking of Restricted Shares were considered. At the same time, the members of the board of supervisors attended meetings of the board of directors, the annual shareholders' general meeting, and the extraordinary general meeting(s), etc. during the year to exercise supervision of the Company's operations according to the law.

The board of supervisors is of the view that the Company's board of directors was capable of carrying out regulated operations and making reasonable business decisions in strict accordance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the SGX Rulebook, the Articles of Association as well as other legal and regulatory requirements. As a result, internal controls have been strengthened and improved. In carrying out their duties, the Company's directors and senior management personnel were neither in breach of any laws and regulations and the Articles of Association, nor did they cause any damage to the interests of the Company. The Company's board of directors had given full play to the role of independent directors, while paying attention to the protection of the legitimate rights and interests of minority



shareholders. In 2024, the Company continued to focus on strengthening insider management work to ensure that the registration of insider files and the notification of confidentiality obligations were properly done in accordance with the Insider Management System. In accordance with the instructions and requirements of the Circular on Further Implementing Matters Concerning Cash Dividends of Listed Companies of the China Securities Regulatory Commission, the Company further reinforced the sense of return to shareholders and established a well-designed, sustainable and stable profit distribution policy aiming at safeguarding the legitimate rights and interests of investors. The 2023 profit distribution plan and cash dividend plan were successfully implemented in July 2024. Prices of interested person transactions carried out between the Company and the interested persons through regular trade were fair and reasonable and the development of contracts on interested person transactions was rational and legitimate without damaging the interests of the listed company. The Company's decision-making and review procedures for matters concerning the use of proceeds were in compliance with the laws and regulations. There were no cases of changes or covert changes in the use of proceeds and damage to the interests of the Company and all shareholders, particularly the interests of minority shareholders.

The board of supervisors of the Company has inspected and examined the Company's financial systems and conditions and is of the view that the Company's 2024 financial report has truly and accurately reflected the Company's financial position and operating results. The audit opinions issued by CAC CPA Limited Liability Partnership and Foo Kon Tan LLP (FKT) for the Company in accordance with the China Accounting Standards and the International Financial Reporting Standards respectively as well as the evaluation of the matters involved were objective and fair.

The board of supervisors is of the view that, in 2024, the Company was better in achieving the established targets and maintained stable performance. At the same time, the overall quality of the Company's operations was significantly improved, which has laid a solid foundation for the Company's sustainable development. We believe that, under the leadership of the board of directors and with the efforts of the management, the Company would certainly make greater progress in 2025 and give better returns to shareholders.



FINANCIAL CONTENTS

29	CORPORATE GOVERNANCE STATEMENT
59	DIRECTORS' STATEMENT
63	INDEPENDENT AUDITORS' REPORT
67	STATEMENTS OF FINANCIAL POSITION
68	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
69	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
70	STATEMENT OF CHANGES IN EQUITY
71	CONSOLIDATED STATEMENT OF CASH FLOWS
73	NOTES TO THE FINANCIAL STATEMENTS
151	NOTICE OF ANNUAL GENERAL MEETING
156	PROXY FORM
161	OTHER INFORMATION
162	INFORMATION ON SHAREHOLDING
164	PROPOSED RENEWAL OF MANDATE FOR INTERESTED PERSON TRANSACTIONS
187	SUSTAINABILITY REPORTING

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) and the management (“**Management**”) of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “**Company**”, and together with its subsidiaries, the “**Group**”) fully subscribe to the importance of practising high standards of corporate governance and recognise that the principles and provisions contained in the Code of Corporate Governance 2018 (the “**Code**”) represent best practices, and the pursuit of which would enhance the standard of corporate governance. Pursuant to Rule 710 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), this Corporate Governance Statement outlines the main corporate governance practices that were in place during the financial year ended 31 December 2024 (“**FY2024**”), with specific references made to the Code. Throughout FY2024, the Company has complied with the principles and substantially complied with the provisions of the Code. Where there are any deviations from the provisions of the Code, appropriate explanations have been provided. In addition, the Company has, where appropriate, adopted the key corporate governance recommendations set out in the Best Practices Guide issued by the SGX-ST. A summary of disclosures describing the Company’s corporate governance practices, with specific reference to the disclosure requirements in the principles and provisions of the Code, is also provided on pages 57 and 58.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1

Role of the Board

The Board’s primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises Management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including setting its strategic direction, establishing goals for Management, and monitoring the achievement of these goals. In particular, the Board is also responsible for the following:

- (i) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of shareholders’ interest and the Company’s assets;
- (ii) ensuring that necessary resources are in place for the Company to meet its strategic objectives;
- (iii) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company’s performance;
- (iv) identifying key stakeholder groups and recognising that their perceptions affect the Company’s reputation, and ensuring transparency and accountability to key stakeholder groups;
- (v) constructively challenging Management and reviewing its performance;
- (vi) setting the Company’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- (vii) considering sustainability issues as part of its strategic formulation.

In the course of carrying out their duties and responsibilities, all directors of the Company (the “**Directors**”) are expected to consider, at all times, the interests of the Company. For FY2024, the Board is satisfied that all Directors have indeed discharged their duties objectively and sufficiently.

CORPORATE GOVERNANCE STATEMENT

The Company has formulated a set of guidelines named the “Internal Responsibility System (内部问责制度)” (the “**Internal Responsibility System**”) in accordance with the relevant provisions of the applicable laws, regulations, normative documents, including the *Company Law of the People’s Republic of China* (《中华人民共和国公司法》), as well as the Articles of Association of the Company, for the purposes of further enhancing the corporate governance of the Company, improving the internal restraints and accountability mechanism, and enhancing the decision-making and operating management capabilities of the Company. The Internal Responsibility System was approved at the annual general meeting (“**AGM**”) of the Company held on 15 May 2015 for the financial year ended 31 December 2014.

The guidelines contained in the Internal Responsibility System apply to Directors, supervisors, senior managers, and other relevant persons of the Company (including those of the Company’s subsidiaries and branches), and set out a system for holding the aforementioned persons accountable for acts that cause serious adverse effects or consequences to the Company as a result of intentional misconduct or gross negligence within the scope of their duties.

The accountability matters under the Internal Responsibility System include, amongst others, the aforementioned persons:

- (i) being investigated for criminal liability by the judicial authority due to violation of the relevant laws and regulations on securities and futures;
- (ii) being subject to administrative penalty measures or decisions of denial of market access imposed by the regulatory authorities due to violation of the relevant laws and regulations on securities and futures;
- (iii) divulging the insider information of the Company, conducting insider trading by taking advantage of such insider information, recommending others to conduct insider trading by taking advantage of such insider information, or colluding with others in manipulating the trading prices of the Company’s shares;
- (iv) dealing in the Company’s shares in violation of applicable laws and rules; and
- (v) committing falsification, or making false report or concealing report of safety accident, major cases and other significant emergencies, causing significant losses to the properties of the Company and endangering the safety of the personnel of the Company.

Pursuant to the Internal Responsibility System, an Internal Accountability Committee (内部问责委员会) shall be responsible for its implementation within the Company, and the accountability measures include, but are not limited to, inspection order, circulation of a notice of criticism, warning, demerit, probation, withholding of bonuses, fines, suspension from the duty, demotion, removal from the post, dismissal or termination of employment contract.

Board Processes

To facilitate the execution of its responsibilities, the Board has established a number of Board Committees including a Strategy Committee, an Audit Committee, a Nomination Committee and a Remuneration Committee. These Board Committees function within defined written terms of reference and operating procedures, which clearly set out the composition, authority, duties and accountabilities of each Board Committee (including reporting back to the Board) and are reviewed as and when necessary to ensure their continued relevance. The principal functions/responsibilities of each Board Committee are further elaborated in the relevant sections of this Corporate Governance Statement below.

CORPORATE GOVERNANCE STATEMENT

The appointment of the Board Committee members is carried out carefully to ensure that each Board Committee comprises Directors with the appropriate qualifications and skill sets to maximise its effectiveness. A Board composition matrix is used to assess whether the core competencies, skills and experiences of a potential candidate complement those of the existing Directors to ensure that as a group, the Board Committees possess the appropriate balance to support the long-term success of the Company. Board Committee appointments require the approval of the Board.

The full Board holds four (4) scheduled quarterly meetings each year. In addition, it holds such additional meetings as are necessary to consider any matters that require the Board's attention. To facilitate efficient discharge of the Board's business, the Articles of Association of the Company provide for the Board and its Board Committees to decide on matters by way of circular resolution. The Articles of Association of the Company also provide for Board members to participate in meetings via telephone or video conferencing. If a Director is unable to attend a Board or Board Committee meeting, the Director may nevertheless provide his/her comments to the Chairman of the Board or relevant Chairman of each Board Committee separately.

Matters Requiring Board Approval

The Directors have identified a number of areas for which the Board has direct responsibility for decision-making. In this regard, internal guidelines have been adopted by the Group to govern the matters that require the Board's approval. Amongst others, the Board meets to deliberate on the following matters:

- to review and approve quarterly and annual results and earnings announcements;
- to review and approve annual report and accounts;
- to consider the declaration dividends;
- to convene shareholders' meetings;
- to review and approve corporate strategies;
- to review and approve material acquisitions and disposals exceeding two per cent. (2%) of the Group's net tangible assets ("NTA") value; and
- to review and approve any material investment and/or borrowing exceeding two per cent. (2%) of the Group's NTA.

The above reserved matters requiring the Board's approval are clearly communicated to Management in writing. All other matters are delegated to the Board Committees or to Management, whose actions are reported to and monitored by the Board.

Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

CORPORATE GOVERNANCE STATEMENT

Access to Information

Directors are furnished with complete, adequate and updated information concerning the Group by Management in a timely and orderly fashion, in order to keep them informed of the operations and performance of the Group, as well as the decisions and actions of Management. In respect of budgets, sufficient disclosure and explanation will be provided to the Board in the event of any material variance between projected and actual results. All Directors have unrestricted access to Management and records. Board papers containing information on matters to be discussed are prepared for each meeting of the Board and are normally circulated at least one week in advance. All the independent directors of the Company (the “**Independent Directors**”) have access to all levels of senior executives in the Group, and are free to speak with other employees to seek additional information if they so require.

The secretaries to the Board (the “**Board Secretaries**”) are responsible for ensuring that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The Board Secretaries assist the Chairman of the Board in ensuring effective information flows within the Board and its Board Committees, and between Management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required. The Board Secretaries also assist the Chairman of the Board, the Chairman of each Board Committee, and Management in preparing the agendas for Board and Board Committee meetings. The Board Secretaries attend all Board and Board Committee meetings and help to coordinate and facilitate communication between the Board, the Board Committees, and Management. All Directors have separate and independent access to the Board Secretaries, whose appointment and removal are subject to the Board’s approval as a whole.

Each Director has the right to seek independent legal or other professional advice, at the Company’s expense, on matters relating to the Group’s operations or undertakings, in order to fulfil their duties and responsibilities.

Meetings held in FY2024

During FY2024, the Board held nine (9) meetings and the Company convened four (4) general meetings (comprising the AGM for the financial year ended 31 December 2023 (“**FY2023**”) and three (3) extraordinary general meetings (“**EGM**”)). The Directors’ attendance at these meetings is as follows:

Name of Director	Number of Board meetings held during the Director’s term of office in FY2024		Number of general meetings held during the Director’s term of office in FY2024	
		Attendance		Attendance
Wang Lei	9	9	4	4
Guo Min	9	9	4	4
Xing Jianhua ¹	0	0	0	0
Mao Weiwen	9	9	4	3
Shang Mingjie	9	9	4	3
Zhou Hong	9	9	4	4
Yeo Guat Kwang	9	9	4	2
Liew Yoke Pheng Joseph	9	9	4	4
Zhong Ming ²	7	7	3	0
Li Qing ³	2	2	1	0
Zhang Mingrui ⁴	8	8	3	3

CORPORATE GOVERNANCE STATEMENT

Note(s):

1. Mr. Xing Jianhua was appointed as a Non-Executive Director with effect from 30 December 2024.
2. Mr. Zhong Ming was appointed as an Independent and Non-Executive Director with effect from 15 May 2024.
3. Ms. Li Qing ceased to be an Independent and Non-Executive Director with effect from 15 May 2024.
4. Ms. Zhang Mingrui ceased to be a Non-Executive Director with effect from 25 November 2024.

Directors' Orientation and Training

All the new Directors to be appointed by the Company are required to sign a Directors' Declaration and Undertaking, setting out their duties (including his/her role as an executive, non-executive and/or independent Director) and obligations expected of a director of the Company. These include the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, restrictions on dealings in the Company's securities, and the disclosure of price-sensitive and trade-sensitive information. The Nomination Committee has overall oversight to ensure that new Directors are aware of their duties and obligations. The Company also provides comprehensive training and orientation programmes for any newly appointed director to the Board to ensure they are acquainted with the business, strategic plans, and corporate governance practices of the Company. Where appropriate, such new Directors will also receive training in areas such as accounting, legal and other industry-related topics. The Company's new Directors are also invited to visit the Group's operational facilities and to meet with Management to gain a more in-depth understanding of the Group's business and operations.

As the Company places great value on promoting continuing education, the Directors are encouraged to participate in discussions with, or attend seminars or presentations conducted by, professionals to keep themselves updated on the latest changes and developments concerning the Group and keep abreast of the latest regulatory changes. In addition, any newly appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST (the **"First-time Director"**) must undergo training in the roles and responsibilities of a director of a listed issuer, as prescribed by the SGX-ST within one (1) year from the date of his/her appointment to the Board (the **"Mandatory Training"**). The Company will also have all its Directors undergo training on sustainability matters as prescribed by the SGX-ST. To fulfil the Mandatory Training requirements, the First-time Directors must attend one of the training programmes conducted by a training provider as prescribed by the SGX-ST.

The Company believes that it is for the betterment of the Group if the Directors are kept updated and well-informed. As such, all costs arising from the aforementioned training activities are borne by the Company.

Mr. Zhong Ming (appointed on 15 May 2024) and Mr. Xing Jianhua (appointed on 30 December 2024) were appointed onto the Board during the year under review. Mr. Zhong Ming has prior experience as a director of an issuer listed on the SGX-ST. Mr. Xing Jianhua, being a First-time Director, will undergo the relevant Mandatory Training on his roles and responsibilities as a director of an issuer listed on the SGX-ST within one (1) year from the date of his appointment to the Board.

In addition, Mr. Guo Min (appointed on 6 September 2021), Ms. Mao Weiwen (appointed on 30 December 2022), and Mr. Shang Mingjie (appointed on 21 June 2023) are First-time Directors. Mr. Guo Min was appointed during the period of the COVID-19 pandemic, and all four (4) Directors are more inclined to attend the training programme conducted in Mandarin. However, such sessions are limited in frequency each year and are often fully subscribed. As a result, coupled with their respective work commitments during the relevant periods, they have not been able to attend the prescribed Mandatory Training within one (1) year of their respective appointments.

The Company is actively liaising with the Singapore Institute of Directors and is in the process of arranging for their registration in the next available Mandarin session of the Listed Entity Director Programme (Mandarin) in 2025.

CORPORATE GOVERNANCE STATEMENT

BOARD MATTERS

Board Composition and Guidance

Principle 2

Board Composition

The Board has an appropriate level of independence and diversity of thought and background in its composition, enabling it to make decisions in the best interests of the Company. As at 31 December 2024, the Board comprised four (4) Executive Directors, two (2) Non-Executive and Non-Independent Directors, and three (3) Independent and Non-Executive Directors. The participation of the Directors in the various Board Committees during FY2024 is as follows:

Name of Director	Appointed on	Date of last re-election	Board	Audit Committee	Strategy Committee	Remuneration Committee	Nomination Committee
Directors in service as at 31 December 2024							
Wang Lei ¹	30 December 2022	N.A.	Chairman and Executive Director		C		
Guo Min	6 September 2021	N.A.	Executive Director		M		M
Xing Jianhua ²	30 December 2024	N.A.	Non-Executive and Non-Independent Director		M		
Mao Weiwen	30 December 2022	N.A.	Non-Executive and Non-Independent Director			M	
Shang Mingjie	21 June 2023	N.A.	Executive Director				
Zhou Hong	15 May 2019	N.A.	Executive Director				
Yeo Guat Kwang	28 November 2023	N.A.	Lead Independent and Non-Executive Director	M		C	M
Liew Yoke Pheng Joseph	5 June 2020	28 November 2023	Independent and Non-Executive Director	C		M	
Zhong Ming ³	15 May 2024	N.A.	Independent and Non-Executive Director	M			C
Directors who left service as at 31 December 2024							
Li Qing ⁴	17 May 2021	N.A.	Independent and Non-Executive Director	M			C
Zhang Mingrui ⁵	10 December 2021	N.A.	Chairman and Non-Executive and Non-Independent Director		C		

CORPORATE GOVERNANCE STATEMENT

Note(s):

1. Ms. Wang Lei was appointed as the Chairman of the Board and the Chairman of the Strategy Committee with effect from 26 November 2024.
2. Mr. Xing Jianhua was appointed as a Non-Executive and Non-Independent Director and a member of the Strategy Committee with effect from 30 December 2024.
3. Mr. Zhong Ming was appointed as an Independent and Non-Executive Director, the Chairman of the Nomination Committee, and a member of the Audit Committee with effect from 15 May 2024.
4. Ms. Li Qing ceased to be an Independent and Non-Executive Director, the Chairman of the Nomination Committee, and a member of the Audit Committee with effect from 15 May 2024.
5. Ms. Zhang Mingrui ceased to be the Chairman of the Board, a Non-Executive and Non-Independent Director, and the Chairman of the Strategy Committee with effect from 25 November 2024.

Board Diversity

The Company recognises and embraces the benefits of diversity on the Board and views it as an essential element in supporting the Company's strategic and business objectives, as well as its sustainable development. The Company has in place a board diversity policy which endorses the principles of maintaining a diversity board composition to ensure effective decision-making and governance of the company.

The Board, through the Nomination Committee, has established robust processes for reviewing and assessing the size and composition of the Board, as well as succession planning, taking into consideration a range of factors, including age, skill set, knowledge, experience, background, gender, tenure, independence, and other relevant attributes of the Directors. The composition of the Board is determined in accordance with the following principles:-

- a majority of the Board members shall be independent or non-executive directors;
- the Board should comprise a sufficient number of directors to serve on its various committees, allowing each member to discharge his/her responsibilities effectively; and
- the Board should comprise members with varied core competencies, such as management experience, strategic planning, accounting and finance, and industry knowledge, as well as diverse backgrounds and experience necessary for effective Board performance.

During FY2024, Mr. Zhong Ming succeeded Ms. Li Qing as an Independent and Non-Executive Director, and Mr. Xing Jianhua was appointed to the Board in place of Ms. Zhang Mingrui as a Non-Executive and Non-Independent Director. Mr. Zhong Ming has extensive experience in corporate management, while Mr. Xing Jianhua brings with him deep experience in finance and accounts management. The aforesaid two (2) appointments will contribute meaningfully to the diversity of the Board in terms of skill set, industrial and geographical experience, gender and age.

The Directors' ages range from the thirties to sixties, and they have served on the Board for varying tenures. The Board consists of members with established track records in business leadership and professional expertise in a broad range of fields, including the pharmaceutical industry, finance, engineering, business management, human resources, management consulting, as well as the financial and technology industries. The Board recognises the importance and value of gender diversity, and as at 31 December 2024, the Board comprised two (2) female Directors.

CORPORATE GOVERNANCE STATEMENT

Taking into account, *inter alia*, the nature and scope of the Group's operations, the requirements of the Group's businesses, and the need to avoid undue disruptions arising from changes to the composition of the Board and its Board Committees, the Nomination Committee and the Board are of the view that the current size of the Board is appropriate for the time being for facilitation of effective decision-making at both the Board and each Board Committee level. In addition, the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group as each Director brings to the Board an independent perspective based on his/her training and professional expertise, enabling the Board to make balanced and well-considered decisions. The profile of each of the Directors is disclosed in the "Resumes of Directors, Supervisors and Senior Managers – Directors" section of this Annual Report.

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board is of the appropriate size and comprises directors who, as a group, provide the appropriate balance and mix of skills, knowledge, expertise, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. Keeping in mind the need for Board diversity, in identifying director nominees, the Nomination Committee will consider all aspects of board diversity including but not limited to gender, age, ethnicity, language, and other relevant factors, in addition to skills, background and experiences and taking into consideration the Company's business model and any specific requirements. These diverse range of attributes, experience, expertise and perspectives, together with the Company's strategic objectives, business activities and shareholding structure, will be considered in order to maintain an optimum mix of diversity, skills, knowledge, experience and expertise on the Board.

Taking into consideration the requirements of the China Securities Regulatory Commission (中国证券监督管理委员会) (the "CSRC"), the Shanghai Stock Exchange (the "SSE") and the SGX-ST, in particular, Provision 2.2 of the Code which requires Independent Directors to make up a majority of the Board where the Chairman of the Board is not independent (as per the Company's current case), the Board will use its best endeavours to meet the requirement for Independent Directors to make up a majority of the Board. Nevertheless, even though Independent Directors do not make up a majority of the Board, the Board is of the view that as:-

- (i) one-third of the Board comprises Independent Directors, and all Board Committees (except for the Strategy Committee) are chaired by Independent Directors. Furthermore, all or a majority of the members of each Board Committee (except for the Strategy Committee) are Independent Directors, who demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors, and provide impartial and autonomous views;
- (ii) the Lead Independent Director or other Independent Director may, as and when he/she deems necessary and appropriate, call and lead meetings without the presence of Management;
- (iii) Non-Executive Directors make up a majority of the Board, which serves to reinforce management accountability, and which is adequate to ensure that there is an appropriate balance of power within the Board, even though Independent Directors do not make up a majority of the Board; and
- (iv) as disclosed under Principle 1 of this Corporate Governance Statement, the Board conducts regular scheduled meetings on a quarterly basis to keep the Board updated on the Group's financial position and business activities, and the overall business environment in which the Group engages. Where the approval of the Board or the Board Committees is required for important and critical matters concerning the Group, the inputs and approval of all Directors or Board Committee members (as the case may be) would be sought, either through meetings held physically, by electronic means, or through a combination of both, or alternatively, through the passing of Board resolutions in writing.

CORPORATE GOVERNANCE STATEMENT

Accordingly, there is presently, and will continue to be, an appropriate level of independence and diversity of thought and background in the composition of the Board to enable the Board to make decisions in the best interests of the Company.

To enable the Company to reach its diversity objectives and targets, the Company establishes and implements the following measures:

- maintain a list of potential director candidates who satisfy the selection criteria set out in the internal guidelines for selection and appointment of independent directors of the Company, as well as the principles set out in the Company's board diversity policy;
- identify potential director candidates through a number of sources including directors' contacts, industry partners, professional associations, and through the Board Appointment Services of the Singapore Institute of Directors; and
- encourage Directors to provide feedback on the composition of the Board as part of the annual evaluations of the performance and effectiveness of the Board and Board Committees.

Board Independence

From 1 January 2024 to 15 May 2024, the Board had three (3) independent members: Mr. Yeo Guat Kwang, Mr. Liew Yoke Pheng Joseph and Ms. Li Qing. Mr. Zhong Ming was appointed as an Independent and Non-Executive Director with effect from 15 May 2024, replacing Ms. Li Qing, who ceased to be an Independent and Non-Executive Director on the same date. Accordingly, Independent Directors made up one-third of the Board as at 31 December 2024. The criterion for independence is based on the circumstances set out in Rule 210(5)(d) of the Listing Manual and the definition in Provision 2.1 of the Code. The Board considers an "independent" director as one who is independent in conduct, character and judgement, and has no relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

Pursuant to Section 3.5.6 of the "Guidelines No.1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations" (《上海证券交易所上市公司自律监管指引第1号—规范运作》) promulgated by the SSE, an independent director cannot serve on the board of a listed company for more than six (6) consecutive years.

Further, Rule 210(5)(d)(iv) of the Listing Manual provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). As at 31 December 2024, there was no Independent Director who had served beyond nine (9) years since the date of his/her first appointment to the Board.

Board Guidance

The Board and Management believe that an effective and robust Board is fundamental to good corporate governance. As such, the Board members continually engage in open and constructive discussions and debate, and the Board, in particular, its Independent Directors and/or Non-Executive Directors are kept updated and well-informed of the Company's business and the industry in which it operates. This enables the Directors to offer fresh perspectives and insights and, specifically, facilitates the Independent Directors and/or the Non-Executive Directors' ability to constructively challenge and contribute to the development of strategic proposals.

CORPORATE GOVERNANCE STATEMENT

In addition, the Independent Directors and/or the Non-Executive Directors also review the performance of Management in achieving pre-determined goals and objectives, and monitor the reporting of Management's performance. To ensure that the Independent Directors and/or the Non-Executive Directors are well supported by accurate, complete, and timely information, the Independent Directors and/or the Non-Executive Directors have unrestricted access to Management. Regular formal and/or informal meetings are held, where necessary, for Management to update the Directors on prospective transactions and potential developments at early stages, before any formal Board approval is sought. Board papers are normally provided to the Directors at least one week in advance of the meetings, to allow sufficient time for review and preparation. Whenever necessary, the Independent Directors and/or the Non-Executive Directors also meet privately without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman of the Board, as appropriate.

BOARD MATTERS

Chairman and Chief Executive Officer

Principle 3

The Group maintains a clear separation between the roles of the Chairman of the Board and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager). In this regard, there is a clear written division of responsibilities between the Chairman of the Board and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager), which ensures that there is a balance of power and authority at the top of the Group and prevents any one individual from having unfettered powers of decision-making.

The Chairman of the Board is responsible for leading the Board in mapping the strategic direction of the Group. To this end, he/she strives to foster a culture of openness and constructive debate among Board members, maintain open channels of communication with Management, and monitor the implementation and execution of the Board's decisions and directions. The Chairman of the Board also approves the agendas for the Board meetings and ensures an adequate amount of time is allocated for thorough discussion of each agenda item. During FY2024 and up to 25 November 2024, Ms. Zhang Mingrui served as the Chairman of the Board. She was appointed as a Non-Executive and Non-Independent Director of the Company on 10 December 2021 and was elected as Chairman of the Board on 28 December 2021. With effect from 26 November 2024, Ms. Wang Lei succeeded Ms. Zhang Mingrui as the Chairman of the Board. Ms. Wang Lei was appointed as an Executive and Non-Independent Director of the Company on 30 December 2022.

The responsibilities of the General Manager of the Company include, amongst others, overseeing the Group's overall operations, general management, investment, business development and strategic planning. During FY2024 and up to 9 December 2024, Ms. Wang Lei, an Executive Director of the Company, served as the General Manager of the Company. Ms. Wang Lei has over 20 years' management experience in the pharmaceutical industry. Following her resignation as the General Manager with effect from 9 December 2024, the Company currently does not have a designated General Manager. In the interim, Mr. Ma Jian, the Chief Financial Officer of the Company, has been identified within the management team to oversee the Company's day-to-day operations. Major operational matters are collectively decided through General Manager's Executive Meetings convened by Mr. Ma Jian.

The Chairman of the Board and the General Manager are not related.

To promote effective communication with shareholders of the Company, the Chairman of the Board also ensures that there is constructive and meaningful dialogue between the shareholders, the Board and Management at AGMs and other general meetings of the Company.

CORPORATE GOVERNANCE STATEMENT

With the full support of the Directors, the Board Secretaries, and Management, the Chairman of the Board also plays a leading role in ensuring that the Company achieves and maintains high standards of corporate governance.

The Chairman of the Board is supported by the General Manager's Executive Meeting. Members attending the General Manager's Executive Meeting for FY2024 include:

- (i) General Manager Ms. Wang Lei (until 9 December 2024);
- (ii) Deputy General Manager and Chief Engineer Mr. Zhou Hong;
- (iii) Chief Production Officer (CPO) Mr. Zhang Yu; and
- (iv) Chief Financial Officer Mr. Ma Jian.

The General Manager's Executive Meeting is responsible for the day-to-day running of the Group, and for ensuring the quality, quantity and timeliness of information flow between the Board and Management.

Three (3) out of nine (9) Directors are Independent Directors. All major decisions made by the Chairman of the Board are reported to the Board and are subject to its review. The Chairman's performance and appointment are reviewed by the Nomination Committee, while his/her remuneration package is reviewed by the Remuneration Committee. The Board believes that the existing governance structure, in which certain functions and authority are delegated to various Board Committees, and each Committee (other than the Strategy Committee) comprises a majority of Independent Directors and is chaired by an Independent Director, helps ensure an appropriate balance of power and authority within the Board.

Lead Independent Director

Provision 3.3 of the Code provides that the Board should appoint a lead independent director to provide leadership when the Chairman is conflicted, and particularly when the Chairman is not independent. In addition, it also provides that the lead independent director should be available to shareholders where they have concerns for which contact through the normal channels of communication with the Chairman of the Board or Management are inappropriate or inadequate.

In view of the fact that the Chairman of the Board is not an Independent Director, the Board appointed Mr. Yeo Guat Kwang to succeed Mr. Liew Yoke Pheng Joseph as the Lead Independent Director of the Company with effect from 18 December 2023, following Mr. Yeo's appointment as an Independent and Non-Executive Director of the Company with effect from 28 November 2023. Shareholders may contact the Lead Independent Director if they have concerns for which contact through the normal channels of the Chairman of the Board, Management, or the Supervisory Committee of the Company has either failed to resolve the matter or is otherwise considered inadequate or inappropriate.

The Independent Directors, led by the Lead Independent Director, will meet amongst themselves without the presence of the other Directors and Management where necessary, and the Lead Independent Director will convey any suggestion or feedback to the Chairman of the Board following such meetings.

CORPORATE GOVERNANCE STATEMENT

BOARD MATTERS

Board Membership

Principle 4

Board Committees

To assist the Board in the execution of its duties, the Board has delegated specific functions to the following committees:

Strategy Committee

The Strategy Committee was established in 2002. During FY2024 and up to 25 November 2024, the Strategy Committee was chaired by Ms. Zhang Mingrui, with Mr. Guo Min and Ms. Wang Lei as its other members. Ms. Zhang Mingrui ceased to be the Chairman of the Strategy Committee following her stepping down from the Board with effect from 25 November 2024. As at 31 December 2024, the Strategy Committee was chaired by Ms. Wang Lei, with Mr. Guo Min and Mr. Xing Jianhua as its other members. The Strategy Committee is entrusted with overseeing the conduct of the Group's business and affairs, in line with the overall strategy set by the Board. The Strategy Committee meets periodically and at such other times as necessary.

The number of the Strategy Committee meetings held and attendance during FY2024 are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Wang Lei	Executive Director	1	1
Guo Min	Executive Director	1	1
Xing Jianhua ¹	Non-Independent and Non-Executive Director	1	1
Zhang Mingrui ²	Non-Independent and Non-Executive Director	1	1

Note(s):

- Mr. Xing Jianhua was appointed as a Non-Independent and Non-Executive Director and a member of the Strategy Committee with effect from 30 December 2024.
- Ms. Zhang Mingrui ceased to be a member of the Strategy Committee following her stepping down from the Board with effect from 25 November 2024.

Audit Committee

The Audit Committee was established in 1997. During FY2024 and up to 15 May 2024, the Audit Committee was chaired by Mr. Liew Yoke Pheng Joseph, with Mr. Yeo Guat Kwang and Ms. Li Qing as its other members. Ms. Li Qing ceased to be a member of the Audit Committee following her stepping down from the Board with effect from 15 May 2024. As at 31 December 2024, the Audit Committee was chaired by Mr. Liew Yoke Pheng Joseph, with Mr. Yeo Guat Kwang and Mr. Zhong Ming as its other members, all of whom were Independent and Non-Executive Directors of the Company. None of the members of the Audit Committee was a former partner or director of the Company's existing auditing firms, Foo Kon Tan LLP and CAC Certified Public Accountants LLP (collectively, the "**External Auditors**"), within the past two (2) years, nor does any of them hold any financial interests in the External Auditors. Mr. Liew Yoke Pheng Joseph, the Chairman of the Audit Committee, is a Certified Public Accountant, and Mr. Zhong Ming holds a Bachelor's Degree in Accounting and Finance. Collectively, the members of the Audit Committee have strong accounting and related financial management expertise and experience.

CORPORATE GOVERNANCE STATEMENT

During FY2024, the Audit Committee carried out the following functions:

- reviewed the audit plans and scope of audit examination of the external auditors;
- reviewed with the external auditors their findings arising from the audit and made recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- reviewed internal audit findings and internal audit plan;
- reviewed the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- reviewed the annual and quarterly financial statements and the draft earnings announcements before their submission to the Board for approval;
- reviewed the significant financial reporting issues and judgements (if any) so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewed the assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and the Chief Financial Officer (or its equivalent rank, i.e. the Chief Accountant) on the financial records and financial statements;
- reviewed interested person transactions;
- reviewed the adequacy and effectiveness of the Company's internal control and risk management systems; and
- reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The Audit Committee has full access to and the co-operation of Management, and has full discretion to invite any Director or executive officer of the Company to attend its meeting. The Audit Committee also has power to conduct or authorise investigations into any matters within its scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses will be borne by the Company.

The Audit Committee has conducted a review of the annual audit plan prepared by the External Auditors and the audit work performed for FY2024 by the External Auditors. The Company confirms that it is in compliance with Rules 712 and 716 of the Listing Manual for FY2024. The Audit Committee and the Board have satisfied themselves that the appointment of different auditing firms for certain of the Company's associated companies would not compromise the standard and effectiveness of the audit of the Group. The Audit Committee also conducts a review to ensure the independence of the external auditors annually. During FY2024, the Company has agreed to pay an aggregate of approximately RMB3,740,000 to the External Auditors for their provision of audit services, and an aggregate of approximately RMB20,000 to the External Auditors for their provision of other non-audit services. The Audit Committee, having reviewed the range and value of non-audit services performed by the External Auditors, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors.

CORPORATE GOVERNANCE STATEMENT

In FY2024, the Audit Committee had three (3) meetings with the External Auditors, without the presence of Management, to discuss any issues or observations arising from the audit, including the level of cooperation rendered by Management to the External Auditors. The Audit Committee also had three (3) meetings with the internal auditors, similarly without the presence of Management, during FY2024.

The Audit Committee takes measures to keep abreast of the changes in accounting standards and emerging issues which have an impact on financial statements, by participating in trainings conducted by professionals or external consultants.

The number of Audit Committee meetings held and attendance during FY2024 are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Liew Yoke Pheng Joseph	Independent and Non-Executive Director	5	5
Yeo Guat Kwang	Lead Independent and Non-Executive Director	5	5
Zhong Ming ¹	Independent and Non-Executive Director	2	2
Li Qing ²	Independent and Non-Executive Director	3	3

Note(s):

1. Mr. Zhong Ming was appointed as a member of the Audit Committee upon his appointment to the Board with effect from 15 May 2024.
2. Ms. Li Qing ceased to be a member of the Audit Committee following her stepping down from the Board with effect from 15 May 2024.

Nomination Committee

The Nomination Committee was established in 2002. During FY2024 and up to 15 May 2024, the Chairman of the Nomination Committee was Ms. Li Qing, with Mr. Yeo Guat Kwang and Mr. Guo Min as its other members. Ms. Li Qing ceased to be the Chairman of the Nomination Committee following her stepping down from the Board with effect from 15 May 2024. As at 31 December 2024, the Nomination Committee was chaired by Mr. Zhong Ming, with Mr. Yeo Guat Kwang and Mr. Guo Min as its other members, majority of whom (including the Chairman of the Nomination Committee) were independent and the Lead Independent Director (i.e. Mr. Yeo Guat Kwang) was a member of the Nomination Committee.

The responsibilities of the Nomination Committee are to determine the criteria for identifying suitable candidates and reviewing nominations for the appointment and re-appointment of Directors to the Board and Board Committees. As part of the process, the Nomination Committee will evaluate the factors including the relevant background, skills and experience of the proposed Director as prescribed under the Company's board diversity policy and other relevant factors as may be determined by the Nomination Committee, to ensure that his/her skills and experience are a good fit for the Board's existing attributes and requirements.

The Nomination Committee is also charged with the function of recommending a framework for evaluating the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board. The Nomination Committee will also carry out such evaluation and present its findings and recommendations to the Board. In addition to the foregoing, the Nomination Committee will also make recommendations to the Board on other relevant matters pertaining to *inter alia* board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and key management personnel, and the review of training and professional development programmes for the Board.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Article 155(4) of the existing Articles of Association of the Company, the tenure of an Independent Director shall be three (3) years which may be extended upon re-election, with a maximum term of no more than six (6) years, and pursuant to Rule 720(5) of the Listing Manual, and all Directors shall submit themselves for re-nomination and re-appointment at least once every three (3) years. The Board, the Supervisory Committee of the Company, or shareholders who, singly or jointly, hold more than one per cent. (1%) of the issued shares of the Company, may nominate candidates for appointment as Independent Directors, following which the Nomination Committee will review these nominated candidates for suitability and the shareholders in a general meeting shall make the final decision on the appointment of such candidates as Independent Directors. Directors are required to immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence.

The Nomination Committee has not set a limit on the maximum number of listed company board representations which Directors may hold, as it is of the view that such a limit is not meaningful. Notwithstanding the foregoing, formal written guidelines have been instituted to address issues relating to competing time commitments when Directors serve on multiple boards in various companies. The contributions of each Director should be assessed based on the specific circumstances applicable to him/her, such as whether he/she has a full-time vocation or other responsibilities, his/her capabilities, and his/her appointment in the Company. The Nomination Committee will assess each Director on a regular basis to ensure that he/she is adequately carrying out his/her duties as a Director. Specific considerations are also given to each Director's attendance, responsibility, contributions and individual capabilities. Following the review, if necessary, the Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the Nomination Committee, propose, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

When there is a need for a new appointment of a Director to the Board, the senior management personnel, the Board Secretaries and the human resources department of the Company will work together to ensure that the necessary preparatory work is completed, and the required materials are prepared, before the Nomination Committee meets to discuss the suitability of the list of potential candidates. The Nomination Committee will review the composition and range of knowledge, expertise, skills and attributes of the Board and Board Committees. The Nomination Committee will thereafter make its recommendations to the Board including appointments to the appropriate Board Committee(s) after matching the candidates' skill set to the needs of each Board Committee. The Board, taking into account the views of the Nomination Committee, will consider if its Directors meet the criteria under the board diversity policy and possess the necessary competencies to govern the Company effectively. Upon the Board's approval, the Company will seek its shareholders' approval at a general meeting of the Company. If required, the Nomination Committee may engage an external consultant who provides professional advisory services to assist the Nomination Committee in arriving at a decision. The Nomination Committee also ensures that new Directors are aware of their duties and obligations (including the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, restrictions on dealings in the Company's securities and the disclosure of price-sensitive and trade-sensitive information) as directors of the Company.

In addition, the Nomination Committee also performs the following functions:

- determine on an annual basis, and as and when circumstances require, whether a Director is independent in accordance with the requirements under the Listing Manual and the listing rules of the SSE, while taking into consideration the relevant provisions in the Code as elaborated under Principle 2 of this Corporate Governance Statement; and

CORPORATE GOVERNANCE STATEMENT

- identify gaps in the mix of skills, experience and other qualities required for an effective Board, and where appropriate, nominate or recommend suitable candidates to fill the gaps. When this occurs, the members of the Nomination Committee, together with the Chairman of the Board, would conduct interviews on prospective candidates. Subsequently, those that are shortlisted are formally considered by the Nomination Committee for appointment to the Board.

The number of Nomination Committee meetings held and attendance during FY2024 are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Zhong Ming ¹	Independent and Non-Executive Director	1	1
Yeo Guat Kwang	Lead Independent and Non-Executive Director	2	2
Guo Min	Executive Director	2	2
Li Qing ²	Independent and Non-Executive Director	1	1

Note(s):

1. Mr. Zhong Ming was appointed as the Chairman of the Nomination Committee upon his appointment to the Board with effect from 15 May 2024.
2. Ms. Li Qing ceased to be the Chairman of the Nomination Committee following her stepping down from the Board with effect from 15 May 2024.

Remuneration Committee

The Remuneration Committee was established in 2002. During FY2024, the Remuneration Committee was chaired by Mr. Yeo Guat Kwang, with Mr. Liew Yoke Pheng Joseph and Ms. Mao Weiwen as its other members. As at 31 December 2024, the Remuneration Committee continued to be chaired by Mr. Yeo Guat Kwang, with Mr. Liew Yoke Pheng Joseph and Ms. Mao Weiwen as its other members, all of whom were non-executive directors and the majority (including the Chairman of the Remuneration Committee) were independent.

The Remuneration Committee reviews and makes recommendations to the Board on remuneration policies and packages for all Directors and key executives, both in terms of a framework of remuneration, and the specific remuneration packages for each Director and key executive. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. If necessary, the Remuneration Committee will engage appropriate external consultants to provide expert advice on executive compensation. When this is the case, the Remuneration Committee will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of such remuneration consultants.

Annual reviews of the compensation of the Directors and key executives are carried out by the Remuneration Committee to ensure that the remuneration of the Executive Directors and senior management is commensurate with their performance and value-add to the Group, giving due regard to the financial and commercial health and business needs of the Group. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. No Director has or will be involved in deciding his or her own remuneration.

CORPORATE GOVERNANCE STATEMENT

The Remuneration Committee also reviews the Company's obligations arising in the event of termination of the contracts of service of the Chief Executive Officer's (or its equivalent rank, i.e. the General Manager's) and key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The number of Remuneration Committee meetings held and attendance during FY2024 are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Yeo Guat Kwang	Lead Independent and Non-Executive Director	2	2
Liew Yoke Pheng Joseph	Independent and Non-Executive Director	2	2
Mao Weiwen	Non-Executive and Non-Independent Director	2	2

Alternate Directors

As at 31 December 2024, the Company had no alternate directors on its Board.

Key Information on Directors

The profiles of, and other key information on, the Directors, such as directorships or chairmanships in other listed companies and other principal commitments, are set out under the "Resumes of Directors, Supervisors and Senior Managers – Directors" section of this Annual Report.

BOARD MATTERS

Board Performance

Principle 5

With regard to the performance evaluation process undertaken by the Nomination Committee for FY2024, the Nomination Committee conducted an assessment of Board performance based on numerous financial criteria such as the Group's return on equity, as well as other non-financial criteria such as, *inter alia*, the Board's input to strategy, and the level of engagement with Management. Such criteria employed by the Nomination Committee are comparable with industry peers and have remained consistent from year to year. Key areas for improvement or suggestions are then raised to the Board for discussion.

For FY2024, the Board and the Nomination Committee are of the view that the Board and its Board Committees have operated effectively, and the Chairman of the Board and each Director had contributed to the overall effectiveness of the Board.

The Nomination Committee did not utilise any external facilitators to assess the performance of the Board, its Board Committee, or the Directors.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

Level and Mix of Remuneration

Principle 7

Disclosure of Remuneration

Principle 8

The Group's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate managers and directors to provide good stewardship of the Company and key management personnel, to successfully manage the Company for the long term.

The Remuneration Committee reviews and makes recommendations to the Board on (i) a framework of remuneration (including termination terms) for the Board and key management personnel; and (ii) the specific remuneration packages for each Director (including the Chairman of the Board) and the key management personnel. As a principle, the Chairman of the Board, or any Board member will recuse themselves from discussions relating to their respective compensation, terms and conditions of service, and performance reviews. The remuneration of executive Directors and key management personnel is based on the performance of the Group and their respective individual performance, and the remuneration of non-executive Directors (including all Independent Directors) takes into account factors such as effort, time spent and respective responsibilities of the Directors. The Directors' remuneration (including the Director's fees to be paid to the Independent Directors) is reviewed annually against peer companies to ensure its competitiveness, and the quantum of the fees will only be paid upon approval of the shareholders at each AGM.

The remuneration paid by the Company to the Directors (other than the Independent Directors) and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) of the Company for FY2024 is set out below:

Name of Directors/Chief Executive Officer (or its equivalent rank, i.e. the General Manager)	Salary (%)	Bonus (%)	Termination, Retirement and Post-employment Benefits (%)	Other Benefits (%)	Total Remuneration (RMB)
Guo Min ²	–	–	–	–	–
Zhou Hong	100	–	–	–	1,013,100
Shang Mingjie	100	–	–	–	784,500
Zhang Mingrui ³	–	–	–	–	–
Mao Weiwen ⁴	–	–	–	–	–
Xing Jianhua ⁵	–	–	–	–	–
Wang Lei ⁶	100	–	–	–	1,934,400

Note(s):

1. "–" denotes that the respective category is not applicable to the Director, or no amount was paid under that category for FY2024.
2. No remuneration was paid to Mr. Guo Min for FY2024 by the Company.
3. No remuneration was paid to Ms. Zhang Mingrui for FY2024 by the Company.
4. No remuneration was paid to Ms. Mao Weiwen for FY2024 by the Company.
5. No remuneration was paid to Mr. Xing Jianhua for FY2024 by the Company.
6. Ms. Wang Lei resigned as the General Manager of the Company with effect from 9 December 2024.

CORPORATE GOVERNANCE STATEMENT

The directors' fees paid by the Company to the Independent Directors of the Company for FY2024 are set out below:

Name of Directors	Directors'				Total
	Salary (%)	Bonus (%)	Fees (%)	Other Benefits (%)	
Liew Yoke Pheng Joseph	–	–	100	–	S\$55,000
Yeo Guat Kwang	–	–	100	–	S\$55,000
Zhong Ming ²	–	–	100	–	S\$36,700
Li Qing ³	–	–	100	–	RMB25,000

Note(s):

1. "–" denotes that the respective category is not applicable to the Director, or no amount was paid under that category for FY2024.
2. Mr. Zhong Ming was appointed as an Independent and Non-Executive Director with effect from 15 May 2024.
3. Ms. Li Qing ceased to be an Independent and Non-Executive Director with effect from 15 May 2024.

The remuneration paid by the Company to the top three (3)¹ key management personnel (who are not Directors or the Chief Executive Officer (or its equivalent rank, i.e. the General Manager)) of the Group for FY2024 is set out below:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Termination, Retirement and Post-employment Benefits (%)	Other Benefits (%)	Total Remuneration (RMB)
Below S\$250,000					
Li Yong	100	–	–	–	965,000
Zhang Yu	100	–	–	–	846,700
Ma Jian	100	–	–	–	628,300
Total					2,440,000

Note(s):

1. "–" denotes that the respective category is not applicable to the key management personnel, or no amount was paid under that category for FY2024.

There are no employees of the Company who are substantial shareholders of the Company, or are immediate family members of a Director or the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2024.

¹ For the avoidance of doubt, during FY2024, there are only three (3) individuals whom the Company considers to be key management personnel (who are not Directors or the Chief Executive Officer (or its equivalent rank, i.e. the General Manager)).

CORPORATE GOVERNANCE STATEMENT

Pursuant to an EGM of the Company held on 2 December 2019, the shareholders of the Company approved, *inter alia*, the adoption of the 2019 Restricted A-Share Incentive Scheme (2019年A股限制性股票计划) (the “**Scheme**”) of the Company. The Scheme was established to further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully motivate the key personnel of the Company, and align the interests of the shareholders and the Company with the individual interests of the members of management team of the Company so that all parties will make joint efforts for the long-term development of the Company. The incentive instruments to be issued under the Scheme are A-Shares only and the participants who were eligible to participate in the Scheme which include directors, members of senior management, members of the management team of the Company that the board of directors considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of the subordinate enterprises of the Company (excluding the Company’s associated companies). Please refer to the circular dated 15 November 2019 issued by the Company for further details on the Scheme, and the announcements made by the Company on SGXNET on 9 December 2019, 8 January 2020, 17 February 2020, 6 July 2020, 17 July 2020, 28 July 2020, 14 August 2020, 27 October 2021, 13 August 2021, 10 January 2023, 17 May 2023, 30 October 2023, 26 December 2023, 11 November 2024, 20 December 2024, 30 December 2024 and 17 January 2025 in relation to the events in connection with the Scheme.

The aggregate number of Restricted A-Shares (as defined under the Scheme) held by the Director(s) under the Scheme as at 31 December 2024 is set out below:

Name of Director	Aggregate number of Restricted A-Shares (as defined under the Scheme) held as at 31 December 2024
Zhou Hong	23,800

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the Company and individual performance.

The Remuneration Committee is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

Audit Committee

Principle 10

To enable the Board to make a balanced and informed assessment of the Company’s performance, position and prospects, Management provides all members of the Board with management accounts and such explanation and information on a quarterly basis, and as and when the Board may require such information from time to time.

In addition, the Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SSE and the SGX-ST, and will establish written policies in this regard, if appropriate.

CORPORATE GOVERNANCE STATEMENT

In presenting the quarterly and annual financial statements and earnings announcements to shareholders, it is the aim of the Board to provide the shareholders with sufficient information that would enable shareholders to have a balanced and understandable assessment of the Group's financial position and prospects.

Internal Audit

The effectiveness of the internal control systems and procedures is monitored by Management and progressively reviewed by the Audit Committee. The internal audit function assists the Audit Committee in such review. The Audit Committee receives the audit findings and recommendations made by the Group's internal audit function and external auditors and deliberate on the treatment of such findings and recommendations. Subsequently, the internal audit function carries out follow-up actions to ensure that the decisions made by the Audit Committee are implemented in a timely and appropriate manner. Internal audit reports are submitted at regular intervals to the Audit Committee for its review. The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

The internal audit function is carried out by the Group's internal audit department, which reports to the Audit Committee and the Board. The internal audit department has unfettered access to all of the Company's documents, records, properties and personnel, including access to the Audit Committee.

As the in-house internal audit department is treated in the same manner as the other departments in the Company, the Audit Committee does not deliberate on nor approve the hiring, removal, evaluation or compensation of the head of the internal audit department. Nevertheless, the internal audit department is staffed by persons who are suitably qualified and experienced.

During the year under review, the head of the internal audit department of the Company was Ms. Hou Wei (侯薇) ("Ms. Hou"). Ms. Hou is a Senior Accountant and an International Certified Internal Auditor. From April 2006 to July 2010, Ms. Hou served as the Deputy Director of the audit department of the Company. From July 2010 to October 2017, she successively served as the Deputy Director and Director of the economic operation department of the Company. From October 2017 to October 2022, Ms. Hou served as the Deputy Secretary to the Party Branch of Tianjin Shin Poong Pharmaceutical Co., Ltd. (天津新丰制药有限公司). Since October 2022, Ms. Hou has been the head of the internal audit department of the Company. Ms. Hou reports, and will continue to report, to the Board and the Audit Committee on a quarterly basis on behalf of the internal audit department. The Board and the Audit Committee are of the view that Ms. Hou possesses the necessary qualifications, professional expertise, management capabilities, and relevant experience to discharge the responsibilities of her role.

In carrying out the internal audit function, it is ensured that the principles set out in the *Basic Rules for Internal Control of Enterprises* (《企业内部控制基本规范》), the *Guidelines on the Application of Internal Control* (《企业内部控制应用指引》), the *Guidelines for the Evaluation of Enterprise Internal Control* (《企业内部控制评价指引》), and the *Guidelines for Internal Control of Enterprises* (《企业内部控制审计指引》) are adhered to. In addition, the internal audit procedures are also conducted in accordance with the external auditor's requirements, as well as relevant accounting standards.

The Audit Committee reviews the adequacy and effectiveness of the Group's internal audit function annually. For FY2024, the Audit Committee is of the view that the Group's internal audit function is independent, effective and adequately resourced.

CORPORATE GOVERNANCE STATEMENT

Internal Controls and Risk Management

The Board is responsible for the overall internal control framework, which also encompasses risk management, and oversees Management in the design, implementation and monitoring of such systems. The Board recognises that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. In terms of risk management, the Board determines the Company's levels of risk tolerance and ensure that appropriate risk management policies are in place to address potential issues. The Company will ensure that, through the review of the findings of the internal audit and of the external auditors, as well as such other reviews and examinations as are considered necessary from time to time, in any case, at least annually, the Board seeks to ascertain the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

On a day-to-day basis, the Company has a corporate management department which develops the relevant rules and regulations relating to internal controls that are applicable to all departments in the Company, and also supervises the processes conducted by these departments. This is in addition to the internal audit department which, as mentioned above, conducts the internal review and is expected to update the Audit Committee regularly on the progress of the internal audit. The Supervisory Committee of the Company is also involved in the process as it supervises all matters relating to the internal control framework. Ultimately, the Board has overall oversight of the entire system that is in place.

To ensure that the internal controls and risk management systems in place are not undermined as a result of mismanagement, the Company has developed internal regulations (including the Internal Responsibility System) under which any Director, supervisor, senior management personnel or other relevant employee of the Company may be held personally liable and subject to corresponding punitive measures in the event of serious adverse effects or consequences to the Company arising from intentional misconduct or gross negligence on the part of such person(s).

The Board had received assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and Chief Financial Officer (or its equivalent rank, i.e. the Chief Accountant) that the financial records of the Company as at 31 December 2024 have been properly maintained and the financial statements for FY2024 give a true and fair view of the Company's operations and financial position. The Board had also received assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

After taking into account the above factors, various management controls put in place, as well as the assistance/services rendered to the Company by both its internal and external auditors, the Board is of the view that the present internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for the nature and the size of the Group's operations and business. The Audit Committee similarly concurs with the views of the Board on the adequacy and effectiveness of the present internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, to address its risk areas.

Whistleblowing Policy

The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to report any misconduct or wrongdoing relating to the Company and its officers.

CORPORATE GOVERNANCE STATEMENT

Whistleblowers have direct access to the Discipline Inspection Committee (纪律监察委员会) of the Company, an independent function designated by the Company to investigate whistleblowing reports made in good faith. Such reports may raise concerns about possible improprieties, including suspected corruption, bribery, embezzlement, or other misconduct within the Group. The Company is committed to protecting whistleblowers who act in good faith from any form of reprisal, or detrimental or unfair treatment. The Company will ensure that the identity of whistleblowers is kept confidential to the extent practicable, unless disclosure is required by law or regulatory authorities.

The Audit Committee, to whom the Discipline Inspection Committee (纪律监察委员会) reports, is responsible for the oversight and monitoring of whistleblowing matters. The Audit Committee also reviews the whistleblowing policy from time to time and ensures that suitable arrangements are in place for concerns raised to be independently investigated, and appropriately followed up.

The Company publicly discloses, and clearly communicates to its employees, the existence of the whistleblowing policy and the procedures for raising such concerns via the Collaborative Management Systems (OA System) of the Company (公司协同管理平台OA系统) (the “OA System”). All employees of the Company have access to the OA System to peruse the relevant rules and policies (including the whistleblowing policy) of the Company.

Please refer to “Board Membership” under Principle 4 of this Corporate Governance Statement for further information on the Audit Committee.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholders Rights and Conduct of General Meetings

Principle 11

Engagement with Shareholders

Principle 12

Communication with Shareholders

The Company does not practice selective disclosure. In line with the continuous disclosure obligations prescribed in the Listing Manual of the SGX-ST and the rules of the SSE, the Board’s policy is that all shareholders should have equal and timely access to all major developments that can reasonably be expected to have a material impact on the Group. Further, in disclosing any information to shareholders, the Company makes reasonable endeavours to be as forthcoming as possible, and avoids boilerplate disclosures, where appropriate.

The following information is communicated to shareholders on a timely basis through SGXNET and the website of the SSE:

- quarterly and annual financial results, and the annual report;
- notices of and explanatory memoranda for AGMs and EGMs (also advertised in newspapers);
- press releases on major developments of the Group; and
- other disclosures as required under the Listing Manual of the SGX-ST and the listing rules of the SSE.

CORPORATE GOVERNANCE STATEMENT

Shareholders in Singapore are encouraged to attend the Company's general meetings held in the People's Republic of China (the "**PRC**") via video conferencing and/or other electronic means. The general meetings are the principal forum for dialogue with shareholders. The notice of general meetings is issued to shareholders at least 45 days before the meeting in accordance with the requirements of SSE and the Articles of Association of the Company. An updated notice of general meetings is issued by the Company 14 days before the meeting in accordance with the Listing Manual. Additional information relating to items of special business is provided in explanatory notes or in a separate circular. The Board welcomes questions from shareholders on the performance and operations of the Group. Where possible, all Directors will attend the general meetings of the Company. In particular, the Chairmen of the Audit, Remuneration and Nomination Committees are usually present at such meetings to answer those questions relating to the work of their respective Board Committees. External auditors and/or advisers of the Company are also present at such general meetings to assist the Directors in responding to shareholders' queries, if necessary.

The Company provides for separate resolutions on each distinct issue at general meetings. To encourage greater transparency in the voting process and in compliance with the Listing Manual of the SGX-ST and the rules of the SSE, the Company conducts electronic poll voting for shareholders holding "A" Shares (the "**A-Share Shareholders**"), and manual poll voting for shareholders holding "S" Shares (the "**S-Share Shareholders**"), for all resolutions proposed at the general meetings (save for resolutions relation to the election of directors or supervisors at all general meetings subsequent to the Company's AGM held on 16 May 2022, at which the Articles of Association of the Company were amended to allow cumulative voting for such resolutions in compliance with the applicable PRC legal requirements). Shareholders are adequately informed of the rules governing general meetings, including the voting procedures in place. An independent scrutineer is also appointed to tally and validate the votes that are cast at the general meetings. The poll voting results showing the respective percentages for and against each resolution (or, where the cumulative voting is carried out, the number of votes for the relevant resolution) are immediately presented to shareholders after the votes are tallied and these results are also announced on SGXNET in a timely fashion after the general meetings. The Company will publish minutes of general meetings on SGXNET and/or its corporate website as soon as practicable. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

During the year under review, the Company held its AGM for FY2023 on 15 May 2024 (the "**2024 AGM**") as well as three (3) EGMs on 29 October 2024, 22 November 2024 and 30 December 2024 (collectively, the "**2024 EGMs**"). The 2024 AGM and 2024 EGMs were all held at a physical venue in the PRC (concurrently, via video conferencing at a physical venue located in Singapore for the S-Share Shareholders). Arrangements were made to facilitate shareholder participation at the 2024 AGM and 2024 EGMs, including (i) attendance at the respective meetings; (ii) submission of questions to the Chairman of the meeting in advance or during the meetings; and (iii) voting by shareholders or their duly appointed proxies. These arrangements were disclosed to shareholders in the notice of the 2024 AGM and the respective notices of the 2024 EGMs. The minutes of the 2024 AGM and each of the 2024 EGMs were published on SGXNET and the Company's corporate website within one (1) month of the respective meetings.

The Articles of Association of the Company currently allows a shareholder entitled to attend and vote at general meetings to appoint one or more persons (who need not also be shareholders) to act as their proxies and to attend and vote in such general meetings on their behalf.

The Company is not implementing absentia voting methods until security and other relevant issues relating to *inter alia* authentication of votes cast by such methods are satisfactorily straightened out.

CORPORATE GOVERNANCE STATEMENT

In order to solicit shareholders' views, the Company also holds conferences on online platforms from time to time, where shareholders may log on to and participate in. During the year under review, the Company participated in the "Collective Briefing on the 2023 Annual Performance of Companies Listed on the Main Board of the SSE in the Greater Healthcare Sector and Briefing on the Financial Results for the First Quarter of FY2024", and convened two (2) online conferences regarding the financial results for the second and third quarters of FY2024, which were held on 4 June 2024, 3 September 2024, and 10 December 2024, respectively. The Company has a dedicated and committed Investor Relations team that engages with institutional investors, if necessary, and addresses investors' queries as and when they are received. In addition, the Company maintains a current corporate website to facilitate communication and engagement with stakeholders. Shareholders and investors may access the investor relations contact information via the "Queries from Shareholders (股东咨询)" page under the "Investor Relations (投资者关系)" section of the Company's corporate website at www.jydrt.com.cn.

Dividend Policy

The Board considers that it is imperative to balance the Group's needs with the need to encourage shareholder loyalty. Accordingly, taking into account various factors such as the Group's cash flow and financial position, capital needs, and possible expansion plans, the Board will determine the frequency and appropriate amount of dividends to be declared in any financial year. Any dividend payment will be communicated to shareholders in a timely manner.

At the AGM for the financial year ended 31 December 2022 ("FY2022") held on 15 May 2023, the shareholders of the Company had approved the proposed "Scheme on Return of Investment to Shareholders from 2023 to 2025" (the "**Shareholder Return Plan**"). In particular, pursuant to the Shareholder Return Plan, the conditions for the Company to distribute profits in the form of cash dividends are as follows:

- (1) the Company's net profit for the year or half year is positive and not less than RMB0.05 per share;
- (2) the distributable profits realized by the Company during the year (i.e. the remaining after-tax profits of the Company after making up for losses and setting aside funds for the statutory and discretionary common reserve funds according to law) are positive;
- (3) the Company's net cash flow and cash flows from operating activities for the year are positive;
- (4) when the Company distributes its annual profits, a standard unqualified audit report on the Company's financial reports for that year shall be issued by an auditing institution; and
- (5) the Company has no significant investment plans or major cash outlays² (excluding fundraising projects) within the next twelve (12) months.

Further details on the Shareholder Return Plan can be found on pages 29 to 31 of the Company's annual report for FY2022, which was uploaded on SGXNET on 28 April 2023.

² "Significant investment plans or major cash outlays" refer to the aggregate amount of expenditures in major projects such as foreign investments, asset acquisitions or equipment purchases that are planned by the Company within the next twelve (12) months will reach or exceed five per cent. (5%) of the Company's latest audited net tangible assets.

CORPORATE GOVERNANCE STATEMENT

Pursuant to the *Regulatory Guideline No. 3 for Listed Companies – Distribution of Cash Dividends by Listed Companies* (《上市公司监管指引第3号-上市公司现金分红》) promulgated by the CSRC, and the *Guideline for the Issuance of Cash Dividends by Listed Companies* (《上市公司现金分红指引》) promulgated by the SSE in force then, as well as other relevant laws and regulations, Article 224 of the Articles of Association of the Company was amended pursuant to a resolution passed by shareholders of the Company at an EGM held on 18 August 2014 to (i) state explicitly that when the conditions for distributing profits through cash dividends are met, the Company shall distribute profits through cash dividends; and (ii) set out the procedure and requisite contents of a scheme on return of investment to shareholders. More information on the foregoing can be found in the circular to shareholders dated 1 August 2014.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Company adopts an inclusive approach by considering and managing the needs and interests of key stakeholders of the Company. Stakeholder engagement is the first key step in determining issues that are material to the Company, giving insight into the perspectives of its stakeholders and what they deem important in the context of their partnership with the Company. The Company engages with and gathers feedback from a diverse range of stakeholders with the aim of improving its performance and driving long-term value creation.

The Company's key stakeholders include customers and consumers, employees, suppliers, government and industry/standards association, community, investors and shareholders.

The Company has conducted effective communication with all key stakeholders, actively solicited their needs and opinions, and also participated in industry and government seminars to keep abreast of any material issues that the stakeholders are concerned about. During the year under review, the Company participated in an online investor survey (投资者调研) which is one of the communication channels for the Company to communicate and engage with the stakeholders of the Company. The Company defines key stakeholders as a group that has a significant impact on the Group's operations or is affected by the Group's operations. Please refer to the section titled "Stakeholder Engagement" in the Sustainability Report which will be, or has been, published in April 2025 for further details in relation to key stakeholders of the Company and how the Company communicate with them.

ADDITIONAL INFORMATION

Dealings in Securities

In line with Rule 1207(19) of the Listing Manual, the Company has in place a policy on dealings in securities. Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information. The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the aforesaid prohibition and the requirement to report their dealing in shares of the Company.

The Company, its Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing two (2) weeks prior to the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's financial statements for the full financial year.

CORPORATE GOVERNANCE STATEMENT

Directors and employees of the Group are prohibited from dealing in the Company's shares on short-term consideration or while in possession of unpublished price-sensitive information relating to the Group. They are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Disclosure Regarding Company's Relationship with Tianjin SASAC

Up to March 2021, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("TPH"), the controlling shareholder of the Company, was ultimately owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府国有资产监督管理委员会) ("Tianjin SASAC") through its wholly-owned subsidiaries, Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海国有资产经营管理有限公司) ("Bohai State-owned Assets Management") and Tianjin Tsinlien Investment Holding Co., Ltd. (天津津联投资控股有限公司).

Notwithstanding the foregoing, under the laws of Singapore, Tianjin SASAC was not considered a controlling shareholder of the Company. Pursuant to the *Law of the People's Republic of China on the State-Owned Assets of Enterprises* (《中华人民共和国企业国有资产法》), the State Council of the PRC (the "State Council") and the local people's governments shall, in accordance with laws and administrative regulations, respectively perform the contributor's functions for state-invested enterprises and enjoy the contributor's rights and interests on behalf of the state. In this regard, the state-owned assets supervision and administration bodies established by the local people's governments in accordance with the provisions of the State Council shall perform the contributor's functions for state-invested enterprises on behalf of, and upon the authorisation of, the corresponding people's government.

Accordingly, the establishment and responsibilities of Tianjin SASAC are based on, and subject to, the laws, rules and regulations of the PRC. Tianjin SASAC did not influence decisions on the financial and operating policies of the Company under normal circumstances. As such, under the Securities and Futures Act 2001 of Singapore and the Listing Manual, Tianjin SASAC was not considered able to exercise "control" over the Company and was therefore, not a controlling shareholder of the Company under the laws of Singapore. In this regard, Tianjin SASAC and its associates were also not considered interested persons of the Company and hence, the interested person transaction requirements under the Listing Manual do not apply to them.

As announced by the Company on SGXNET on 26 March 2021 (the "26 March 2021 Announcement") in relation to the update on the Proposed Mix-ownership Reform (as defined in the 26 March 2021 Announcement):

- (1) As previously announced on 20 December 2020 by the Company, during the public tender-for-sale (公开挂牌出让) in relation to the proposed transfer by Bohai State-owned Assets Management of 67% of its equity interest in TPH (the "Proposed Transfer"), Jinhushen Biological Medical Science and Technology Co., Ltd (津沪深生物医药科技有限公司) (the "Purchaser") had been confirmed as the transferee under the Proposed Transfer. Further, on 19 March 2021, the Company announced that it had been notified by the Purchaser that, as at 19 March 2021, the Purchaser had completed payment of the consideration for the acquisition of 67% equity interest in TPH (the "Acquisition") in accordance with the sale and purchase agreement entered into between the Purchaser and Bohai State-owned Assets Management on 19 December 2020.
- (2) Tianjin Property Rights Exchange (天津产权交易中心) had issued a "Transaction Certificate for Transfer of State-owned Assets" (国有产权交易凭证) in relation to the Proposed Transfer.
- (3) Further, the Company has been notified that, on 26 March 2021, TPH had completed the industrial and commercial modification registration formalities in relation to the Acquisition.

CORPORATE GOVERNANCE STATEMENT

Accordingly, following the completion of the Acquisition, the equity interest held by Bohai State-owned Assets Management in TPH was reduced from 100% to 33%, and the Purchaser became a shareholder of TPH holding 67% equity interest.

Subsequent to the Acquisition, the Company made announcements on 4 August 2023 and 7 August 2023 in relation to changes in the shareholding structure of TPH. These changes involved Bohai State-owned Assets Management subscribing for additional capital contributions in its wholly-owned subsidiary, Tianjin Bohai Guoxin Technology Co., Ltd. (天津渤海国鑫科技有限公司) (“**Bohai Guoxin**”), by injecting the 33% equity interest it held in TPH in two (2) tranches (the “**Bohai Guoxin Capital Contributions**”). Following the completion of the Bohai Guoxin Capital Contributions, Bohai Guoxin became a shareholder of TPH holding a 33% equity interest.

Thereafter, on 22 November 2023, the Company announced further changes in the shareholding structure of TPH. These involved Bohai Guoxin subscribing for additional capital contributions in its wholly-owned subsidiary, Tianjin Guoyu Enterprise Management Co., Ltd. (天津国宇企业管理有限公司) (“**Tianjin Guoyu**”), by injecting the 33% equity interest it held in TPH (the “**Tianjin Guoyu Capital Contribution**”). Upon completion of the Tianjin Guoyu Capital Contribution, Tianjin Guoyu became a shareholder of TPH holding a 33% equity interest.

Following the above, the current shareholders of TPH are the Purchaser and Tianjin Guoyu, holding 67% and 33% equity interest, respectively.

As stated in the announcement dated 30 December 2020 (the “**30 December 2020 Announcement**”) made by the Company in relation to, *inter alia*, the supplemental announcement on the “No Actual Controller” statement, the actual controller (as determined in accordance with the laws of the PRC) of the Company was Tianjin SASAC prior to the Acquisition, and following the completion of the Acquisition, the indirect controlling shareholder of the Company will be changed to the Purchaser, and the Company will have no actual controller (as determined in accordance with the laws of the PRC) since the Purchaser does not have an actual controller (as determined in accordance with the laws of the PRC)³. Currently, the Purchaser remains the indirect controlling shareholder of the Company (as defined under the laws of Singapore).

³ Based on the latest information available to the Company:

- (a) the equity interest of the Purchaser continues to be held by the following four (4) entities in the same proportion as disclosed in the 30 December 2020 Announcement:
 - (i) Shanghai Liuliguang Medical Development Co., Ltd (上海琉璃光医药发展有限公司) (“**Liuliguang Medical**”);
 - (ii) Shenzhen Qianhai Furong Asset Management Co., Ltd (深圳市前海富荣资产管理有限公司, now known as 深圳市盈投荣达科技有限公司) (“**Qianhai Furong**”);
 - (iii) Shenzhen Ruice Biological Medical Development Co., Ltd (深圳市瑞测生物医药发展有限公司) (“**Ruice Biological**”);
 - (iv) Hainan Special Economic Zone Yousheng Enterprise Management Limited Partnership (海南经济特区友盛企业管理合伙企业 (有限合伙)) (“**Yousheng LP**”), which holds 35%, 34%, 16% and 15% of the Purchaser’s equity interest, respectively;
- (b) save as disclosed below, the identities of the actual controllers (as determined in accordance with the laws of the PRC) of the above shareholders also remain unchanged and are as follows:
 - (i) Liuliguang Medical: State-owned Assets Supervision and Administration Commission of Shanghai Municipal People’s Government (上海市国有资产监督管理委员会);
 - (ii) Qianhai Furong: Guo Min (郭珉) (previously Guo Jingwen (郭景文));
 - (iii) Ruice Biological: Sun Huiguang (孙慧光); and
 - (iv) Yousheng LP: Leng Youbin (冷友斌) and Leng Shuang (冷霜); and
- (c) Tianjin Guoyu is ultimately owned by the Tianjin SASAC.

Accordingly, there have been no changes to the identity or shareholding proportions of the Purchaser’s shareholders since the 30 December 2020 Announcement, apart from the change in the Chinese name of Qianhai Furong (as noted above) and the change in the identity of its actual controller (from Guo Jingwen (郭景文) to Guo Min (郭珉)). The explanation in respect of the “No Actual Controller” statement as set out in the 30 December 2020 Announcement remains valid.

CORPORATE GOVERNANCE STATEMENT

SUMMARY OF DISCLOSURES OF CODE OF CORPORATE GOVERNANCE 2018 (THE CODE)

This summary sets out the Company's corporate governance practices with specific reference to the disclosure requirements under the principles and provisions of the Code.

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2024
BOARD MATTERS	
The Board's Conduct of Affairs	
Principle 1	
1.1	Pages 29, 30 and 31
1.2	Page 33
1.3	Page 31
1.4	Pages 30, 31, 34, 35 and 40 to 45
1.5	Pages 32, 33, 40, 42, 44 and 45
1.6	Page 32
1.7	Page 32
Board Composition and Guidance	
Principle 2	
2.1	Page 37
2.2	Pages 36 to 37
2.3	Page 34
2.4	Pages 35 to 37
2.5	Page 38
Chairman and Chief Executive Officer	
Principle 3	
3.1	Pages 38 to 39
3.2	Pages 38 to 39
3.3	Page 39

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2024
Board Membership	
Principle 4	
4.1	Pages 42 to 44
4.2	Page 42
4.3	Pages 43 to 44
4.4	Pages 43 to 44
4.5	Pages 33 and 43
Board Performance	
Principle 5	
5.1	Pages 42 and 45
5.2	Page 45
REMUNERATION MATTERS	
Procedures for Developing Remuneration Policies	
Principle 6	
6.1	Page 44
6.2	Page 44
6.3	Pages 44 and 45
6.4	Page 44
Level and Mix of Remuneration	
Principle 7	
7.1	Page 48
7.2	Pages 44 to 45
7.3	Pages 44 to 45

CORPORATE GOVERNANCE STATEMENT

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2024
Disclosure on Remuneration	
Principle 8	
8.1	Pages 46 to 48
8.2	Page 48
8.3	Pages 46 to 48
ACCOUNTABILITY AND AUDIT	
Risk Management and Internal Controls	
Principle 9	
9.1	Pages 50
9.2	Pages 50
Audit Committee	
Principle 10	
10.1	Page 41
10.2	Page 41
10.3	Page 41
10.4	Page 41
10.5	Page 41

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2024
SHAREHOLDER RIGHTS AND ENGAGEMENT	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
11.1	Pages 51 and 52
11.2	Pages 51 and 52
11.3	Pages 32 and 51 and 52
11.4	Page 52
11.5	Page 52
11.6	Pages 53 to 54
Engagement with Shareholders	
Principle 12	
12.1	Pages 51 to 53
12.2	Page 53
12.3	Page 53
MANAGING STAKEHOLDERS RELATIONSHIPS	
Engagement with Stakeholders	
Principle 13	
13.1	Page 54
13.2	Page 54
13.3	Page 53

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The directors are pleased to present the consolidated financial statements of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2024.

Opinion of the directors

In the opinion of the directors:

- (a) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) At the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are:

Zhang Mingrui	(resigned on 25 November 2024)
Wang Lei	
Guo Min	
Zhou Hong	
Mao Weiwen	
Liew Yoke Pheng, Joseph	
Li Qing	(resigned on 15 May 2024)
Shang Mingjie	
Yeo Guat Kwang	
Zhong Ming	(appointed on 15 May 2024)
Xing Jianhua	(appointed on 26 November 2024)

Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of, nor at any time during the year, was the Company a party to arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

Name of director and corporation in which interests are held	At beginning of the year	At end of the year
<u>The Company</u>		
<i>Restricted circulating A-shares</i>		
Zhou Hong	23,800	23,800

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2025 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2024.

Share Options

During the year, no option to take up unissued shares of the Company or any other body corporate in the Group was granted.

At the end of the year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of year.

Audit Committee

The Audit Committee at the date of this statement comprises the following members, all of whom are Independent Directors:

Mr. Liew Yoke Pheng Joseph (Chairman)
Mr. Yeo Guat Kwang
Mr. Zhong Ming

The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors, external auditor and internal auditor of the Company:

- reviewed the audit plans and scope of audit examination of the external auditors;
- reviewed with the external auditors their findings arising from the audit and making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- reviewed internal audit findings and internal audit plan;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Audit Committee (Cont'd)

- reviewed the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- reviewed the annual and quarterly financial statements and the draft earnings announcements before their submission to the Board for approval;
- reviewed the significant financial reporting issues and judgements (if any) so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewed the assurance from the Chief Executive Officer (or its equivalent rank i.e. the General Manager) and the Chief Financial Officer (or its equivalent rank i.e. the Chief Accountant) on the financial records and financial statements;
- reviewed interested person transactions;
- reviewed the adequacy and effectiveness of the Company's internal control and risk management systems;
- reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- reviewed the re-appointment of external auditors of the Company; and
- reviewed all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
WANG LEI

.....
SHANG MINGJIE

Dated: 28 March 2025

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Opinion

We have audited the financial statements of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Net realisable value of inventories

(Refer to Notes 2.1(c) and 13 to the financial statements)

As at 31 December 2024, the Group's inventories amounted to RMB1,285,687,000 representing 12% of the Group's total assets. The Group is principally engaged in the manufacture and sale of Traditional Chinese Medicine and Western Medicine in the People's Republic of China. The Group's inventories are measured at the lower of cost and net realisable value.

The assessment of net realisable value of inventories involves a significant degree of management's judgement. To this end, management took into consideration a number of factors, including physical deterioration, functional and economic obsolescence, age of the inventories, prevailing market conditions in the pharmaceutical industry and historical write-down experience.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Key audit matters (Cont'd)

Net realisable value of inventories (Cont'd)

(Refer to Notes 2.1(c) and 13 to the financial statements) (Cont'd)

In response to this risk, our audit approach included, amongst others, the following:

- Reviewed the Group's policy for inventories write-down and performed procedures to assess management's rationale and determination of net realisable value of inventories;
- Tested management's computation of the amount of inventories written down and written back;
- Tested net realisable value of inventories by analysing selling prices and gross profit margins for major products;
- Reviewed the historical sales of those inventories that are approaching expiry dates and have been written down, to ascertain whether the write-down was appropriate; and
- Assessed the adequacy of disclosures made in the financial statements.

Impairment of trade receivables

(Refer to Notes 2.1(d) and 14 to the financial statements)

As at 31 December 2024, the Group's trade receivables amounted to RMB1,316,355,000, representing 12% of the Group's total assets.

The allowance for impairment of trade receivables is estimated by management through the application of judgement and use of subjective assumptions. The expected credit losses ("ECL") are recognised from initial recognition and are based on the lifetime ECL for trade receivables. The assessment requires management to develop methodologies involving the use of significant judgements. In estimating the ECL, the Group developed a matrix that took into account historical credit loss experience for trade receivables and, where relevant, incorporated forward-looking information that reflected management's view of potential future economic conditions.

In response to this risk, our audit approach included, amongst others, the following:

- Reviewed ECL allowance methodologies developed by the Group and assessed management's assumptions and estimates, in particular, the historical observed default rates of trade receivables grouped based on shared credit risk characteristics and those relating to forward-looking information;
- Assessed the adequacy of the ECL loss allowance recorded at the reporting date; and
- Assessed the adequacy of the related disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the directors' statement and the annual report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Other information (Cont'd)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chin Bo Wui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 28 March 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		The Group		The Company	
	Note	31 December 2024 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2023 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	1,386,801	1,434,742	1,041,001	980,909
Investment properties	5	11,279	13,029	11,279	12,299
Right-of-use assets	6	6,645	6,769	–	–
Land use rights	7	243,681	251,739	197,727	203,677
Intangible assets	8	106,235	144,997	49,723	19,216
Subsidiaries	9	–	–	1,048,534	1,652,454
Associates	10	1,293,528	882,307	1,293,528	882,307
Deferred tax assets	30	314,400	265,993	287,789	232,063
Other financial assets	11	771,961	622,812	578,146	560,873
Other assets	12	26,031	56,039	24,078	51,293
		4,160,561	3,678,427	4,531,805	4,595,091
Current Assets					
Inventories	13	1,285,687	1,566,518	1,154,187	1,123,625
Trade and other receivables	14	1,324,889	2,686,929	1,146,740	2,042,065
Other financial assets	11	1,000,072	61,699	968,039	–
Other assets	12	52,981	111,329	36,774	34,623
Cash and cash equivalents	15	2,944,433	2,125,200	2,736,763	1,441,871
		6,608,062	6,551,675	6,042,503	4,642,184
Total assets		10,768,623	10,230,102	10,574,308	9,237,275
EQUITY					
Capital and Reserves					
Share capital	16	770,094	770,158	770,094	770,158
Share premium		1,206,930	1,207,326	1,206,930	1,207,326
Retained earnings		5,743,776	4,500,020	5,531,353	4,456,460
Other reserves	18	122,794	130,224	537,637	545,067
Equity attributable to owners of the Company		7,843,594	6,607,728	8,046,014	6,979,011
Non-controlling interests	9	6,344	44,546	–	–
Total equity		7,849,938	6,652,274	8,046,014	6,979,011
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	30	6,038	7,333	–	–
Trade and other payables	19	3,539	8,149	3,361	5,749
Lease liabilities	20	5,603	2,743	–	–
Other financial liabilities	21	–	241,035	–	241,035
Other liabilities	22	85,671	92,682	60,806	57,879
		100,851	351,942	64,167	304,663
Current Liabilities					
Income tax payable		297,569	76,678	281,485	52,373
Trade and other payables	19	2,309,877	2,890,284	1,983,867	1,759,115
Lease liabilities	20	1,329	3,564	–	–
Other financial liabilities	21	21,653	81,800	19,653	–
Other liabilities	22	187,406	173,560	179,122	142,113
		2,817,834	3,225,886	2,464,127	1,953,601
Total liabilities		2,918,685	3,577,828	2,528,294	2,258,264
Total equity and liabilities		10,768,623	10,230,102	10,574,308	9,237,275

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	25	7,306,736	8,222,312
Cost of sales		(3,861,821)	(4,683,129)
Gross Profit		3,444,915	3,539,183
Interest income	26	28,777	54,642
Dividend income		80	100
Other income and gains	27	1,790,021	39,949
Marketing and distribution expenses		(1,999,975)	(2,126,435)
Research and development expenses		(162,378)	(184,629)
Administrative expenses		(477,298)	(400,360)
Finance costs	28	(30,638)	(24,589)
Other losses	27	(182,929)	(97,075)
Share of results of equity-accounted associates, net of tax	10	168,208	294,577
Profit before tax		2,578,783	1,095,363
Tax expense	30	(363,564)	(126,658)
Profit for the year		2,215,219	968,705
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other reserve reclassified to profit or loss upon partial disposal of equity interests in an associate, net of tax	18	(650)	-
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments measured at FVOCI, net of tax	18	(233)	39
Share of other comprehensive (loss)/income from equity-accounted associates, net of tax	18	(6,523)	4,767
Other comprehensive income for the year		(7,406)	4,806
Total comprehensive income for the year		2,207,813	973,511
Profit for the year attributable to:			
Owners of the Company		2,229,335	986,707
Non-controlling interests		(14,116)	(18,002)
Profit for the year		2,215,219	968,705
Total comprehensive income attributable to:			
Owners of the Company		2,221,929	991,513
Non-controlling interests		(14,116)	(18,002)
Total comprehensive income for the year		2,207,813	973,511
Profit per share attributable to owners of the Company			
Basic and diluted (RMB per share)	31	2.90	1.28

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Group

	Equity attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	RMB'000
At 1 January 2024	770,158	1,207,326	130,224	4,500,020	6,607,728	44,546	6,652,274
Total comprehensive income							
Profit for the year	-	-	-	2,229,335	2,229,335	(14,116)	2,215,219
Other reserve reclassified to profit or loss upon partial disposal of equity interests in an associate, net of tax	-	-	(650)	-	(650)	-	(650)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(233)	-	(233)	-	(233)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(6,523)	-	(6,523)	-	(6,523)
Total other comprehensive income	-	-	(7,406)	-	(7,406)	-	(7,406)
Total comprehensive income	-	-	(7,406)	2,229,335	2,221,929	(14,116)	2,207,813
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends (Note 32)	-	-	-	(985,803)	(985,803)	-	(985,803)
Dividends paid to non-controlling interests (Note 32)	-	-	-	-	-	(4,980)	(4,980)
Disposal of subsidiaries with non-controlling interests (Note 9(a))	-	-	-	-	-	(19,106)	(19,106)
Net reversal of share-based payments (Note 17)	-	-	(24)	-	(24)	-	(24)
Repurchase and cancellation of Restricted A-Shares	(64)	(396)	-	224	(236)	-	(236)
Total transactions with owners	(64)	(396)	(24)	(985,579)	(986,063)	(24,086)	(1,010,149)
At 31 December 2024	770,094	1,206,930	122,794	5,743,776	7,843,594	6,344	7,849,938
At 1 January 2023	773,443	1,228,740	176,564	4,372,462	6,551,209	30,493	6,581,702
Total comprehensive income							
Profit for the year	-	-	-	986,707	986,707	(18,002)	968,705
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	39	-	39	-	39
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	4,767	-	4,767	-	4,767
Total other comprehensive income	-	-	4,806	-	4,806	-	4,806
Total comprehensive income	-	-	4,806	986,707	991,513	(18,002)	973,511
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends (Note 32)	-	-	-	(862,679)	(862,679)	-	(862,679)
Acquisition of non-controlling interest without change in control (Note 9(b)) and contribution from non-controlling interests	-	-	(32,166)	-	(32,166)	32,055	(111)
Net reversal of share-based payments (Note 17)	-	-	(18,980)	-	(18,980)	-	(18,980)
Repurchase and cancellation of Restricted A-Shares	(3,285)	(21,414)	-	3,530	(21,169)	-	(21,169)
Total transactions with owners	(3,285)	(21,414)	(51,146)	(859,149)	(934,994)	32,055	(902,939)
At 31 December 2023	770,158	1,207,326	130,224	4,500,020	6,607,728	44,546	6,652,274

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Company

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2024	770,158	1,207,326	545,067	4,456,460	6,979,011
Total comprehensive income					
Profit for the year	-	-	-	2,060,472	2,060,472
Other reserve reclassified to profit or loss upon partial disposal of associate, net of tax	-	-	(650)		(650)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(233)	-	(233)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(6,523)	-	(6,523)
Total comprehensive income	-	-	(7,406)	2,060,472	2,053,066
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends (Note 32)	-	-	-	(985,803)	(985,803)
Net reversal of share-based payments (Note 17)	-	-	(24)	-	(24)
Repurchase and cancellation of Restricted A-Shares	(64)	(396)	-	224	(236)
Total transactions with owners	(64)	(396)	(24)	(985,579)	(986,063)
At 31 December 2024	770,094	1,206,930	537,637	5,531,353	8,046,014
At 1 January 2023	773,443	1,228,740	559,241	4,275,060	6,836,484
Total comprehensive income					
Profit for the year	-	-	-	1,040,549	1,040,549
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	39	-	39
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	4,767	-	4,767
Total comprehensive income	-	-	4,806	1,040,549	1,045,355
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Dividends (Note 32)	-	-	-	(862,679)	(862,679)
Net reversal of share-based payments (Note 17)	-	-	(18,980)	-	(18,980)
Repurchase and cancellation of Restricted A-Shares	(3,285)	(21,414)	-	3,530	(21,169)
Total transactions with owners	(3,285)	(21,414)	(18,980)	(859,149)	(902,828)
At 31 December 2023	770,158	1,207,326	545,067	4,456,460	6,979,011

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from operating activities			
Profit before tax		2,578,783	1,095,363
Adjustments for:			
Bargain purchase gain on acquisition of additional equity interests in an associate	27	(5,852)	-
Depreciation and amortisation of property, plant and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other non-current assets		128,212	133,154
Dividend income		(80)	(100)
ECL allowance for trade and other receivables	27	50,096	23,295
Gain on disposal of property, plant and equipment	27	(73)	-
Gain on partial disposal of an associate	27	(1,709,262)	-
Impairment of goodwill	27	53,610	18,782
Impairment of property, plant and equipment	27	60,155	24,951
Interest income	26	(28,777)	(54,642)
Interest expense	28	30,638	24,589
Investment income on debts instruments at amortised cost	27	(30,237)	(13,430)
Net reversal of share-based payments	29	(24)	(18,980)
Property, plant and equipment written off	27	-	481
Share of results of equity-accounted associates, net of tax	10	(168,208)	(294,577)
Write-down of inventories to net realisable value	27	17,555	28,130
Operating profit before working capital changes		976,536	967,016
Changes in working capital:			
- Inventories		(30,958)	(165,338)
- Trade and other receivables		(26,241)	90,456
- Other assets		52,486	(16,448)
- Trade and other payables		(19,459)	(28,840)
- Cash restricted in use		127,814	43,177
- Other liabilities		17,689	(53,519)
Cash generated from operations		1,097,867	836,504
Tax paid		(201,972)	(202,658)
Net cash generated from operating activities		895,895	633,846
Cash flows from investing activities			
Additions to other financial assets	11	(1,160,963)	(630,000)
Capital contribution into an associate		(211,824)	-
Capital distribution from an associate	10	5,280	-
Deposit paid for acquisition of interests in an associate		-	(26,000)
Disposal of subsidiaries, net of cash disposed	9(a)	(347,800)	-
Dividend income from associates and other financial assets		354,168	177,330
Interest income received		31,200	55,494
Proceeds from disposal of property, plant and equipment		79	186
Proceeds from partial disposal of an associate		1,758,755	-
Proceeds from redemption of other financial assets	11	60,000	40,000
Proceeds from disposal of other financial assets		-	9,649
Purchase of property, plant and equipment, intangible assets and land use rights		(117,813)	(140,928)
Net cash generated from/(used in) investing activities		371,082	(514,269)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Cash flows from financing activities			
Contribution from non-controlling interests		-	2,880
Interest expense paid		(28,375)	(20,208)
Dividends paid		(982,214)	(857,117)
Dividends paid to non-controlling interests		(4,980)	-
Proceeds from bank loans		1,221,071	870,858
Repayment of lease liabilities		(5,103)	(6,556)
Repayments of bank loans		(520,005)	(800,961)
Repurchase of restricted A-Shares		(282)	(22,665)
Net cash used in financing activities		(319,888)	(833,769)
Net increase/(decrease) in cash and cash equivalents		947,089	(714,192)
Cash and cash equivalents at beginning of the year		1,997,386	2,711,533
Effect of foreign exchange rate changes on cash and cash equivalents		(42)	45
Cash and cash equivalents at end of the year	15	2,944,433	1,997,386

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1 GENERAL INFORMATION

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津药达仁堂集团股份有限公司) (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “Company”) is incorporated in the People’s Republic of China (“PRC”) as a joint stock limited company. The registered office of the Company is located at 17 Baidi Road, Nankai District, Tianjin 300193, PRC. The principal place of the Company’s operation is in Tianjin, PRC.

The Company is listed both on the Singapore Exchange Securities Trading Limited (“SGX”) and the Shanghai Stock Exchange (“SSE”).

The financial statements comprise those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

The principal activities of the Company are the production and sale of Traditional Chinese Medicine, western medicine, healthcare products and investment holding.

The principal activities of the subsidiaries and associates are disclosed in Notes 9 and 10, respectively, to the financial statements.

The board of directors approved and authorised these financial statements for issue on the date of the directors’ statement.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Chinese Renminbi (“RMB”) which is the Company’s functional currency. All financial information presented in RMB have been rounded to the nearest thousand (“RMB’000”), unless otherwise stated.

The statutory financial statements, prepared by the directors in accordance with the China Corporate Accounting Standards (“CAS”), are audited by CAC Certified Public Accountants (Special General Partnership) whose audit report dated 28 March 2025 expressed an unmodified opinion on those financial statements.

The differences between the financial statements of the Group and of the Company prepared in accordance with IFRS and CAS are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION (CONT'D)

2.1 Significant accounting estimates and judgement

The preparation of the financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

Significant judgements used in applying accounting policies

The management is of the opinion that there are no critical judgement in applying the Group's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

2.1(a) Impairment of goodwill

Goodwill is assessed annually for impairment. The annual impairment assessment is a complex process, which involved significant judgement and assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular, those relating to forecasted revenue growth rates, terminal growth rate and discount rate. Disclosures about goodwill are included in Note 8 under intangible assets, which explains that small changes in the key assumptions used could give rise to further impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates. The carrying amount of goodwill at the reporting date is disclosed in Note 8.

2.1(b) Impairment of non-current assets (other than goodwill and investment in subsidiaries)

An assessment is made at the end of each reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is determined based on fair value less cost to disposal method and value-in-use calculations. The value-in-use calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the assets of the Group at the reporting date affected by this assumption are disclosed in Notes 4, 5, 6, 7 and 8, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION (CONT'D)

2.1 Significant accounting estimates and judgement (Cont'd)

Key sources of estimation uncertainty (Cont'd)

2.1(c) Net realisable value of inventories

The assessment of write-down of inventories requires a degree of estimation and judgement. The level of write-down is assessed by taking into account recent sales experience, ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the reporting date is disclosed in Note 13.

2.1(d) Impairment of trade receivables

The assessment of expected credit losses ("ECL") requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring ECL, management considers all reasonable and supportable information such as the Group's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts may change materially within the next reporting period but these changes may not arise from assumptions or other sources of estimation uncertainty at the reporting date. The carrying amount of trade receivables at the reporting date is disclosed in Note 14.

2.1(e) Impairment of investment in subsidiaries

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the subsidiary, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of investment in subsidiaries at the reporting date is disclosed in Note 9.

2.1(f) Income tax

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the Group will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the Group expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax and deferred tax amounts are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2 BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new and revised IFRSs effective for the current financial year

The Group and the Company have adopted all the new and revised IFRSs, IFRS interpretations ("IFRS INT") and amendments to IFRSs, effective for the current financial period that are relevant to them. The adoption of these new and revised IFRS pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised IFRSs, IFRS INT and amendments to IFRSs that have been issued but are not yet effective. Management anticipates that the adoption of these new and revised IFRS pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 9 and IFRS 7	<i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements to IFRS – Volume 11		1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Consolidation (Cont'd)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Business combinations (Cont'd)

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Business combinations (Cont'd)

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3.3 Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statements of financial position at cost plus post-acquisition changes in the Group's and the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

The Group and the Company account for associates using book value accounting when the Group and the Company continue to retain significant influence when the Group and the Company acquire additional equity interests in associates.

When the Group's and the Company's share of losses in an associate exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's and the Company's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group and the Company discontinue the use of the equity method from the date when the investment ceases to be an associate. When the Group or the Company retain an interest in the former associate and the retained interest is a financial asset, the Group and the Company measure the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9 *Financial Instruments*. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group and the Company account for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group and the Company reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Associates (Cont'd)

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted as common control transaction. The assets acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder, i.e. book value accounting. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

3.4 Foreign currency translation

The financial statements are presented in RMB, which is the functional and presentation currency of the Company and all its subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.5 Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs capitalised. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs capitalised. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

	<u>Useful lives</u>	<u>Rate of residual value</u>
Buildings	7 – 35 years	4 – 10%
Plants and machineries	3 – 15 years	4 – 10%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Property, plant and equipment (Cont'd)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is recognised in profit or loss. The depreciation method, useful life and residual value of an asset is reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

3.6 Investment property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. The investment property is measured, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value less costs to sell. For disclosure purposes, the fair values are determined periodically on a systematic basis at least once yearly by management.

Depreciation is calculated on a straight-line basis over estimated useful lives ranging from 30 to 35 years.

3.7 Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 Leases (Cont'd)

(i) The Group as lessee (Cont'd)

Lease liability (Cont'd)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The lease liabilities are presented as a separate line item in the statements of financial position.

Right-of-use asset

A right-of-use asset ("ROU asset") is recognised at the commencement date of a lease. The ROU asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

ROU assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The right-of-use assets are presented as a separate line item in the statements of financial position.

The land use rights are for the land in the PRC where the factories occupied by the Group are situated. The carrying amounts are amortised on a straight-line basis over the lease periods ranging from 40 to 50 years.

Short-term leases and leases of low-value assets

The Group has elected not to recognise a ROU asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) The Group as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Rent income from investment properties under operating leases is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental income. Contingent rentals are recognised as income in the period when earned.

The rental income from investment properties is recognised as "Revenue."

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.8 Intangible assets

(i) Goodwill

Goodwill that arises from business combinations is included in the intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

(ii) Intangible assets other than goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Research and development

Research expenditure are expensed when incurred. Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.8 Intangible assets (Cont'd)

(ii) Intangible assets other than goodwill (Cont'd)

Research and development (Cont'd)

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisable amount of an intangible asset with finite useful life is allocated on a straight-line basis over the best estimate of its useful life from the point at which the asset is ready for use as follows:

Production technology	10 – 30 years
Patents	10 years
Trademarks	10 years
Software	5 years

3.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of reporting period that the asset may be impaired.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.9 Impairment of non-financial assets (Cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss of other assets subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

3.10 Financial instruments

(i) Recognition and de-recognition of financial instruments

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statements of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(ii) Classification and measurement of financial asset

(a) Financial asset classified as measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.10 Financial instruments (Cont'd)

(ii) Classification and measurement of financial asset (Cont'd)

- (b) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVOCI")

On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (e.g., equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

The Group does not have any financial assets measured at FVTPL and debt instrument measured at FVOCI.

(iii) Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances:

- (a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
- (b) The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

3.11 Impairment of financial assets

The Group recognises an allowance for ECLs for all financial assets carried at amortised cost and debt investments at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.11 Impairment of financial assets (Cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

3.13 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Any excess of the proceeds received over the par value of the shares is recorded in share premium.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.14 Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost (weighted average method) and net realisable value. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group and the Company has transferred the goods or services to the customer.

3.16 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

3.17 Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. For each contract with a customer, the Group:

- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.17 Revenue recognition (Cont'd)

- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

3.18 Other income

(i) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividend income

Dividend income from equity instrument is recognised when the Group's right to receive payment is established.

3.19 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statements of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.20 Employee benefits

The Group contributes to a pension scheme in the PRC under which it pays fixed contributions into a defined contribution retirement scheme organised by the local municipal government for eligible employees, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding reporting period. Contributions to the pension scheme are charged to profit or loss as they fall due.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statements of financial position date are discounted to their present value.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

3.21 Share-based payments

The Company offers Restricted A-Share Incentive Scheme (the "Scheme") (equity-settled share-based compensation) to its directors, members of senior management, members of middle-level management and core personnel that the Company considers should be motivated (excluding supervisors, non-executive directors and independent directors).

Under the terms of the Scheme, the employees are entitled to purchase the shares at grant price, which is less than the market price of the Company's shares on the grant date, and the purchase price must be paid immediately upon acceptance of the offer. All shares purchased are not transferable during the vesting period.

The cost of the Scheme with employees are measured at fair value on grant date. The fair value is measured by reference to market price of the shares on grant date and the impact of any non-market vesting conditions. The cost of the Scheme is charged to profit or loss over the vesting period of the Scheme, with a corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with a corresponding adjustment to equity.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.21 Share-based payments (Cont'd)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If the Scheme is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is accounted for as an acceleration of vesting; therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

3.22 Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.23 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- (i) When the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- (ii) Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities; or
- (iii) When the taxable temporary difference is associated with interests in subsidiaries or associates, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.23 Income tax (Cont'd)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3.24 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3.25 Current and non-current classification

Assets and liabilities are presented in the statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's and the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's and the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.26 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 : unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.28 Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plants and machineries RMB'000	Construction in progress RMB'000	Total RMB'000
Group Cost				
At 1 January 2023	1,368,841	1,098,304	333,851	2,800,996
Additions	2,104	15,302	85,047	102,453
Disposals/written-off	(797)	(2,102)	-	(2,899)
Reclassifications	158	7,331	(7,489)	-
At 31 December 2023	1,370,306	1,118,835	411,409	2,900,550
Additions	-	13,855	134,986	148,841
Disposals/written-off	-	(3,740)	-	(3,740)
Reclassifications	-	38,991	(38,991)	-
Disposal of subsidiaries	(7,314)	(70,483)	(434)	(78,231)
At 31 December 2024	1,362,992	1,097,458	506,970	2,967,420
Accumulated depreciation and impairment				
At 1 January 2023	648,806	690,596	-	1,339,402
Depreciation	40,512	63,175	-	103,687
Impairment	-	-	24,951	24,951
Disposals/written-off	(136)	(2,096)	-	(2,232)
At 31 December 2023	689,182	751,675	24,951	1,465,808
Depreciation	38,285	62,899	-	101,184
Impairment	5,079	9,409	45,667	60,155
Disposals/written-off	-	(3,734)	-	(3,734)
Disposal of subsidiaries	(4,042)	(38,752)	-	(42,794)
At 31 December 2024	728,504	781,497	70,618	1,580,619
Carrying value				
At 31 December 2023	681,124	367,160	386,458	1,434,742
At 31 December 2024	634,488	315,961	436,352	1,386,801

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RMB'000	Plants and machineries RMB'000	Construction in progress RMB'000	Total RMB'000
Company				
Cost				
At 1 January 2023	1,100,100	799,010	162,223	2,061,333
Additions	184	11,135	54,972	66,291
Disposals/written-off	(749)	(1,217)	–	(1,966)
Reclassifications	158	7,129	(7,287)	–
At 31 December 2023	1,099,693	816,057	209,908	2,125,658
Additions	–	10,138	135,040	145,178
Disposals/written-off	–	(3,095)	–	(3,095)
Reclassifications	–	31,258	(31,258)	–
At 31 December 2024	1,099,693	854,358	313,690	2,267,741
Accumulated depreciation and impairment				
At 1 January 2023	546,094	527,308	–	1,073,402
Depreciation	31,477	40,674	–	72,151
Disposals/written-off	(115)	(689)	–	(804)
At 31 December 2023	577,456	567,293	–	1,144,749
Depreciation	29,993	40,883	–	70,876
Impairment	434	635	13,141	14,210
Disposals/written-off	–	(3,095)	–	(3,095)
At 31 December 2024	607,883	605,716	13,141	1,226,740
Carrying value				
At 31 December 2023	522,237	248,764	209,908	980,909
At 31 December 2024	491,810	248,642	300,549	1,041,001

Impairment test of buildings, plants and machineries

Management conducted its annual review of the carrying amounts of property, plant, and equipment to assess for indicators of impairment. At the reporting date, indicators of impairment were identified in relation to certain plants used in the production of Chinese medicine products, as their financial performance were not meeting the expectations originally envisaged.

Management assessed the recoverable amounts of these production plants of Chinese medicine products, using fair value less costs of disposal based on replacement cost approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB14,488,000 (2023: RMBNil). Accordingly, an impairment loss of RMB14,488,000 (2023: RMBNil) was recognised in “Other losses” of the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

The fair value less cost of disposal was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the fair value less cost of disposal included the construction costs of similar plants, ranging from RMB1,195 per square meter to RMB2,071 per square meter, and the reset full price of machines or equipment of the same model, ranging from RMB37,000 to RMB54,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test of construction in progress

Management conducted its annual review of the carrying amount of construction in progress to assess for indicators of impairment. At the reporting date, indicators of impairment were identified in relation to certain construction projects intended for the planned production of western medicine and Chinese medicine (2023: Chinese medicine). This was due to intense competition in the active pharmaceutical ingredient market, which led the Group and the Company to discontinue further construction of the plants.

Management assessed the recoverable amount of the construction in progress of western medicine production, using fair value less costs of disposal. Fair value less costs of disposal was assessed to be RMBNil, considering the age conditions of the construction in progress. Accordingly, an impairment loss of RMB13,141,000 (2023: RMBNil) was recognised in “Other losses” of the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

Management assessed the recoverable amount of the construction in progress of Chinese medicine, using fair value less costs of disposal based on replacement cost approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB32,526,000 (2023: RMB24,951,000). Accordingly, an impairment loss of RMB32,526,000 (2023: RMB24,951,000) was recognised in “Other losses” of the Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

The fair value less cost of disposal of the construction in progress of Chinese medicine production was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the fair value less cost of disposal is the construction costs of a similar production plant ranging from RMB1,796 to RMB2,850 (2023: RMB2,010 to RMB3,150) per square meter.

Allocation of depreciation expense:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cost of sales	64,106	63,401	49,935	45,991
Marketing and distribution expenses	569	485	52	35
Research and development expenses	6,329	7,102	5,305	5,570
Administrative expenses	30,180	32,699	15,584	20,555
	101,184	103,687	70,876	72,151

Certain titles of the buildings of the Group and the Company with carrying values of RMB35,350,000 and RMB27,202,000 (2023: RMB38,823,000 and RMB29,175,000), respectively at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5 INVESTMENT PROPERTIES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cost				
At beginning of the year	34,131	34,131	32,310	32,310
Disposal of subsidiaries	(1,821)	–	–	–
At end of the year	32,310	34,131	32,310	32,310
Accumulated depreciation and impairment				
At beginning of the year	21,102	20,032	20,011	18,989
Depreciation	1,070	1,070	1,020	1,022
Disposal of subsidiaries	(1,141)	–	–	–
At end of the year	21,031	21,102	21,031	20,011
Carrying value				
At beginning of the year	13,029	14,099	12,299	13,321
At end of the year	11,279	13,029	11,279	12,299
Other information				
Fair value	207,012	208,567	191,085	193,866
Rental and service income	6,433	7,971	5,048	6,586

The depreciation expense is charged to cost of sales.

All investment properties of the Group are located in Tianjin, PRC. These properties are leased out under operating leases. Please also see Note 24 on operating lease income commitments.

There are no restrictions on the realisability of investment properties, and remittance of income and proceeds from disposals.

The fair value is estimated by management based on the use of inputs other than quoted prices observable for the assets, either directly or indirectly. The valuation technique used is the comparison of market evidence of recent transaction prices for similar properties. Management had obtained the market information from publicly available sources based on recent transactions in the vicinity of the investment properties held by the Group and the Company. The fair value is regarded as Level 3 in terms of disclosure about fair value measurement. Inputs for the valuation encompass recent market transaction prices for similar properties in the vicinity of the investment properties held by the Group and the Company. The observable inputs and range (weighted average) is from RMB10,100 to RMB11,100 (2023: RMB9,600 to RMB11,800) per square metre.

Certain titles of investment properties of the Group and the Company with carrying value of RMB4,504,000 (2023: RMB4,799,000) at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6 RIGHT-OF-USE ASSETS

Group	2024 RMB'000	2023 RMB'000
At cost		
At beginning of the year	15,029	7,997
Additions	7,485	7,284
Lease modifications	(1,538)	–
Written off	(2,377)	(252)
Disposal of subsidiaries	(8,939)	–
At end of the year	9,660	15,029
Accumulated depreciation and impairment		
At beginning of the year	8,260	5,003
Depreciation	4,418	3,509
Lease modifications	(341)	–
Written off	(2,377)	(252)
Disposal of subsidiaries	(6,945)	–
At end of the year	3,015	8,260
Carrying value		
At beginning of the year	6,769	2,994
At end of the year	6,645	6,769

The depreciation expense is charged to administrative expenses.

The leases are for shop premises. The lease contracts are usually for fixed periods of 3 to 5 years with no extension options. Lease terms contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7 LAND USE RIGHTS

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cost				
At beginning of the year	369,475	312,135	304,408	247,068
Additions	–	57,340	–	57,340
Disposal of subsidiaries	(2,096)	–	–	–
At end of the year	367,379	369,475	304,408	304,408
Accumulated amortisation and impairment				
At beginning of the year	117,736	108,114	100,731	94,972
Amortisation	7,338	9,622	5,950	5,759
Disposal of subsidiaries	(1,376)	–	–	–
At end of the year	123,698	117,736	106,681	100,731
Carrying value				
At beginning of the year	251,739	204,021	203,677	152,096
At end of the year	243,681	251,739	197,727	203,677

The amortisation expense is charged to administrative expenses.

The land use rights are for land in the PRC. Certain titles of land use rights of the Group and the Company with carrying value of RMB49,977,000 (2023: RMB51,845,000) at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8 INTANGIBLE ASSETS

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Goodwill	12,301	65,911	–	–
Other intangible assets	93,934	79,086	49,723	19,216
	106,235	144,997	49,723	19,216

(a) Goodwill

	Group	
	2024 RMB'000	2023 RMB'000
Cost		
At beginning and end of the year	105,480	105,480
Accumulated impairment		
At beginning of the year	39,569	20,787
Impairment recognised under other losses (Note 27)	53,610	18,782
At end of the year	93,179	39,569
Carrying value		
At beginning of the year	65,911	84,693
At end of the year	12,301	65,911

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing at the reporting date. An impairment loss is the amount by which the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU is the higher of its fair value less costs of disposal or its value-in-use.

The CGU above represents Newscen Coast Bio-Pharmaceutical Co., Ltd. ("Newscen Coast"), which was acquired by the Group in 2022. The recoverable amount of the CGU has been measured based on the value-in-use method. The value-in-use was measured by management using the discounted cash flow method.

At the reporting date, the carrying amount of the CGU was higher than its recoverable amount by RMB53,610,000 (2023: RMB18,782,000). Accordingly, an impairment loss of RMB53,610,000 (2023: RMB18,782,000) was recognised in the "other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024. The impairment loss was allocated to goodwill.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on the historical data from both external and internal sources.

	2024	2023
Revenue growth rates (i)	19.78% to 49.61%	18.84% to 37.20%
Terminal growth rates	0%	0%
Discount rates (ii)	11.54%	11.25%
Cash flow forecasts	5 years	5 years

(i) Estimated based on historical trends and most recent financial budgets and plans approved.

(ii) Estimated using pre-tax discount rates that reflect current market assessments at the risks specific to CGU.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the CGU at the reporting date, assuming if all other assumptions were held constant.

If actual revenue growth rates for each of the years in management's forecasts had been one percentage point less favourable than management's estimates, the recoverable amount of the CGU would have decreased by approximately RMB5,517,000 (2023: RMB8,437,000), resulting in an increase in impairment loss by approximately RMB5,517,000 (2023: RMB8,437,000).

If the discount rate applied to management's discounted cash flows had been higher by one percentage point, the recoverable amount of the CGU would have decreased by approximately RMB5,493,000 (2023: RMB10,696,000), resulting in an increase in impairment loss by approximately RMB5,493,000 (2023: RMB10,696,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8 INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets

	Production technology RMB'000	Patents RMB'000	Trademarks RMB'000	Software RMB'000	Development cost RMB'000	Total RMB'000
Group						
At cost						
At 1 January 2023	61,817	1,700	13,760	30,177	11,002	118,456
Additions	–	150	–	992	2,074	3,216
At 31 December 2023	61,817	1,850	13,760	31,169	13,076	121,672
Additions	–	–	–	2,443	29,250	31,693
Disposal of subsidiaries	(14)	–	–	(12,652)	–	(12,666)
At 31 December 2024	61,803	1,850	13,760	20,960	42,326	140,699
Accumulated amortisation and impairment						
At 1 January 2023	10,298	1,517	2,060	16,472	–	30,347
Amortisation	8,642	52	1,200	2,345	–	12,239
At 31 December 2023	18,940	1,569	3,260	18,817	–	42,586
Amortisation	8,296	60	1,200	2,371	–	11,927
Disposal of subsidiaries	(14)	–	–	(7,734)	–	(7,748)
At 31 December 2024	27,222	1,629	4,460	13,454	–	46,765
Carrying value						
At 31 December 2023	42,877	281	10,500	12,352	13,076	79,086
At 31 December 2024	34,581	221	9,300	7,506	42,326	93,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8 INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (Cont'd)

	Production technology RMB'000	Patents RMB'000	Trademarks RMB'000	Software RMB'000	Development cost RMB'000	Total RMB'000
Company						
Cost						
At 1 January 2023	8,997	1,700	1,760	14,590	11,002	38,049
Additions	–	–	–	993	2,074	3,067
At 31 December 2023	8,997	1,700	1,760	15,583	13,076	41,116
Additions	–	–	–	2,398	29,250	31,648
At 31 December 2024	8,997	1,700	1,760	17,981	42,326	72,764
Accumulated amortisation and impairment						
At 1 January 2023	7,564	1,517	1,760	9,951	–	20,792
Amortisation	100	50	–	958	–	1,108
At 31 December 2023	7,664	1,567	1,760	10,909	–	21,900
Amortisation	100	50	–	991	–	1,141
At 31 December 2024	7,764	1,617	1,760	11,900	–	23,041
Carrying value						
At 31 December 2023	1,333	133	–	4,674	13,076	19,216
At 31 December 2024	1,233	83	–	6,081	42,326	49,723

The amortisation expense is charged to administrative expenses.

At the reporting date, the production technology and trademarks are expected to be fully amortised within the next 7 years (2023: 8 years), while the software is expected to be fully amortised within the next 2 to 3 years (2023: 2 to 3 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES

	Company	
	2024 RMB'000	2023 RMB'000
Unquoted equity shares, at cost	1,239,945	1,748,954
Less: Accumulated impairment	(191,411)	(96,500)
	1,048,534	1,652,454
Movements in cost		
At beginning of the year	1,748,954	1,601,281
Additions	35,100	239,770
Disposals	(520,060)	–
De-registration	(24,049)	(92,097)
At end of the year	1,239,945	1,748,954
Movements in accumulated impairment		
At beginning of the year	96,500	65,016
Impairment loss	111,961	31,484
De-registration	(17,050)	–
At end of the year	191,411	96,500

Details of the Company's significant subsidiaries at the reporting date are as follows:

Name of subsidiary	Principal activities	Effective interests held by the Company	
		2024 %	2023 %
Held by the Company			
Beijing Zhong Xin Yaogu Medical Co., Ltd. (达仁堂(北京)医药科技有限公司)	Wholesale and retail sale of medicine	100	100
Tianjin Zhong Xin Chuyun Trading Co., Ltd. (天津中新楚运贸易有限公司)	Logistics, stocks, services, equipment installation and processing of medicine	–	100
Tianjin Hebei Daren Hospital (天津河北达仁医院)	Operation of hospital	–	100
Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd. (“Da Ren Tang Jingwanhong”) (天津达仁堂京万红药业有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100
Tianjin Shin Poong Pharmaceutical Co., Ltd. (“Tianjin Shin Poong”) (天津新丰制药有限公司)	Manufacture and sale of western pharmaceutical products	55	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Effective interests held by the Company	
		2024 %	2023 %
Darentang (Tianjin) Traditional Chinese Medicine Decoction Pieces Co., Ltd. (“ Tianjin Chinese Medicinal Slices ”) (达仁堂(天津)中药饮片有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100
Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. (天津中新药业集团新新(沧州)制药有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100
Tianjin Hebei Da Ren Tang Hospital Co., Ltd. (天津河北达仁堂医院有限公司)	Hospital	100	100
Tianjin Zhongxin Medicine Co., Ltd. (“ TJZX Medicine ”) (天津中新医药有限公司)	Wholesale of pharmaceutical products	–	100
NewScen Coast Bio-Pharmaceutical Co., Ltd. (“ Newscen Coast ”) (天津中新科炬生物制药股份有限公司)	Manufacture and sale of biological medicine	64	64
Tianjin Pharmaceutical Da Ren Tang Hongkong Development Limited (“ Da Ren Tang Hong Kong ”) (津药达仁堂香港发展有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	100	100
Tianjin Pharmaceutical Da Ren Tang Group Singapore Development Limited (“ Da Ren Tang Singapore ”) (津药达仁堂新加坡发展有限公司)	Dormant	100	100
Held by Tianjin Chinese Medicinal Slices			
Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd (天津达仁堂(亳州)中药饮片有限公司)	Manufacture and sale of Chinese medicine	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Effective interests held by the Company	
		2024 %	2023 %
Held by Da Ren Tang Jingwanhong			
Tianjin Jingwanhong Pharmacy Co., Ltd. (天津京万红大药房有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	100	100
Tianjin Jingwanhong Health Industry Development Co., Ltd. (天津京万红健康产业发展有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	100	100
Held by TJZX Medicine			
Bin Hai Zhong Xin Pharmaceutical Co., Ltd. (天津中新药业滨海有限公司)	Sale of Chinese pharmaceutical products and biological products	–	54
Tianjin Zhong Xin Pharmaceutical Group Guowei Medical Co., Ltd. (天津中新药业集团国卫医药有限公司)	Wholesale and retail sale of medicine	–	51
Tianjin Zhong Xin Pharmaceutical Group Xuzhi Medical Science and Technology Co., Ltd. (“Tianjin Zhong Xin Pharmaceutical Group Xuzhi”) (天津中新药业集团旭志医药科技有限公司)	Sale of Chinese pharmaceutical products and biological products	–	51
Held by Tianjin Zhong Xin Pharmaceutical Group Xuzhi			
Tianjin Zhong Xin Pharmaceutical Group Darentang Zhong Xing Pharmacy Co., Ltd. (天津中新药业集团达仁堂中兴大药房有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	–	51
Tianjin Zhong Xin Pharmaceutical Group Darentang Zhong Hui Pharmacy Co., Ltd. (天津中新药业集团达仁堂中惠大药房有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	–	51
Held by NewScen Coast			
NewScen Coast Bio Pharmaceutical Sales Co., Ltd. (天津中新科炬生物制药产品销售有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and daily use products	62.78	62.78

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES (CONT'D)

Other than Da Ren Tang Hong Kong and Da Ren Tang Singapore, the principal place of business of all the subsidiaries is in the PRC. All subsidiaries registered in the PRC are audited by CAC Certified Public Accountants LLP China.

(a) Disposal of TJZX Medicine and its subsidiaries

On 25 December 2024, the Company disposed of its entire equity interests in TJZX Medicine to Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. ("Taiping Medicine"), a subsidiary of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. ("TPH") in exchange of 43.35% equity interests in Taiping Medicine. Consequently, the Company lost control over TJZX Medicine and accounted for Taiping Medicine as an associate.

Management assessed the disposal of TJZX Medicine and its subsidiaries and acquisition of Taiping Medicine as a common control transaction considering that TPH is the controlling shareholder of Taiping Medicine and the Company. Accordingly, the acquisition of Taiping Medicine as an associate is accounted for using book value accounting.

Effect of the disposal of TJZX Medicine and its subsidiaries

	Group \$'000
Property, plant and equipment	35,437
Investment properties	680
Right-of-use assets	1,994
Land use rights	720
Intangible assets	4,918
Deferred tax assets	9,927
Other financial assets	40,980
Other assets	33,595
Inventories	294,234
Trade and other receivables	1,572,058
Cash and cash equivalents	347,800
Income tax payable	(285)
Trade and other payables	(924,434)
Lease liabilities	(1,752)
Other financial liabilities	(1,002,248)
Other liabilities	(10,854)
	402,770
Non-controlling interests	(19,106)
Net identifiable assets and liabilities disposed of	383,664
Gain or loss disposal of subsidiary	-
Consideration for disposal of subsidiary, which is recognised as acquisition of interest in associate (Note 10)	383,664
Net cash outflows arising from disposal of TJZX Medicine and its subsidiaries	
Cash and cash equivalents disposed	(347,800)
	(347,800)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES (CONT'D)

(b) Acquisition of non-controlling interests without change in control

On 10 January 2023, the Company subscribed additional 6,600,000 shares in NewScen Coast for a cash consideration of RMB52,800,000 via NewScen Coast's private placement, following which the equity interests held by the Company in NewScen Coast increased to 64.06%. This change in ownership interest in NewScen Coast did not result in change in control of NewScen Coast. The carrying amount of the non-controlling interest at date of acquisition was approximately RMB31,985,000. The difference between the change in non-controlling interest balance and the consideration paid, amounting to RMB32,166,000 was recognised in capital reserve (Note 18).

(c) Impairment test of investment in subsidiaries

An impairment of RMB111,961,000 (2023: RMB31,484,000) was recognised in relation to the Company's investments in Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. and NewScen Coast (2023: Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd., NewScen Coast and Tianjin Shin Poong Pharmaceutical Co., Ltd.) for the year ended 31 December 2024, because the subsidiaries are loss-making and in capital deficit positions.

The key assumptions used in the impairment of investments in Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. and NewScen Coast are disclosed in Notes 4 and 8(a), respectively.

(d) Material subsidiaries with non-controlling interests ("NCI")

The following summarised financial information for the above subsidiaries are prepared in accordance with IFRSs, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	NewScen Coast RMB'000	Tianjin Shin Poong RMB'000	Other individually immaterial subsidiaries RMB'000	Total RMB'000
2024				
Revenue	25,251	-		
Loss for the year	(16,831)	(8,487)		
Other comprehensive income for the year	-	-		
Total comprehensive loss for the year	(16,831)	(8,487)		
Attributable to NCI:				
- Loss for the year	(6,070)	(3,818)		
- Other comprehensive income	-	-		
- Total comprehensive loss for the year	(6,070)	(3,818)	(4,228)	(14,116)
Non-current assets	71,391	44,711		
Current assets	19,880	123		
Non-current liabilities	(6,366)	-		
Current liabilities	(30,492)	(73,286)		
Net assets/(liabilities)	54,413	(28,452)		
Net assets/(liabilities) attributable to NCI	19,147	(12,803)	-	6,344
Cash flows used in operating activities	(4,909)	(2,554)		
Cash flows used in investing activities	(656)	-		
Cash flows from financing activities	148	2,554		
Net decrease in cash and cash equivalents	(5,417)	-		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9 SUBSIDIARIES (CONT'D)

(d) Material subsidiaries with non-controlling interests ("NCI") (Cont'd)

	NewScen Coast RMB'000	Tianjin Shin Poong RMB'000	Other individually immaterial subsidiaries RMB'000	Total RMB'000
2023				
Revenue	33,499	–		
Loss for the year	(30,388)	(20,844)		
Other comprehensive income for the year	–	–		
Total comprehensive loss for the year	(30,388)	(20,844)		
Attributable to NCI:				
– (Loss)/profit for the year	(10,956)	(9,380)	2,334	(18,002)
– Other comprehensive income	–	–	–	–
– Total comprehensive (loss)/income for the year	(10,956)	(9,380)	2,334	(18,002)
Non-current assets	83,255	47,638		
Current assets	31,338	78		
Non-current liabilities	(7,807)	–		
Current liabilities	(35,542)	(67,682)		
Net assets/(liabilities)	71,244	(19,966)		
Net assets/(liabilities) attributable to NCI	25,217	(8,985)	28,314	44,546
Cash flows used in operating activities	(26,905)	(19,360)		
Cash flows used in investing activities	(346)	–		
Cash flows from financing activities	28,663	19,152		
Net increase/(decrease) in cash and cash equivalents	1,412	(208)		

10 ASSOCIATES

	Group and Company	
	2024	2023
	RMB'000	RMB'000
Unquoted equity shares, at cost	1,122,444	513,540
Less: Accumulated impairment	(14,220)	(14,220)
Share of post-acquisition results, net of dividends received	168,391	359,551
Share of other equity items of associates	16,913	23,436
	1,293,528	882,307

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10 ASSOCIATES (CONT'D)

The associates held by the Group and the Company are as follows:

Name of associates	Principal activities	Effective interests held by the Group and the Company	
		2024 %	2023 %
Held by the Company			
Tianjin Hong Ren Tang Pharmaceutical Co., Ltd (“Hong Ren Tang”) (天津宏仁堂药业有限公司) ^(a)	Manufacture and sale of pharmaceutical products	40	40
Sino-American Tianjin SmithKline & French Lab., Ltd. (“Tianjin SmithKline & French”) (中美天津史克制药有限公司) ^(b)	Manufacture and sale of western medicine and biochemical products	12	25
Tianjin Yiyao Printing Co., Ltd. (“Yiyao Printing”) (天津宜药印务有限公司) ^(c)	Packing of medical and other products and printing of paper for packaging purposes	35	35
Tianjin Bio-Chip Co., Ltd. (天津生物芯片技术有限责任公司) ^(e)	Development and sale of biological products	26	26
Tianjin International Exhibition Centre Co., Ltd. (天津国展中心股份有限公司) ^(d)	Marketing, conference and exhibition services	20	20
Tianjin Pharmaceutical Group Finance Co., Ltd. (“Tianjin Finance”) (天津医药集团财务公司) ^(c)	Financial services	30	15
Tianjin Pharmaceutical Marketing Management Co., Ltd. (天津医药集团营销管理有限公司) ^(c)	Marketing, conference and exhibition services	20	20
Dujiangyan Zhong Xin Chinese Herbs Cultivation Co., Ltd. (都江堰市中新中药材种植有限公司) ^(e)	Cultivation and processing of Chinese herbs	30	30
Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (“Taiping Medicine”) (津药太平医药有限公司) ^(c)	Cultivation and processing of Chinese herbs	43	–

(a) Audited by Mazars Certified Public Accountants LLP in the PRC.

(b) Audited by KPMG Huazhen LLP in the PRC.

(c) Audited by CAC Certified Public Accountants LLP China in the PRC.

(d) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP in the PRC.

(e) Not significant to the Group and auditors are not appointed.

All associates of the Group and the Company are registered in the PRC. The principal place of business of all the associates is in the PRC.

Management assessed that the Company has significant influence over Tianjin SmithKline & French considering its contractual right to appoint its representative to the Board of Directors of the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10 ASSOCIATES (CONT'D)

The Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditing firms of certain associates would not compromise the standard and effectiveness of the audit of the Group.

The Group has four (2023: two) associates that are material and a number of associates that are individually immaterial to the Group. All are equity accounted. These material associates are suppliers of certain medicine products to the Group.

The following summarises the financial information of each of the Group's and the Company's material associates based on their respective financial statements prepared in accordance with IFRSs, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of results and other comprehensive income of the remaining individually immaterial associates.

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
2024						
Revenue	311,662	3,558,857	63,337	-		
Profit for the year	55,398	710,960	20,738	-		
Other comprehensive income for the year	(14,435)	-	-	-		
Total comprehensive income for the year	40,963	710,960	20,738	-		
Non-current assets	556,220	474,300	33,062	208,421		
Current assets	227,180	2,278,381	7,703,054	6,486,777		
Non-current liabilities	(131,083)	-	-	(181,000)		
Current liabilities	(76,439)	(2,076,539)	(6,608,629)	(5,523,222)		
Net assets of associates	575,878	676,142	1,127,487	990,976		
Net assets attributable to NCI	-	-	-	(32,797)		
Net assets attributable to investee's shareholders	575,878	676,142	1,127,487	958,179		
Equity interests	40%	12%	30%	43%		
Proportion of the Group's interest in associates	230,351	81,137	338,246	415,371	136,087	1,201,192
Goodwill	92,336	-	-	-	-	92,336
Carrying amount of interest in associates	322,687	81,137	338,246	415,371	136,087	1,293,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10 ASSOCIATES (CONT'D)

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
Group's interest in net assets of associates						
At beginning of the year	306,302	341,398	92,812	-	141,795	882,307
Additions	-	-	237,824	31,707	-	269,531
Carrying amount of interest in associate acquired (Note 9)	-	-	-	383,664	-	383,664
Bargain purchase gain on acquisition of additional equity interests (Note 27)	-	-	5,852	-	-	5,852
Capital distribution	-	-	-	-	(5,280)	(5,280)
Partial disposal of associate	-	(50,143)	-	-	-	(50,143)
Share of results of associates, net of tax	22,159	140,370	5,358	-	321	168,208
Share of other comprehensive loss of associates, net of tax	(5,774)	-	-	-	(749)	(6,523)
Share of total comprehensive income of associates	16,385	140,370	5,358	-	(428)	161,685
Dividends received	-	(350,488)	(3,600)	-	-	(354,088)
At end of the year	322,687	81,137	338,246	415,371	136,087	1,293,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10 ASSOCIATES (CONT'D)

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Immaterial associates RMB'000	Total RMB'000
2023				
Revenue	361,506	3,581,879		
Profit for the year	80,319	978,751		
Other comprehensive income for the year	10,529	–		
Total comprehensive income for the year	90,848	978,751		
Non-current assets	564,765	517,702		
Current assets	176,030	2,613,829		
Non-current liabilities	(124,305)	–		
Current liabilities	(81,575)	(1,765,941)		
Net assets of associates	534,915	1,365,590		
Equity interests	40%	25%		
Proportion of the Group's interest in associates	213,966	341,398	234,607	789,971
Goodwill	92,336	–	–	92,336
Carrying amount of interest in associates	306,302	341,398	234,607	882,307
Group's interest in net assets of associates at beginning of the year	269,963	273,415	216,815	760,193
Share of results of associates, net of tax	32,127	244,688	17,762	294,577
Share of other comprehensive income of associates, net of tax	4,212	–	555	4,767
Share of total comprehensive income of associates	36,339	244,688	18,317	299,344
Dividends received from associates	–	(176,705)	(525)	(177,230)
Group's interest in net assets of investee at end of the year	306,302	341,398	234,607	882,307

There are no significant restrictions on the ability of the material associates to transfer funds to the Group and the Company in the form of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11 OTHER FINANCIAL ASSETS

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Equity investments measured at FVOCI	92	367	92	367
Debt instruments measured at amortised cost	1,771,941	684,144	1,546,093	560,506
	1,772,033	684,511	1,546,185	560,873
Represented by:				
Non-current	771,961	622,812	578,146	560,873
Current	1,000,072	61,699	968,039	–
	1,772,033	684,511	1,546,185	560,873

Equity investments measured at FVOCI

	Group and Company	
	2024 RMB'000	2023 RMB'000
Unquoted equity shares	92	367
	92	367

Movement of equity investments measured at FVOCI is summarised below:

	Unquoted equity shares Group and Company	
	2024 RMB'000	2023 RMB'000
Fair value		
At beginning of the year	367	321
Change in fair value (Note 18)	(275)	46
At end of the year	92	367

Unquoted equity shares measured at FVOCI

The fair value measurement of the unquoted equity share is categorised as a Level 3 fair value, which was determined using the realisable net asset value approach. The fair value of unquoted equity shares are determined by referencing to the carrying amounts of the underlying assets and liabilities of the investee at the reporting date, which are the observable inputs. The investee is primarily involved in the business operation of pharmaceutical industry.

There were no transfers between the fair value hierarchy during the year.

No sensitivity analysis for price risk of unquoted equity shares is prepared as risk exposure is not significant to the Group and the Company.

The unquoted equity shares are denominated in the Company's functional currency which is RMB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11 OTHER FINANCIAL ASSETS (CONT'D)

Debt instruments measured at amortised cost

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Principal amounts	1,730,000	670,000	1,510,000	550,000
Interest receivables	41,941	14,144	36,093	10,506
	1,771,941	684,144	1,546,093	560,506

Movement of debt instruments measured at amortised cost is summarised below:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
At beginning of the year	684,144	81,566	560,506	–
Additions	1,160,000	630,000	960,000	550,000
Redemption of principal amounts	(60,000)	(40,000)	–	–
Redemption of interests	(1,460)	(852)	–	–
Accretion of debt instruments measured at amortised cost	30,237	13,430	25,587	10,506
Disposal of subsidiaries (Note 9)	(40,980)	–	–	–
At end of the year	1,771,941	684,144	1,546,093	560,506

A summary of the principal amounts of the debt instruments are as follows:

	Interest rate	Maturity date	Group		Company	
			2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Debt instrument	2.90	30 Mar 2024	–	20,000	–	–
Debt instrument	2.25	25 Apr 2024	–	20,000	–	–
Debt instrument	2.70	20 Oct 2024	–	20,000	–	–
Debt instrument	1.85	5 Jan 2025	70,000	–	70,000	–
Debt instrument	1.85	9 Jan 2025	30,000	–	30,000	–
Debt instrument	1.90	10 Jan 2025	30,000	–	30,000	–
Debt instrument	1.90	16 Jan 2025	70,000	–	70,000	–
Debt instrument	1.70	18 Jan 2025	20,000	–	20,000	–
Debt instrument	1.90	24 Jan 2025	30,000	–	30,000	–
Debt instrument	1.60	5 Feb 2025	50,000	–	50,000	–
Debt instrument	1.80	19 Feb 2025	65,000	–	65,000	–
Debt instrument	1.80	19 Feb 2025	90,000	–	90,000	–
Debt instrument	1.80	20 Feb 2025	65,000	–	65,000	–
Debt instrument	1.80	21 Feb 2025	50,000	–	50,000	–
Debt instrument	3.55	8 Apr 2025	10,000	10,000	–	–
Debt instrument	3.55	14 Apr 2025	10,000	10,000	–	–
Debt instrument	1.95	12 Jun 2025	90,000	–	90,000	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11 OTHER FINANCIAL ASSETS (CONT'D)

Debt instruments measured at amortised cost (Cont'd)

	Interest rate	Maturity date	Group		Company	
			2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Debt instrument	1.94	27 Jun 2025	10,000	–	–	–
Debt instrument	1.94	28 Jun 2025	200,000	–	200,000	–
Debt instrument	1.90	22 Aug 2025	100,000	–	100,000	–
Debt instrument	2.11	8 Mar 2026	20,000	–	–	–
Debt instrument	3.20	11 May 2026	100,000	100,000	100,000	100,000
Debt instrument	3.10	11 May 2026	50,000	50,000	50,000	50,000
Debt instrument	3.10	15 May 2026	100,000	100,000	100,000	100,000
Debt instrument	3.10	16 May 2026	50,000	50,000	50,000	50,000
Debt instrument	3.25	17 May 2026	50,000	50,000	50,000	50,000
Debt instrument	3.25	18 May 2026	50,000	50,000	50,000	50,000
Debt instrument	3.10	22 May 2026	20,000	20,000	–	–
Debt instrument	3.15	25 May 2026	100,000	100,000	100,000	100,000
Debt instrument	3.10	21 Jun 2026	20,000	20,000	–	–
Debt instrument	2.11	27 Jun 2026	20,000	–	–	–
Debt instrument	1.97	13 Sep 2026	10,000	–	–	–
Debt instrument	3.00	20 Sep 2026	50,000	50,000	50,000	50,000
Debt instrument	2.37	8 Mar 2027	20,000	–	–	–
Debt instrument	2.37	28 Apr 2027	40,000	–	–	–
Debt instrument	2.17	13 Sep 2027	20,000	–	–	–
Debt instrument	1.92	12 Nov 2027	20,000	–	–	–
			1,730,000	670,000	1,510,000	550,000

The debt instruments of the Group and the Company include debt instruments placed with an associate company amounting to RMB363,954,000 (2023: RMBNil) and RMB202,006,000 (2023: RMBNil), respectively.

For the purpose of impairment assessment, these debt instruments are considered to have low credit risk as they are held by reputable financial institutions. Accordingly, for the purpose of impairment assessment of these debts instruments, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, the Group has taken into account the historical default experience, the financial positions of the counterparties, as well as considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. No loss allowance is recognised at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12 OTHER ASSETS

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current				
Prepayments	26,031	56,039	24,078	51,293
	26,031	56,039	24,078	51,293
Current				
Prepayments	25,339	75,718	23,487	17,401
Value-added taxes recoverable	27,618	35,354	13,287	17,222
Income tax recoverable	24	257	–	–
	52,981	111,329	36,774	34,623
	79,012	167,368	60,852	85,916

13 INVENTORIES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Raw materials	672,399	765,396	627,738	726,561
Work-in-progress	134,807	153,078	119,437	143,329
Finished goods	478,481	648,044	407,012	253,735
	1,285,687	1,566,518	1,154,187	1,123,625

Inventories are stated after write-down to net realisable values. Movements in allowance for write-down are as follows:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
At beginning of the year	83,895	64,451	61,039	43,230
Charged to profit or loss included in other losses (Note 27)	17,555	28,130	16,207	17,851
Written-off	(8,095)	(8,686)	(2,047)	(42)
Disposal of subsidiaries	(5,919)	–	–	–
At end of the year	87,436	83,895	75,199	61,039

The cost of inventories recognised as an expense and included in “cost of sales” line item in the consolidated profit or loss amounted to RMB2,911,106,000 (2023: RMB4,436,081,000) for the financial year ended 31 December 2024.

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Trade receivables				
Trade receivables:				
– Third parties	664,613	2,313,482	425,595	357,724
– Subsidiaries	–	–	63,176	208,260
– Associates	16,527	3,698	14,854	–
– Related parties	174,218	25,643	154,148	14,459
	855,358	2,342,823	657,773	580,443
Bills receivables	560,062	484,891	522,772	357,311
	1,415,420	2,827,714	1,180,545	937,754
Less: Allowance for impairment				
– ECL allowance on specific credit-impaired debtors	(15,399)	(13,753)	(5,858)	(1,300)
– ECL allowance assessed on portfolio of debtors	(83,666)	(160,880)	(62,054)	(62,730)
	1,316,355	2,653,081	1,112,633	873,724
Other receivables and deposits				
Third parties	25,890	55,859	14,958	40,856
Subsidiaries	–	–	28,546	1,139,986
Associates	17,522	17,561	17,522	17,561
Related parties	3,961	348	3,277	148
	47,373	73,768	64,303	1,198,551
Less: ECL allowance on specific credit-impaired debtors	(38,839)	(39,920)	(30,196)	(30,210)
	8,534	33,848	34,107	1,168,341
	1,324,889	2,686,929	1,146,740	2,042,065

As at 31 December 2024, other receivables and deposits comprised mainly suppliers and utilities deposits (2023: a deposit paid for acquisition of interests in an associate of RMB26,000,000, suppliers and utilities deposits).

The non-trade amounts due from subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

Trade receivables

The ECL of trade receivables are based on the simplified approach, which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets except for those individual debtors which were identified to have significant increase in credit risk since its date of initial recognition and credit impaired individually. The trade debtors are grouped based on shared credit risk characteristics and the days past due for measuring ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (Cont'd)

Movements in allowance for ECL of trade receivables are as follows:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year	174,633	154,498	64,030	61,000
Impairment loss	49,582	23,599	3,882	3,030
Written-off	-	(3,464)	-	-
Disposal of subsidiaries	(125,150)	-	-	-
At end of the year	99,065	174,633	67,912	64,030

Trade receivables are written-off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

At each reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The ageing of trade receivables, subject to portfolio assessment are as follows:

	Group			Company		
	Gross amount	ECL rate	Loss allowance	Gross amount	ECL rate	Loss allowance
	RMB'000	%	RMB'000	RMB'000	%	RMB'000
2024						
Trade receivables						
Within 1 year	740,140	0.13	(958)	581,536	0.12	(676)
1-2 years	20,787	20	(4,157)	11,251	20	(2,250)
2-3 years	963	50	(482)	-	-	-
Over 3 years	78,069	100	(78,069)	59,128	100	(59,128)
	839,959		(83,666)	651,915		(62,054)
Specific credit impaired	15,399	100	(15,399)	5,858	100	(5,858)
	855,358		(99,065)	657,773		(67,912)
Bills receivables	560,062	-	-	522,772	-	-
	1,415,420		(99,065)	1,180,545		(67,912)
2023						
Within 1 year	2,104,435	0.13	(2,733)	503,924	0.08	(384)
1-2 years	80,156	20	(16,032)	16,091	20	(3,218)
2-3 years	13,748	50	(6,874)	-	-	-
Over 3 years	135,241	100	(135,241)	59,128	100	(59,128)
	2,333,580		(160,880)	579,143		(62,730)
Specific credit impaired	9,243	100	(9,243)	1,300	100	(1,300)
	2,342,823		(170,123)	580,443		(64,030)
Bills receivables	484,891	0.93	(4,510)	357,311	-	-
	2,827,714		(174,633)	937,754		(64,030)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables (Cont'd)

There is no concentration of credit risk with respect to trade receivables as there are a large number of customers.

Bill receivables

Other than the impairment loss recognised, the bill receivables were graded as low risk individually due to low credit risk as these bill receivables were written by reputable financial institutions in the PRC.

Other receivables

The Group and the Company assess the ECL on other receivables, taking into consideration of qualitative and quantitative factors and available supportable relevant information. The Group and the Company measure the ECL on other receivables using 12-month ECL basis since its initial recognition and remeasure the ECL using lifetime ECL if the credit risk has significantly increased subsequently.

Movements in allowance for ECL of other receivables are as follows:

	12-month ECL RMB'000	Lifetime ECL – assessed on individual RMB'000	Total RMB'000
2024			
Group			
At beginning of the year	17,929	21,991	39,920
Impairment loss	210	304	514
Written-off	(39)	–	(39)
Disposal of subsidiaries	(911)	(645)	(1,556)
At end of the year	17,189	21,650	38,839
Company			
At beginning of the year	9,988	20,222	30,210
Reversal of impairment loss	(14)	–	(14)
At end of the year	9,974	20,222	30,196
2023			
Group			
At beginning of the year	18,167	22,057	40,224
Reversal of impairment loss	(238)	(66)	(304)
At end of the year	17,929	21,991	39,920
Company			
At beginning of the year	9,932	20,222	30,154
Impairment loss	56	–	56
At end of the year	9,988	20,222	30,210

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Not restricted in use	2,944,433	1,997,386	2,736,763	1,435,271
Cash pledged for bank facilities [#]	-	127,814	-	6,600
	2,944,433	2,125,200	2,736,763	1,441,871
Less: Cash pledged for bank facilities	-	(127,814)		
Cash and cash equivalents in consolidated statement of cash flows	2,944,433	1,997,386		

[#] Relates to restricted bank balances that include security deposits to cover bills payable (Note 19), with maturity terms less than 3 months.

In 2023, interest in relation to the cash pledged for bank facilities was approximately 1% per annum.

The bank balances of the Group and the Company include placement of deposits with an associate company amounting to RMB1,071,384,000 (2023: RMB1,019,472,000) and RMB882,763,000 (2023: RMB503,789,000), respectively.

Reconciliation of liabilities arising from financing activities

	At beginning of year RMB'000	Cash flows RMB'000	Non-cash changes			At end of the year RMB'000
			Interest expense RMB'000	Disposal of subsidiaries RMB'000	Others RMB'000	
2024						
Lease liabilities	6,307	(5,103)	1,192	(1,752)	6,288 ^(a)	6,932
Other financial liabilities	322,835	701,066	-	(1,002,248)	-	21,653
Interest payable	879	(28,375)	28,388	-	-	892
Dividends payable	21,867	(982,214)	-	-	986,980 ^(c)	26,633
Total liabilities from financing activities	351,888	(314,626)	29,580	(1,004,000)	993,268	56,110
2023						
Lease liabilities	4,968	(6,556)	611	-	7,284 ^(a)	6,307
Other financial liabilities	252,939	69,896	-	-	-	322,835
Interest payable	256	(20,208)	17,214	-	3,617 ^(b)	879
Dividends payable	17,596	(857,117)	-	-	861,388 ^(c)	21,867
Total liabilities from financing activities	275,759	(813,985)	17,825	-	872,289	351,888

(a) Being additional lease liabilities and lease modifications.

(b) Capitalisation of borrowing costs into construction in progress.

(c) Being final dividends proposed and approved and foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16 SHARE CAPITAL

	Group and Company		
	Number of ordinary share issues		Share capital RMB'000
	A-Shares	S-Shares	
At 1 January 2023	573,443,076	200,000,000	773,443
Repurchase and cancellation of shares under 2019 Restricted A-Share Incentive Scheme	(3,284,800)	–	(3,285)
At 31 December 2023 and 1 January 2024	570,158,276	200,000,000	770,158
Repurchase and cancellation of shares under 2019 Restricted A-Share Incentive Scheme	(63,920)	–	(64)
At 31 December 2024	570,094,356	200,000,000	770,094

	Group and Company		2023	
	2024		2023	
	Number of ordinary share issues	Share capital RMB'000	Number of ordinary share issues	Share capital RMB'000
A-shares	567,089,356	567,089	565,868,076	565,868
Restricted circulating shares	3,005,000	3,005	4,290,200	4,290
	570,094,356	570,094	570,158,276	570,158
S-shares	200,000,000	200,000	200,000,000	200,000
Total	770,094,356	770,094	770,158,276	770,158

All S-Shares and A-Shares rank pari passu in all aspects. The par value of these shares is RMB1. These shares are fully paid and carry one vote each and have no right to fixed income. The holders of these shares are entitled to receive dividends when declared by the Company. All shares carry one vote per share without restrictions at meetings of the Company.

In 1997, the Company issued 100,000,000 S-Shares for listing on the SGX. On 9 May 2002, the Company issued 40,000,000 A-Shares for listing on the SSE.

On 10 July 2015, the Company carried out a share placement exercise and issued 29,564,356 A-Shares with par value of RMB1 for cash at RMB28.28 each on the SSE.

The restricted circulating shares originated from legal person shares which were issued following the conversion of the Company from a state-owned enterprise to a company limited by shares. Legal person shares are restricted in trading. Pursuant to a share reform exercise approved by the Company's shareholders on 10 July 2006, Tianjin Pharmaceutical Holdings Co., Ltd., the former controlling shareholder of the Company, and the other holders of non-circulating legal person shares collectively offered 2.8 shares for every 10 circulating A-Shares to the circulating "A" shareholders registered as at 19 July 2006.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16 SHARE CAPITAL (CONT'D)

On 9 December 2019 and 6 July 2020, the Company granted 3,930,000 and 940,000 restricted circulating shares to employees, respectively, under the 2019 Restricted A-Share Incentive Scheme as disclosed in Note 17. These shares were registered on 7 January 2020 and 27 July 2020.

In 2020, 100,000 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2020.

On 2021, 200,000 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2022.

In 2023, 3,284,800 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2023.

In 2024, 63,920 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2024.

The restricted circulating shares cannot be sold in the market for a restricted period.

Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2024	2023
	\$'000	\$'000
Net debt		
All current and non-current		
– Lease liabilities	6,932	6,307
– Other financial liabilities	21,653	322,835
Less: Cash and cash equivalents	(2,944,433)	(2,125,200)
	N/A	N/A
Adjusted capital		
Total equity	7,849,938	6,652,274
Debt-to-adjusted capital ratio	[^]	[^]

[^] Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17 SHARE-BASED PAYMENTS

2019 Restricted A-Share Incentive Scheme

The 2019 Restricted A-Share Incentive Scheme (the “Scheme”) was approved at an Extraordinary General Meeting on 2 December 2019. The Scheme is administered by the board of directors. The Remuneration Committee is responsible for formulating and revising the Scheme while the Supervisory Committee and the Independent Directors act as the supervisory body for the Scheme.

The Scheme was established to improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, motivate key personnel of the Company, and align the interests of the shareholders and the Company with individual interests of members of the management team so that all parties will make joint efforts for the long-term development of the Company.

The incentive instruments to be issued under the Scheme are ordinary shares in the share capital of the Company denominated in RMB and listed on the SSE, which are subject to such restrictions as set out in the Scheme (“Restricted A-Shares”) only.

The Scheme is centred on the accomplishment of specific pre-determined performance objectives and service conditions, which is the prerequisite for the contingent award of fully paid Shares. The reward structure allows the Company to target specific performance objectives and incentivise the participants of the Scheme (the “Participants”) to put in their best efforts to achieve these targets.

Participants who were eligible to participate in the Scheme include directors, members of senior management, members of the Company’s management team that the board of directors considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of the subordinate enterprises of the Company (excluding the Company’s associated companies). The participants under the Scheme do not include supervisors, non-executive directors and independent directors, and also do not include controlling shareholders of the Company and their associates, directors and employees of the Company’s associated companies, and directors and employees of the Company’s parent company and its subsidiaries.

There shall be no restriction on the eligibility of any participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.

The aggregate number of Restricted A-Shares proposed to be granted to the participants under the Scheme shall be no more than 5,012,500 Restricted A-Shares, among which, the number of Initial Granted Restricted A-Shares shall be 4,010,000 Restricted A-Shares, representing approximately 80% of the total number of Restricted A-Shares proposed to be granted under the Scheme, while the balance number of Restricted A-Shares proposed to be reserved shall be 1,002,500 Restricted A-Shares, representing approximately 20% of total number of Restricted A-Shares proposed to be granted under the Scheme.

The number of Restricted A-Shares to be granted to any one participant under the Scheme shall not exceed 1% of total issued share capital of the Company prior to submission of the Scheme for consideration at the Extraordinary General Meeting held on 2 December 2019. The total number of Restricted A-Shares to be granted under the Scheme, when added to the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share incentive scheme of the Company for the time being in force (if any), shall not exceed 10% of total issued share capital of the Company from time to time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17 SHARE-BASED PAYMENTS (CONT'D)

2019 Restricted A-Share Incentive Scheme (Cont'd)

The final number of Restricted A-Shares awarded will depend on the achievement of pre-determined targets set for each release arrangement set out below:

Release arrangement	Release period	Proportion of Restricted A-Shares to be released as percentage of total number of Restricted A-Shares to be granted under the Scheme
First release period	Commencing on first trading day after expiry of 24-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 36-months period from date of completion of registration of Restricted A-Shares	33%
Second release period	Commencing on first trading day after expiry of 36-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 48-months period from date of completion of registration of Restricted A-Shares	33%
Third release period	Commencing on first trading day after expiry of 48-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 60-months period from date of completion of registration of Restricted A-Shares	34%

Restricted A-Shares granted to participants under the Scheme shall not be transferred or used as security or for repayment of debts during the relevant lock-up periods and shall be repurchased and cancelled by the Company if the release condition is not met.

Activities under the Scheme

On 9 December 2019 and 6 July 2020, the Company granted 3,930,000 and 940,000 Restricted A-Shares to employees at a grant price of RMB7.20 and RMB8.89, respectively. These Restricted A-Shares were registered on 7 January 2020 and 27 July 2020, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17 SHARE-BASED PAYMENTS (CONT'D)

Activities under the Scheme (Cont'd)

Details of Restricted A-Shares granted under the Scheme since commencement up to 31 December 2024 are as follows:

Participants	Aggregate Restricted A-Share outstanding At beginning of the year	Restricted A-Shares granted during the year	Restricted A-Shares repurchased and cancelled during the year	Restricted A-Shares vested and exercised during the year	Aggregate Restricted A-Shares outstanding At end of the year
For the year ended 31 December 2024					
Zhou Hong	23,800	-	-	-	23,800
Other participants ^(a)	1,261,400	-	(63,920)	-	1,197,480
	<u>1,285,200</u>	<u>-</u>	<u>(63,920)</u>	<u>-</u>	<u>1,221,280</u>
For the year ended 31 December 2023					
Wang Mai	70,000	-	(70,000)	-	-
Zhou Hong	70,000	-	(46,200)	-	23,800
Other participants ^(a)	4,430,000	-	(3,168,600)	-	1,261,400
	<u>4,570,000</u>	<u>-</u>	<u>(3,284,800)</u>	<u>-</u>	<u>1,285,200</u>

(a) Consists of management team, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of subordinate enterprises of the Company.

No participant has received 5% or more of total number of Restricted A-Shares available under the Scheme.

Accounting for the Scheme

Under the Scheme, directors and employees receive remuneration in the form of shares of the Company as consideration for services rendered. Restricted A-Shares are granted conditionally and the final number of Restricted A-Shares awarded will depend on the achievement of pre-determined targets.

The cost of the Scheme with employees are measured at fair value on grant date. The fair value is measured by reference to market price of the shares on grant date and the impact of any non-market vesting conditions. The cost of the Scheme is charged to profit or loss over the vesting period of the Scheme, with a corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual vesting, with a corresponding adjustment made in equity.

	Group and Company	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	8,259	27,239
Net reversal of share-based payments arising from repurchase and cancellation of Restricted A-shares (Note 29)	(24)	(18,980)
At end of the year	<u>8,235</u>	<u>8,259</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18 OTHER RESERVES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Capital reserve	(321,196)	(314,023)	120,863	128,036
Statutory common reserve	436,750	436,750	436,750	436,750
Fair value reserve	(8,599)	(8,366)	(8,599)	(8,366)
Merger reserve	7,604	7,604	(19,612)	(19,612)
Share-based payments reserve (Note 17)	8,235	8,259	8,235	8,259
	122,794	130,224	537,637	545,067

Capital reserve

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
At beginning of the year	(314,023)	(286,624)	128,036	123,269
Partial disposal of equity interests in an associate	(650)	-	(650)	-
Acquisition of non-controlling interests without change in control (Note 9(b))	-	(32,166)	-	-
Share of changes in other reserves of equity-accounted associates (Note 10)	(6,523)	4,767	(6,523)	4,767
At end of the year	(321,196)	(314,023)	120,863	128,036

Capital reserve comprised mainly share of reserves from equity-accounted associates. Capital reserve of the Group also included acquisition of non-controlling interests in the prior reporting periods.

Statutory common reserve

	Group and Company	
	2024 RMB'000	2023 RMB'000
At beginning and end of year	436,750	436,750

Under the regulations of the PRC, the Company and its subsidiaries are required to set up a statutory reserve which represents a non-distributable reserve made at a rate of 10% of net profit after tax until the reserve reaches 50% of the registered capital in accordance with their Articles of Association. The transfer to this reserve must be made before payment of dividends to shareholders. At the reporting date, the Group's and the Company's statutory common reserves have reached the limit of 50% of the registered capital and no further transfer was made during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18 OTHER RESERVES (CONT'D)

Statutory common reserve (Cont'd)

The statutory common reserve can only be used to set off against losses, to expand the entities' production operations or to increase its share capital. The Company and its subsidiaries may convert its statutory common reserve into share capital provided the remaining balance of such reserve is not less than 25% of the share capital.

The Company and certain subsidiaries may transfer a portion of its net profit to the statutory welfare reserve in accordance with their Articles of Association, as recommended by directors and approved by shareholders.

The statutory welfare reserve can only be used for the collective welfare of the employees of the Company and its subsidiaries.

Fair value reserve

	Group and Company	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	(8,366)	(8,405)
Change in fair value of equity investments measured at FVOCI	(275)	46
Deferred tax (Note 30)	42	(7)
	(233)	39
At end of the year	(8,599)	(8,366)

Merger reserve

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning and end of year	7,604	7,604	(19,612)	(19,612)

The merger reserve arises from the effects of business combination between entities under common control in prior reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Trade payables				
Trade payables:				
– Third parties	277,578	590,924	188,701	131,664
– Subsidiaries	–	–	3,539	39,509
– Associates	5,536	7,612	4,485	7,475
– Related parties	1,398	16,848	858	622
	284,512	615,384	197,583	179,270
Bill payables	–	510,708	–	83,417
Accrued termination benefits	6,402	15,885	6,057	13,364
Accrued employee benefits	267,223	243,705	249,745	210,028
	558,137	1,385,682	453,385	486,079
Other payables and accruals				
Third parties	1,616,282	1,401,229	1,408,464	1,183,728
Subsidiaries	–	–	–	9,700
Associates	23,485	–	23,485	–
Related parties	19,264	12,049	9,662	2,209
Capital contribution to an associate	31,707	–	31,707	–
	1,690,738	1,413,278	1,473,318	1,195,637
Other taxes payables	37,908	77,606	33,892	61,281
Dividends payable	26,633	21,867	26,633	21,867
	1,755,279	1,512,751	1,533,843	1,278,785
	2,313,416	2,898,433	1,987,228	1,764,864
Represented:				
Non-current	3,539	8,149	3,361	5,749
Current	2,309,877	2,890,284	1,983,867	1,759,115
	2,313,416	2,898,433	1,987,228	1,764,864

Other payables and accruals comprised mainly customers' deposits received and accrued marketing and distribution expenses.

The non-trade amounts due to subsidiaries comprised mainly advances granted and payments made on behalf, which are unsecured, interest-free and repayable on demand.

The non-trade amounts due to associates and related parties arose from purchase of plant and equipment and services rendered on behalf, which are unsecured, interest-free and repayable on demand.

Termination benefits are payable when employment is terminated by the Group and the Company before official retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

20 LEASE LIABILITIES

	Group	
	2024 RMB'000	2023 RMB'000
Lease liabilities		
Non-current	5,603	2,743
Current	1,329	3,564
	6,932	6,307
Undiscounted lease payments due:		
- Year 1	2,726	3,629
- Year 2	1,914	2,927
- Year 3	1,661	272
- Year 4	1,590	-
- Year 5	132	-
	8,023	6,828
Less: Unearned interest cost	(1,091)	(521)
	6,932	6,307

The Group leases office and shop premises for administrative and operating use purpose and the leases typically run for a period of 2 to 3 years. The Group's lease liabilities are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of RMB1,192,000 (2023: RMB611,000) is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised in profit or loss are set out below:

	Group	
	2024 RMB'000	2023 RMB'000
Short-term leases	13,247	13,339

As at 31 December 2024, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Total cash outflows for all leases during the year comprised:

	Group	
	2024 RMB'000	2023 RMB'000
Repayments of principal element of lease liabilities and lease interest	5,103	6,556
Rental expenses relating to short-term leases	13,247	13,339
	18,350	19,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

21 OTHER FINANCIAL LIABILITIES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current				
Bank loans (unsecured)	-	241,035	-	241,035
	-	241,035	-	241,035
Current				
Bank loans (unsecured)	21,653	81,800	19,653	-
	21,653	81,800	19,653	-
	21,653	322,835	19,653	241,035

Terms and conditions of outstanding bank loans are as follows:

	Interest rate [%]	Maturity	Group		Company	
			2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Unsecured loans						
Bank loans	2.78-3.45	2024	-	81,800	-	-
Bank loans	2.70	2025	21,653	122,888	19,653	122,888
Bank loans	2.70	2026	-	118,147	-	118,147
			21,653	322,835	19,653	241,035

22 OTHER LIABILITIES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Non-current				
Deferred income	55,139	57,143	40,274	37,347
Advanced payments received	30,532	35,539	20,532	20,532
	85,671	92,682	60,806	57,879
Current				
Contract liabilities	123,143	145,659	115,481	133,508
Other liabilities	63,846	27,901	63,249	8,605
Advanced payments received	417	-	392	-
	187,406	173,560	179,122	142,113
	273,077	266,242	239,928	199,992

Deferred income represents grants from government.

Other liabilities comprised mainly value-added tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

22 OTHER LIABILITIES (CONT'D)

Contract liabilities

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Contract liabilities	123,143	145,659	115,481	133,508

Contract liabilities relate primarily to advance considerations received from, and volume rebates to customers.

Significant changes in contract liabilities balances during the year are as follows:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at beginning of the year	(141,649)	(116,647)	(131,162)	(102,960)
Advance consideration received, excluding amounts recognised as revenue during the year	83,402	64,993	77,404	54,703
Changes in estimates of transaction price	35,731	(21,764)	35,731	(21,764)

Transaction price allocated to remaining performance obligations are as follows:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Expected to be recognised within one year	83,402	64,993	77,404	54,703

23 CAPITAL COMMITMENTS

Estimated amounts committed at the reporting date for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2024 RMB'000	2023 RMB'000
Contractual obligations to purchase and construct – not recognised as liability	2,680	72,573

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24 OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Undiscounted lease payments to be received:		
Not later than one year	4,736	5,233
Later than one year and not later than two years	2,773	4,139
Later than two years and not later than three years	1,414	1,966
Later than three years	1,314	1,796
	10,237	13,134

Operating lease income commitments are derived from the investment properties (Note 5).

25 REVENUE

Revenue classified by type of goods or services

	Group	
	2024	2023
	RMB'000	RMB'000
Sale of goods	7,292,490	8,206,080
Rental and service income	14,246	16,232
	7,306,736	8,222,312

Sale of goods

The sale of goods are recognised at point in time when the goods are delivered to the customers.

The Group's revenue is substantially derived from the People's Republic of China except for a small portion of the goods are exported. Accordingly, geographic market information in relation to revenue of the Group is not presented.

26 INTEREST INCOME

	Group	
	2024	2023
	RMB'000	RMB'000
Interest income from banks and financial institutions	28,777	54,642

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27 OTHER INCOME AND GAINS/(LOSSES)

	Group	
	2024 RMB'000	2023 RMB'000
Other income and gains:		
Bargain purchase gain on acquisition of additional equity interests in an associate	5,852	–
Reversal of ECL recognised in relation to other receivables (Note 14)	–	304
Reversal of termination benefits	4,972	2,900
Investment income on other financial assets at amortised cost	30,237	13,430
Gain on partial disposal of an associate	1,709,262	–
Government grants and subsidies	29,678	19,998
Gain on disposal of property, plant and equipment	73	–
Waiver of payables	9,143	2,182
Others	804	1,135
	1,790,021	39,949
Other losses:		
ECL recognised in relation to trade receivables	(44,785)	(19,089)
ECL recognised in relation to bill receivables	(4,797)	(4,510)
ECL recognised in relation to other receivables	(514)	–
Impairment of goodwill (Note 8)	(53,610)	(18,782)
Impairment of buildings, plants and machineries (Note 4)	(14,488)	–
Impairment of construction in progress (Note 4)	(45,667)	(24,951)
Foreign currency exchange losses	(1,513)	(1,132)
Write-down of inventories to net realisable value (Note 13)	(17,555)	(28,130)
Property, plant and equipment written off	–	(481)
	(182,929)	(97,075)

28 FINANCE COSTS

	Group	
	2024 RMB'000	2023 RMB'000
Interest expense on bank loans	28,388	20,831
Less: Interest expense capitalised in construction in progress	–	(3,617)
	28,388	17,214
Interest expense on lease liabilities (Note 20)	1,192	611
	29,580	17,825
Imputed interest on accrued termination benefits	1,058	6,764
	30,638	24,589

In 2023, the interest expense capitalised on construction in progress bore interest rate of 3.7% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29 EMPLOYEE BENEFITS EXPENSE

	Group	
	2024 RMB'000	2023 RMB'000
Salaries and bonuses	745,533	762,595
Contributions to defined contribution plans and other welfare	140,377	141,226
Post-employment benefits	107,010	106,005
Termination benefits	19,818	18,636
Net reversal of share-based payments arising from repurchase and cancellation of Restricted A-shares (Note 17)	(24)	(18,980)
	<u>1,012,714</u>	<u>1,009,482</u>

Allocation of employee benefits expense:

	Group	
	2024 RMB'000	2023 RMB'000
Cost of sales	288,149	351,361
Marketing and distribution expenses	409,876	336,859
Research and development expenses	51,122	50,945
Administrative expenses	263,567	270,317
	<u>1,012,714</u>	<u>1,009,482</u>

30 TAX EXPENSE

Components of tax expense recognised in profit or loss

	Group	
	2024 RMB'000	2023 RMB'000
Current tax		
Current tax expense	420,646	188,551
Adjustments in respect of prior years	(8,301)	(2,915)
	<u>412,345</u>	<u>185,636</u>
Deferred tax		
Deferred tax expense	(48,781)	(58,978)
	<u>(48,781)</u>	<u>(58,978)</u>
	<u>363,564</u>	<u>126,658</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30 TAX EXPENSE (CONT'D)

Components of tax expense recognised in profit or loss (Cont'd)

The income tax expense varied from the amount determined by applying the PRC statutory corporate tax rate of 25% (2023: 25%) to profit before tax as a result of the following differences:

	Group	
	2024	2023
	RMB'000	RMB'000
Profit before tax	2,578,783	1,095,363
Less: Share of results of equity-accounted associates, net of tax	(168,208)	(294,577)
	<u>2,410,575</u>	<u>800,786</u>
Income tax calculated at statutory tax rate	602,644	200,197
Effects of:		
Tax concessions at tax rate of 15%	(237,533)	(80,736)
Non-deductible expenses	13,921	7,283
Non-taxable income	(5,961)	(4,159)
Other tax incentives	(21,844)	(22,409)
Unused tax losses and capital allowances not recognised as deferred tax assets	20,638	29,397
Adjustments in respect of prior years – current tax	(8,301)	(2,915)
	<u>363,564</u>	<u>126,658</u>

Non-deductible expenses comprised mainly corporate expenses which are not deductible for tax purpose and non-taxable income comprised mainly government grant income.

The Company and certain subsidiaries qualify for the New and High Technology Enterprise Status in the PRC and enjoy a preferential corporate tax rate of 15% (2023: 15%) whereas other subsidiaries are subject to the statutory corporate tax rate of 25% (2023: 25%).

Dividends payable to "S" shareholders are subject to withholding tax at 10% (2023: 10%) payable to the tax authority of the PRC. Dividends payable to "A" shareholders are subject to the differential tax rates set out in the Tax Law of the PRC.

Deferred tax recognised in profit or loss

	Group	
	2024	2023
	RMB'000	RMB'000
Deferred income	191	(255)
Contract liabilities	4,389	2,812
Accruals and allowances	(52,066)	(60,050)
Fair value adjustments	(1,224)	(1,556)
Others	(71)	71
	<u>(48,781)</u>	<u>(58,978)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30 TAX EXPENSE (CONT'D)

Deferred tax recognised in other comprehensive income

	Group	
	2024 RMB'000	2023 RMB'000
Equity investments measured at FVOCI (Note 18)	(42)	7

Deferred tax in statements of financial position

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Deferred tax assets				
Deferred income	6,041	6,232	6,041	5,602
Contract liabilities	5,444	9,833	5,360	9,833
Accruals and allowances	302,915	249,928	276,388	216,628
	314,400	265,993	287,789	232,063
Deferred tax liabilities				
Arising from fair value adjustments on acquisition of a subsidiary	(6,038)	(7,262)	-	-
Others	-	(71)	-	-
	(6,038)	(7,333)	-	-

Deferred tax assets are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2024 RMB'000	2023 RMB'000
Deferred income	14,865	15,596
Accruals and allowances	65,785	81,381
Tax losses carried forward	224,928	234,653
	305,578	331,630

At the reporting date, the Group did not recognise deferred tax assets relating to certain subsidiaries as future profits are not probable against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30 TAX EXPENSE (CONT'D)

Unrecognised deferred tax assets (Cont'd)

The unutilised tax losses expiring in the following years are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Unutilised tax losses:		
Expire in 2024	–	30,326
Expire in 2025	30,646	30,646
Expire in 2026	36,516	36,516
Expire in 2027	36,252	63,794
Expire in 2028	40,002	73,371
Expire in 2029	81,512	–
	224,928	234,653

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Group	2024	2023
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	2,229,335	986,707
	Number of	Number of
	shares	shares
	'000	'000
Weighted average number of ordinary shares	770,149	771,483

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32 DIVIDENDS

Dividends to owners of the Company

	Cents per share		Dividends	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Group and Company				
Dividends	<u>1.28</u>	<u>1.12</u>	<u>985,803</u>	<u>862,679</u>

On 28 March 2025, the directors proposed a final dividend amounting to RMB985,803,000 on the basis of RMB12.8 for every 10 shares in the capital of the Company. This dividend is subject to approval of shareholders at the next annual general meeting and has not been included as liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the reporting date, including any new qualifying shares issued up to the date the dividend becomes payable.

Paid by subsidiary to non-controlling interests

	Group	
	2024 RMB'000	2023 RMB'000
RMB92.39 cents per qualifying ordinary share	<u>(4,980)</u>	<u>–</u>
	<u>(4,980)</u>	<u>–</u>

33 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Associates

Significant related party transactions

Other than as disclosed elsewhere in these financial statements, the following transactions took place between the Group and associates at terms agreed between the parties:

	Group	
	2024 RMB'000	2023 RMB'000
Sale of goods and services to associates	<u>413</u>	<u>1,351</u>
Purchase of goods and services from associates	<u>(71,106)</u>	<u>(87,621)</u>
Interest income from an associate	<u>18,850</u>	<u>14,950</u>
Interest expense to an associate	<u>(13,984)</u>	<u>(9,844)</u>
Corporate guarantees granted to an associate	<u>561,352</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

(b) Related parties other than associates

All members of the ultimate parent company's group of companies other than the Company's subsidiaries and associates are considered related parties in these financial statements.

There are transactions and arrangements between the Group and its related companies and the effects of these on the basis determined between the parties are reflected in these financial statements. The related company balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Significant related party transactions

Other than as disclosed elsewhere in these financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2024 RMB'000	2023 RMB'000
Sale of goods and services to related parties	208,104	227,438
Purchase of goods and services from related parties	(324,131)	(293,087)
Rental income from related parties	264	239
Rental expenses to related parties	(3,951)	(3,862)
Purchase of plant and equipment from a related party	(183)	-

(c) Key management compensation

	Group	
	2024 RMB'000	2023 RMB'000
Salaries and other short-term employee benefits	11,149	15,028

Key management compensation is included under employee benefits expense and also includes the following item:

	Group	
	2024 RMB'000	2023 RMB'000
Remuneration to directors of the Company	4,536	5,929

Further information about remuneration to individual directors is provided in the report on corporate governance statement in the annual report. Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

Categories of financial assets and liabilities

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost				
– Other financial assets	1,771,941	684,144	1,546,093	560,506
– Trade and other receivables	1,324,889	2,686,929	1,146,740	2,042,065
– Cash and cash equivalents	2,944,433	2,125,200	2,736,763	1,441,871
	6,041,263	5,496,273	5,429,596	4,044,442
Financial assets measured at FVOCI	92	367	92	367
	6,041,355	5,496,640	5,429,688	4,044,809
Financial liabilities				
Financial liabilities at amortised cost				
– Trade and other payables [^]	1,975,250	2,539,370	1,670,901	1,458,324
– Other financial liabilities	21,653	322,835	19,653	241,035
– Lease liabilities	6,932	6,307	–	–
	2,003,835	2,868,512	1,690,554	1,699,359

[^] Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks.

The guidelines include the following:

- Minimise interest rate, credit and market risks for all kinds of transactions;
- Maximise use of "natural hedge": favouring as much as possible natural off-setting of sales and costs and receivables and payables denominated in the same currency; putting in place hedging strategies only for the excess balance. The same strategy is pursued with respect to interest rate risk;
- All financial risk management activities are carried out and monitored by senior management staff; and
- All financial risk management activities are carried out following market practices.

There have been no changes to the Group's and the Company's exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Fair value of financial instruments

Current financial assets and liabilities

The fair value of current financial assets and liabilities, including trade and other receivables, cash and cash equivalents and trade and other payables, approximate their carrying amounts at the reporting date due to their short-term maturities.

Fixed rate financial assets and financial liabilities

The fair value of fixed rate financial assets and financial liabilities, including other financial assets and other financial liabilities, approximate their carrying amounts at the reporting date. The fair value of these financial assets and financial liabilities are determined based on discounted cash flows, which considers the present value of future cash inflows and outflows, discounted using a risk adjusted discount rate at the reporting date.

Credit risk on financial assets

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As at 31 December 2024, the Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company arises from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

In order to minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group and the Company use other publicly available financial information and the Group's and the Company's own trading records to rate its major customers and other debtors. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade and other receivables

For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

The credit risk exposure and the ECL measurement of trade and other receivables are disclosed in Note 14.

Other financial assets

In order to minimise credit risk, the Group and the Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company only transacts with reputable financial institution counterparties, which are regulated, and these investments are considered to have low credit risk for the purpose of impairment assessment.

The credit risk exposure and the ECL measurement of other financial assets are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Credit risk on financial assets (Cont'd)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents. The cash and cash equivalents are held with banks and reputable financial institution counterparties with acceptable credit ratings, which are regulated.

The Group and the Company assessed the impairment on cash and cash equivalents based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Based on the assessment, the Group and the Company considered that the amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

The following table analyses the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the reporting date:

	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Group			
2024			
Other financial liabilities	22,103	-	22,103
Lease liabilities	2,726	5,297	8,023
Trade and other payables [^]	1,975,250	-	1,975,250
	2,000,079	5,297	2,005,376
2023			
Other financial liabilities	89,040	247,138	336,178
Lease liabilities	3,629	3,199	6,828
Trade and other payables [^]	2,539,370	-	2,539,370
	2,632,039	250,337	2,882,376

[^] Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk (Cont'd)

	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Company			
2024			
Other financial liabilities	20,056	-	20,056
Trade and other payables^	1,670,901	-	1,670,901
	<u>1,690,957</u>	<u>-</u>	<u>1,690,957</u>
2023			
Other financial liabilities	6,285	247,138	253,423
Trade and other payables^	1,458,325	-	1,458,325
	<u>1,464,610</u>	<u>247,138</u>	<u>1,711,748</u>

^ Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. At the reporting date, no claims on the financial guarantees are expected to be payable.

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is approximately 45 days. The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates of financial assets and liabilities.

The following table analyses the breakdown of the significant financial instruments by types of interest rate:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed rate financial instruments				
Debt instruments measured at				
amortised cost	1,771,941	684,144	1,546,093	560,506
Other financial liabilities	(21,653)	(322,835)	(19,653)	(241,035)
Lease liabilities	(6,932)	(6,307)	-	-
	<u>1,743,356</u>	<u>355,002</u>	<u>1,526,440</u>	<u>319,471</u>
Floating rate financial instruments				
Cash and cash equivalents (not restricted				
in use)	2,944,433	1,997,386	2,736,763	1,435,271
	<u>2,944,433</u>	<u>1,997,386</u>	<u>2,736,763</u>	<u>1,435,271</u>

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Group		Company	
	Profit or loss		Profit or loss	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Floating rate financial assets	29,444	19,974	27,368	14,353

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Company and its subsidiaries, Renminbi ("RMB"). The foreign currency in which these transactions are denominated is primarily United States Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2024 and 2023 are as follows:

	Group	
	2024	2023
	USD	USD
	RMB'000	RMB'000
Financial assets		
Trade and other receivables	9,391	8,847
Cash and cash equivalents	6,480	4,399
	15,871	13,246
Financial liabilities		
Trade and other payables	(23,689)	(23,331)
	(23,689)	(23,331)
	(7,818)	(10,085)

Sensitivity analysis is not presented as the impact to pre-tax profit is not significant.

Equity price risk

There are investments in equity shares or similar instruments. The equity price risk, fair value and sensitivity analysis information of unquoted equity shares are disclosed in Note 11.

35 ITEMS TO PROFIT OR LOSS

The following charges have been included in administrative expenses:

	Group	
	2024	2023
	RMB'000	RMB'000
Audit fees to independent auditors of the Company	3,740	3,740
Non-audit fees to independent auditors of the Company [^]	20	20
	3,760	3,760

[^] The non-audit fees represented audit related services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

36 FINANCIAL INFORMATION BY OPERATING SEGMENTS

Disclosure of information regarding operating segments, products and services, the geographical areas, and the major customers are made as required by IFRS 8 *Operating Segments*.

Information regarding the results of each reportable segment is included below, which is included in the internal management reports that are reviewed by the Group's Chief Executive Officer, for the purpose of resource allocation and internal assessment of performance. Both segment revenue and gross profit are used to measure performance as management believes that such information is the most relevant in evaluating the level of activities and results of these segments.

For management purposes, the Group is segregated into the Chinese medicine and Western medicine major strategic operating segments.

- (a) Chinese medicine: Manufacturer of Chinese pharmaceutical products which are under brands owned by the Group; and
- (b) Western medicine: Manufacturer of western pharmaceutical products through cooperation with foreign companies.

Any item that does not fall within the above two categories is grouped under unallocated. Other than the information disclosed below, other information is not available and the cost to develop it would be excessive.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is as follows:

	Revenue RMB'000	Cost of sales RMB'000	Gross profit RMB'000
2024			
Chinese medicine	5,657,331	(2,362,850)	3,294,481
Western medicine	1,192,007	(1,152,751)	39,256
Unallocated	457,398	(346,220)	111,178
	7,306,736	(3,861,821)	3,444,915
2023			
Chinese medicine	5,836,228	(2,493,735)	3,342,493
Western medicine	1,696,768	(1,592,607)	104,161
Unallocated	689,316	(596,787)	92,529
	8,222,312	(4,683,129)	3,539,183

Other than the information disclosed above, no reconciliation of the reportable segments' profit or loss and assets and liabilities to the Group's profit or loss and assets and liabilities, respectively, are disclosed as these are unallocated.

There is no individual customer who contribute revenue more than 10% of the total revenue of the Group during the years ended 31 December 2024 and 2023.

The Group operates mainly in the PRC. As a result, segmental information by geographical areas is not meaningful.

The non-current assets of the Group are mainly located in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

37 RECONCILIATION TO CAS

Differences between the financial statements prepared in accordance with IFRSs and CAS are as follows:

		As reported in statutory financial statements prepared under CAS RMB'000	Reconciliation RMB'000	As reported in financial statements prepared under IFRS RMB'000
Group				
2024				
Equity				
Share premium	(b)	–	1,206,930	1,206,930
Retained earnings	(b)	5,635,028	108,748	5,743,776
Other reserves	(b)	1,438,472	(1,315,678)	122,794
2023				
Current liabilities				
Trade and other payables	(a)	2,897,320	(7,036)	2,890,284
Equity				
Treasury shares	(a)	(7,036)	7,036	–
Share premium	(b)	–	1,207,326	1,207,326
Retained earnings	(b)	4,391,272	108,748	4,500,020
Other reserves	(b)	1,446,298	(1,316,074)	130,224
Company				
2024				
Equity				
Share premium	(b)	–	1,206,930	1,206,930
Retained earnings	(b)	5,500,353	31,000	5,531,353
Other reserves	(b)	1,775,567	(1,237,930)	537,637
2023				
Current liabilities				
Trade and other payables	(a)	1,766,151	(7,036)	1,759,115
Equity				
Treasury shares	(a)	(7,036)	7,036	–
Share premium	(b)	–	1,207,326	1,207,326
Retained earnings	(b)	4,425,460	31,000	4,456,460
Other reserve	(b)	1,783,393	(1,238,326)	545,067

The reconciliations set out above are summarised as follows:

- (a) Difference in accounting treatment for the Scheme prepared in accordance with IFRSs and CAS; CAS requires the Company to recognise treasury shares based on its obligation on share buyback; and
- (b) Reclassification of retained earnings and share premium in accordance with IFRSs.

There is no financial impact between IFRS and CAS, in respect of total comprehensive income and net assets of the Group and of the Company at the reporting date.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTE FOR SHAREHOLDERS:

The Company had previously given notice of the Annual General Meeting on 28 March 2025 in compliance with Article 69 of the Articles of Association of the Company and the listing rules of the Shanghai Stock Exchange, which require the Company to issue a written notice 45 days in advance of a shareholders' meeting.

This updated Notice of the Annual General Meeting, which is given in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, supersedes the version announced by the Company on 28 March 2025.

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**” or “**Annual General Meeting**”) for the financial year ended 31 December 2024 (“**FY2024**”) of the Company will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the People's Republic of China (the “**PRC**”) 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for holders of S-Shares (the “**S-Share Shareholders**”) in Singapore) on Thursday, 15 May 2025 at 1:30 p.m..

The agenda for the meeting shall be as follows:

1. To consider and approve the Chairman's Report for FY2024. **(Resolution 1)**
2. To consider and approve the Board of Directors' Report for FY2024. **(Resolution 2)**
3. To consider and approve the Supervisory Committee's Report for FY2024. **(Resolution 3)**
4. To consider and approve the Financial Report and Audit Report for FY2024, audited by CAC Certified Public Accountants LLP (中审华会计师事务所) and Foo Kon Tan LLP, and reviewed by the Audit Committee of the Company. **(Resolution 4)**
5. To consider and approve the scheme of profit distribution policy of the Company for FY2024.

The Board has recommended declaring dividends of an aggregate amount of RMB985,802,593.28 on the basis of RMB12.80 (inclusive of taxes) for every ten (10) shares in the capital of the Company. The proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at the record date to be determined by the Company for the purposes of determining shareholders' entitlements to the final dividend. **(Resolution 5)**
6. To consider and approve the remuneration of S\$55,000 for independent director Mr. Yeo Guat Kwang (杨木光) for FY2024. **(Resolution 6)**
7. To consider and approve the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph (刘育彬) for FY2024. **(Resolution 7)**
8. To consider and approve the remuneration of S\$36,700 for independent director Mr. Zhong Ming (钟铭) for FY2024 (specifically, for the period from May 2024 to December 2024). **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and approve the remuneration of RMB25,000 for independent director Ms. Li Qing (李清) for FY2024 (specifically, for the period from January 2024 to May 2024). **(Resolution 9)**
10. To consider and approve the aggregate remuneration for directors of the Company for FY2024. **(Resolution 10)**
11. To consider and approve the aggregate remuneration for members of the Supervisory Committee for FY2024. **(Resolution 11)**
12. To consider and approve the proposed cessation, adjustment of investment scale and termination of the investment projects funded by the proceeds from the placement and the permanent reallocation of the remaining proceeds to working capital. **(Resolution 12)**
(See Explanatory Note A)
13. To consider and approve the proposed renewal of, and entry into, the recurrent interested person transaction agreements between the Company and certain interested persons, and the proposed renewal of the shareholders' mandate for interested person transactions: **(Resolution 13)**
 - (a) such approval given in the shareholders' mandate for interested person transactions (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company at a general meeting, continue in force until the next annual general meeting of the Company; and
 - (b) the directors and/or any of them are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this resolution.*(See Explanatory Note B)*
14. To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB10,940 million. **(Resolution 14)**
(See Explanatory Note C)
15. To consider and approve the proposed provision of a guarantee of up to RMB1,647.3 million by the Company for Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) as an interested person transaction. **(Resolution 15)**
(See Explanatory Note D)
16. To consider and approve the proposed provision of a guarantee of up to RMB815 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as an interested person transaction. **(Resolution 16)**
(See Explanatory Note D)

NOTICE OF ANNUAL GENERAL MEETING

Other items on the agenda to be resolved in the Annual General Meeting shall include any agenda proposed by a Shareholder in accordance with Article 70 of the Articles of Association of the Company, which states: “When the Company is to hold an annual General Meeting, shareholders holding three per cent. {3%} or more of the voting shares of the Company shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda of the General Meeting those motions, the subject matter of which, are required to be decided by shareholders in General Meeting”.

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
30 April 2025

Explanatory Notes:

- Please refer to the annexure dated 30 April 2025, accompanying the Notice of AGM, for further details on Resolution 12 in relation to the proposed cessation, adjustment of investment scale and termination of the investment projects funded by the proceeds from the placement and the permanent reallocation of the remaining proceeds to working capital (the “**Proposed Cessation of Projects and Reallocation of Proceeds**”).
- Please refer to the annexure dated 30 April 2025, accompanying the Notice of AGM, for further details on Resolution 13 in relation to the proposed renewal of the Shareholders’ Mandate.
- Please refer to the announcement dated 28 March 2025 in relation to, *inter alia*, the resolutions passed at the 1st Board meeting for the financial year ending 31 December 2025 for further details on Resolution 14.
- Please refer to the annexure dated 30 April 2025, accompanying the Notice of AGM, for further details on Resolutions 15 and 16 in relation to (i) the proposed provision of a guarantee of up to RMB1,647.3 million by the Company for Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) as an interested person transaction, and (ii) the proposed provision of a guarantee of up to RMB815 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as an interested person transaction (the “**Proposed Guarantees**”).

Notes:

- The AGM will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for S-Share Shareholders in Singapore) on Thursday, 15 May 2025 at 1:30 p.m..
- AGM documents.** Printed copies of the Company’s annual report for FY2024 enclosing, *inter alia*, the annexure accompanying this Notice of AGM containing information on Resolution 13 relating to the proposed renewal of the Shareholders’ Mandate (the “**Annual Report 2024**”) (which includes the printed copies of this Notice of AGM and the proxy form in respect of the AGM (the “**Proxy Form**”)), as well as the printed copies of the annexure accompanying this Notice of AGM containing information on Resolution 12 relating to the Proposed Cessation of Projects and Reallocation of Proceeds, and the annexure accompanying this Notice of AGM containing information on Resolutions 15 and 16 relating to the Proposed Guarantees (collectively, the “**Annexures**”), will be sent to S-Share Shareholders 14 days before the AGM. The Annual Report 2024, this Notice of AGM and the Proxy Form, as well as the Annexures, have also been, or will also be, made available via SGXNET and on the Company’s website at www.jydr.com.cn. S-Share Shareholders and investors are advised to check SGXNET and/or the Company’s website at www.jydr.com.cn regularly for updates.
- Shareholders’ questions and answers.** S-Share Shareholders and duly appointed proxy or proxies will be able to attend the AGM in person and ask questions relating to the resolutions to be tabled for approval at the AGM.

However, S-Share Shareholders are encouraged to raise their questions (if any) as early as possible in advance of the AGM by **1:30 p.m. on Tuesday, 13 May 2025** and can submit substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner:

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

4. **Voting.** A Shareholder (whether individual or corporate, including Relevant Intermediaries) entitled to attend and vote at the AGM is entitled to appoint one (1) or more persons (who need not also be Shareholder(s)) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the AGM. Where a Shareholder appoints more than one (1) proxy, the appointment shall be deemed to be alternative unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

If the appointor is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer of attorney.

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

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

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

An investor who holds Shares under the CPF ("CPF Investor") and/or the SRS ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e., by **5:00 p.m. on Monday, 5 May 2025**). **The Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

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

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

in either case, by no later than **1:30 p.m. on Tuesday, 13 May 2025**.

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

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

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

5. Pursuant to the Articles of Association of the Company, a holder of tradable domestic A-Shares with limiting conditions for sale shall notify the Company in writing not less than twenty (20) days prior to the AGM of his or her intention to attend the AGM. Accordingly, a holder of tradable domestic A-Shares with limiting conditions for sale who is planning to attend the AGM must give a written notice to the Company no later than 19 April 2025.

NOTICE OF ANNUAL GENERAL MEETING

6. The AGM in Tianjin, PRC is expected to last for half a day and all accommodation and other expenses incurred by a Shareholder or his/her/its proxy(ies) in connection with his/her/its attendance at the AGM shall be borne by that Shareholder.
7. **Personal data privacy:** By (1) submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, (2) submitting any question prior to the AGM, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of (i) the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), (ii) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), (iii) the addressing of substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM from Shareholders received prior to and/or at the AGM and if necessary, the following up with Shareholders in relation to such questions, and (iv) in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (b) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), such Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (c) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

PROXY FORM

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)

(Incorporated in the People's Republic of China)

(Company Registration No.: 91120000103100784F)

(the "Company")

ANNUAL GENERAL MEETING PROXY FORM

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

IMPORTANT

1. The annual general meeting (the "AGM" or "Annual General Meeting") of the Company will be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for S-Share Shareholders in Singapore) on Thursday, 15 May 2025 at 1:30 p.m..
2. A S-Share Shareholder (whether individual or corporate) can choose to appoint the Chairman of the AGM as his /her/ its proxy, but this is not mandatory. The Chairman of the AGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the AGM as his/her/its proxy for that resolution will be treated as invalid.**
3. Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the AGM) as his/her/its proxy(ies), he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her discretion.**
4. An investor who holds Shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e., by **5:00 p.m. on Monday, 5 May 2025**). **The Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
5. **Personal Data Privacy:** By submitting this Proxy Form, the S-Share Shareholders accepts and agrees to the personal data privacy terms set out in the Company's Notice of AGM dated 30 April 2025.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) by a S-Share Shareholder to attend, speak and vote on his/her/its behalf at the AGM.

PROXY FORM

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)

(Incorporated in the People's Republic of China)

(Company Registration No.: 91120000103100784F)

(the "Company")

ANNUAL GENERAL MEETING PROXY FORM

I/We, _____ (Name)

with NRIC/Passport/Company Registration Number _____

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing whom, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the annual general meeting ("AGM" or "Annual General Meeting") of the Company to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for S-Share Shareholders in Singapore) on Thursday, 15 May 2025 at 1:30 p.m. and at any adjournment thereof.

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

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

PROXY FORM

No.	Resolution(s) relating to	For ^{Note 2}	Against ^{Note 2}	Abstain ^{Note 2}
1.	To consider and approve the Chairman's Report for FY2024.			
2.	To consider and approve the Board of Directors' Report for FY2024.			
3.	To consider and approve the Supervisory Committee's Report for FY2024.			
4.	To consider and approve the Financial Report and Audit Report for FY2024, audited by CAC Certified Public Accountants LLP (中审华会计师事务所) and Foo Kon Tan LLP, and reviewed by the Audit Committee of the Company.			
5.	<p>To consider and approve the scheme of profit distribution policy of the Company for FY2024.</p> <p>The Board has recommended declaring dividends of an aggregate amount of RMB985,802,593.28 on the basis of RMB12.80 (inclusive of taxes) for every ten (10) shares in the capital of the Company. The proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at the record date to be determined by the Company for the purposes of determining shareholders' entitlements to the final dividend.</p>			
6.	To consider and approve the remuneration of S\$55,000 for independent director Mr. Yeo Guat Kwang (杨木光) for FY2024.			
7.	To consider and approve the remuneration of S\$55,000 for independent director Mr. Liew Yoke Pheng Joseph (刘育彬) for FY2024.			
8.	To consider and approve the remuneration of S\$36,700 for independent director Mr. Zhong Ming (钟铭) for FY2024 (specifically, for the period from May 2024 to December 2024).			
9.	To consider and approve the remuneration of RMB25,000 for independent director Ms. Li Qing (李清) for FY2024 (specifically, for the period from January 2024 to May 2024).			
10.	To consider and approve the aggregate remuneration for directors of the Company for FY2024.			
11.	To consider and approve the aggregate remuneration for members of the Supervisory Committee for FY2024.			
12.	To consider and approve the proposed cessation, adjustment of investment scale and termination of the investment projects funded by the proceeds from the placement and the permanent reallocation of the remaining proceeds to working capital.			

PROXY FORM

No.	Resolution(s) relating to	For ^{Note 2}	Against ^{Note 2}	Abstain ^{Note 2}
13.	<p>To consider and approve the proposed renewal of, and entry into, the recurrent interested person transaction agreements between the Company and certain interested persons, and the proposed renewal of the shareholders' mandate for interested person transactions:</p> <p>(a) such approval given in the shareholders' mandate for interested person transactions (the "Shareholders' Mandate") shall, unless revoked or varied by the Company at a general meeting, continue in force until the next annual general meeting of the Company; and</p> <p>(b) the Directors and/or any of them are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this resolution.</p>			
14.	To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB10,940 million.			
15.	To consider and approve the proposed provision of a guarantee of up to RMB1,647.3 million by the Company for Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) as an interested person transaction.			
16.	To consider and approve the proposed provision of a guarantee of up to RMB815 million by the Company for Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as an interested person transaction.			
	Other items on the agenda to be resolved in the General Meeting shall include any agenda proposed by a shareholder in accordance with Article 70 of the Articles of Association, which states: "When the Company is to hold an annual General Meeting, shareholders holding three per cent. (3%) or more of the voting shares of the Company shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda of the General Meeting those motions, the subject matter of which, are required to be decided by shareholders in General Meeting."			

Dated this _____ day of _____ 2025.

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

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

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

Notes:

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

If the appointor is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer of attorney.

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

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

3. An investor who holds Shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and wishes to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e., by **5:00 p.m.** on **Monday, 5 May 2025**). **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
4. The duly completed Proxy Form must be submitted by the S-Share Shareholders to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's S-Share Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
 - (b) if submitted electronically, via email to the Company's S-Share Registrar at srs.proxy@boardroomlimited.com,

in either case, by no later than **1:30 p.m.** on **Tuesday, 13 May 2025**.

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

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

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

General:

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

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 April 2025.

OTHER INFORMATION

Investment Properties

The details of the investment properties held by the Group are as follows:

Property name/Location	Description/ Existing use	Gross floor area (sqm)	Tenure	Group's effective interest
Ground Floor Shops, Fengping East Lane 1-9, Guangrong Road, Red Bridge District	Commercial	939.39	Freehold	100%
Ground Floor, Fengping East Lane 1-9, Shops, Guangrong Road, Red Bridge District	Commercial	600.00	Freehold	100%
Two-Story Building, 47 Minhou Road, South Huali Lane, Hexi District	Commercial	350.00	#	100%
Ground Floor Shops (near Guangdong Road), Zhonghao Century Garden, Hexi District	Commercial	600.00	#	100%
Ground Floor Shops (near Longchang Road), Zhonghao Century Garden, Hexi District	Commercial	600.00	#	100%
Guozhuangzi Pharmacy Storefront, Hedong District	Commercial	291.25	#	100%
Zhongguang Pharmacy Store, Hedong District	Commercial	80.00	#	100%
Meilun Pharmacy Store, Hedong District	Commercial	120.00	#	100%
The 4th Avenue, Ground Floor Shops, Hebei District	Commercial	218.24	Freehold	100%
No. 7 Road House, Hebei District	Commercial	398.93	Freehold	100%
Limin Ground Floor Shops, Hebei District	Commercial	305.50	Freehold	100%
Tiangu Ground Floor Shops, Hebei District	Commercial	324.19	Freehold	100%
144 Hongqi Road, Maqingshan, Nankai District	Commercial	400.00	#	100%
Yongrentang Pharmacy, Building 38, Jianyang Lane, Hangu District, Binhai New Area	Commercial	179.00	50-Year Land Use Rights With Effect From 14.01.2004	100%
HanGu Archway West Street, Binhai New Area	Commercial	1,972.00	Freehold	100%
HanGu Xinkai South Road Pharmacy Building, Binhai New Area	Commercial	50.00	Freehold	100%
HanGu Liuyuan Lane Building 1, Binhai New Area	Commercial	111.15	50-Year Land Use Rights With Effect From 23.03.1996	100%
58 Dongfeng Middle Road, Hangu, Binhai New Area	Commercial	1,154.00	50-Year Land Use Rights With Effect From 28.10.1989	100%
Jiajiayuanzi Street, Hangu, Binhai New Area	Commercial	441.43	50-Year Land Use Rights With Effect From 06.12.1996	100%
No. 122 Century Avenue, Binhai New Area	Commercial	959.43	Freehold	100%

All investment properties of the Group are located in Tianjin, People's Republic of China.

Titles of investment properties at the end of reporting period are in the process of ownership transfer.

INFORMATION ON SHAREHOLDING

Registered Capital: RMB770,094,356

Class of Shares: Ordinary shares of RMB1.00 each (of which 570,094,356 shares are Domestic Investment Shares and 200,000,000 shares are Foreign Investment Shares)

Voting Rights: one vote per share

Foreign Shareholder's Information as at 28 March 2025

Range of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 – 99	2	0.11	15	0.00
100 – 1,000	110	6.12	74,600	0.04
1,001 – 10,000	1,187	66.02	5,699,878	2.85
10,001 – 1,000,000	478	26.59	24,406,276	12.20
1,000,001 AND ABOVE	21	1.17	169,819,231	84.91
Total	1,798	100.00	200,000,000	100.00

Foreign Substantial Shareholders as at 28 March 2025

The Company has not received any notice of change of substantial shareholding of the “S” shares.

The percentage of shareholding held in the hands of public pursuant to Rule 1207(9)(e) is 25.97%, and the Company hereby confirms that Rule 723 has been complied with.

Domestic Substantial Shareholders as at 28 March 2025

Name	Direct Interests		Deemed Interests	
	No. of Shares	%	No. of Shares	%
TPH	325,855,528	42.31	5,265,000 ⁽¹⁾	0.68

Note:

(1) Pursuant to Section 4 of the Securities and Futures Act 2001 of Singapore, TPH is deemed interested in the 5,265,000 shares in the capital of the Company held by its wholly-owned subsidiary, Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.

INFORMATION ON SHAREHOLDING

Major Foreign Shareholder's List as at 28 March 2025

	Name	No. Of Shares	%
1	ABN AMRO CLEARING BANK N.V.	72,763,900	36.38
2	PHILLIP SECURITIES PTE LTD	24,723,998	12.36
3	DBS NOMINEES PTE LTD	17,730,200	8.87
4	CITIBANK NOMS SPORE PTE LTD	10,657,132	5.33
5	RAFFLES NOMINEES (PTE) LIMITED	8,087,716	4.04
6	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	6,383,085	3.19
7	TAN TOH HEAH OR TAN SWEE TECK MICHAEL	3,700,000	1.85
8	DBS VICKERS SECURITIES (S) PTE LTD	3,488,800	1.74
9	BANK OF CHINA NOMINEES PTE LTD	3,226,100	1.61
10	DB NOMINEES (SINGAPORE) PTE LTD	2,597,300	1.30
11	HSBC (SINGAPORE) NOMINEES PTE LTD	2,571,700	1.29
12	LEONG CHAO SEONG	2,145,400	1.07
13	OCBC SECURITIES PRIVATE LTD	2,032,000	1.02
14	TAN SWEE TECK MICHAEL	1,490,000	0.75
15	KUEK SIAW KIA @ QUEK SHIEW POH	1,475,900	0.74
16	ZHANG JUN	1,210,000	0.61
17	NG HAK HONG	1,200,100	0.60
18	UOB KAY HIAN PTE LTD	1,157,400	0.58
19	HIN CHAI @ ONG HIN CHAI	1,114,000	0.56
20	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,035,700	0.52
	Total	168,790,431	84.41

ANNEXURE DATED 30 APRIL 2025**THIS ANNEXURE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements or opinions made or report contained in this Annexure.

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

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

**ANNEXURE TO
THE NOTICE OF ANNUAL GENERAL MEETING**

in relation to

PROPOSED RENEWAL OF MANDATE FOR INTERESTED PERSON TRANSACTIONS

CONTENTS

DEFINITIONS	166
1. INTRODUCTION	172
2. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	173
3. DIRECTORS' RESPONSIBILITY STATEMENT	174
4. DOCUMENTS FOR INSPECTION	174
APPENDIX A	175

DEFINITIONS

The following definitions apply throughout this Annexure unless the context otherwise requires:-

<i>"2025 AGM"</i>	: The annual general meeting of the Company to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for S-Share Shareholders in Singapore) on Thursday, 15 May 2025 at 1:30 p.m..
<i>"A-Shares"</i>	: Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in the PRC and which are denominated in RMB and listed on the Shanghai Stock Exchange
<i>"A-Share Shareholders"</i>	: Holders of A-Shares
<i>"AGM" or "Annual General Meeting"</i>	: An annual general meeting of the Company
<i>"Annexure"</i>	: This Annexure dated 30 April 2025 to the Notice of AGM
<i>"Articles" or "Articles of Association"</i>	: The articles of association of the Company, as amended, supplemented and/or modified from time to time
<i>"associate"</i>	: (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: <ul style="list-style-type: none"> (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
<i>"Associated Company"</i>	: A company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the Company or the Group, and <i>"Associated Companies"</i> shall be construed accordingly

<i>"Audit Committee"</i>	: The audit committee of the Company as at the Latest Practicable Date, comprising Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang and Mr. Zhong Ming
<i>"Board" or "Board of Directors"</i>	: The board of directors of the Company as at the Latest Practicable Date
<i>"CDP"</i>	: The Central Depository (Pte) Limited
<i>"Company"</i>	: Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
<i>"control"</i>	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
<i>"Controlling Shareholder"</i>	: A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the Company; or (b) in fact exercises control over the Company
<i>"Directors"</i>	: The directors of the Company as at the Latest Practicable Date, and <i>"Director"</i> shall be construed accordingly
<i>"EAR Group"</i>	: The Company, its subsidiaries (excluding subsidiaries listed on the SGX-ST or an approved exchange), and the Associated Companies of the Company (other than an Associated Company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company, has or have control, and which are considered to be "entities at risk" within the meaning of Rule 904(2) of the Listing Manual
<i>"FY" or "Financial Year"</i>	: Financial year ended or, as the case may be, ending 31 December
<i>"FY2024"</i>	: Financial year ended 31 December 2024
<i>"Group"</i>	: The Company and its subsidiaries
<i>"Independent Shareholders"</i>	: Shareholders who are not TPH and its associates
<i>"Interested Directors"</i>	: Mr. Guo Min, Ms. Wang Lei, Mr. Xing Jianhua and Ms. Mao Weiwen, collectively
<i>"interested persons"</i>	: A Director, chief executive officer or Controlling Shareholder of the Company or an associate of such Director, chief executive officer or Controlling Shareholder, and <i>"interested person"</i> shall be construed accordingly

<i>"IPT" or "interested person transaction"</i>	: A transaction proposed to be entered into between the EAR Group, or any of them, with an interested person
<i>"Latest Practicable Date"</i>	: 17 April 2025, being the latest practicable date prior to the despatch of this Annexure
<i>"Listing Manual"</i>	: The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
<i>"Non-Interested Directors"</i>	: The Directors who are deemed independent for the purposes of making the recommendation in paragraph 2.9 of Appendix A to this Annexure, namely, all the Directors except the Interested Directors
<i>"Notice of AGM"</i>	: The notice of the 2025 AGM dated 30 April 2025
<i>"NTA"</i>	: Net tangible assets
<i>"PRC"</i>	: People's Republic of China
<i>"PRC Company Law"</i>	: The Company Law of the PRC (《中华人民共和国公司法》), as amended, modified and/or supplemented from time to time
<i>"Proposed Renewal"</i>	: The proposed renewal of the existing Shareholders' Mandate, which is subject to the Independent Shareholders' approval at the 2025 AGM, details of which are set out under Appendix A to this Annexure
<i>"Proxy Form"</i>	: The proxy form in respect of the 2025 AGM
<i>"Restricted A-Shares"</i>	: A-Shares granted under the Scheme which shall be subject to the terms and conditions of the Scheme
<i>"S-Shares"</i>	: Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in countries other than PRC and which are denominated in US\$ and are listed on the Official List of the SGX-ST
<i>"S-Share Shareholders"</i>	: Holders of S-Shares

“Scheme”	: The 2019 Restricted A-Share Incentive Scheme (2019年A股限制性股票计划) of the Company, which was established to further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully motivate the key personnel of the Company, and align the interests of the Shareholders and the Company with the individual interests of the members of management team of the Company so that all parties will make joint efforts for the long-term development of the Company and the incentive instruments to be issued under the Scheme are A-Shares only, and the participants who were eligible to participate in the Scheme which include directors, members of senior management, members of the Company’s management team that the Board considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of the subordinate enterprises of the Company (excluding the Company’s Associated Companies). Please refer to the Company’s circular dated 15 November 2019 for further details on the Scheme
“securities accounts”	: The securities accounts maintained with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	: The Securities and Futures Act 2001 of Singapore, as amended, modified and/or supplemented from time to time
“SGXNET”	: Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares (comprising A-Share Shareholders and S-Share Shareholders) except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Shareholders’ Mandate”	: (a) For the purposes of this Annexure, excluding Appendix A to this Annexure, the general mandate pursuant to Chapter 9 of the Listing Manual permitting the EAR Group, or any of them, to enter into certain types of recurrent transactions of a revenue and trading nature or those necessary for day-to-day operations with specified classes of the Company’s interested persons, which was last renewed at the AGM of the Company held on 15 May 2024; and

- (b) For the purposes of **Appendix A** to this Annexure, the general mandate pursuant to Chapter 9 of the Listing Manual permitting the EAR Group, or any of them, to enter into certain types of recurrent transactions of a revenue and trading nature or those necessary for day-to-day operations with specified classes of the Company's interested persons, proposed to be renewed at the 2025 AGM

"Shares"	: Ordinary shares in the capital of the Company, comprising A-Shares and S-Shares
"subsidiaries"	: The subsidiaries of a corporation as determined in accordance with the laws of the PRC or Singapore (as the case may be), and "subsidiary" shall be construed accordingly
"Substantial Shareholder"	: A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5.0%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
"TPH"	: Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司), the Controlling Shareholder of the Company holding approximately 42.99% of the issued share capital of the Company as at the Latest Practicable Date
"TPH Group"	: TPH and its associates
"TPH Sales and Marketing Branch Office"	: The Sales and Marketing Branch Office of TPH (天津市医药集团有限公司营销分公司) which is not an independent legal entity and does not have the ability to sue or be sued in its own name
"TYPS"	: Tianjin Yiyao Printing Services Co., Ltd. (天津宜药印务有限公司), formerly known as Tianjin Medicinal Products Packaging and Printing Company, being an associate of TPH as at the Latest Practicable Date

Currencies, units and others

"RMB"	: Renminbi, the lawful currency of the PRC
"US\$"	: United States Dollars, the lawful currency of the United States of America
"%" or "per cent."	: Percentage or per centum

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

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

Any reference in this Annexure to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Manual, the SFA or any modification thereof and not otherwise defined in this Annexure shall have the same meaning assigned to it under the Listing Manual, the SFA or any modification thereof, as the case may be.

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

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

The English names of certain PRC companies, entities and authorities in this Annexure are translations of their Chinese names, as there is no requirement for these companies, entities and authorities to have official English names. In case of any discrepancy, conflict or inconsistency among English translations, please refer to the original Chinese names.

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

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

Board of Directors

Ms. Wang Lei
(Chairman and Executive Director)

Mr. Guo Min
(Executive Director)

Mr. Zhou Hong
(Executive Director)

Mr. Shang Mingjie
(Executive Director)

Ms. Mao Weiwen
(Non-Executive and Non-Independent Director)

Mr. Xing Jianhua
(Non-Executive and Non-Independent Director)

Mr. Yeo Guat Kwang
(Lead Independent and Non-Executive Director)

Mr. Liew Yoke Pheng Joseph
(Independent and Non-Executive Director)

Mr. Zhong Ming
(Independent and Non-Executive Director)

Registered Office

17 Baidi Road,
Nankai District,
Tianjin, the PRC

30 April 2025

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

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**1. INTRODUCTION****1.1 Overview**

We refer to the Notice of AGM of the Company dated 30 April 2025 convening the 2025 AGM, and, in particular, to Resolution 13, relating to the proposed renewal of the Shareholders' Mandate for interested person transactions (the "**Proposed Renewal**") to authorise the EAR Group to continue to enter into transactions with the TPH Group in compliance with Chapter 9 of the Listing Manual.

1.2 Purpose of this Annexure

The purpose of this Annexure is to provide Shareholders with information pertaining to, and to seek the Independent Shareholders' approval for, the Proposed Renewal at the forthcoming 2025 AGM to be held at the meeting room of Da Ren Tang Mansion, No. 17 Baidi Road, Nankai District, Tianjin, the PRC 300193 (concurrently, via video conferencing at RNN Conference Centre, GB Building, 143 Cecil Street, Level 11, #11-03, Singapore 069542 for S-Share Shareholders in Singapore) on Thursday, 15 May 2025 at 1:30 p.m.. The Notice of AGM and the attached Proxy Form have been, or will be, made available to Shareholders on the same date as this Annexure via SGXNET and on the Company's website at www.jydr.com.cn.

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

2. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

2.1 Directors' and Substantial Shareholders' interests in Shares

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

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

Notes:

(1) Based on the total issued share capital of 770,094,356 Shares as at the Latest Practicable Date.

(2) These are the Restricted A-Shares granted and issued under the Scheme.

(3) Pursuant to Section 4 of the SFA, TPH is deemed interested in the 5,265,000 shares in the capital of the Company held by its wholly-owned subsidiary, Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.

- 2.2 TPH, being the Controlling Shareholder of the Company as at the Latest Practicable Date, will abstain, and has undertaken to ensure that its respective associates will abstain, from voting at the 2025 AGM, in respect of the Shares held by them respectively, on Resolution 13 relating to the Proposed Renewal. TPH will also not, and has undertaken to ensure that its respective associates will also not, accept nomination as proxies or otherwise for voting at the 2025 AGM in respect of Resolution 13, unless specific instructions have been given in the proxy instrument on how the relevant Shareholders wish their votes to be cast for Resolution 13.

The Company will disregard any votes cast on the resolution in respect of the Proposed Renewal by TPH and its associates.

- 2.3 Ms. Wang Lei, Mr. Guo Min, Mr. Xing Jianhua and Ms. Mao Weiwen, being the Interested Directors in respect of Resolution 13, have abstained from voting on the board resolution in respect of the Proposed Renewal and will also abstain from making any recommendation to the Independent Shareholders on the Proposed Renewal. Further details are set out in paragraph 2.9 of **Appendix A** to this Annexure.
- 2.4 As at the Latest Practicable Date, save as disclosed in this Annexure, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal other than through their respective shareholdings in the Company (if any).

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 17 Baidi Road, Nankai District, Tianjin, the PRC 300193, during normal business hours from the date of this Annexure up to and including the date of the 2025 AGM:–

- (a) the Articles of Association of the Company; and
- (b) the annual report of the Company for FY2024.

Yours faithfully

For and on behalf of the Directors

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Wang Lei

Chairman of the Board

APPENDIX A

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH INTERESTED PERSONS OF THE COMPANY

1. INTRODUCTION

TPH holds approximately 42.99% equity interest in the issued and paid-up capital of the Company as at the Latest Practicable Date. As such, the TPH Group is deemed to be interested persons (as defined under Chapter 9 of the Listing Manual) in any interested person transaction between the EAR Group and the TPH Group.

The Company had, at its AGM for the financial year ended 31 December 2023 held on 15 May 2024, sought and obtained approval from its Independent Shareholders for a general mandate to enable the EAR Group to enter into certain types of recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the TPH Group. The Shareholders' Mandate is due to expire at the conclusion of the forthcoming 2025 AGM on 15 May 2025.

Accordingly, it is proposed that the resolution relating to the renewal of the Shareholders' Mandate (i.e. the Proposed Renewal) be tabled to Shareholders for approval at the 2025 AGM, in order to authorise the EAR Group, or any of them, to continue to enter into transactions with the TPH Group in compliance with Chapter 9 of the Listing Manual. The purpose of this Annexure is to provide Shareholders with the relevant information pertaining to the Proposed Renewal.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies (which are considered to be "**entities at risk**" within the meaning of Rule 904(2) of the Listing Manual) proposes to enter into with an interested person of the listed company.

Interested person transactions that the Company was involved in for FY2024 (if any) are disclosed on page 20 of the Company's annual report for FY2024.

2. PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Requirements of Chapter 9 of Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk¹ proposes to enter into a transaction with interested persons of the issuer, shareholders' approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

¹ Under Rule 904(2) of the Listing Manual, an "**entity at risk**" means:

- (i) the listed company;
- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the "**listed group**"), or the listed group and its interested person(s), has control over the associated company.

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

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

Interested person transactions below S\$100,000 each are to be excluded. However, the Listing Manual provides that while transactions below S\$100,000 are not normally aggregated under Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

In interpreting the term "**same interested person**" for the purpose of aggregation in Rules 905, 906 and 907 of the Listing Manual, the following applies:

- (a) Transactions between (a) an entity at risk and a primary interested person²; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.
- (b) Transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

If an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested person and have audit committees whose members are completely different.

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

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

² For the purpose of Chapter 9 the Listing Manual, a "**primary interested person**" means a director, chief executive officer or controlling shareholder of the listed company.

- (d) in the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

2.2 Classes of Interested Persons under the Shareholders' Mandate

The Shareholders' Mandate, if renewed, will apply to the following classes of interested persons:-

- (a) TPH (including the TPH Sales and Marketing Branch Office), which is a Controlling Shareholder with 42.99% shareholdings in the Company as at the Latest Practicable Date;
- (b) Associates³ (being wholly-owned subsidiaries) of TPH as at the Latest Practicable Date comprising, amongst others:
- (i) Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司, formerly known as 天津医药集团太平医药有限公司);
 - (ii) Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司, formerly known as Tianjin Pharmaceutical Group Chain Co., Ltd.);
 - (iii) Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司);
 - (iv) Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司);
 - (v) Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司);
 - (vi) Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司);
 - (vii) Tianjin Jincao Pharmaceutical Co., Ltd. (天津市金草药业有限公司);
 - (viii) Tianjin Pharmaceutical Group Jian Kang Da Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司);
 - (ix) Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司);
 - (x) Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司);
 - (xi) Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司);
 - (xii) Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司);

³ As at the Latest Practicable Date, the following entities have been de-registered (注销) and are therefore no longer considered interested persons:

- (i) Tianjin Medical Apparatus and Instruments Factory Co., Ltd. (天津市医疗器械厂有限公司); and
- (ii) Tianjin Zhong Jian Ai and Medical Technology Co., Ltd. (天津众健爱和医疗科技有限公司).

- (xiii) Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司); and
 - (xiv) Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司);
- (c) Associates (other than wholly-owned subsidiaries) of TPH as at the Latest Practicable Date comprising, amongst others:
- (i) Tianjin Yiyao Printing Services Co., Ltd. (天津宜药印务有限公司) (“**TYPs**”, formerly known as Tianjin Medicinal Products Packaging and Printing Company), which is 65% owned by TPH;
 - (ii) Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司), which is 50.93% owned by TPH;
 - (iii) Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司), which is 50.93% owned by TPH;
 - (iv) Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司), which is 50% owned by TPH;
 - (v) Hebei De Ze Long Pharmaceutical Co., Ltd. (河北德泽龙医药有限公司), which is 54.99% owned by TPH;
 - (vi) Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药物研究院有限公司), which is 35% owned by TPH;
 - (vii) Tianjin Institute Of Pharmaceutical Research Medicine Co., Ltd. (天津药物研究院药业有限责任公司), which is 35% owned by TPH;
 - (viii) Tianjin Jinyao Pharmaceutical Co., Ltd. (津药和平(天津)制药有限公司, formerly known as 天津金耀药业有限公司), which is 62% owned by TPH;
 - (ix) Tianjin Tianyao Pharmaceutical Co., Ltd. (津药药业股份有限公司, formerly known as 天津天药药业股份有限公司), which is 50.58% owned by TPH;
 - (x) Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (津药药业健康科技(天津)有限公司, formerly known as 天津天药医药科技有限公司), which is 62% owned by TPH;
 - (xi) Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司), which is 90% owned by TPH;
 - (xii) Tianjin Jinyao Logistics Co., Ltd. (天津金耀物流有限公司), which is 62% owned by TPH; and
 - (xiii) Tianjin Wanning Health Products Co., Ltd. (天津万宁保健品有限公司), which is 91.19% owned by TPH.

2.3 Categories of Interested Person Transactions

The transactions with the TPH Group that will be covered by the Shareholders' Mandate, if renewed, and the benefits to be derived therefrom are set out below:-

2.3.1 Supply of Raw Materials

The "Supply of Raw Materials" contracts between the EAR Group and the following interested persons for a period of three (3) years up to 30 June 2028:

- (a) Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司); and
- (b) Tianjin Jinyao Pharmaceutical Co., Ltd. (津药和平 (天津) 制药有限公司, formerly known as 天津金耀药业有限公司).

The terms of these contracts⁽¹⁾ will be in effect only upon the Company obtaining the Independent Shareholders' approval for such interested person transactions in the relevant time period during which the Shareholders' Mandate is valid. The EAR Group shall have no obligation under these contracts should the Independent Shareholders' approval not be obtained for the renewal of the Shareholders' Mandate at the 2025 AGM or any subsequent renewal(s).

Note:

- (1) These contracts do not set the volume and price of raw materials to be provided to the interested persons. However, it is provided in the respective contracts that the transactions with the respective interested persons would be carried out on normal commercial terms and would not be detrimental to the interests of the Company and its minority Shareholders. Please refer to Appendix B to the Company's announcement dated 28 March 2025 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for the financial year ending 31 December 2025 for further details on these contracts.

2.3.2 Sale and Purchase of Medicinal Products

The "Sale and Purchase of Medicinal Products" contracts⁽¹⁾⁽²⁾ between the EAR Group and the following interested persons for a period of three (3) years up to 30 June 2028:

- (a) Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司, formerly known as 天津医药集团太平医药有限公司);
- (b) Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司);
- (c) Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司);
- (d) Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司);
- (e) Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司);
- (f) Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司);
- (g) Tianjin Jinciao Pharmaceutical Co., Ltd. (天津市金草药业有限公司);

- (h) Tianjin Pharmaceutical Group Jian Kang Da Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司);
- (i) Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司);
- (j) Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司);
- (k) Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司);
- (l) Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司);
- (m) Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司);
- (n) Tianjin Lisheng Pharmaceutical Co. Ltd. (天津力生制药股份有限公司);
- (o) Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司);
- (p) Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司);
- (q) Hebei De Ze Long Pharmaceutical Co., Ltd. (河北德泽龙医药有限公司);
- (r) Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药物研究院有限公司);
- (s) Tianjin Institute Of Pharmaceutical Research Medicine Co., Ltd. (天津药物研究院药业有限责任公司);
- (t) Tianjin Jinyao Pharmaceutical Co., Ltd. (津药和平 (天津) 制药有限公司, formerly known as 天津金耀药业有限公司);
- (u) Tianjin Tianyao Pharmaceutical Co., Ltd. (津药药业股份有限公司, formerly known as 天津天药药业股份有限公司);
- (v) Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (津药药业健康科技(天津)有限公司, formerly known as 天津天药医药科技有限公司);
- (w) Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司);
- (x) Tianjin Jinyao Logistics Co., Ltd. (天津金耀物流有限公司);
- (y) Tianjin Wanning Health Products Co., Ltd. (天津万宁保健品有限公司); and
- (z) Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司).

The terms of these contracts⁽²⁾ will be in effect only upon the Company obtaining the Independent Shareholders' approval for such interested person transactions in the relevant time period during which the Shareholders' Mandate is valid. The EAR Group shall have no obligation under these contracts should the Independent Shareholders' approval not be obtained for the renewal of the Shareholders' Mandate at the 2025 AGM or any subsequent renewal(s).

Notes:

- (1) The Group's business operations are separated into two (2) main categories, namely production and retail. Under the production arm, the Group produces medicinal products under its own brand. Under the retail arm, the Group: (a) sells the medicinal products under its own brand to wholesalers (including the interested persons); and (b) purchases medicinal products under other brands from distributors and in turn on-sells these to other wholesalers (including the interested persons).

Accordingly, the Group may produce and sell medicinal products under its own house brand to the interested persons and/or third parties. On the other hand, the Group may also purchase medicinal products from the interested persons and/or third parties. These medicinal products are mainly traditional Chinese medicines and pharmaceutical chemicals (化学药).

- (2) These contracts state that if discounts are given to unrelated third parties by the interested persons for purchases (the "**Unrelated Parties Discount**"), the interested persons will accordingly give discounts (that are not lower than the Unrelated Parties Discount) to the EAR Group for similar transactions.

The contracts do not set the volume and price of products to be provided to and/or purchased from the interested persons. However, it is provided in the respective contracts that the transactions with the respective interested person would be carried out on normal commercial terms and would not be detrimental to the interests of the Company and its minority Shareholders. Please refer to Appendix B to the Company's announcement dated 28 March 2025 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for the financial year ending 31 December 2025 for further details on these contracts.

2.3.3 Provision of Packaging Materials and Services

The Group obtains its packaging materials and services from TYPS.

The contract between the EAR Group and TYPS is for a period of three (3) years up to 30 June 2028. The terms of this contract will be in effect only upon the Company obtaining the Independent Shareholders' approval for such interested person transactions in the relevant time period during which the Shareholders' Mandate is valid. The Group shall have no obligation under this contract should the Independent Shareholders' approval not be obtained for the renewal of the Shareholders' Mandate at the 2025 AGM or any subsequent renewal(s). The packaging services are for traditional Chinese medicine. The contract does not set the volume and price of products and services to be purchased from TYPS. However, it is provided in the contract that the transactions with the respective interested person would be carried out on normal commercial terms and would not be detrimental to the interests of the Company and its minority Shareholders. Please refer to Appendix B to the Company's announcement dated 28 March 2025 in relation to, *inter alia*, resolutions passed at the 1st Board meeting for the financial year ending 31 December 2025 for further details on this contract.

2.4 Rationale for and Benefits of the Shareholders' Mandate

The Shareholders' Mandate will give the EAR Group the flexibility to enter into transactions with the TPH Group in the ordinary course of the EAR Group's business without the need to seek the Independent Shareholders' approval each time. It is likely that such transactions will occur and could arise at any time and from time to time. Given that the transactions would be entered into on normal commercial terms, the Non-Interested Directors are of the view that it will be beneficial to the EAR Group to transact or continue to transact with the TPH Group. The EAR Group sources and sells supplies and products from the interested persons at favourable prices as compared to prevailing market rates of similar products. By transacting with these interested persons, the EAR Group is able to secure favourable prices for its supplies and manufactured products and optimise other factors such as the quality of goods and the suitability of time schedules.

The Shareholders' Mandate will also enhance the EAR Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek the Independent Shareholders' prior approval for the entry by the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficiency, and allow resources and time to be focused towards other corporate and business opportunities.

2.5 Guidelines and Review Procedures for Interested Person Transactions

To ensure that the interested person transactions are carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following procedures for the review and approval of interested person transactions under the Shareholders' Mandate:-

- (a) When purchasing products or services from an interested person, quotations or market rates (wherever possible or available) will be obtained from the interested person and at least two (2) other unrelated parties in respect of substantially similar types of transactions. The Deputy Distribution General Manager of the Domestic Trade (Business) Department of the Group (who has no interest, direct or indirect, in the transaction) will approve the purchase after reviewing these quotations or market rates, taking into account all pertinent factors including, but not limited to, pricing (including discounts, if any, accorded for bulk purchases as well as the credit terms offered), quality of the products or services, terms of delivery and track record, to ensure that the interests of the minority Shareholders are not disadvantaged.
- (b) When selling products or services to an interested person, the prices and terms of at least two (2) other successful sales of similar products to third parties or market rates (wherever possible or available) will be examined for comparison. The Deputy Distribution General Manager of the Domestic Trade (Business) Department of the Group (who has no interest, direct or indirect, in the transaction) will approve the sales after reviewing these prices and terms or market rates, taking into account all pertinent factors including, but not limited to, price, government pricing regulations, quality and quantity of products, terms of delivery and creditworthiness of the customers, to ensure that the interests of minority Shareholders are not disadvantaged.
- (c) Interested person transactions will not be approved unless:-
 - (i) they are in accordance with the usual industry practice and business policies of the EAR Group;
 - (ii) the pricing and terms of the interested person transactions are not, in transactions where the EAR Group purchases goods and/or obtains services from interested persons, less favourable to the EAR Group than those available in other substantially similar types of transactions between the EAR Group and unrelated third parties. The Company takes into consideration, primarily, pricing, terms of the contracts with the interested persons as stated in paragraph 2.3 of this Appendix A, the availability, suitability and quality of the products and services, and promptness of delivery of such products and services; and

- (iii) the pricing and terms of the interested person transactions are not, in transactions where the EAR Group sells goods to interested persons, more favourable to the interested persons than those extended to unrelated third parties for substantially similar types of transactions, after taking into consideration factors (where applicable) such as, but not limited to, pricing, the contracts with the interested persons as stated in paragraph 2.3 of this Appendix A, the availability, suitability and quality of the products to be sold, terms of delivery, and the creditworthiness of the customers.
- (d) In the event that it is not possible to obtain market rates or quotations from unrelated third parties (for example, where there are no suppliers for certain goods or for a specified quantity which the EAR Group requires or if the product or service is proprietary) to determine whether the terms of the interested person transactions are more or less favourable than the aggregate terms quoted by unrelated third parties, factors such as the quality of goods, standard of services, and terms of delivery and, where applicable, discounts accorded for bulk purchases, will be taken into, and given due and proper consideration.
- (e) Where the prevailing market rates or prices are not available due to the nature of the products to be sold (for instance, if there are no other purchasers or customers for similar products, or if the products are proprietary), the terms of supply will, where applicable, be in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin of the EAR Group for the same or substantially similar types of transactions with unrelated third parties.
- (f) All transactions in excess of S\$100,000 each will be summarised and presented to the Audit Committee and external auditors of the Company for review as to whether the transactions are in accordance with the contractual terms and conditions, and in accordance with the Company's policies and procedures, and are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. The Company's external auditors will review such transactions as part of their regular audit. Furthermore, the Company's internal audit department will also conduct a review of the transactions and submit its findings to the Audit Committee.
- (g) The Audit Committee shall review all interested person transactions, at least on a quarterly basis, to ensure that they are carried out on an arm's length basis and on normal commercial terms, and in accordance with the procedures outlined in this paragraph 2.5. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers or valuers to provide additional information pertaining to the transaction under review. In the event that a member of the Audit Committee is interested in any interested person transaction, he shall abstain from participating in the review of that particular transaction.

(h) Pursuant to Rule 920(1)(a) of the Listing Manual:–

- (i) disclosure will be made in the annual report of the Company, giving details of the aggregate value of all interested person transactions conducted with interested persons pursuant to the respective Shareholders' Mandate during the financial year under review (in the form set out in Rule 907 of the Listing Manual), and in the annual reports for the subsequent financial years during which the respective Shareholders' Mandate is in force, as required by the provisions of the Listing Manual; and
 - (ii) announcements will be made with regard to the aggregate value of transactions conducted pursuant to the respective Shareholders' Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual, within the time required for the announcement of such report (in the form set out in Rule 907 of the Listing Manual).
- (i) If, arising from the Audit Committee's periodic reviews, the Audit Committee is of the view that the procedures have become inappropriate or are insufficient to ensure that the interested person transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will consult with the Board and take such actions as it deems proper, including modifying or implementing such additional policies and procedures as may be necessary, and the Company shall submit the revised policies and procedures to Shareholders for a fresh mandate.

2.6 Validity Period of the Shareholders' Mandate

If approved at the 2025 AGM, the Shareholders' Mandate will take effect from the date of the passing of the resolution to be proposed at the 2025 AGM and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the subsequent AGM. The renewal of the Shareholders' Mandate has to be made in accordance with, and in the manner prescribed by, the rules in the Listing Manual and such other laws and regulations as may, for the time being, be applicable. It shall also be subject to a satisfactory review by the Audit Committee and advisers of the continued requirements of the Shareholders' Mandate and the procedures for the transactions.

2.7 Disclosure to Shareholders

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company will disclose the Shareholders' Mandate and the aggregate value of the interested person transactions conducted pursuant to the Shareholders' Mandate in the annual report of the Company for the current financial year, and in the annual reports for the subsequent financial years during which the Shareholders' Mandate is in force. In addition, the Company will announce the aggregate value of the interested person transactions conducted pursuant to the Shareholders' Mandate for the financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual, within the time required for the announcement of such reports. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

2.8 Audit Committee's Statement

The Audit Committee has reviewed the terms of the proposed Shareholders' Mandate and is satisfied and of the view that:

- (a) the review procedures for the interested person transactions concerning the TPH Group (including the methods for determining the transaction price) have not changed since the last Shareholders' approval granted at the annual general meeting of the Company held on 15 May 2024; and
- (b) the review procedures for the interested person transactions concerning the TPH Group (including the methods for determining the transaction price) as well as the reviews to be made periodically by the Audit Committee in relation thereto, are adequate to ensure that the interested person transactions concerning the TPH Group will be transacted on arm's length basis and on normal commercial terms and will not be on terms or conditions that would be prejudicial to the interests of the Company and/or its minority Shareholders.

However, in the event the Audit Committee is subsequently no longer of this view, the Company shall obtain a fresh mandate from the Independent Shareholders for the interested person transactions concerning the TPH Group based on new guidelines and/or review procedures.

2.9 Directors' Recommendation

As at the Latest Practicable Date,

- (a) Mr. Guo Min is a director of TPH;
- (b) Ms. Wang Lei is the legal representative and a senior management member of TPH;
- (c) Mr. Xing Jianhua is a senior management member of TPH; and
- (d) Ms. Mao Weiwen is a senior management member of TPH.

Accordingly, they have abstained from voting on the board resolution in respect of the Proposed Renewal and will also abstain from making any recommendation to the Independent Shareholders on the Proposed Renewal.

Having considered, *inter alia*, the terms, rationale and benefits of the Proposed Renewal as set out in this Appendix A, and the Audit Committee's statement as set out in paragraph 2.8 of this Appendix A, the Non-Interested Directors believe that the Proposed Renewal is in the interests of the Company. Therefore, the Non-Interested Directors (excluding Mr. Guo Min, Ms. Wang Lei, Mr. Xing Jianhua and Ms. Mao Weiwen, who shall abstain from making a recommendation for the reasons set out above) recommend that the Independent Shareholders **VOTE IN FAVOUR** of Resolution 13 relating to the Proposed Renewal, as set out in the Notice of AGM.

The Non-Interested Directors, in rendering their recommendation, have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder. As different Shareholders may have different investment objectives, the Non-Interested Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

2.10 Abstention from Voting

TPH, which holds 42.99% of the shareholdings in the Company as at the Latest Practicable Date, will abstain, and has undertaken to ensure that its respective associates will also abstain, from voting at the 2025 AGM in respect of the resolution relating to the Proposed Renewal, as it is, in relation to the said one (1) transaction or many transactions, an interested person as defined under the Listing Manual. It will also not, and has undertaken to ensure that its respective associates will also not, accept nomination as proxies or otherwise for voting at the 2025 AGM in respect of the aforesaid resolution, unless specific instructions have been given in the proxy instrument on how the relevant Shareholders wish their votes to be cast for such resolution.

SUSTAINABILITY REPORTING

Da Ren Tang Group upholds the highest possible standards of responsible, sustainable and socially aware business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

As a responsible corporate citizen that takes pride in supplying pharmaceutical products of high quality and safety standards, we have always prioritised product health and safety. We regularly review our quality control policies and manufacturing practices, and strictly comply with industry regulations to ensure that our drugs are safe for patients.

Other than producing and distributing responsibly, we also deliver and market our products ethically. Our business activities strictly comply with national and industry standards on product marketing, labelling and advertising, and we have established stringent marketing guidelines to ensure that we do not transgress important ethical and legal boundaries.

We believe that product research and development is key to the sustainability of our business. We invest significantly in our product development, facilities and equipment to supply efficacious pharmaceutical products to our customers.

The Group has assigned a Sustainability Task Force to oversee sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Indirect Economic Impacts	Energy Water Emissions Effluents and Waste	Customer Health and Safety Marketing and Labelling Occupational Health and Safety Diversity and Equal Opportunity

More information on the Group's efforts on sustainability management in FY2024 can be found in the Tianjin Pharmaceutical Da Ren Tang Group's 2024 Sustainability Report which will be published on SGXNET in April 2025.



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