

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Full Year Financial Statement (*) And Dividend Announcement

1(a) Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

	The Group		Change
	2023 RMB'000	2022 RMB'000	%
Revenue	8,222,312	8,249,250	-
Cost of sales	(4,683,129)	(5,032,282)	(7)
Gross profit	3,539,183	3,216,968	10
Interest income	54,642	56,125	(3)
Dividend income	100	-	n.m
Other income and gains	39,949	102,385	(61)
Marketing and distribution expenses	(2,126,435)	(1,969,265)	8
Research and development expenses	(184,629)	(153,147)	21
Administrative expenses	(400,360)	(388,355)	3
Finance costs	(24,589)	(13,158)	87
Other losses	(97,075)	(67,977)	43
Share of results of equity-accounted Associates, net of tax	294,577	196,613	50
Profit before tax	1,095,363	980,189	12
Income tax expense	(126,658)	(106,931)	18
Profit for the year	968,705	873,258	11
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain on equity investment measured at FVTOCI, net of tax	39	(944)	n.m
Share of other comprehensive income from equity-accounted associates, net of tax	4,767	6,995	(32)
Other comprehensive Income for the year	4,806	6,051	(21)
Total comprehensive income for the year	973,511	879,309	11

	The Group		Change
	2023 RMB'000	2022 RMB'000	%
Profit for the year attributable to:			
Owners of the parent	986,707	861,794	14
Non-controlling interests	(18,002)	11,464	n.m
	968,705	873,258	11
Total comprehensive income for the year attributable to:			
Owners of the parent	991,513	867,845	14
Non-controlling interests	(18,002)	11,464	n.m
	973,511	879,309	11
Earnings per ordinary share for the period based on net profits after deducting any provision for preference dividends:			
Based on weighted average number of ordinary shares on issue	1.28	1.12	14

(*) Prepared under International Financial Reporting Standards

n.m Not Meaningful

Additional information on the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income. The following significant items of gains / (charges) were included in the statement of income.

	Group		
	2023 RMB'000	2022 RMB'000	Change %
Profit for the year is arrived at after crediting / (charging):			
Other income (including government grants)	36,745	86,894	(58)
Interest income	54,642	56,125	(3)
Interest on borrowings	(24,589)	(13,158)	87
Allowance for impairment of trade receivables – (loss) / reversal	(19,089)	(9,223)	n.m
Allowance for impairment of other receivables – (loss) / reversal	304	6,728	(95)
Impairment of goodwill	(18,782)	(19,571)	(4)
Impairment of property, plant and equipment	-	(180)	n.m
Impairment of construction in progress	(24,951)	-	n.m
Allowance for impairment of notes receivables	(4,510)	-	n.m
Inventories written down – reversal / (loss)	(28,130)	(36,122)	(22)
Foreign currency translation gains / (losses), net	(1,132)	(2,436)	(54)
Employment termination benefits – reversal / (charge)	2,900	8,092	(64)
Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	(481)	671	n.m
-Dividend income	100	-	n.m
Share-based payments	18,980	(6,825)	n.m
Depreciation and amortisation	(133,154)	(120,669)	10

1(b)(i) Condensed Interim Statements of Financial Position

	Note	The Group			The Company		
		As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Change %	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment		1,434,742	1,461,594	(2)	980,909	987,931	(1)
Right-of-use assets		6,769	2,994	n.m	-	-	-
Investment properties		13,029	14,099	(8)	12,299	13,321	(8)
Land use rights		251,739	204,021	23	203,677	152,096	34
Intangible assets		79,086	88,109	(10)	19,216	17,257	11
Goodwill	12	65,911	84,693	(22)	-	-	-
Investment in subsidiaries	7	-	-	-	1,652,454	1,536,265	8
Investment in associates	8	882,307	760,193	16	882,307	760,193	16
Other financial assets	9	622,812	41,272	n.m	560,873	321	n.m
Deferred tax assets		265,993	208,352	28	232,063	179,689	29
Other assets	10	56,039	46,210	21	51,293	40,550	26
Total non-current assets		3,678,427	2,911,537	26	4,595,091	3,687,623	25
Current assets							
Inventories		1,566,518	1,429,452	10	1,123,625	785,984	43
Trade and other receivables	11	2,686,929	2,785,117	(4)	2,042,065	2,337,302	(61)
Other financial assets	9	61,699	40,615	52	-	-	-
Other assets	10	111,329	107,736	3	34,623	14,377	n.m
Cash and cash equivalents		2,125,200	2,882,524	(26)	1,441,871	2,075,925	(31)
Total current assets		6,551,675	7,245,444	(10)	4,642,184	5,213,588	(11)
Total assets		10,230,102	10,156,981	1	9,237,275	8,901,211	4
EQUITY							
Equity							
Share capital	13	770,158	773,443	-	770,158	773,443	-
Share premium		1,207,326	1,228,740	(2)	1,207,326	1,228,740	(2)
Retained earnings		4,500,020	4,372,462	3	4,456,460	4,275,060	4
Other reserves		130,224	176,564	(26)	545,067	559,241	(3)
Total equity attributable to equity holders of the Company		6,607,728	6,551,209	1	6,979,011	6,836,484	2
Non-controlling interests		44,546	30,493	46	-	-	-
Total equity		6,652,274	6,581,702	1	6,979,011	6,836,484	2

		The Group			The Company		
		As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Change %	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000	Change %
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities		7,333	8,818	(17)	-	-	-
Trade payables		8,149	10,091	(19)	5,749	9,005	(36)
Lease liabilities		2,743	871	n.m	-	-	-
Other financial liabilities	14	241,035	151,300	59	241,035	123,310	95
Other liabilities		92,682	100,513	(8)	57,879	55,379	5
Total non-current liabilities		351,942	271,593	30	304,663	187,694	62
Current liabilities							
Income tax payable		76,678	93,280	(18)	52,373	76,138	(31)
Trade and other payables	15	2,890,284	2,885,422	-	1,759,115	1,516,835	16
Other financial liabilities	14	81,800	101,639	(20)	-	80,531	n.m
Lease liabilities		3,564	4,097	(13)	-	-	-
Other liabilities		173,560	219,248	(21)	142,113	203,529	(30)
Total current liabilities		3,225,886	3,303,686	(2)	1,953,601	1,877,033	4
Total liabilities		3,577,828	3,575,279	-	2,258,264	2,064,727	9
Total equity and liabilities		10,230,102	10,156,981	1	9,237,275	8,901,211	4

1(b)(ii) Condensed Interim Statements of Changes in Equity

All in RMB'000

Group	Share capital	Share premium	Other reserves	Retained earnings	Parent sub-total	Non-controlling interests	Total equity
Balance at 1 January 2023	773,443	1,228,740	176,564	4,372,462	6,551,209	30,493	6,581,702
Profit for the year	-	-	-	986,707	986,707	(18,002)	968,705
Change in fair value of equity investments 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
Restricted A-Shares buy-back	(3,285)	(21,414)	-	3,530	(21,169)	-	(21,169)
Dividends	-	-	-	(862,679)	(862,679)	-	(862,679)
Acquisition of non-controlling interest without change in control and contribution from non-controlling interest	-	-	(32,166)	-	(32,166)	32,055	(111)
Share-based payments	-	-	(18,980)	-	(18,980)	-	(18,980)
Balance at 31 December 2023	770,158	1,207,326	130,224	4,500,020	6,607,728	44,546	6,652,274

Group	Share capital	Share premium	Other reserves	Retained earnings	Parent sub-total	Non-controlling interests	Total equity
Balance at 1 January 2022	773,443	1,228,740	504,077	3,890,250	6,396,510	149,352	6,545,862
Total comprehensive income for the period	-	-	6,051	861,794	867,845	11,464	879,309
Transfers from equity instruments at FVTOCI reserve	-	-	(7,139)	7,139	-	-	-
Dividends	-	-	-	(386,721)	(386,721)	-	(386,721)
Distributions to non-controlling interests	-	-	-	-	-	(14,965)	(14,965)
Acquisition of a	-	-	(323,976)	-	(323,976)	(126,024)	(450,000)

non-controlling interest without change in control							
Acquisition of subsidiary	-	-	(9,274)	-	(9,274)	10,666	1,392
Share-based payments	-	-	6,825	-	6,825	-	6,825
Balance at 31 December 2022	773,443	1,228,740	176,564	4,372,462	6,551,209	30,493	6,581,702

All in RMB'000

Company	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	773,443	1,228,740	559,241	4,275,060	6,836,484
Profit for the year	-	-	-	1,040,549	1,040,549
Change in fair value of equity investments at FVOCI, net of tax	-	-	39	-	39
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	4,767	-	4,767
Restricted A-Shares buy-back	(3,285)	(21,414)	-	3,530	(21,169)
Dividends	-	-	-	(862,679)	(862,679)
Share-based payments	-	-	(18,980)	-	(18,980)
Balance at 31 December 2023	770,158	1,207,326	545,067	4,456,460	6,979,011

Company	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2022	773,443	1,228,740	553,504	3,818,874	6,374,561
Total comprehensive income for the period	-	-	6,051	835,768	841,819
Transfers from equity instruments at FVTOCI reserve	-	-	(7,139)	7,139	-
Dividends	-	-	-	(386,721)	(386,721)
Share-based payments	-	-	6,825	-	6,825
Balance at 31 December 2022	773,443	1,228,740	559,241	4,275,060	6,836,484

1(c) Condensed Interim Consolidated Statement of Cash Flows

	The Group	
	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Profit before tax	1,095,363	980,188
Adjustments for:		
Interest income	(54,642)	(56,125)
Interest expense	24,589	13,158
Dividend income	(100)	-
Gain on maturity and disposal of financial assets	(13,430)	(5,597)
Share of results of equity-accounted associates	(294,577)	(196,613)
Depreciation and amortisation of property, plant and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other assets	133,154	120,669
Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets	481	(671)
Impairment of property, plant and equipment	24,951	180
Write-down of inventories to net realisable value	28,130	36,122
ECL allowance for trade and other receivables	23,295	2,496
Impairment on goodwill	18,782	19,571
Share-based payments	(18,980)	6,825
Gain on fair value re-measurement of previously held equity interest in an associate	-	(72,010)
Operating cash flows before changes in working capital	967,016	848,193
Inventories	(165,338)	58,873
Trade and other receivables	90,456	(737,508)
Other assets	(16,448)	5,216
Trade and other payables	(28,840)	694,948
Cash restricted in use	43,177	(170,991)
Other liabilities	(53,519)	3,028
Net cash flows from operations	836,504	701,759
Income tax paid	(202,658)	(80,638)
Net cash flows from operating activities	633,846	621,121
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(140,928)	(107,902)
Acquisition of additional equity in a subsidiary	-	(450,000)
Acquisition of other financial assets	(630,000)	(80,000)
Deposits paid for acquisition of interests in an associate	(26,000)	-
Acquisition of a subsidiary, net of cash acquired	-	(47,611)
Proceeds from disposal of financial assets	49,649	464,924
Dividend income received from associates and financial assets	177,330	173,075
Proceeds from disposal of property, plant and equipment and intangible assets	186	1,488

	<u>The Group</u>	
	<u>2023</u> RMB'000	<u>2022</u> RMB'000
Interest income received	55,494	89,871
Net cash flows (used in)/from investing activities	(514,269)	43,845
<u>Cash flows from financing activities</u>		
Cash Received from Minority Shareholders for Subsidiary Equity Absorption	2,880	-
Increase in new loans and borrowings	870,858	205,645
Dividends paid	(857,117)	(385,954)
Distributions to non-controlling interests	-	(14,965)
Interest expense paid	(20,208)	(1,480)
Loans and borrowings paid	(800,961)	(24,173)
Repurchase of restricted A-shares	(22,665)	-
Repayment of lease liabilities	(6,556)	(15,693)
Net cash flows used in financing activities	(833,769)	(236,620)
Net (decrease)/increase in cash and cash equivalents	(714,192)	428,346
Effect of foreign exchange rate changes on cash and cash equivalents	45	6
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	2,711,533	2,283,181
Cash and cash equivalents, consolidated statement of cash flows, ending balance	1,997,386	2,711,533

Notes to the Condensed Interim Financial Statements

31 December 2023

1. General

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the “**Company**”) is incorporated in the People’s Republic of China (the “**PRC**”) as a joint stock limited company. The Company is listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Shanghai Stock Exchange (the “**SSE**”).

The financial statements are presented in Chinese Renminbi (“**RMB**”) and have been rounded to the nearest thousand (“RMB’000”) unless when otherwise indicated, and they cover the Company and its subsidiaries (collectively, the “**Group**”), and the Group’s interests in associates.

The board of directors of the Company had, on 28 March 2024, approved and authorised these condensed interim financial statements for issue on SGXNET.

The principal activities of the Group are disclosed in Note 2 on segment information.

The registered office of the Company is located at 17 Baidi Road, Nankai District, Tianjin, the PRC 300193. The principal place of business of the Company is in Tianjin, the PRC.

The financial information contained in this announcement has been audited in accordance with International Standards on Auditing.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

The Company is not required to announce its quarterly financial statements on SGXNET pursuant to the requirements of the listing manual of the SGX-ST (the “**Listing Manual**”). However, since the Company is required to announce its quarterly financial statements in accordance with the requirements of the SSE, the Company is voluntarily announcing its quarterly financial statements on SGXNET.

The COVID-19 pandemic has no significant adverse effect on the Group’s financial position and results for the current financial period reported on.

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the provisions of the SGX Mainboard Listing Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial

statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position of the Group since the latest audited annual financial statements.

The estimates and assumptions contained in these condensed consolidated interim financial statements are periodically monitored to ensure that they incorporate all relevant information available at the date when the financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant Notes to these condensed consolidated interim financial statements.

2. Financial information by operating segments

2A. Information about reportable segment profit or loss

For management purposes, the Group is segregated into the Chinese Medicine and Western Medicine major strategic operating segments.

2B. Profit or loss from continuing operations and reconciliations

	Chinese <u>medicine</u>	Western <u>medicine</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
12-month period ended 31 December 2023				
Revenue	5,836,228	1,696,768	689,316	8,222,312
Cost of sales	2,493,735	1,592,607	596,787	4,683,129
Gross profit	3,342,493	104,161	92,529	3,539,183
12-month period ended 31 December 2022				
Revenue	5,652,053	1,783,068	814,129	8,249,250
Cost of sales	2,663,598	1,625,324	743,360	5,032,282
Gross profit	2,988,455	157,744	70,769	3,216,968

2C. Disaggregation of revenue from contracts with customers

	Group	
	12-month period ended 31 December 2023 RMB'000	12-month period ended 31 December 2022 RMB'000
Sale of goods recognised at point in time	8,206,080	8,231,380
Revenue recognised over time	16,232	17,870
	8,222,312	8,249,250

3. Income tax

3A. Components of tax expense/(benefit) recognised in profit or loss

	Group	
	12-month period ended 31 December 2023 RMB'000	12-month period ended 31 December 2022 RMB'000
<u>Current tax</u>		
Current tax expense	188,551	163,300
Adjustments in respect of prior years	(2,915)	28
	185,636	163,328
<u>Deferred tax</u>		
Deferred tax expense	(58,978)	(56,397)
	126,658	106,931

3B. Adjustments for current tax

	Group	
	12-month period ended 31 December 2023 RMB'000	12-month period ended 31 December 2022 RMB'000
Profit before tax	1,095,364	980,188
Loss: Share of results of equity-accounted associates	(294,577)	(196,613)
	800,787	783,575
Income tax expense at tax rate of 25%	200,197	195,894
Effect of concessionary tax rate at 15%	(58,958)	(53,386)
Non-deductible items	7,283	5,100
Non-taxable items	(48,346)	(54,022)
Unrecognised deferred tax assets	29,397	13,317
Adjustments in respect of prior years	(2,915)	28
	126,658	106,931

4. Deregistration of subsidiaries

During the reported financial period, the Company deregistered two (2) wholly owned subsidiaries, Zhejiang Zhongxin Chuangrui Investment Co., Ltd. (浙江中新创睿投资有限公司) and Tianjin Zhongxin Pharmaceutical Research Institute Co., Ltd. (天津中新药业研究院有限公司).

5. Dividends on equity shares

	12-month period ended 31 December 2023 RMB'000	12-month period ended 31 December 2022 RMB'000
Type	Cash	Cash
Dividend rate	RMB1.12 per ordinary share	RMB0.5 per ordinary share
Record date	29 May 2023	25 May 2022
Date paid or payable	6 June 2023	2 June 2022

The total dividends paid on ordinary shares for the financial year ended 31 December 2022 was RMB862,680,085.12 (2021: RMB386,721,538).

6. Acquisition of subsidiaries / subsidiary / business combination

There was no company which became a subsidiary of the Company through acquisition or business combination in the current financial period reported on.

In particular, for the purposes of Rule 706A of the Listing Manual, for the current financial period reported on, the Group had not acquired any shares of a company resulting in such company becoming a subsidiary or an associated company of the Company, and had also not acquired any shares resulting in the Company increasing its shareholding percentage in a subsidiary or an associated company.

7. Investments in subsidiaries

	<u>Company</u>
	12-month period ended 31 December 2023
	RMB'000
Movements during the period:	
At beginning of the period	1,536,265
Additions	239,770
Disposals	(123,581)
At the end of the period	1,652,454

During the 12-month period ended 31 December 2023, the Company made capital injections into its three (3) subsidiaries incorporated in the PRC, namely NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司), Tianjin Hebei Da Ren Tang Hospital Co., Ltd. (天津河北达仁堂医院有限公司) and 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). Additionally, the Company made an investment in Tianjin Pharmaceutical Da Ren Tang Singapore Development Co., Pte. Ltd., a Company's wholly-owned subsidiary incorporated in Singapore.

During the current financial period reported on, impairment provisions were recognized for equity investment in three (3) subsidiaries, namely Tianjin Shin Poong Pharmaceutical Co., Ltd. (天津新丰制药有限公司), NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司), and 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).

As mentioned in note 4 above, during the current financial period reported on, the Company's two (2) wholly-owned subsidiaries, namely Zhejiang Zhongxin Chuangrui Investment Co., Ltd. (浙江中新创睿投资有限公司) and Tianjin Zhongxin Pharmaceutical Research Institute Co., Ltd. (天津中新药业研究院有限公司), were deregistered.

8. Investments in associates

	<u>Group</u>
	12-month period ended 31 December 2023
	RMB'000
Movements in carrying value:	
At beginning of the period	760,193
Share of profit of associates	294,577
Dividends	(177,230)
Other equity movements	4,767
At end of the period	882,307

9. Other financial assets

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Other financial assets - current assets		
Investment in debt instruments at amortised cost	61,699	40,615
Other financial assets - non-current assets		
Investment in debt instruments at amortised cost	622,445	40,951
Investment in equity instruments at fair value through other comprehensive income	367	321
	622,812	41,272
	684,511	81,887

During the current financial period reported on, the Group redeemed its matured investment in debt instruments.

The decrease in other financial assets in the current period is mainly due to the redemption of its debt investments.

10. Other non-financial assets

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Current assets		
Prepayments	75,718	71,529
Value-added taxes recoverable	35,354	35,968
Income tax recoverable	257	239
	111,329	107,736
Non-current assets		
Prepayment	56,039	46,210
	167,368	153,946

11. Trade and other receivables

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
<u>Trade receivables</u>		
Bills receivable	480,381	578,369
Interest receivable		
Outside parties	2,313,482	2,260,367
Associates	3,698	4,758
Related parties	25,643	35,586
Less: Allowance for credit impaired	(9,243)	(10,203)
Less: Allowance for expected credit losses	(160,880)	(144,295)
	2,653,081	2,724,582
<u>Other receivables</u>		
Outside parties	55,859	56,507
Associates	17,561	17,561
Related parties	348	26,690
Less: Allowance for expected credit losses	(39,920)	(40,223)
	33,848	60,535
Total	2,686,929	2,785,117

The ageing of the trade receivables balances were as follows:

	<u>Group</u>		
	<u>Gross amount</u> RMB'000	<u>ELR</u> %	<u>Loss allowance</u> RMB'000
As at 31 December 2023			
Within 1 year	2,104,435	0.13	2,733
1 – 2 years	80,156	20.00	16,032
2 – 3 years	13,748	50.00	6,874
Over 3 years	135,241	100.00	135,241
Total	2,333,580		160,880
As at 31 December 2022			
Within 1 year	2,108,454	0.14	2,936
1 – 2 years	42,443	19.00	8,212
2 – 3 years	5,847	31.00	1,815
Over 3 years	133,765	98.00	131,332
Total	2,290,509		144,295

12. Goodwill

	<u>Group</u>	
	<u>As at 31</u>	<u>As at 31</u>
	<u>December 2023</u>	<u>December 2022</u>
	RMB'000	RMB'000
Beginning balance	84,693	-
Additions	-	104,264
Reductions	18,782	19,571
Ending balance	<u>65,911</u>	<u>84,693</u>

Impairment of goodwill of RMB18.78 million was recognized in the current period reported on.

13. Share capital and treasury shares

	Group	
	Number of ordinary shares issued	Amount of share capital
	As at 31 December 2023 '000	As at 31 December 2023 RMB'000
Movements in share capital:		
At beginning of the period	773,443	773,443
Restricted A-Shares buy-back	(3,285)	(3,285)
At end of the period	770,158	770,158

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2023 and 31 December 2022.

As announced on 10 January 2023, an aggregate of 3,193,000 Restricted A-Shares will be repurchased or cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Shares Incentive Scheme. Upon completion, the total number of shares in the capital of the Company has reduced from 773,443,076 shares to 770,250,076 shares. As announced on 30 October 2023, an aggregate of 91,800 Restricted A-Shares will be repurchased or cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Shares Incentive Scheme. Upon completion, the total number of shares in the capital of the Company has reduced from 770,250,076 shares to 770,158,276 shares. Accordingly, during the 12-month period ended 31 December 2023, an aggregate of 3,284,800 Restricted A-Shares were bought back and cancelled.

The Company does not hold any treasury shares and there are no subsidiary holdings as at 31 December 2023 and 31 December 2022.

	As at 31 December 2023	As at 31 December 2022
Number of issued shares excluding treasury shares	770,158,276	773,443,076
Number of treasury shares held	Nil	Nil

14. Aggregate amount of the group's borrowings and debt securities

	<u>Secured</u>		<u>Unsecured</u>	
	As at 31	As at 31	As at 31	As at 31
	December	December 2022	December	December 2022
	2023		2023	
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Repayable in</u>				
<u>one year or less,</u>				
<u>or on demand:</u>				
Bank borrowings	-	10,230	81,800	91,409
Subtotal	-	10,230	81,800	91,409
<u>Repayable after</u>				
<u>one year:</u>				
Bank borrowings	-	27,990	241,035	123,310
Subtotal	-	27,990	241,035	123,310
Total	-	38,220	322,835	214,719

14A. Details of any collaterals

The aforementioned loan of principal amount of RMB27.99 million was secured by a subsidiary's land use rights valued at a valuation of approximately RMB24.75 million as at 31 December 2023. This loan has been repaid in the current financial period reported on.

15. Trade and other payables

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
<u>Trade payables</u>		
Bills payable	510,708	681,563
Outside parties	590,924	688,693
Associates	7,612	6,352
Related parties	16,848	29,280
Employee benefits payables	251,441	206,061
	1,377,533	1,611,949
<u>Other payables</u>		
Outside parties	1,400,351	1,135,591
taxes payables	77,606	103,575
Dividend payable	22,746	17,596
Associates	-	3,800
Related parties	12,049	12,912
Subtotal	1,512,752	1,273,474
Total	2,890,285	2,885,423

16. Capital commitments

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Contractual obligations to purchase and construct	72,573	180,009

17. Categories of financial assets and liabilities

	<u>Group</u>	
	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
<u>Financial assets</u>		
Financial assets at amortised cost	5,496,273	5,749,207
Financial assets at fair value through other comprehensive income	367	321
	5,496,640	5,749,528
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	2,904,740	2,900,482

18. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and method of computation as presented in the audited financial statements of the Group for the reporting year ended 31 December 2022.

19. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:—

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings)**

	Group	
	12-month period ended 31 December 2023	12-month period ended 31 December 2022
	RMB	RMB
Based on weighted average number of ordinary shares in issue	1.28	1.12

Diluted earnings per share is the same as basic earnings per share as the Company does not have any potential ordinary shares that have a dilutive effect on earnings per share as at the end of the period reported on.

20. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group		Company	
	As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
	RMB	RMB	RMB	RMB
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	8.58	8.47	9.06	8.84

21. 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 2023 ("FY2023") was approximately RMB8,222 million, a decrease of approximately RMB27 million, or 0.3%, as compared to RMB8,249 million for the financial year ended 31 December 2022 ("FY2022"), essentially remaining flat with the previous year.

(b) Gross Profit Margin:

The Group's gross profit in FY2023 increased by approximately 10% from approximately RMB3,217 million in FY2022 to approximately RMB3,539 million in FY2023. The gross profit margin has increased from 39% in FY2022 to 43% in FY2023. The increase was mainly due to changes in sales structure, with a higher proportion of sales revenue from major products with higher gross profit margins, which increased the overall gross profit margin.

(c) Other Gains:

Other gains in FY2023 were approximately RMB39 million, a decrease of approximately RMB63 million over the previous corresponding period. The decrease was mainly due to the increase in investment income of RMB72.01 million resulting from the acquisition of NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司) in FY2022.

(d) Major Expenses:

(i) Marketing and Distribution costs in FY2023 were approximately RMB2,126 million, an increase of approximately RMB157 million or 8% over the previous corresponding period due to the year-on-year increase in sales revenue.

(ii) Research and Development costs in FY2023 were approximately RMB185 million, an increase of approximately RMB31 million or 21% over the previous corresponding period.

(iii) Administrative expenses in FY2023 were approximately RMB400 million, an increase of approximately RMB12 million over the previous corresponding period. This was mainly attributed to the severance benefits of RMB11.2 million from Tianjin Shin Poong Pharmaceutical Co., Ltd. (天津新丰制药有限公司)

(iv) Finance costs in FY2023 increased by approximately RMB11 million from approximately RMB 13 million to approximately RMB24 million which was mainly due to a year-on-year increase in loan interest expenses.

(v) Other losses in FY2023 increased by approximately RMB29 million. The increase was mainly due to a year-on-year decrease in the collection of historical debts.

(e) Share of profits of associated companies:

The Group's share of profits of associated companies in FY2023 was approximately RMB294 million, an increase of approximately RMB98 million or 50% over the previous corresponding period. This was mainly due to a year-on-year increase in investment income from Sino-American Tianjin SmithKline & French Lab., Ltd. (中美天津史克制药有限公司)'s profit growth.

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in FY2023 was approximately RMB970 million, an increase of approximately RMB90 million or 10% over the previous corresponding period.

The profit attributable to equity holders of parent (net of tax) in FY2023 was approximately RMB987 million, an increase of approximately RMB125 million or 15% over the previous corresponding period.

(g) Major changes in statement of financial positions:

As at 31 December 2023, the Group's cash and cash equivalents amounted to approximately RMB2,125 million, which was a decrease of approximately RMB757 million, or 26% over the balance as at 31 December 2022. The Group's borrowings as at 31 December 2023 amounted to RMB82 million which was a decrease of approximately RMB20 million over the balance as at 31 December 2022.

Trade and other receivables decreased by approximately 3% or RMB76 million to approximately RMB2,709 million as at 31 December 2023.

Inventories were approximately RMB1,567 million as at 31 December 2023, which was an increase of approximately RMB137 million, or 10% over the balance as at 31 December 2022.

Other current assets increased by approximately 3% to approximately RMB111 million as at 31 December 2023.

Investment in associates of the Group increased by 15% to approximately RMB878 million.

Property, plant and equipment decreased by approximately RMB27 million to approximately RMB1,435 million.

(h) Change in cash flow position:

In FY2023, the Group recorded net cash inflow from operating activities of approximately RMB634 million which has increased by RMB13 million as compared to FY2022.

Cash outflow from investing activities was approximately RMB514 million in FY2023 which has increased by RMB558 million as compared to FY2022. This was mainly attributable to a decrease of RMB415.27 million in cash received from investment recovery, and an increase of RMB126 million in cash paid for investments.

Cash outflow from financing activities was approximately RMB834 million in FY2023 which has increased by RMB597 million as compared to FY2022. The increase was mainly due to a year-on-year decrease of RMB94.07 million in the net cash flow from borrowings received and repayments made, a year-on-year increase of RMB443.11 million in dividend payments and a year-on-year increase of RMB22.67 million in payments for restricted stock buybacks.

22. Forecast, or a prospect statement

There was no forecast or a prospect statement that had been previously disclosed to shareholders.

Please see note 1 above, for the effect of the COVID-19 pandemic on the Group's financial position and results for the current financial period reported on.

23. 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 an important component of China's national economy, closely linked to the people, the economy, and the nation, and is a crucial safeguard for promoting the construction of a Healthy China. In recent years, with the rapid development of China's economy and the continuous improvement of people's living standards, the future development prospects of the traditional Chinese medicine industry are promising. In the context of the accelerating aging trend, the normalization of medical activities in 2024, the coordination and circulation of outpatient care, the implementation of the expanded medical insurance catalog, internet healthcare, and the dual-channel policies are expected to unleash more market potential.

From the perspective of industry policies, China's pharmaceutical industry relies heavily on policies. Against the backdrop of ongoing deepening reforms in China's medical system, controlling medical insurance expenses remains the main theme of current pharmaceutical industry policies. Since 2023, the scope of volume-based procurement has continued to expand, the drug evaluation system has been continuously improved and optimized, policies

encourage pharmaceutical companies to innovate in new drug research and development, and the adjustment of the national medical insurance drug catalog has become normalized and further optimized renewal rules, so as to promote the transformation of the pharmaceutical industry towards innovation-driven and high-quality development. In addition, the introduction of anti-corruption policies related to healthcare imposes higher requirements on the standardization of industry development. In a landscape marked by both opportunities and challenges, the traditional Chinese medicine industry will play a greater role in the construction of a Healthy China.

The Company has a long history and a profound brand heritage. After hundreds of years of inheritance and continuous exploration, the Company's business has achieved full coverage of the traditional Chinese medicine industry chain, with abundant product reserves, and a range of well-known Chinese patent medicine products represented by "Suxiao Jiuxin Wan". The Company is fully committed to the implementation of the "Three Cores and Nine Wings" overall strategic plan, focusing on the market and integrated marketing, constructing a rapid response marketing system, implementing the full industry chain for quality improvement and efficiency enhancement, and driving performance growth. In the fiscal year 2023, the Company achieved operating income of RMB8.22 billion basically flat year-on-year, and a net profit attributable to shareholders of RMB990 million, an increase of 15.0% year-on-year.

24. Dividend

The Directors propose to seek approval from the shareholders of the Company (the "**Shareholders**") for declaring a final dividend of RMB985,802,593.28 on the basis of RMB12.8 for every 10 shares in the capital of the Company. Such proposed declaration of dividends will be subject to approval by Shareholders at the forthcoming annual general meeting to be held on 15 May 2024, and thus has not been included as a liability in these condensed consolidated interim financial statements of the Company and/or Group. Upon obtaining the Shareholders' approval, the proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at the end of FY2023.

The proposed dividend is subject to applicable tax rates as set out below:

(i) S-Shares

The dividend payable to S-Shareholders shall be subject to a tax rate of 10% under the PRC tax law.

(ii) A-Shares

The dividend payable to A-Shareholders shall be subject to the differential tax rates as set out under the PRC tax law. A-Shareholders should consult their own tax advisers concerning the tax consequences in relation to any dividends paid by the Company.

25. Related party transactions

There are transactions and arrangements between the Group and its subsidiaries and associates and the effects of these transactions as determined between the parties are reflected in these condensed consolidated interim 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.

Intra-group transactions and balances that have been eliminated in these condensed consolidated interim financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	12-month period ended 31 December	
	2023 RMB'000	2022 RMB'000
Sale of goods to associates	1,351	1,309
Purchase of goods from associates	(87,621)	(98,686)
Interest income from an associate	14,950	9,054
Interest expense payable to an associate	(9,068)	(1,400)

	12-month period ended 31 December	
	2023 RMB'000	2022 RMB'000
Sale of goods to related companies	227,438	226,194
Purchase of goods from related companies	(293,087)	(383,609)
Rental expenses to related companies	(3,862)	(3,753)
Rental income from related companies	239	73

26. Interested Person Transactions disclosure

The Group has obtained a general mandate (the “**IPT General Mandate**”) from the Shareholders for interested person transactions (the “**IPTs**”) at the annual general meeting held on 15 May 2023 for FY2022. 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 169 to 189 of the Company’s annual report for the FY2022) for further details on the IPT General Mandate.

Shareholders’ approval has also been 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) as an IPT and all transactions arising therefrom, at the annual general meeting held on 15 May 2023 for FY2022. Please refer to the annexure dated 28 April 2023 (the “**28 April 2023 Annexure**”) accompanying the notice of annual general meeting in relation to the foregoing IPT for further details.

The aggregate value of all interested person transactions during the financial year ended 31 December 2023 (excluding transactions less than S\$100,000) were 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 2023	12-month period ended 31 December 2022	12-month period ended 31 December 2023	12-month period ended 31 December 2022
		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) (“ TPGF ”)	Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“ TPH ”), the controlling	The interest payable on the credit facilities provided by TPGF: 9,068	1,400	-	-

	shareholder of the Company				
Tianjin Lisheng Pharmaceutical Co. Ltd. (天津力生制药股份有限公司) (“Lisheng Pharmaceutical”)	Subsidiary of TPH	The consideration paid to Lisheng Pharmaceutical for the Company’s acquisition of 15% equity interest in TPGF through a public bidding (公开摘牌) process: 87,824			
Tianjin Pharmaceutical Design Institute Co., Ltd. (天津市医药设计院有限公司) (“TPDI”)	Subsidiary of TPH	The contract price of a Construction Contract for Tianjin Small Construction Project (天津市小型建设工程施工合同) entered into between the Company and TPDI for the “Relocation and Renovation Project of Tianjin Pharmaceutical Da Ren Tang Chinese Medicinal Slices Co., Ltd. – Decoction Workshop Single Project” (津药达仁堂饮			

		片厂搬迁改造项目一代煎车间单项工程): 3,961			
TPDI	Subsidiary of TPH	The contract price of a Construction Contract for Tianjin Small Construction Project (天津市小型建设工程施工合同) entered into between the Company and TPDI for the "Renovation Project of Qingguang North Warehouse Area of Medicinal Materials Co. - Warehouses No. 27, No. 29 and No. 43 Renovation Project" (津药达仁堂药材公司青光库北库区改造项目—27#29#43#库改造工程): 2,802			
Tianjin Pharmaceutical Group Marketing Co., Ltd. (天津医药集团营销有限公司) ("TPGM")	Subsidiary of TPH	The contract price of an Enterprise Support Service Agreement (企 业支持服务协			

		议) entered into between the Company and TPGM: 6,700			
Total		110,355	1,400	-	-

Note(s):

1. The disclosure under “related parties transactions” stated in note 25 above represents the aggregation of all related parties transactions for the year under review (including the interested person transactions disclosed in this note 26) comprising: (i) sale of goods to associates and related companies; (ii) purchase of goods from associates and related companies; (iii) rental expenses to related companies; (iv) rental income from an associate and related companies; (v) interest income from an associate; and (vi) interest expense payable to an associate; while the “Interested Person Transactions disclosure” stated in this note 26 pertains only to the interest payable on the credit facilities provided by TPGF (being an associate of the Company) which amounts to RMB9,068,000 (i.e., item (vi)) and interested person transactions not less than S\$100,000. The items (i) to (v) are excluded from disclosure in this note 26 as the respective amounts thereof are individually less than S\$100,000 and are therefore not subject to the disclosure requirement under Rule 907 of the Listing Manual of the SGX-ST.
2. As at 31 December 2023, placement of deposit with TPGF amounted to approximately RMB1,039.47 million.

As disclosed in the 28 April 2023 Annexure in relation to the proposed financial services agreement to be entered into between the Company and TPGF as an interested person transaction, TPGF shall provide certain financial services to the Company under the aforesaid financial services agreement, including deposit business services.

As further disclosed in the 28 April 2023 Annexure, the deposit services provided by TPGF will enhance the management of funds of the Company and improve the Company’s efficiency in the use of available funds. The management of funds is enhanced as:

- (i) there is security of funds as TPGF provides safe and efficient online banking services to the member entities in the TPH Group (comprising TPH and its subsidiaries and associated companies, including the Company), and these member entities can monitor the changes in the funds deposited in their accounts with TPGF at any time;
- (ii) funds payment can be made and settled efficiently as any payment made by the Company for its branches can be realized through the internal transfer function of TPGF’s online banking system, which is efficient and convenient; and
- (iii) TPGF can provide credit support to the Company within a short period of time, and this can

reduce the Company's need to maintain a certain amount of reserves from time to time.

In this regard, as disclosed in the 28 April 2023 Annexure, the Company has opened/ will open a deposit account with TPGF and deposit the funds in such account. Further, the maximum daily balance in the deposit account (including interest) shall not exceed RMB1,500 million. Please refer to the 28 April 2023 Annexure for further details on the scope and terms of the financial services provided by TPGF to the Company under the aforesaid financial services agreement.

Shareholders' approval for the Company's entry into the aforesaid financial services agreement was obtained at the annual general meeting of the Company held on 15 May 2023 for FY2022.

The deposit of approximately RMB1,039.47 million placed with TPGF as at 31 December 2023 falls within the limit of RMB1,500 million. Further details on the deposit are set out below:

Unit: RMB '000

Duration of deposit	Current deposit (1-7 days)	Fixed deposit (3 months)	Total
Balance of deposit	819,472	220,000	1,039,472

Note: The Company may withdraw the "current deposit" at any time, and may only withdraw the "fixed deposit" after its maturity.

Pursuant to Rule 904 of the Listing Manual, an "interested person transaction" means a transaction between an entity at risk and an interested person, and "transaction" includes, amongst others, the provision or receipt of goods or services, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities). As TPGF is a subsidiary of TPH, the controlling shareholder of the Company, the deposit services provided by TPGF to the Company constitute an interested person transaction. However, the deposit of approximately RMB1,039.47 million placed with TPGF as at 31 December 2023 has not been included in the IPT table set out above to prevent confusion to Shareholders. Due to the nature of deposit, the monies deposited in the account can be withdrawn and/or deposited as and when necessary, save as disclosed above in relation to fixed deposit and subject to the maximum daily balance limit as stated above. As such, it is not calculated across a financial period, and the Company is of the view that it is more meaningful to disclose the amount of the deposit placed with TPGF as at the end of the financial period under review. Accordingly, this disclosure has been presented separately from the IPT table set out above.

27. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

28. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that, to the best of its knowledge, belief and information, as of the date hereof, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director, Chief Executive Officer or Substantial Shareholder of the Company.