

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Second Quarter Financial Statement (*) And Dividend Announcement

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

	The Group					
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	Change %	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000	Change %
Revenue	1,885,470	1,813,556	4	3,774,764	3,640,421	4
Cost of sales	(1,095,928)	(1,061,029)	3	(2,258,425)	(2,134,503)	6
Gross profit	789,542	752,527	5	1,516,339	1,505,918	1
Interest income	16,428	12,057	36	29,506	19,836	49
Other income and gains	5,390	12,020	(55)	10,452	21,534	(51)
Marketing and distribution costs	(430,005)	(403,639)	7	(855,798)	(835,170)	2
Research and development costs	(35,839)	(37,224)	(4)	(55,172)	(66,199)	(17)
Administrative expenses	(82,554)	(100,962)	(18)	(179,434)	(201,799)	(11)
Finance costs	(9)	(21)	(57)	(37)	(39)	(5)
Other losses	(2,123)	(4,858)	(56)	(16,645)	(14,189)	17
Share of profit of associates	56,192	61,201	(8)	100,611	109,674	(8)
Profit before income tax	317,022	291,101	9	549,822	539,566	2
Income tax expense	(41,303)	(35,316)	17	(71,857)	(66,965)	7
Profit, net of tax	275,719	255,785	8	477,965	472,601	1

	<u>The Group</u>					
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	Change %	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000	Change %
Other Comprehensive Loss Items that will not be reclassified to profit or loss:						
Fair Value Gain / (Loss) on equity investment measured at FVTOCI, net of tax	89	259	(66)	(716)	(863)	(17)
Share of other comprehensive income / (loss) from equity-accounted associates, net of tax	(789)	(1,407)	(44)	(324)	(363)	(11)
Other Comprehensive Income/(Loss) Items that may be reclassified subsequently to profit or loss:						
Total Other Comprehensive Income / (Loss), Net of Tax	(700)	(1,148)	(39)	(1,040)	(1,226)	(15)
Total comprehensive income	275,019	254,637	8	476,925	471,375	1

	<u>The Group</u>					
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	Change %	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000	Change %
Profit, net of tax attributable to:						
Owners of the parent	269,181	249,601	8	468,785	462,549	1
Non-controlling interests	6,538	6,184	6	9,180	10,052	(9)
	275,719	255,785	8	477,965	472,601	1
Total comprehensive income attributable to:						
Owners of the parent	268,481	248,453	8	467,745	461,323	1
Non-controlling interests	6,538	6,184	6	9,180	10,052	(9)
	275,019	254,637	8	476,925	471,375	1
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 share on issue	0.35	0.32	9	0.61	0.60	2

(*) 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.

	<u>The Group</u>					
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	Change %	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000	Change %
Profit, net of tax is arrived at after crediting / (charging):						
Other income (including government grant)	3,932	7,988	(51)	8,097	11,979	(24)
Interest income	16,428	12,057	36	29,506	19,836	49
Interest on borrowings	(9)	(21)	(57)	(37)	(39)	(5)
Allowance for impairment on trade receivables – reversal / (loss)	(600)	(2,602)	(77)	(6,166)	(3,690)	67
Allowance for impairment on other receivables – reversal / (loss)	5,986	(25)	n.m	1,473	(3,870)	n.m
Impairment loss on inventories	(4,494)	(2,336)	92	(8,938)	(6,628)	35
Foreign currency translation losses, net	(1,625)	564	n.m	(1,539)	461	n.m
Gain on disposal of property, plant and equipment, intangible assets and other non-current assets	(47)	3,571	n.m	(118)	9,241	n.m
Share-based payments	(1,794)	(2,196)	(18)	(3,576)	(4,775)	(25)
Depreciation and amortisation	(28,463)	(30,773)	(8)	(58,399)	(61,174)	(5)

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

	Note	The Group			The Company		
		As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	Change %	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment		1,450,717	1,483,273	(2)	990,179	1,047,816	(6)
Right-of-use assets		2,269	3,054	(26)	-	-	
Investment properties		14,638	15,177	(4)	13,835	14,349	(4)
Land use rights		205,267	182,638	12	154,498	156,907	(2)
Intangibles assets		23,749	20,270	17	15,590	18,568	(16)
Investment in subsidiaries	7	-	-		1,032,275	535,525	93
Investment in associates	8	664,871	729,660	(9)	664,871	729,660	(9)
Other financial assets	9	46,469	11,081	319	6,168	11,081	(44)
Deferred tax assets		187,126	154,605	21	147,763	140,059	6
Other non-financial assets	10	21,860	42,333	(48)	16,617	40,067	(59)
Total non-current assets		2,616,966	2,642,091	(1)	3,041,796	2,694,032	13
Current assets							
Inventories		1,291,666	1,525,089	(15)	796,650	1,391,957	(43)
Trade and other receivables	11	2,659,222	2,011,319	32	2,342,416	1,941,982	21
Other financial assets	9	40,116	484,464	(92)	-	374,829	
Other non-financial assets	10	85,161	120,940	(30)	14,323	103,188	(86)
Cash and cash equivalents		2,596,936	2,283,181	14	2,092,440	2,055,683	2
Total current assets		6,673,101	6,424,993	4	5,245,829	5,867,639	(11)
Total assets		9,290,067	9,067,084	2	8,287,625	8,561,671	(3)
EQUITY							
Equity							
Share capital	12	773,443	773,443	-	773,443	773,443	-
Share premium		1,228,740	1,228,740	0	1,228,740	1,228,740	0
Retained earnings		3,975,362	3,890,250	2	3,973,714	3,818,874	4
Other reserves		503,565	504,077	0	552,992	553,504	0
Total equity attributable to equity holders of the Company		6,481,110	6,396,510	1	6,528,889	6,374,561	2
Non-controlling interests		144,132	149,352	(3)	-	-	
Total equity		6,625,242	6,545,862	1	6,528,889	6,374,561	2

	The Group				The Company		
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	Change %		As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	Change %
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	3,548	4,212	(16)		3,548	4,212	(16)
Trade payables	12,445	12,445	0		12,297	12,297	0
Lease liabilities	849	1,572	(46)		-	-	
Other financial liabilities	21,531	-	n.m		-	-	
Other non-financial liabilities	98,050	101,124	(3)		76,802	66,757	15
Total non-current liabilities	136,423	119,353	14		92,647	83,266	11
Current liabilities							
Income tax payable	87,997	9,530	n.m		76,984	-	n.m
Trade and other payables	14 2,306,736	2,145,133	8		1,493,954	1,896,456	(21)
Other financial liabilities	13 28,000	30,000	(7)		-	-	
Lease liabilities	1,541	1,597	(4)		-	-	
Other non-financial liabilities	104,128	215,609	(52)		95,151	207,388	(54)
Total current liabilities	2,528,402	2,401,869	5		1,666,089	2,103,844	(21)
Total liabilities	2,664,825	2,521,222	6		1,758,736	2,187,110	(20)
Total equity and liabilities	9,290,067	9,067,084	2		8,287,625	8,561,671	(3)

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-cont rolling 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	-	-	(1,040)	468,785	467,745	9,180	476,925
Transfers from equity instruments at FVTOCI reserve	-	-	(3,048)	3,048	-	-	-
Dividends	-	-	-	(386,721)	(386,721)	-	(386,721)
Distribution to non-controlling interests	-	-	-	-	-	(14,400)	(14,400)
Share-based payments	-	-	3,576	-	3,576	-	3,576

Balance at 30 June 2022	773,443	1,228,740	503,565	3,975,362	6,481,110	144,132	6,625,242
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Group	Share capital	Share premium	Other reserves	Retained earnings	Parent sub-total	Non-controlling interests	Total equity
Balance at 1 January 2021	773,643	1,229,980	486,491	3,353,080	5,843,194	141,484	5,984,678
Total comprehensive income for the period	-	-	(1,226)	462,549	461,323	10,052	471,375
Dividends	-	-	-	(232,093)	(232,093)	-	(232,093)
Distribution to non-controlling interests	-	-	-	-	-	(9,600)	(9,600)
Share-based payments	-	-	4,775	-	4,775	-	4,775
Balance at 30 June 2021	773,643	1,229,980	490,040	3,583,536	6,077,199	141,936	6,219,135

All in RMB'000

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	-	-	(1,040)	538,513	537,473
Transfers from equity instruments at FVTOCI reserve	-	-	(3,048)	3,048	-
Dividends	-	-	-	(386,721)	(386,721)
Share-based payments	-	-	3,576	-	3,576
Balance at 30 June 2022	773,443	1,228,740	552,992	3,973,714	6,528,889

Company	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2021	773,643	1,229,980	536,706	3,278,987	5,819,316
Total comprehensive income for the period	-	-	(1,226)	468,096	466,870
Dividends	-	-	-	(232,093)	(232,093)
Share-based payments	-	-	4,775	-	4,775
Balance at 30 June 2021	773,643	1,229,980	540,255	3,514,990	6,058,868

1(c) Condensed Interim Consolidated Statement of Cash Flows

	The Group			
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000
<u>Cash flows from operating activities</u>				
Profit before income tax	317,022	291,100	549,822	539,566
Interest income	(16,428)	(12,057)	(29,506)	(19,836)
Interest expense	9	21	37	39
Dividend income	-	-	-	-
Gain upon maturity and disposal of financial assets	(578)	(1,095)	(4,448)	(2,182)
Share of profit of equity-accounted associates	(56,192)	(61,201)	(100,611)	(109,674)
Depreciation and amortisation of property, plant and equipment, investment properties, land use rights and intangible assets	28,463	30,773	58,399	61,174
Gain on disposals of property, plant and equipment, intangible assets and other non-current assets	47	(3,571)	118	(9,241)
Impairment on trade and other receivables – loss / (reversal)	(891)	4,964	13,632	14,189
Share-based payments	1,794	2,196	3,576	4,775
Operating cash flows before changes in working capital	273,246	251,130	491,019	478,810

	<u>The Group</u>			
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000
Inventories	123,320	6,506	231,739	68,572
Trade and other receivables	(307,469)	(146,881)	(664,629)	(577,025)
Other non-financial assets	804	33,781	55,024	(1,772)
Trade and other payables	82,578	110,973	172,749	436,572
Cash restricted in use	(85,886)	-	(85,886)	-
Other non-financial liabilities	(68,594)	26,862	(114,555)	(14,149)
Net cash flows from operations	17,999	282,371	85,461	391,008
Income tax paid	(24,191)	(37,509)	(25,912)	(40,960)
Net cash flows from operating activities	(6,192)	244,862	59,549	350,048
Cash flows from investing activities				
Purchase of property, plant and equipment, intangibles, land use rights and investment properties	(7,886)	(31,210)	(53,396)	(71,515)
Acquisition of financial assets	(40,000)	-	(80,000)	-
Proceeds from disposal of financial assets	65,000	-	454,920	-
Dividends income received from associates and financial assets	153,075	5,490	165,075	29,490
Proceeds from disposals of property, plant and equipment, intangible assets and other assets	-	15,298	4	22,621
Interest income received	16,791	12,371	63,254	20,463
Net cash flows used in investing activities	186,980	1,949	549,857	1,059

	<u>The Group</u>			
	3-month period from 1 April to 30 June 2022 RMB'000	3-month period from 1 April to 30 June 2021 RMB'000	6-month period from 1 January to 30 June 2022 RMB'000	6-month period from 1 January to 30 June 2021 RMB'000
Cash flows from financing activities				
Proceeds from new borrowings	21,531	-	21,531	-
Dividends paid to equity owners	(385,237)	(223,986)	(385,237)	(224,066)
Distribution to non-controlling interests	-	(9,600)	(14,400)	(9,600)
Interest expense paid	(267)	(300)	(540)	(602)
Repayment of borrowings	-	-	(2,000)	-
Repayment of lease liabilities	(44)	-	(891)	(530)
Net cash flows used in financing activities	(364,017)	(233,886)	(381,537)	(234,798)
Net (decrease) / increase in cash and cash equivalents	(183,229)	12,925	227,869	116,309
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	2,694,279	2,090,718	2,283,181	1,987,334
Cash and cash equivalents, consolidated statement of cash flows, ending balance	2,511,050	2,103,643	2,511,050	2,103,643

Notes to the Condensed Interim Financial Statements

30 June 2022

1. General

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical 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 12 August 2022, approved and authorised these condensed interim financial statements for announcement 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 neither been audited nor reviewed by the auditors.

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

	<u>Chinese medicine</u>	<u>Western medicine</u>	<u>Other</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
6-month period ended 30 June 2022				
Revenue	2,480,801	853,769	440,194	3,774,764
Cost of sales	1,084,882	767,769	405,774	2,258,425
Gross profit	1,395,919	86,000	34,420	1,516,339
6-month period ended 30 June 2021				
Revenue	2,474,700	827,655	338,066	3,640,421
Cost of sales	1,136,668	702,125	295,710	2,134,503
Gross profit	1,338,032	125,530	42,356	1,505,918

2C. Disaggregation of revenue from contracts with customers

	Group	
	6-month period ended 30 June 2022 RMB'000	6-month period ended 30 June 2021 RMB'000
Sale of goods recognised at point in time	3,765,841	3,631,463
Revenue recognised over time	8,923	8,958
	3,774,764	3,640,421

3. Income tax

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

	Group	
	6-month period ended 30 June 2022 RMB'000	6-month period ended 30 June 2021 RMB'000
<u>Current income tax</u>		
Current income tax	104,028	92,152
Adjustments in respect of prior years	350	1,579
	104,378	93,731
<u>Deferred tax</u>		
Deferred tax	(32,521)	(26,766)
	71,857	66,965

3B. Adjustments for current income tax

	Group	
	6-month period ended 30 June 2022 RMB'000	6-month period ended 30 June 2021 RMB'000
Profit (Loss) before tax	549,822	539,566
Loss: Share of profit of equity-accounted associates	(100,611)	(109,674)
	449,211	429,892
Income tax expense at the above rate	112,303	107,472
Effect of concessionary tax rate at 15%	(34,191)	(26,512)
Non-deductible items	47	91
Non-taxable items	(15,514)	(18,011)
Unrecognised deferred tax assets	8,862	2,346
Adjustments in respect of prior years	350	1,579
	71,857	66,965

4. Disposal of subsidiaries

There was no disposal of subsidiaries 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 disposed of shares resulting in a company ceasing to be a subsidiary or an associated company of the Company, and had also not disposed of shares resulting in the Company reducing its shareholding percentage in a subsidiary or an associated company.

During the current financial period reported on, the Company transferred the entire equity interest held by it in its wholly-owned subsidiary, Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd. (天津达仁堂 (亳州) 中药饮片有限公司) (“**Da Ren Tang (Bozhou)**”) to its other wholly-owned subsidiary, Da Ren Tang (Tianjin) Chinese Medicinal Slices Co., Ltd. (达仁堂 (天津) 中药饮片有限公司) (“**Chinese Medicinal Slices Co.**”) (the “**Transfer**”). Upon the completion of the Transfer, Da Ren Tang (Bozhou) became a directly wholly-owned subsidiary of Chinese Medicinal Slices Co. and indirectly subsidiary of the Company. During the current financial period reported on, the Company’s wholly-owned subsidiary, Zhong Xin Bohai Rim Pharmaceutical Co., Ltd. (天津中新药业集团环渤海药业有限公司) was deregistered.

5. Dividends on equity shares

	6-month period ended 30 June 2022	6-month period ended 30 June 2021
Type	Cash	Cash
Dividend rate	RMB0.5 per ordinary share	RMB0.3 per ordinary share
Record date	25 May 2022	16 June 2021
Date paid or payable	2 June 2022	24 June 2021

The total dividends paid on ordinary shares for the financial year ended 31 December 2021 (“**FY2021**”) was RMB386,721,538 (2020: RMB230,942,593.20).

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>
	6-month period ended 30 June 2022
	RMB'000
Movements during the period:	
At beginning of the period	535,525
Additions	496,750
At the end of the period	1,032,275

During the current financial period reported on, the Company increased its investment in its subsidiaries, Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) and Tianjin Hebei Da Ren Tang Hospital Co., Ltd. (天津河北达仁堂医院有限公司).

8. Investments in associates

	<u>Group</u>
	6-month period ended 30 June 2022
	RMB'000
Movements in carrying value:	
At beginning of the period	729,660
Share of profit of associates	100,610
Dividends	(165,075)
Other equity movements	(324)
At end of the period	664,871

9. Other financial assets

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Other financial assets - current assets		
Investment in debt instruments at amortised cost	40,116	484,464
Other financial assets - non-current assets		
Investment in debt instruments at	40,301	-

amortised cost		
Investment in equity instruments at fair value through other comprehensive income	6,168	11,081
	46,469	11,081
	86,585	495,545

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

10. Other non-financial assets

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Current assets		
Prepayments	33,842	48,538
Value-added taxes recoverable	51,319	59,202
Income tax recoverable	-	13,200
	85,161	120,940
Non-current assets		
Prepayment	21,860	42,333
	107,021	163,273

11. Trade and other receivables

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<u>Trade receivables</u>		
Bills receivable	432,831	433,592
Interest receivable	-	15,550
Outside parties	2,290,401	1,649,775
Associates	4,531	4,937
Related parties	29,901	26,125
Less: Allowance for credit impaired	(8,148)	(6,349)
Less: Allowance for expected credit losses	(141,862)	(137,495)
	2,607,654	1,986,135
<u>Other receivable</u>		
Outside parties	72,950	52,428
Associates	27,849	27,861
Related parties	4,400	-

Less: Allowance for expected credit losses	(53,631)	(55,105)
	51,568	25,184
Total	2,659,222	2,011,319

The ageing of the trade receivables balances was as follows:

	<u>Group</u>		
	<u>Gross amount</u> RMB'000	<u>ELR</u> %	<u>Loss allowance</u> RMB'000
As at 30 June 2022			
Within 1 year	2,152,537	0.13	2,799
1 – 2 years	30,602	20.00	6,120
2 – 3 years	1,100	50.00	550
Over 3 years	132,393	100.00	132,393
Total	2,316,632		141,862
As at 31 December 2021			
Within 1 year	1,528,997	0.13	1,990
1 – 2 years	11,060	20.00	2,212
2 – 3 years	2,277	50.00	1,139
Over 3 years	132,154	100.00	132,154
Total	1,674,488		137,495

12. Share capital and treasury shares

	<u>Group</u>	
	Number of treasury shares	Amount of treasury shares
	As at 30 June 2022 '000	As at 30 June 2022 RMB'000
Movements in share capital:		
At beginning of the period	-	-
Restricted A-Shares buy-back	-	-
At end of the period	-	-

There has been no change in the Company's share capital since the end of the previous period reported on, being 31 March 2022.

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 June 2022 and 30 June 2021.

The Company does not hold any treasury shares and there are no subsidiary holdings as at 30 June 2022 and 30 June 2021.

	As at 30 June 2022	As at 31 December 2021
Number of issued shares excluding treasury shares	773,443,076	773,443,076
Number of treasury shares held	Nil	Nil

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

	<u>Secured</u>		<u>Unsecured</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<u>Repayable in one year or less, or on demand:</u>				
Bank borrowings	28,000	30,000	-	-
Subtotal	28,000	30,000	-	-
<u>Repayable after one year:</u>				
Bank borrowings	-	-	21,531	-
Subtotal	-	-	21,531	-
Total	28,000	30,000	21,531	-

13A. Details of any collaterals

The aforementioned loan of principal amount of RMB25.44 million is secured by a subsidiary's land use rights valued at a valuation of approximately RMB28 million as at 30 June 2022.

14. Trade and other payables

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<u>Trade payables</u>		
Bills payable	496,778	643,887
Outside parties	553,360	588,094
Associates	3,948	2,178
Related parties	41,536	8,340
Employee benefits payables	215,494	132,057
	1,311,116	1,374,556
<u>Other payables</u>		
Outside parties	887,469	719,461
taxes payables	90,154	34,548
Dividend payable	17,667	15,725
Associates	-	39
Related parties	330	804
Subtotal	995,620	770,577
Total	2,306,736	2,145,133

15. Capital commitments

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Contractual obligations to purchase and construct	240,367	219,231

16. Categories of financial assets and liabilities

	<u>Group</u>	
	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<u>Financial assets</u>		
Financial assets at amortised cost	5,336,575	4,778,964
Financial assets at fair value through other comprehensive income	6,168	11,081
	5,342,743	4,790,045
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	2,343,102	2,160,747

17. 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 same accounting policies and method of computation as presented in the audited financial statements of the Group for the reporting year ended 31 December 2021.

18. 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	
	6-month period ended 30 June 2022	6-month period ended 30 June 2021
	RMB	RMB
Based on weighted average number of ordinary shares in issue	0.61	0.60

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.

19. 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 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	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	8.38	8.27	8.44	8.24

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

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

(a) Revenue:

The Group's revenue in the second quarter of the financial year ending 31 December 2022 ("2Q FY2022") was approximately RMB 1,885 million, an increase of approximately RMB 72 million, or 4%, from RMB 1,813 million in the second quarter of FY2021 ("2Q FY2021"). For the 6 months ended 30 June 2022 ("1H22"), the Group recorded a revenue of approximately RMB 3,775 million, an increase of approximately RMB 134 million, approximately 4% over the corresponding period in FY2021.

(b) Gross Profit Margin:

The Group's gross profit in 2Q FY2022 increased by approximately 5% from approximately RMB 753 million in 2Q FY2021 to approximately RMB 790 million. For 1H22, the Group's gross profit was approximately RMB 1,516 million compared to approximately RMB 1,506 million in the corresponding period of FY2021, with an increase of approximately 1% amounting to approximately RMB 10 million. The gross profit margin decreased from 41% in the 6 months ended 30 June 2021 ("1H21") to 40% in 1H22.

(c) Other Gains:

Other gains in 2Q FY2022 were RMB 5 million. For 1H22, the Group's other gains were approximately RMB 10 million, a decrease of approximately RMB 11 million over the previous corresponding period, mainly due to decrease of gain on disposal of property, plant and equipment, intangible assets and other non-current assets of approximately RMB 9.44 million.

(d) Major Expenses:

(i) Marketing and Distribution costs in 2Q FY2022 increased by approximately 7% to approximately RMB 430 million. For 1H22, the Marketing and Distribution costs were approximately RMB 856 million, an increase of approximately RMB 21 million or 2% over the previous corresponding period.

(ii) Research and Development costs in 2Q FY2022 were approximately RMB 36 million, a decrease of approximately RMB 1 million or 4% over the previous corresponding period. For 1H22, the Research and Development costs decreased by approximately RMB 11 million, from approximately RMB 66 million in 1H21 to approximately RMB 55 million.

(iii) Administrative expenses in 2Q FY2022 decreased by approximately RMB 18 million, from

approximately RMB 101 million in 2Q FY2021. For 1H22, the administration expenses were approximately RMB 179 million, a decrease of approximately RMB 22 million.

(iv) Finance costs in 2Q FY2022 decreased by approximately 57% to approximately RMB 0.01 million, while for 1H22, the finance costs were approximately RMB 0.04 million, which is comparable to the previous year.

(v) Other losses in 2Q FY2022 decreased by approximately RMB 3 million. For 1H22, the other losses were approximately RMB 17 million, an increase of approximately RMB 2 million over the previous corresponding period.

(e) Share of results of associated companies:

The Group's share of profits of associated companies in 2Q FY2022 was approximately RMB 56 million, a decrease of approximately RMB 5 million or 8% over the previous corresponding period. The Group's share of profits of associated companies in 1H22 decreased from approximately RMB 9 million to approximately RMB 101 million. This was mainly due to decrease in share of profits from Sino-American Tianjin SmithKline & French Lab., Ltd. (中美天津史克制药有限公司) and NewScen Coast Bio-Pharmaceutical Co., Ltd. (天津中新科炬生物制药股份有限公司).

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in 2Q FY2022 was approximately RMB 275 million, an increase of 8% over the previous corresponding period. The Group's total comprehensive income (net of tax) in 1H22 was approximately RMB 477 million, an increase of approximately RMB 6 million or 1% over the previous corresponding period.

The profit attributable to equity holders of parent (net of tax) in 2Q FY2022 was approximately RMB 269 million, an increase of 8% over the previous corresponding period. The profit attributable to equity holders of parent (net of tax) in 1H22 was approximately RMB 469 million, an increase of approximately RMB 6 million, or 1% from RMB 463 million of the corresponding period in 1H21.

(g) Major changes in statement of financial positions:

As at 30 June 2022, the Group's cash and cash equivalents amounted to approximately RMB 2,597 million, which is an increase of approximately RMB 314 million, or 14% over the balance as at 31 December 2021. The Group's borrowings as at 30 June 2022 amounted to RMB 49.53 million.

Trade and other receivables increased by approximately 32% or RMB 648 million to approximately RMB 2,659 million as at 30 June 2022. Trade receivables increased by approximately RMB 638 million.

Inventories was approximately RMB 1,292 million at 30 June 2022, which is a decrease of approximately RMB 233 million, or 15% over the balance as at 31 December 2021.

Other current assets decreased by approximately 30% or RMB 36 million to approximately RMB 85 million as at 30 June 2022.

Investment in associates of the Group decreased by 9% to approximately RMB 665 million.

Property, plant and equipment decreased by approximately RMB 33 million to approximately RMB 1,451 million.

(h) Change in cash flow position:

In 1H22, the Group recorded net cash inflow from operating activities of approximately RMB 60 million which has decreased by RMB 290 million as compared to 1H21. The decrease was mainly due to the increase in amount used in working capital.

Cash inflow from investing activities was approximately RMB 550 million in 1H22 which has increased by RMB 549 million as compared to 1H21. This was mainly attributable to proceeds received from disposal of other financial assets during the current period reporting on.

Cash outflow from financing activities was approximately RMB 382 million in 1H22 which has increased by RMB 147 million as compared to 1H21. The increase was mainly due to increase in dividend, profit and interest paid to non-controlling interest.

21. 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.

22. 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

Since the beginning of 2022, the international environment has been complicated and challenging and the world economic growth has been slowing down. The spread of the COVID-19 pandemic has caused a significant impact on the stability of domestic economic growth. In the first half year of 2022, based on the statistics in the China pharmaceutical and medical industry published by the National Bureau of Statistics of China (国家统计局), the industrial operating revenue was RMB 1,400.78 billion, a decrease of 0.6% over the same period last year; the industrial operating cost was RMB 815.96 billion, an increase of 10.3% over the same period last year; and the industrial operating profit was RMB 220.95 billion, a decrease of 27.6% over the same period last year. In the first half of 2022, the China pharmaceutical and medical industrial capacity utilisation rate was 74.9%, a decrease of 2.9% over the same period last year. In general, the impact of the COVID-19 pandemic has not been completely eliminated, the consumption demand contraction and supply-side shocks are intertwined, the structural contradictions and cyclical problems are superimposed, the China economy is still facing uncertainties, and the foundation for sustainable economic recovery is unstable.

The development of the traditional Chinese medicine (“TCM”) industry is of great importance to China, the PRC government continues to introduce a favourable policy environment for the development of the TCM industry and strives to deepen the comprehensive reform of the medical and health system. The new policies on the “three medical linkages (三医联动)” reform comprising medicine (医药), medical insurance (医保) and medical care (医疗) have been put in place. Stimulated by a huge boon for the industry, the TCM industry is embracing new opportunities, and the medium and long-term positive development trend has been formed. The new 14th Five-Year Plan (2021-2025) for the development of TCM industry (《“十四五”中医药发展规划》) (the “Plan”) issued by the General Office of the State Council of the PRC (国务院办公厅) emphasised the need to “focus on the new development stage to implement new development concept in a complete, accurate and comprehensive manner, build a new development pattern, place equal importance on both TCM and western medicine, carry on the essence of TCM while pursuing innovation, and implement the major projects for the revitalisation and development of TCM, and “promote the combination of TCM and modern science, facilitate the complementary and coordinated development of TCM and western medicine, promote the modernisation and industrialisation of TCM, promote the high-quality development of TCM and advance the globalisation of TCM, so as to provide strong support for comprehensively advancing the construction of a healthy China and better protection of people’s health.” With various positive factors such as favorable national policies, market demand and economic drive, it is envisaged that the TCM industry will continue to enjoy a beneficial policy environment, and the cultural foundation of TCM will be constantly deepened and consolidated.

Under the influence of the economic challenges arising from the COVID-19 pandemic and the

opportunities arising from PRC national policies, the Company is actively adapting to the changes in the industry and preparing to meet the challenges. In 2022, the Company has implemented various measures including costs controls, energy saving and consumption reduction; improvement of production efficiency to ensure market supply; change of its company name to give full play to the role of time-honored brands and optimisation of its organisational structure; and continuous exploration of the market to promote sales growth. The Company has demonstrated its corporate social responsibility during the fight against the COVID-19 pandemic. In the first half of 2022, despite the COVID-19 pandemic, the Group achieved an operating income of RMB 3.775 billion, representing a year-on-year increase of 4%, and net profit attributable to the parent of RMB 469 million, representing a year-on-year increase of 1%.

23. If a decision regarding dividend has been made:—

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)**
- (b) The amount per share, as well as for the previous corresponding period**
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**
- (d) The date the dividend is payable**
- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the current financial period reported on. The Company will conduct a review at the end of the financial year.

Please refer to note 5 above for details on the dividends declared and paid in respect of FY2021 during the current period reported on.

24. 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 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 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:

	6-month period ended 30 June	
	2022 RMB'000	2021 RMB'000
Sale of goods to associates	239	2,200
Purchase of goods from associates	(38,848)	(41,289)
Interest income from an associate	7,282	3,824
Interest expense payable to an associate	(540)	(602)
Rental income from an associate	-	220

	6-month period ended 30 June	
	2022 RMB'000	2021 RMB'000
Sale of goods to related companies	74,789	53,813
Purchase of goods from related companies	(131,775)	(90,298)
Rental expenses to related companies	(1,504)	(1,314)
Rental income from related companies	28	-

25. Interested Person Transaction disclosure

The Group has obtained a general mandate (the “**IPT General Mandate**”) from shareholders for interested person transactions (the “**IPTs**”) at the annual general meeting held on 16 May 2022 for FY2021. 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 173 to 193 of the Company’s annual report for FY2021) 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 5 June 2020 for the financial year ended 31 December 2019 (“**FY2019**”). Please refer to the annexure dated 21 May 2020 (the “**21 May 2020 Annexure**”) in relation to the aforesaid financial services agreement (as set out on pages 187 to 224 of the Company’s annual report for FY2019) for further details.

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)	
		6-month period ended 30 June 2022	6-month period ended 30 June 2021	6-month period ended 30 June 2022	6-month period ended 30 June 2021
		RMB'000	RMB'000	RMB'000	RMB'000
Tianjin Pharmaceutical Group Finance Co., Ltd (" TPGF ") (天津医药集团财务有限公司)	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: 540	602	-	-
Total		540	602	-	-

Note: As at 30 June 2022, placement of deposit with TPGF amounted to approximately RMB 587 million.

As disclosed in the 21 May 2020 Annexure in relation to the proposed financial services agreement to be entered into between the Company and TPGF as an interested person transaction (as set out in pages 187 to 224 of the Company's annual report for FY2019), TPGF shall provide certain financial services to the Company under the aforesaid financial services agreement, including deposit business services.

As further disclosed in the 21 May 2020 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, 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 21 May 2020 Annexure, the Company 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 RMB 600 million. Please refer to the 21 May 2020 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 5 June 2020 for FY2019.

The deposit of approximately RMB 587 million placed with TPGF as at 30 June 2022 falls within the limit of RMB 600 million. Further details on the deposit are set out below:

Unit: RMB '000

Duration of deposit	Current deposit (1-7 days)	Fixed deposit (12 months)	Total
Balance of deposit	367,118	200,000	587,118

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 RMB 587 million placed with TPGF as at 30 June 2022 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.

26. 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.

27. 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.

28. Statement pursuant to Rule 705(5) of the Listing Manual

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial results for the financial period ended 30 June 2022, to be false or misleading in any material respect.

29. Additional information required on acquisitions and realisations pursuant to Rule 706A of the Listing Manual

As disclosed in note 4 above, for the current financial period reported on, the Group had not disposed of shares resulting in a company ceasing to be a subsidiary or an associated company of the Company, and had also not disposed of shares resulting in the Company reducing its shareholding percentage in a subsidiary or an associated company.

As disclosed in note 6 above, 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.