

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Third Quarter Financial Statement (*) And Dividend Announcement

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

	Note	The Group					
		3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	Change %	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000	Change %
Revenue	2	1,646,192	1,704,731	(3)	5,610,933	5,793,040	(3)
Cost of sales	2	(893,240)	(1,034,435)	(14)	(2,922,132)	(3,247,206)	(10)
Gross profit		752,952	670,296	12	2,688,801	2,545,834	6
Interest income		5,935	10,298	(42)	25,820	46,029	(44)
Dividend income		-	100	n.m	80	100	(20)
Other gains		16,432	6,275	n.m	49,486	18,689	n.m
Marketing and distribution costs		(444,224)	(388,927)	14	(1,475,052)	(1,454,602)	1
Research and development costs		(52,145)	(34,465)	51	(98,797)	(86,494)	14
Administrative expenses		(112,037)	(100,474)	12	(356,162)	(264,550)	35
Finance costs		(9,411)	(8,716)	8	(21,196)	(19,650)	8
Other losses		(18,487)	(17,844)	4	(47,887)	(35,356)	35
Share of profit of associates		36,747	16,006	n.m	158,318	211,284	(25)
Profit before income tax		175,762	152,549	15	923,411	961,284	(4)
Income tax expense	3	(33,801)	(24,993)	35	(130,277)	(119,261)	9
Profit, net of tax		141,961	127,556	11	793,134	842,023	(6)

	Note	The Group					
		3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	Change %	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000	Change %
Other comprehensive income Items that will not be reclassified to profit or loss:							
Change in fair value of equity investments measured at FVTOCI, net of tax		-	-	-	(113)	(2)	n.m
Share of other comprehensive income / (loss) from equity-accounted associates, net of tax		1,100	(534)	n.m	(567)	839	n.m
Total Other Comprehensive Income / (Loss), Net of Tax		1,100	(534)	n.m	(680)	837	n.m
Total comprehensive income		143,061	127,022	13	792,454	842,860	(6)

	Note	The Group					
		3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	Change %	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000	Change %
Profit, net of tax attributable to:							
Owners of the parent		146,136	135,700	8	803,856	858,191	(6)
Non-controlling interests		(4,175)	(8,144)	(49)	(10,722)	(16,168)	(34)
		141,961	127,556	11	793,134	842,023	(6)
Total comprehensive income attributable to:							
Owners of the parent		147,236	135,166	9	803,176	859,028	(7)
Non-controlling interests		(4,175)	(8,144)	(49)	(10,722)	(16,168)	(34)
		143,061	127,022	13	792,454	842,860	(6)
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		0.19	0.17	12	1.04	1.11	(6)

(*) 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 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	Change %	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000	Change %
Profit, net of tax is arrived at after crediting / (charging):						
Other income (including government grant)	16,132	6,302	n.m	44,422	18,195	n.m
Interest income	5,935	10,298	(42)	25,820	46,029	(44)
Interest on borrowings	(9,411)	(8,716)	8	(21,196)	(19,650)	8
Allowance for impairment on trade receivables – reversal / (loss)	(20,874)	(6,940)	n.m	(34,321)	(17,070)	n.m
Allowance for impairment on other receivables – reversal / (loss)	38	40	(5)	457	414	10
Allowance for impairment of notes receivables	165	-	-	4,510	-	-
Impairment loss on inventories	3,292	(11,269)	n.m	(12,467)	(17,183)	(27)
Foreign currency translation losses, net	(962)	364	n.m	(1,100)	(1,102)	(0)
Gain on disposal of property, plant and equipment, intangible assets and other non-current assets	153	(67)	n.m	97	80	21
Investment income – Dividend income	-	100	n.m	80	100	(20)
Share-based payments	(11)	(578)	(98)	(361)	19,127	n.m
Depreciation and amortisation	(30,634)	(31,820)	(4)	(93,742)	(96,909)	(3)

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

	Note	The Group			The Company		
		As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000	Change %	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000	Change %
ASSETS							
Non-current assets							
Property, plant and equipment		1,449,504	1,434,742	1	1,011,949	980,909	3
Right-of-use assets		4,009	6,769	(41)	-	-	-
Investment properties		12,226	13,029	(6)	11,534	12,299	(6)
Land use rights		246,235	251,739	(2)	199,214	203,677	(2)
Intangibles assets		58,863	79,086	(26)	7,180	19,216	(63)
Goodwill	12	65,911	65,911	0	-	-	-
Investment in subsidiaries	7	-	-	-	1,680,455	1,652,454	2
Investment in associates	8	929,647	882,307	5	929,647	882,307	5
Other financial assets	9	746,594	622,812	20	573,907	560,873	2
Deferred tax assets		301,857	265,993	13	265,942	232,063	15
Other non-financial assets	10	32,654	56,039	(42)	29,026	51,293	(43)
Total non-current assets		3,847,500	3,678,427	5	4,708,854	4,595,091	2
Current assets							
Inventories		1,630,713	1,566,518	4	1,172,095	1,123,625	4
Trade and other receivables	11	2,909,517	2,686,929	8	1,289,789	2,042,065	(37)
Other financial assets	9	1,016,141	61,699	n.m	963,517	-	-
Other non-financial assets	10	111,022	111,329	(0)	30,710	34,623	(11)
Cash and cash equivalents		1,454,636	2,125,200	(32)	938,818	1,441,871	(35)
Total current assets		7,122,029	6,551,675	9	4,394,929	4,642,184	(5)
Total assets		10,969,529	10,230,102	7	9,103,783	9,237,275	(1)
EQUITY							
Equity							
Share capital	13	770,158	770,158	0	770,158	770,158	0
Share premium		1,207,326	1,207,326	0	1,207,326	1,207,326	0
Retained earnings		4,318,073	4,500,020	(4)	4,310,715	4,456,460	(3)
Other reserves		129,905	130,224	(0)	544,748	545,067	(0)
Total equity attributable to equity holders of the Company		6,425,462	6,607,728	(3)	6,832,947	6,979,011	(2)
Non-controlling interests		33,824	44,546	(24)	-	-	-
Total equity		6,459,286	6,652,274	(3)	6,832,947	6,979,011	(2)

		The Group			The Company		
		As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000	Change %	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000	Change %
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities		7,028	7,333	(4)	-	-	-
Trade payables		7,890	8,149	(3)	5,683	5,749	(1)
Lease liabilities		2,326	2,743	(15)	-	-	-
Other financial liabilities	14	214,967	241,035	(11)	201,967	241,035	(16)
Other non-financial liabilities		91,496	92,682	(1)	57,732	57,879	(0)
Total non-current liabilities		323,707	351,942	(8)	265,382	304,663	(13)
Current liabilities							
Income tax payable		69,967	76,678	(9)	52,142	52,373	(0)
Trade and other payables	15	2,980,768	2,890,284	3	1,859,764	1,759,115	6
Other financial liabilities	14	1,063,955	81,800	n.m	38,659	-	-
Lease liabilities		1,384	3,564	(61)	-	-	-
Other non-financial liabilities		70,462	173,560	(59)	54,889	142,113	(61)
Total current liabilities		4,186,536	3,225,886	30	2,005,454	1,953,601	3
Total liabilities		4,510,243	3,577,828	26	2,270,836	2,258,264	1
Total equity and liabilities		10,969,529	10,230,102	7	9,103,783	9,237,275	(1)

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 2024	770,158	1,207,326	130,224	4,500,020	6,607,728	44,546	6,652,274
Total comprehensive income for the period	-	-	(680)	803,856	803,176	(10,722)	792,454
Dividends	-	-	-	(985,803)	(985,803)	-	(985,803)
Share-based payments	-	-	361	-	361	-	361
Balance at 30 September 2024	770,158	1,207,326	129,905	4,318,073	6,425,462	33,824	6,459,286

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
Owner's contribution	-	-	-	-	-	2,880	2,880
Restricted A-Shares buy-back	(3,193)	(20,845)	-	3,326	(20,712)	-	(20,712)
Total comprehensive income for the period	-	-	837	858,191	859,028	(16,168)	842,860
Dividends	-	-	-	(862,679)	(862,679)	-	(862,679)
Non-cash contribution to subsidiary	-	-	(32,166)	-	(32,166)	31,985	(181)
Share-based payments	-	-	(19,127)	-	(19,127)	-	(19,127)
Balance at 30 September 2023	770,250	1,207,895	126,108	4,371,300	6,475,553	49,190	6,524,743

All in RMB'000

Company	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024	770,158	1,207,326	545,067	4,456,460	6,979,011
Total comprehensive income for the period	-	-	(680)	840,058	839,378
Dividends	-	-	-	(985,803)	(985,803)
Share-based payments	-	-	361	-	361
Balance at 30 September 2024	770,158	1,207,326	544,748	4,310,715	6,832,947

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
Restricted A-Shares buy-back	(3,193)	(20,845)	-	3,326	(20,712)
Total comprehensive income for the period	-	-	837	891,228	892,065
Dividends	-	-	-	(862,679)	(862,679)
Share-based payments	-	-	(19,127)	-	(19,127)
Balance at 30 September 2023	770,250	1,207,895	540,951	4,306,935	6,826,031

1(c) Condensed Interim Consolidated Statement of Cash Flows

	<u>The Group</u>			
	3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000
<u>Cash flows from operating activities</u>				
Profit before income tax	175,762	152,549	923,411	961,284
Interest income	(5,935)	(10,298)	(25,820)	(46,029)
Interest expense	9,411	8,716	21,196	19,650
Dividend income	-	(100)	(80)	(100)
Other gains	(9,233)	(4,685)	(19,967)	(8,012)
Share of profit of equity-accounted associates	(36,747)	(16,006)	(158,318)	(211,284)
Depreciation and amortisation of property, plant and equipment, investment properties, land use rights and intangible assets	30,634	31,820	93,742	96,909
Gain on disposals of property, plant and equipment, intangible assets and other non-current assets	(153)	67	(97)	(80)
Impairment on trade and other receivables – loss / (reversal)	17,378	18,169	41,821	33,839
Share-based payments	11	578	361	(19,127)
Operating cash flows before changes in working capital	181,128	180,810	876,249	827,050

	The Group			
	3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000
Inventories	(71,528)	(7,919)	(70,530)	(262,323)
Trade and other receivables	254,623	(24,406)	(86,173)	(109,347)
Other assets	(15,084)	(15,319)	22,273	(7,278)
Trade and other payables	(221,831)	(164,958)	46,700	(229,186)
Cash restricted in use	19,729	11,301	30,922	79,861
Other liabilities	(93,153)	757	(104,284)	(93,640)
Net cash flows from operations	53,884	(19,734)	715,157	205,137
Income tax paid	(47,424)	(31,813)	(173,368)	(169,981)
Net cash flows from operating activities	6,460	(51,547)	541,789	35,156
Cash flows from investing activities				
Purchase of property, plant and equipment, intangibles, land use rights and investment properties	(42,469)	(18,549)	(79,782)	(83,649)
Acquisition of financial assets	(990,000)	(50,000)	(1,100,000)	(630,000)
Acquisition of subsidiary (net of cash acquired)	(211,824)	-	(211,824)	-
Proceeds from disposal of financial assets	-	-	40,000	49,649
Dividends income received from associates and financial assets	3,600	70,099	174,296	177,330
Proceeds from disposals of property, plant and equipment, intangible assets and other assets	-	-	79	186
Interest income received	5,935	10,298	27,432	46,881
Net cash flows used in investing activities	(1,234,758)	11,848	(1,149,799)	(439,603)

	The Group			
	3-month period from 1 July to 30 September 2024 RMB'000	3-month period from 1 July to 30 September 2023 RMB'000	9-month period from 1 January to 30 September 2024 RMB'000	9-month period from 1 January to 30 September 2023 RMB'000
<u>Cash flows from financing activities</u>				
Cash Received from Minority Shareholders for Subsidiary Equity Absorption	-	-	-	2,880
Increase in new loans and borrowings	239,911	150,000	1,055,366	719,058
Dividends paid to equity owners	(965,668)	(1,017)	(965,668)	(859,425)
Interest paid	(6,317)	(3,644)	(17,488)	(11,454)
Loans and borrowings paid	(18,815)	(177,890)	(99,279)	(200,383)
Repayment of borrowings and lease liabilities	(530)	(520)	(4,451)	(28,183)
Net cash flows used in financing activities	(751,419)	(33,071)	(31,520)	(377,507)
Net (decrease) / increase in cash and cash equivalents	(1,979,717)	(72,770)	(639,530)	(781,954)
Unrealised foreign exchange adjustments	(44)	6	(112)	(816)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	3,337,505	2,001,527	1,997,386	2,711,533
Cash and cash equivalents, consolidated statement of cash flows, ending balance	1,357,744	1,928,763	1,357,744	1,928,763

Notes to the Condensed Interim Financial Statements

30 September 2024

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 30 October 2024, 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.

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
9-month period ended 30 September 2024				
Revenue	4,350,895	918,290	341,748	5,610,933
Cost of sales	1,774,882	875,908	271,342	2,922,132
Gross profit	2,576,013	42,382	70,406	2,688,801
9-month period ended 30 September 2023				
Revenue	4,194,699	1,084,442	513,899	5,793,040
Cost of sales	1,808,724	1,006,962	431,520	3,247,206
Gross profit	2,385,975	77,480	82,379	2,545,834

2C. Disaggregation of revenue from contracts with customers

	<u>Group</u>	
	9-month period ended 30 September 2024 RMB'000	9-month period ended 30 September 2023 RMB'000
Sale of goods recognised at point in time	5,601,292	5,785,025
Revenue recognised over time	9,641	8,015
	5,610,933	5,793,040

3. Income tax

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

	<u>Group</u>	
	9-month period ended 30 September 2024 RMB'000	9-month period ended 30 September 2023 RMB'000
<u>Current income tax</u>		
Current income tax	166,141	150,899
Adjustments in respect of prior years	-	(2,651)
	166,141	148,248
<u>Deferred tax</u>		
Deferred tax	(35,864)	(28,987)
	130,277	119,261

3B. Adjustments for current income tax

	<u>Group</u>	
	9-month period ended 30 September 2024 RMB'000	9-month period ended 30 September 2023 RMB'000
Profit (Loss) before tax	923,411	961,284
Loss: Share of profit of equity-accounted associates	(158,318)	(211,284)
	765,093	750,000
Income tax expense at the above rate	191,273	187,500
Effect of concessionary tax rate at 15%	(227)	(51,713)
Non-deductible items	59	99
Non-taxable items	(23,748)	(31,708)
Unrecognised deferred tax assets	(37,080)	17,734
Adjustments in respect of prior years	-	(2,651)
	130,277	119,261

4. Disposal of subsidiaries

During the current financial period, the Company's wholly-owned subsidiary Tianjin Zhongxin Chuyun Trading Co., Ltd. (天津中新楚云贸易有限公司) was deregistered.

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.

5. Dividends on equity shares

	9-month period ended 30 September 2024	9-month period ended 30 September 2023
Type	Cash	Cash
Dividend rate	RMB1.28 per ordinary share	RMB1.12 per ordinary share
Record date	3 July 2024	29 May 2023
Date paid or payable	12 July 2024	6 June 2023

The total dividends paid on ordinary shares for the financial year ended 31 December 2023 (“FY2023”) were RMB 985,802,593.28 (FY2022: RMB 862,680,085.12).

6. Acquisition of subsidiaries / subsidiary / business combination

During the current financial period reported on, the Company completed the proposed acquisition of 15% equity interest in Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“TPGF”) (the “Sale Equity”) through a public bidding (公开摘牌) process for a consideration of RMB 87,823,860 (the “Consideration”) (the “Proposed Acquisition”). Based on the valuation report dated 15 June 2023 issued by the valuer (i.e., Beijing Huaya Zhengxin Asset Appraisal Co., Ltd. (北京华亚正信资产评估有限公司)) with 31 March 2023 as the valuation date, the appraised value of the Sale Equity is approximately RMB87,823,860 and the net tangible assets value of the Sale Equity is approximately RMB 87,410,610. Under the equity transfer agreement (the “Equity Transfer Agreement”) entered into between the Company (as the transferee) and Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司) (as the transferor), the parties agree that the Consideration shall be satisfied fully in cash and paid in one lump-sum by the Company to the transferor. Further, under the Equity Transfer Agreement, the security deposit of RMB 26 million paid by the Company shall be used to off-set against the Consideration payable by the Company, and the Company shall remit the balance amount of the Consideration of RMB 61,823,860 (i.e., the Consideration less the

security deposit of RMB 26 million paid by the Company) to a special account designated by the Tianjin Property Rights Exchange (天津产权交易中心) within ten (10) business days from the effective date of the Equity Transfer Agreement. The Proposed Acquisition was funded by the Company's internal resources. Following the completion of the Proposed Acquisition, the Company's shareholding in TPGF has increased from 15% to 30%, and TPGF has become an associated company of the Company. Please refer to the announcements made by the Company on 11 September 2023, 10 October 2023 and 5 August 2024 for further information on the Proposed Acquisition.

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, save as disclosed above, 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

	Company	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
Movements during the period:		
At beginning of the period	1,652,454	1,536,265
Additions	35,000	239,770
Reductions	6,999	123,581
At the end of the period	1,680,455	1,652,454

During the current financial period reported on, the Company made a capital injection of RMB 35 million into its wholly-owned subsidiary, Darentang (Tianjin) Traditional Chinese Medicine Decoction Pieces Co., Ltd. (达仁堂(天津)中药饮片有限公司).

8. Investments in associates

	<u>Group</u>	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
Movements in carrying value:		
At beginning of the period	882,307	760,193
Share of profit of associates	158,318	294,577
Dividends	(354,087)	(177,230)
Additions	243,676	-
Other equity movements	(567)	4,767
At end of the period	929,647	882,307

9. Other financial assets

	<u>Group</u>	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
Other financial assets - current assets		
Investment in debt instruments at amortised cost	1,016,141	61,699
Other financial assets - non-current assets		
Investment in debt instruments at amortised cost	746,360	622,445
Investment in equity instruments at fair value through other comprehensive income	234	367
	746,594	622,812
	1,762,735	684,511

10. Other non-financial assets

	Group	
	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000
Current assets		
Prepayments	62,918	75,718
Value-added taxes recoverable	48,104	35,354
Income tax recoverable	-	257
	111,022	111,329
Non-current assets		
Prepayment	32,654	56,039
	143,676	167,368

11. Trade and other receivables

	Group	
	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000
<u>Trade receivables</u>		
Bills receivable	343,819	480,381
Outside parties	2,538,498	2,313,482
Associates	3,567	3,698
Related parties	34,700	25,643
Less: Allowance for credit impaired	(10,554)	(9,243)
Less: Allowance for expected credit losses	(193,890)	(160,880)
	2,716,140	2,653,081
<u>Other receivable</u>		
Dividend receivable	179,872	-
Outside parties	31,281	55,859
Associates	17,561	17,561
Related parties	4,087	348
Less: Allowance for expected credit losses	(39,424)	(39,920)
	193,377	33,848
Total	2,909,517	2,686,929

The ageing of the trade receivables balances was as follows:

	Group		
	Gross amount RMB'000	ECL %	Loss allowance RMB'000
As at 30 September 2024			
Within 1 year	2,255,331	0.13	2,978
1 – 2 years	135,541	20	27,108
2 – 3 years	23,071	50	11,535
Over 3 years	152,268	100	152,268
Total	2,566,211		193,890
As at 31 December 2023			
Within 1 year	2,104,435	0.13	2,733
1 – 2 years	80,156	20	16,032
2 – 3 years	13,748	50	6,874
Over 3 years	135,241	100	135,241
Total	2,333,580		160,880

12. Goodwill

	Group	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
Movement during the financial period		
Beginning balance	65,911	84,693
Additions	-	-
Reductions	-	18,782
Ending balance	65,911	65,911

13. Share capital and treasury shares

	<u>Group</u>			
	Number of treasury shares		Amount of treasury shares	
	As at 30 September 2024 '000	As at 31 December 2023 '000	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000
Movements in share capital:				
At beginning of the period	770,158	773,443	770,158	773,443
Restricted A-Shares buy-back	-	(3,285)	-	(3,285)
At end of the period	770,158	770,158	770,158	770,158

There has been no change in the Company's share capital since the end of the previous period reported on, being 30 June 2024.

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 30 September 2024 and 30 September 2023.

The Company does not hold any treasury shares and there are no subsidiary holdings as at 30 September 2024 and 30 September 2023.

	As at 30 September 2024	As at 31 December 2023
Number of issued shares excluding treasury shares	770,158,276	770,158,276
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 30 September 2024 RMB'000	As at 31 December 2023 RMB'000	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000
<u>Repayable in one year or less, or on demand:</u>				
Bank borrowings	-	-	1,063,955	81,800
Subtotal	-	-	1,063,955	81,800
<u>Repayable after one year:</u>				
Bank borrowings	-	-	214,967	241,035
Subtotal	-	-	214,967	241,035
Total	-	-	1,278,922	322,835

15. Trade and other payables

	<u>Group</u>	
	As at 30 September 2024 RMB'000	As at 31 December 2023 RMB'000
<u>Trade payables</u>		
Bills payable	377,989	510,708
Outside parties	566,300	590,924
Associates	11,271	7,612
Related parties	36,323	16,848
Employee benefits payables	299,776	251,441
	1,291,659	1,377,533
<u>Other payables</u>		
Outside parties	1,560,609	1,400,350
taxes payables	86,672	77,606
Dividend payable	30,483	22,746
Associates	40	-
Related parties	11,305	12,049
Subtotal	1,689,109	1,512,751
Total	2,980,768	2,890,284

16. Capital commitments

	<u>Group</u>	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
Contractual obligations to purchase and construct	51,799	72,573

17. Categories of financial assets and liabilities

	<u>Group</u>	
	As at 30 September 2024	As at 31 December 2023
	RMB'000	RMB'000
<u>Financial assets</u>		
Financial assets at amortised cost	6,126,654	5,496,273
Financial assets at fair value through other comprehensive income	234	367
	6,126,888	5,496,640
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	2,992,368	2,904,740

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 2023.

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	
	9-month period ended 30 September 2024	9-month period ended 30 September 2023
	RMB	RMB
Based on weighted average number of ordinary shares in issue	1.04	1.11

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 30 September 2024	As at 31 December 2023	As at 30 September 2024	As at 31 December 2023
	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	8.34	8.58	8.87	9.06

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 is not significantly affected by any of the seasonality or cyclicity of interim operations.

(a) Revenue:

The Group's revenue in the third quarter of FY2024 ("**3Q FY2024**") was approximately RMB 1,646 million, a decrease of approximately RMB 59 million, or 3%, from RMB 1,705 million in the third quarter of FY2023 ("**3Q FY2023**"). For the 9-month period ended 30 September 2024 ("**9M 2024**"), the Group recorded a revenue of approximately RMB 5,611 million, a decrease of approximately RMB 182 million, or approximately 3.1% over the corresponding period in FY2023. This was primarily due to a year-on-year decrease in commercial sales.

(b) Gross Profit Margin:

The Group's gross profit in 3Q FY2024 increased by approximately 12% from approximately RMB 670 million in 3Q FY2023 to approximately RMB 753 million. For 9M 2024, the Group's gross profit was approximately RMB 2,689 million compared to approximately RMB 2,546 million in the corresponding period of FY2023, with an increase of approximately 6% or approximately RMB 143 million. The gross profit margin has increased from 44% in the 9-month period ended 30 September 2023 ("**9M 2023**") to 48% in 9M 2024. The increase was mainly due to changes in sales structure, with an increased proportion of industrial sales contributing to the overall increase in the gross profit margin.

(c) Other Gains:

Other gains in 3Q FY2024 were RMB16 million. For 9M 2024, the Group's other gains were approximately RMB 49 million, an increase of approximately RMB 31 million over the previous corresponding period. The increase was mainly due to increase in bank certificates of deposit and increase in government subsidies.

(d) Major Expenses:

(i) Marketing and Distribution costs in 3Q FY2024 were approximately RMB 444 million. For 9M 2024, the Marketing and Distribution costs were approximately RMB 1,475 million. The sales expense ratio remained unchanged.

(ii) Research and Development costs in 3Q FY2024 were approximately RMB 52 million, an increase of approximately RMB 18 million or 51% over the previous corresponding period. For 9M 2024, the Research and Development costs increased by approximately RMB 12 million, or 14% from approximately RMB 86 million in 9M 2023 to approximately RMB 99 million.

(iii) Administrative expenses in 3Q FY2024 increased by approximately RMB 12 million, from approximately RMB 100 million in 3Q FY2023. For 9M 2024, the administration expenses were approximately RMB 356 million, an increase of approximately RMB 92 million. The increase was primarily due to the repurchase of Restricted A-Shares during the same period last year, offsetting previously accounted amortization expenses of approximately RMB 20 million. Additionally, the strategic consulting service fees increased by approximately RMB 18 million and advertising expenses increased by RMB 15 million.

(iv) Finance costs in 3Q FY2024 increased by approximately RMB 0.7million to approximately RMB 9 million, while for 9M 2024, the finance costs increased by approximately RMB 1.5 million from approximately RMB 20 million in 9M 2023to approximately RMB 21 million.

(v) Other losses in 3Q FY2024 increased by approximately RMB 0.6 million, while for 9M 2024, the other losses were approximately RMB 48 million, an increase of approximately RMB 13 million. The increase was mainly due to increase of approximately RMB 17 million in receivable impairments.

(e) Share of results of associated companies:

The Group's share of profits of associated companies in 3Q FY2024 was approximately RMB 37 million, an increase of approximately RMB 21 million or 130% over the previous corresponding period. The Group's share of profits of associated companies in 9M 2024was approximately RMB 158 million, a decrease of approximately RMB 53 million or 25% over the previous corresponding period. The decrease was mainly due to RMB 35 million decrease in investment income from Sino-American Tianjin SmithKline & French Lab., Ltd. (中美天津史克制药有限公司) and RMB 8 million decrease in investment income from Tianjin Hong Ren Tang Pharmaceutical Co., Ltd. (天津宏仁堂药业有限公司).

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in 3Q FY2024 was approximately RMB 143 million, an increase of 13% over the previous corresponding period. The Group's total comprehensive income (net of tax) in 9M 2024was approximately RMB 792 million, a decrease of approximately RMB 50 million or 6% over the previous corresponding period.

The profit attributable to equity holders of parent (net of tax) in 3Q FY2024 was approximately RMB 146 million, an increase of 8% over the previous corresponding period. The profit attributable to equity holders of parent (net of tax) in 9M 2024was approximately RMB 804 million, a decrease of approximately RMB 54 million, or 6% from RMB 858 million of the corresponding period in 9M 2023.

(g) Major changes in statement of financial positions:

As at 30 September 2024, the Group's cash and cash equivalents amounted to approximately

RMB 1,455 million, which was a decrease of approximately RMB 671 million, or 32% from RMB 2,125 million over the balance as at 31 December 2023. The Group's borrowings as at 30 September 2024 amounted to RMB 1,279 million, which was an increase of approximately RMB 956 million, or 296% over the balance as at 31 December 2023. This was mainly due to an increase in borrowings from financial institutions for the Group's commercial enterprises under the pharmaceutical commercial segment.

Trade and other receivables increased by approximately 8% or RMB 223 million from RMB 2,687 million at the beginning of the financial year to approximately RMB 2,910 million as at 30 September 2024.

Inventories were approximately RMB 1,631 million as at 30 September 2024, which was an increase of approximately RMB 64 million, or 4% over the balance as at 31 December 2023.

Other current assets decreased by RMB 0.31 million to approximately RMB 111 million as at 30 September 2024.

Investment in associates of the Group increased by 5% or approximately RMB 47 million to RMB 930 million as at 30 September 2024.

Property, plant and equipment increased by 1% or approximately RMB 15 million to approximately RMB 1,450 million as at 30 September 2024.

(h) Change in cash flow position:

In 9M 2024, the Group recorded net cash inflows from operating activities of RMB 542 million, an increase by approximately RMB 507 million, or 1441%, compared to RMB 35 million in the same period last year. This significant increase was mainly due to a reduction in cash payments for goods purchased and services received, primarily driven by a RMB 320 million decrease in raw material procurement and a RMB 270 million reduction in purchases by the pharmaceutical commercial segment.

Cash outflow from investing activities was approximately RMB 1,150 million in 9M 2024, an increase by approximately RMB 710 million as compared to RMB 440 million in the same period last year. This was mainly due to an increase of RMB 470 million in the purchase of large-denomination certificates of deposit and an additional RMB 220 million in investments in associated companies.

Cash outflow from financing activities was approximately RMB 32 million in 9M 2024, a decrease of RMB 346 million as compared to RMB 378 million in 9M 2023. This decrease was primarily due to a RMB 340 million rise in borrowings by the Group's commercial enterprises under the pharmaceutical commercial segment.

22. Forecast, or a prospect statement

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

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

In recent years, China places high importance on the development of traditional Chinese medicine (TCM) and has introduced a series of policy measures to support this industry. For instance, the 20th Central Committee of the Communist Party of China officially approved the Decision of the Central Committee of the Communist Party of China on Further Deepening Reform and Advancing Chinese-style Modernization (《中共中央关于进一步深化改革推进中国式现代化的决定》) during its Third Plenary Session, which emphasized the need to “improve the mechanism of the inheritance, innovation and development of TCM”. The “14th Five-Year Plan for National Economic and Social Development and the Long-range Objectives Through the Year 2035” (《中华人民共和国国民经济和社会发展第十四个五年规划和 2035 年远景目标纲要》) signifies clear direction for TCM development. The aforesaid plan emphasizes the integration and complementarity of traditional Chinese and Western medicine, promoting the development of TCM. It also aims to improve the TCM service system and harness TCM’s unique advantages in disease prevention, treatment and rehabilitation. Additionally, it supports strengthening the integration of Chinese and Western medicine, promoting the development of ethnic minority medicine, organizing and exploring classical medical literature, building a TCM scientific and technological support platform, and reforming the approval mechanisms for Chinese medicine to accelerate new drug development and industry growth. The aforesaid plan further emphasizes the importance of TCM quality control, talent cultivation, cultural preservation, and innovation, as well as supports the globalization of TCM.

Under the influence of national policies, the development of the pharmaceutical industry places higher demands on the Company’s operations. The Company is committed to the dimensions of “green, innovation and high quality” to forge a new productivity standard. The Company focuses on “quality as the foundation” and has implemented an action framework consisting of eight key elements: “market focus, innovation-driven, compliance adherence, organizational governance, talent management, digital empowerment, cost reduction and efficiency improvement, as well as cultural branding.” This approach aims to “follow industry trends and ensure that quality leads to a successful future.”

24. 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 further details on the dividends declared and paid in respect of FY2023 during the 9-month period ended 30 September 2024.

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 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:

	<u>9-month period ended 30 September</u>	
	2024 RMB'000	2023 RMB'000
Sale of goods to associates	191	907
Purchase of goods from associates	(53,892)	(60,711)
Interest income from an associate	16,499	11,994
Interest expense payable to an associate	(9,741)	(6,513)

	<u>9-month period ended 30 September</u>	
	<u>2024</u> RMB'000	<u>2023</u> RMB'000
Sale of goods to related companies	144,485	157,872
Purchase of goods from related companies	(233,996)	(172,271)
Rental expenses to related companies	(2,538)	(2,189)
Rental income from related companies	128	184
Purchase of assets from related companies	183	-

26. Interested Person Transaction disclosure

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

Shareholders’ approval has also been obtained for the Company’s entry into a financial services agreement with TPGF as an IPT and all transactions arising therefrom, at the annual general meeting held on 15 May 2023 for the financial year ended 31 December 2022 (“**FY2022**”). Please refer to the annexure dated 28 April 2023 (the “**28 April 2023 Annexure**”) in relation to the foregoing IPT for further details.

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)	
		9-month period ended 30 September 2024	9-month period ended 30 September 2023	9-month period ended 30 September 2024	9-month period ended 30 September 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (i.e., TPGF)	Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("TPH"), the controlling shareholder of the Company	The interest payable on the credit facilities provided by TPGF: 9,741	6,513	-	-
TPGF	Subsidiary of TPH, the controlling shareholder of the Company	Capital contribution into TPGF with the Company's shareholding percentage remaining unchanged: 150,000	-	-	-
Total		159,741	6,513	-	-

Note(s):

- (1) The disclosure under "Related parties transactions" stated in note 25 above represents the aggregation of all related parties transactions for the current financial period reported on (including the IPTs 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; (vi) purchase of assets from related companies; and (vii) 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 RMB 9,741,000 (i.e., item (vii)) and IPTs not less than S\$100,000. The items (i) to (vi) 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.

- (2) As at 30 September 2024, placement of deposit with TPGF amounted to approximately RMB 987.393 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 IPT, 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, 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 RMB 1,500 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 RMB 987.393 million placed with TPGF as at 30 September 2024 falls within the limit of RMB 1,500 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	647,393	340,000	987,393

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 IPT. However, the deposit of approximately RMB 987.393 million placed with TPGF as at 30 September 2024 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.

29. 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 September 2024, to be false or misleading in any material respect.

30. 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.

Save 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.