

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Full Year Financial Statement (*) And Dividend Announcement

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

| | Note | The Group | | Change |
|---|------|--------------------|-----------------|--------|
| | | 2024 RMB'000 | 2023 RMB'000 | % |
| Revenue | 2 | 7,306,736 | 8,222,312 | (11) |
| Cost of sales | 2 | (3,861,821) | (4,683,129) | (18) |
| Gross profit | | 3,444,915 | 3,539,183 | (3) |
| Interest income | | 28,777 | 54,642 | (47) |
| Dividend income | | 80 | 100 | (20) |
| Other income and gains | | 1,790,021 | 39,949 | n.m |
| Marketing and distribution expenses | | (1,999,975) | (2,126,435) | (6) |
| Research and development expenses | | (162,378) | (184,629) | (12) |
| Administrative expenses | | (477,298) | (400,360) | 19 |
| Finance costs | | (30,638) | (24,589) | 25 |
| Other losses | | (182,929) | (97,075) | 88 |
| Share of results of equity-accounted associates, net of tax | | 168,208 | 294,577 | (43) |
| Profit before tax | | 2,578,783 | 1,095,363 | n.m |
| Income tax expense | 3 | (363,564) | (126,658) | n.m |
| Profit for the year | | 2,215,219 | 968,705 | n.m |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Other reserve reclassified to profit or loss upon partial disposal of associate, net of tax | | (650) | - | n.m |

| | Note | The Group | | Change |
|---|------|------------------|-----------------|--------|
| | | 2024 RMB'000 | 2023 RMB'000 | % |
| | | | | |
| Items that will not be reclassified to profit or loss | | | | |
| Fair value gain on equity investment measured at FVTOCI, net of tax | | (233) | 39 | n.m |
| Share of other comprehensive income from equity-accounted associates, net of tax | | (6,523) | 4,767 | n.m |
| Other comprehensive Income for the year | | (7,406) | 4,806 | n.m |
| Total comprehensive income for the year | | 2,207,813 | 973,511 | n.m |
| | | | | |
| Profit for the year attributable to: | | | | |
| Owners of the parent | | 2,229,335 | 986,707 | n.m |
| Non-controlling interests | | (14,116) | (18,002) | (22) |
| | | 2,215,219 | 968,705 | n.m |
| | | | | |
| Total comprehensive income for the year attributable to: | | | | |
| Owners of the parent | | 2,221,929 | 991,513 | n.m |
| Non-controlling interests | | (14,116) | (18,002) | (22) |
| | | 2,207,813 | 973,511 | n.m |
| Earnings per ordinary share for the period based on net profits after deducting any provision for preference dividends: | | | | |
| Based on weighted average number of ordinary shares on issue | | 2.90 | 1.28 | n.m |

(*) 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.

| | Note | Group | | |
|--|------|-----------------|-----------------|-------------|
| | | 2024 RMB'000 | 2023 RMB'000 | Change % |
| Profit for the year is arrived at after crediting / (charging): | | | | |
| Other income (including government grants) | | 75,714 | 36,745 | n.m |
| Interest income | | 28,777 | 54,642 | (47) |
| Interest on borrowings | | (30,638) | (24,589) | 25 |
| Allowance for impairment of trade receivables – (loss) / reversal | | (44,785) | (19,089) | n.m |
| Allowance for impairment of other receivables – (loss) / reversal | | (515) | 304 | n.m |
| Impairment of goodwill | | (53,610) | (18,782) | n.m |
| Impairment of property, plant and equipment | | (14,488) | - | n.m |
| Impairment of construction in progress | | (45,667) | (24,951) | 83 |
| Allowance for impairment of notes receivables | | (4,797) | (4,510) | 6 |
| Inventories written down – reversal / (loss) | | (17,554) | (28,130) | (38) |
| Foreign currency translation gains / (losses), net | | (1,513) | (1,132) | 34 |
| Employment termination benefits – reversal / (charge) | | 4,972 | 2,900 | 71 |
| Net gains on disposal of property, plant and equipment, intangible assets and other non-current assets | | 73 | (481) | n.m |
| -Dividend income | | 80 | 100 | (20) |
| Gain on partial disposal of an associate | | 1,709,262 | - | n.m |
| Share-based payments | | 24 | 18,980 | n.m |
| Depreciation and amortisation | | (128,212) | (133,154) | (4) |

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

| | Note | The Group | | | The Company | | |
|---|------|---|--------------------------------------|-------------|---|--------------------------------------|-------------|
| | | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 | Change % | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 | Change % |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | | 1,386,801 | 1,434,742 | (3) | 1,041,001 | 980,909 | 6 |
| Right-of-use assets | | 6,645 | 6,769 | (2) | - | - | - |
| Investment properties | | 11,279 | 13,029 | (13) | 11,279 | 12,299 | (8) |
| Land use rights | | 243,681 | 251,739 | (3) | 197,727 | 203,677 | (3) |
| Intangible assets | | 93,934 | 79,086 | 19 | 49,723 | 19,216 | n.m |
| Goodwill | 12 | 12,301 | 65,911 | (81) | - | - | - |
| Investment in subsidiaries | 7 | - | - | - | 1,048,534 | 1,652,454 | (37) |
| Investment in associates | 8 | 1,293,528 | 882,307 | 47 | 1,293,528 | 882,307 | 47 |
| Other financial assets | 9 | 771,961 | 622,812 | 24 | 578,146 | 560,873 | 3 |
| Deferred tax assets | | 314,400 | 265,993 | 18 | 287,789 | 232,063 | 24 |
| Other assets | 10 | 26,031 | 56,039 | (54) | 24,078 | 51,293 | (53) |
| Total non-current assets | | 4,160,561 | 3,678,427 | 13 | 4,531,805 | 4,595,091 | (1) |
| | | | | | | | |
| Current assets | | | | | | | |
| Inventories | | 1,285,687 | 1,566,518 | (18) | 1,154,187 | 1,123,625 | 3 |
| Trade and other receivables | 11 | 1,324,889 | 2,686,929 | (51) | 1,146,740 | 2,042,065 | (44) |
| Other financial assets | 9 | 1,000,072 | 61,699 | n.m | 968,039 | - | n.m |
| Other assets | 10 | 52,981 | 111,329 | (52) | 36,774 | 34,623 | 6 |
| Cash and cash equivalents | | 2,944,433 | 2,125,200 | 39 | 2,736,763 | 1,441,871 | 90 |
| Total current assets | | 6,608,062 | 6,551,675 | 1 | 6,042,503 | 4,642,184 | 30 |
| Total assets | | 10,768,623 | 10,230,102 | 5 | 10,574,308 | 9,237,275 | 14 |
| | | | | | | | |
| EQUITY | | | | | | | |
| Equity | | | | | | | |
| Share capital | 13 | 770,094 | 770,158 | - | 770,094 | 770,158 | - |
| Share premium | | 1,206,930 | 1,207,326 | - | 1,206,930 | 1,207,326 | - |
| Retained earnings | | 5,743,776 | 4,500,020 | 28 | 5,531,353 | 4,456,460 | 24 |
| Other reserves | | 122,794 | 130,224 | (6) | 537,637 | 545,067 | (1) |
| Total equity attributable to equity holders of the Company | | 7,843,594 | 6,607,728 | 19 | 8,046,014 | 6,979,011 | 15 |
| Non-controlling interests | | 6,344 | 44,546 | (86) | - | - | - |
| Total equity | | 7,849,938 | 6,652,274 | 18 | 8,046,014 | 6,979,011 | 15 |

| | | The Group | | | The Company | | |
|--------------------------------------|----|---|--------------------------------------|-------------|---|---|-------------|
| | | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 | Change % | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 | Change % |
| LIABILITIES | | | | | | | |
| Non-current liabilities | | | | | | | |
| Deferred tax liabilities | | 6,038 | 7,333 | (18) | - | - | - |
| Trade payables | | 3,539 | 8,149 | (57) | 3,361 | 5,749 | (42) |
| Lease liabilities | | 5,603 | 2,743 | n.m | - | - | - |
| Other financial liabilities | 14 | - | 241,035 | n.m | - | 241,035 | n.m |
| Other liabilities | | 85,671 | 92,682 | (8) | 60,806 | 57,879 | 5 |
| Total non-current liabilities | | 100,851 | 351,942 | (71) | 64,167 | 304,663 | (79) |
| | | | | | | | |
| Current liabilities | | | | | | | |
| Income tax payable | | 297,569 | 76,678 | n.m | 281,485 | 52,373 | n.m |
| Trade and other payables | 15 | 2,309,877 | 2,890,284 | (20) | 1,983,867 | 1,759,115 | 13 |
| Other financial liabilities | 14 | 21,653 | 81,800 | (74) | 19,653 | - | - |
| Lease liabilities | | 1,329 | 3,564 | (63) | - | - | - |
| Other liabilities | | 187,406 | 173,560 | 8 | 179,122 | 142,113 | 26 |
| Total current liabilities | | 2,817,834 | 3,225,886 | (13) | 2,464,127 | 1,953,601 | 26 |
| Total liabilities | | 2,918,685 | 3,577,828 | (18) | 2,528,294 | 2,258,264 | 12 |
| Total equity and liabilities | | 10,768,623 | 10,230,102 | 5 | 10,574,308 | 9,237,275 | 14 |

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 |
| Restricted A-Shares buy-back | (64) | (396) | - | 224 | (236) | - | (236) |
| Profit for the year | - | - | (7,406) | 2,229,335 | 2,221,929 | (14,116) | 2,207,813 |
| Dividends | - | - | - | (985,803) | (985,803) | - | (985,803) |
| Dividends paid to NCI | - | - | - | - | - | (4,980) | (4,980) |
| Share-based payments | - | - | (24) | - | (24) | - | (24) |
| Disposal of subsidiaries with NCI* | - | - | - | - | - | (19,106) | (19,106) |
| Balance at 31 December 2024 | 770,094 | 1,206,930 | 122,794 | 5,743,776 | 7,843,594 | 6,344 | 7,849,938 |

| Group | Share capital | Share premium | Other reserves | Retained earnings | Parent sub-total | Non-controlling interests | Total equity |
|--|---------------|---------------|----------------|-------------------|------------------|---------------------------|--------------|
| Balance at 1 January 2023 | 773,443 | 1,228,740 | 176,564 | 4,372,462 | 6,551,209 | 30,493 | 6,581,702 |
| Profit for the year | - | - | - | 986,707 | 986,707 | (18,002) | 968,705 |
| Change in fair value of equity investments at FVOCI, net of tax | - | - | 39 | - | 39 | - | 39 |
| Share of other comprehensive income from equity-accounted associates, net of tax | - | - | 4,767 | - | 4,767 | - | 4,767 |
| Restricted A-Shares buy-back | (3,285) | (21,414) | - | 3,530 | (21,169) | - | (21,169) |
| Dividends | - | - | - | (862,679) | (862,679) | - | (862,679) |
| Acquisition of non-controlling interest without change in control and contribution from non-controlling interest | - | - | (32,166) | - | (32,166) | 32,055 | (111) |
| Share-based payments | - | - | (18,980) | - | (18,980) | - | (18,980) |

| | | | | | | | |
|-----------------------------|---------|-----------|---------|-----------|-----------|--------|-----------|
| Balance at 31 December 2023 | 770,158 | 1,207,326 | 130,224 | 4,500,020 | 6,607,728 | 44,546 | 6,652,274 |
|-----------------------------|---------|-----------|---------|-----------|-----------|--------|-----------|

All in RMB'000

* The Group disposed of its entire equity interest in its subsidiary, Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司), in exchange for a 43.35% equity interest in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (天津药太平医药有限公司), which is accounted for as an associate.

| 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 |
| Repurchase of Restricted Shares | (64) | (396) | - | 224 | (236) |
| Profit for the year | - | - | (7,406) | 2,060,472 | 2,053,066 |
| Dividends | - | - | - | (985,803) | (985,803) |
| Share-based payments | - | - | (24) | - | (24) |
| Balance at 31 December 2024 | 770,094 | 1,206,930 | 537,637 | 5,531,353 | 8,046,014 |

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

1(c) Condensed Interim Consolidated Statement of Cash Flows

| | The Group | |
|---|------------------|-----------------|
| | 2024 RMB'000 | 2023 RMB'000 |
| Cash flows from operating activities | | |
| Profit before tax | 2,578,783 | 1,095,363 |
| Adjustments for: | | |
| Bargain purchase gain on additional acquisition of equity interests in an associate | (5,852) | |
| Interest income | (28,777) | (54,642) |
| Interest expense | 30,638 | 24,589 |
| Dividend income | (80) | (100) |
| Investment income on debts instruments at amortised cost | (30,237) | (13,430) |
| Share of results from equity-accounted associates | (168,208) | (294,577) |
| Depreciation and amortisation of property, plant and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other assets | 128,212 | 133,154 |
| Net (losses)/gains on disposal of property, plant and equipment, intangible assets and other non-current assets | (73) | 481 |
| Asset Impairment loss and Credit impairment loss | 181,416 | 95,158 |
| Net reversal of share-based payments | (24) | (18,980) |
| Gain on partial disposal of an associate | (1,709,262) | - |
| Operating cash flows before changes in working capital | 976,536 | 967,016 |
| Inventories | (30,958) | (165,338) |
| Trade and other receivables | (26,241) | 90,456 |
| Other assets | 52,486 | (16,448) |
| Trade and other payables | (19,459) | (28,840) |
| Cash restricted in use | 127,814 | 43,177 |
| Other liabilities | 17,689 | (53,519) |
| Cash generated from operations | 1,097,867 | 836,504 |
| Income tax paid | (201,972) | (202,658) |
| Net cash generated from operating activities | 895,895 | 633,846 |
| | | |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (117,813) | (140,928) |
| Additions in other financial assets | (1,160,963) | (630,000) |
| Capital distribution from an associate | 5,280 | - |
| Deposit paid for acquisition of interests in an associate | - | (26,000) |
| Disposal of subsidiary, net of cash disposed | (347,800) | - |
| Capital contribution into an associate | (211,824) | - |
| Proceeds from partial disposal of an associate | 1,758,755 | - |
| Proceeds from redemption of other financial assets | 60,000 | 40,000 |
| Proceeds from disposal of other financial assets | - | 9,649 |
| Dividend income received from associates and financial assets | 354,168 | 177,330 |
| Proceeds from disposal of property, plant and equipment and intangible assets | 79 | 186 |

| | <u>The Group</u> | |
|--|--------------------|--------------------|
| | <u>2024</u> | <u>2023</u> |
| | RMB'000 | RMB'000 |
| Interest income received | 31,200 | 55,494 |
| Net cash flows generated from/(used in) investing activities | 371,082 | (514,269) |
| | | |
| <u>Cash flows from financing activities</u> | | |
| Cash Received from Minority Shareholders for Subsidiary Equity Absorption | - | 2,880 |
| Increase in new loans and borrowings | 1,221,071 | 870,858 |
| Dividends paid | (982,214) | (857,117) |
| Distributions to non-controlling interests | (4,980) | - |
| Interest expense paid | (28,375) | (20,208) |
| Loans and borrowings paid | (520,005) | (800,961) |
| Repurchase of restricted A-shares | (282) | (22,665) |
| Repayment of lease liabilities | (5,103) | (6,556) |
| Net cash flows used in financing activities | (319,888) | (833,769) |
| | | |
| Net increase/(decrease) in cash and cash equivalents | 947,089 | (714,192) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (42) | 45 |
| Cash and cash equivalents, consolidated statement of cash flows, beginning balance | 1,997,386 | 2,711,533 |
| Cash and cash equivalents, consolidated statement of cash flows, ending balance | 2,944,433 | 1,997,386 |

Notes to the Condensed Interim Financial Statements

31 December 2024

1. General

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

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

The board of directors of the Company had, on 28 March 2025, approved and authorised these condensed interim financial statements for issue on SGXNET.

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

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

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

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

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

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

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to

an understanding of the changes in the performance and financial position of the Group since the latest audited annual financial statements.

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

2. Financial information by operating segments

2A. Information about reportable segment profit or loss

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

2B. Profit or loss from continuing operations and reconciliations

| | Chinese <u>medicine</u> | Western <u>medicine</u> | <u>Others</u> | <u>Total</u> |
|--|----------------------------|----------------------------|---------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| 12-month period ended 31 December 2024 | | | | |
| Revenue | 5,657,331 | 1,192,007 | 457,398 | 7,306,736 |
| Cost of sales | (2,362,850) | (1,152,751) | (346,220) | (3,861,821) |
| Gross profit | 3,294,481 | 39,256 | 111,178 | 3,444,915 |
| | | | | |
| 12-month period ended 31 December 2023 | | | | |
| Revenue | 5,836,228 | 1,696,768 | 689,316 | 8,222,312 |
| Cost of sales | (2,493,735) | (1,592,607) | (596,787) | (4,683,129) |
| Gross profit | 3,342,493 | 104,161 | 92,529 | 3,539,183 |

2C. Disaggregation of revenue from contracts with customers

| | Group | |
|---|---|---|
| | 12-month period ended 31 December 2024 RMB'000 | 12-month period ended 31 December 2023 RMB'000 |
| Sale of goods recognised at point in time | 7,292,490 | 8,206,080 |
| Revenue recognised over time | 14,246 | 16,232 |
| | 7,306,736 | 8,222,312 |

3. Income tax

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

| | Group | |
|---------------------------------------|---|---|
| | 12-month period ended 31 December 2024 RMB'000 | 12-month period ended 31 December 2023 RMB'000 |
| <u>Current tax</u> | | |
| Current tax expense | 420,646 | 188,551 |
| Adjustments in respect of prior years | (8,301) | (2,915) |
| | 412,345 | 185,636 |
| <u>Deferred tax</u> | | |
| Deferred tax expense | (48,781) | (58,978) |
| | 363,564 | 126,658 |

3B. Adjustments for current tax

| | Group | |
|---|---|---|
| | 12-month period ended 31 December 2024 RMB'000 | 12-month period ended 31 December 2023 RMB'000 |
| Profit before tax | 2,578,783 | 1,095,364 |
| Loss: Share of results of equity-accounted associates | (168,208) | (294,577) |
| | 2,410,575 | 800,787 |
| | | |
| Income tax expense at tax rate of 25% | 602,644 | 200,197 |
| Effect of concessionary tax rate at 15% | (237,533) | (58,958) |
| Non-deductible items | 13,921 | 7,283 |
| Non-taxable items | (27,805) | (48,346) |
| Unrecognised deferred tax assets | 20,638 | 29,397 |
| Adjustments in respect of prior years | (8,301) | (2,915) |
| | 363,564 | 126,658 |

4. Deregistration of subsidiaries

During the current financial period reported on, the Company proposed to make a capital injection of RMB493,617,700 into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (天津医药集团有限公司) (“**Taiping Medicine**”) through the transfer of the 100% equity interest in the registered capital of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“**TJZX Medicine**”) (the “**Proposed Capital Injection**”). As stated in the Company’s circular dated 14 October 2024 (the “**14 October 2024 Circular**”) in relation to, *inter alia*, the Proposed Capital Injection, the amount of the Company’s capital injection into Taiping Medicine, as well as the shareholding percentages of the Company and Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**TPH**”) in Taiping Medicine, along with their respective subscribed and paid-up capital contributions to the increased registered capital of Taiping Medicine upon completion of the Proposed Capital Injection, shall be determined based on the respective shareholders’ equity values of Taiping Medicine and TJZX Medicine as at 30 April 2024 (being the appraisal base date), which are derived from the appraised value of the net assets of Taiping Medicine and TJZX Medicine as at the appraisal base date. Based on the asset appraisal reports, both dated 8 July 2024, issued by the independent valuer (being Beijing Guo Rong Xing Hua Assets Appraisal Co., Ltd. (北京国融兴华资产评估有限责任公司)), in respect of the independent appraisal of the market value of the entire shareholders’ equity interest of Taiping Medicine and TJZX Medicine respectively, the appraised value of the net assets of Taiping Medicine and TJZX Medicine is approximately RMB645,132,600 and RMB493,617,700, respectively. The Proposed Capital Injection was completed on or around 25 December 2024. Following the completion of the Proposed Capital Injection, TJZX Medicine has ceased to be a wholly-owned subsidiary of the Company and has become a wholly-owned subsidiary of Taiping Medicine, which is jointly held by the Company and TPH with 43.35% and 56.65% equity interests, respectively. As a result, the Company is now an indirect shareholder with a 43.35% equity interest in TJZX Medicine. In addition, Taiping Medicine is now an associated company (as defined in the Listing Manual) of the Company. Please refer to the 14 October 2024 Circular and the Company’s announcement dated 26 December 2025 for further information on the Proposed Capital Injection.

In addition, during the current financial period reported on, the Company disposed 13% equity interest in the registered capital of Tianjin TSKF Pharmaceutical Co., Ltd. (中美天津史克制药有限公司) (“**TSKF**”) to Haleon China Co., Ltd. (“**Haleon China**”) for a consideration of RMB1,758,755,555.56 (the “**DRT Transfer Price**”) (the “**Proposed DRT Disposal**”). As stated in the Company’s circular dated 7 November 2024 (the “**7 November 2024 Circular**”), the DRT Transfer Price was agreed upon after arm’s length negotiations between Haleon China and the Company on a “willing buyer willing seller” basis, and taking into account prevailing market conditions, the key financial information of the Target Company and the appraisal result as set out in the 7 November 2024 Circular. As further stated in the 7 November 2024 Circular, on the Closing Date (as defined herein), subject to the completion of inspection of all the documents required to be delivered on the Closing Date pursuant to the provision as set out therein by each party, Haleon China, as the transferee, shall pay the DRT Transfer Price to the Company in full in one lump sum to the designated bank account of that Company. The Proposed DRT Disposal was completed on or around 30 December 2024. Following the

completion of the Proposed DRT Disposal, the Company's shareholding in TSKF has been reduced from 25% to 12%. Consequently, TSKF has ceased to be an associated company of the Company. Please refer to the 7 November 2024 Circular and the Company's announcement dated 31 December 2024 for further information on the Proposed DRT Disposal.

Save as disclosed above, 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 reported financial period, the Company had deregistered its wholly-owned subsidiaries, Tianjin Zhongxin Chuyun Trading Co., Ltd. (天津中新楚云贸易有限公司) and Tianjin Hebei Daren Hospital (天津河北达仁医院).

5. Dividends on equity shares

| | 12-month period ended 31 December 2024 RMB'000 | 12-month period ended 31 December 2023 RMB'000 |
|----------------------|---|---|
| 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 was RMB985,802,593.28 (2022: RMB862,680,085.12).

6. Acquisition of subsidiaries / subsidiary / business combination

No company became a subsidiary of the Group through acquisition or business combination during the current financial period.

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> | |
|------------------------------|------------------------|------------------------|
| | As at 31 December 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 | 35,100 | 239,770 |
| Reductions | (639,020) | (123,581) |
| At the end of the period | 1,048,534 | 1,652,454 |

During the current reporting period, capital contributions were made to Tianjin Pharmaceutical Da Ren Tang Chinese Medicine Slices Co., Ltd. and Tianjin Pharmaceutical Da Ren Tang Hongkong Development Limited. Impairment losses were recognised on the equity investments in the subsidiaries, namely NewScen Coast Bio-Pharmaceutical Co., Ltd. and Tianjin Zhongxin Xinxin Pharmaceutical (Cangzhou) Co., Ltd. Additionally, Tianjin Zhongxin Chuyun Trading Co., Ltd. and Tianjin Hebei Daren Hospital were deregistered. The Company transferred its 100% equity interest in the registered capital of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) as a capital injection into Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司)."

8. Investments in associates

| | <u>Group</u> | |
|----------------------------------|------------------------|------------------------|
| | As at 31 December 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 | 168,208 | 294,577 |
| Dividends | (354,087) | (177,230) |
| Additions | 659,047 | - |
| Partial disposal of an associate | (55,424) | - |
| Other equity movements | (6,523) | 4,767 |
| At end of the period | 1,293,528 | 882,307 |

9. Other financial assets

| | <u>Group</u> | |
|---|------------------------|------------------------|
| | As at 31 December 2024 | As at 31 December 2023 |
| | RMB'000 | RMB'000 |
| Other financial assets - current assets | | |
| Investment in debt instruments at amortised cost | 1,000,072 | 61,699 |
| Other financial assets - non-current assets | | |
| Investment in debt instruments at amortised cost | 771,869 | 622,445 |
| Investment in equity instruments at fair value through other comprehensive income | 92 | 367 |
| | 771,961 | 622,812 |
| | 1,772,033 | 684,511 |

10. Other non-financial assets

| | <u>Group</u> | |
|-------------------------------|-----------------------------------|-----------------------------------|
| | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| Current assets | | |
| Prepayments | 25,339 | 75,718 |
| Value-added taxes recoverable | 27,618 | 35,354 |
| Income tax recoverable | 24 | 257 |
| | 52,981 | 111,329 |
| Non-current assets | | |
| Prepayment | 26,031 | 56,039 |
| | 79,012 | 167,368 |

11. Trade and other receivables

| | <u>Group</u> | |
|--|-----------------------------------|-----------------------------------|
| | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| <u>Trade receivables</u> | | |
| Bills receivable | 560,062 | 480,381 |
| Interest receivable | | |
| Third parties | 664,613 | 2,313,482 |
| Associates | 16,527 | 3,698 |
| Related parties | 174,218 | 25,643 |
| Less: Allowance for credit impaired | (15,399) | (9,243) |
| Less: Allowance for expected credit losses | (83,666) | (160,880) |
| | 1,316,355 | 2,653,081 |
| <u>Other receivables</u> | | |
| Third parties | 25,890 | 55,859 |
| Associates | 17,522 | 17,561 |
| Related parties | 3,961 | 348 |
| Less: Allowance for expected credit losses | (38,839) | (39,920) |
| | 8,534 | 33,848 |
| Total | 1,324,889 | 2,686,929 |

The ageing of the trade receivables balances were as follows:

| | <u>Group</u> | | |
|------------------------|--------------------------------|-----------------|----------------------------------|
| | <u>Gross amount</u> RMB'000 | <u>ECL</u> % | <u>Loss allowance</u> RMB'000 |
| As at 31 December 2024 | | | |
| Within 1 year | 740,140 | 0.13 | 958 |
| 1 – 2 years | 20,787 | 20.00 | 4,157 |
| 2 – 3 years | 963 | 50.00 | 482 |
| Over 3 years | 78,069 | 100.00 | 78,069 |
| Total | 839,959 | | 83,666 |
| As at 31 December 2023 | | | |
| Within 1 year | 2,104,435 | 0.13 | 2,733 |
| 1 – 2 years | 80,156 | 20.00 | 16,032 |
| 2 – 3 years | 13,748 | 50.00 | 6,874 |
| Over 3 years | 135,241 | 100.00 | 135,241 |
| Total | 2,333,580 | | 160,880 |

12. Goodwill

| | <u>Group</u> | |
|--------------------------------------|------------------------|------------------------|
| | As at 31 December 2024 | As at 31 December 2023 |
| | RMB'000 | RMB'000 |
| Movement during the financial period | | |
| Beginning balance | 65,911 | 84,693 |
| Additions | - | - |
| Reductions | (53,610) | (18,782) |
| Ending balance | 12,301 | 65,911 |

13. Share capital and treasury shares

| | <u>Group</u> | | | |
|---------------------------------|--|-----------------------------------|---|--------------------------------------|
| | Number of treasury shares | | Amount of treasury shares | |
| | As at 31 December 2024 '000 | As at 31 December 2023 '000 | As at 31 December 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 | (64) | (3,285) | (64) | (3,285) |
| At end of the period | 770,094 | 770,158 | 770,094 | 770,158 |

The Company does not have any shares that may be issued on conversion of any outstanding convertibles as at 31 December 2024 and 31 December 2023.

As announced on 11 November 2024, an aggregate of 63,920 Restricted A-Shares will be repurchased or cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Shares Incentive Scheme. Upon completion, the total number of shares in the capital of the Company has reduced from 770,158,276 shares to 770,094,356 shares. Accordingly, during the 12-month period ended 31 December 2024, an aggregate of 63,920 Restricted A-Shares were bought back and cancelled.

The Company does not hold any treasury shares and there are no subsidiary holdings as at 31 December 2024 and 31 December 2023.

| | As at 31 December 2024 | As at 31 December 2023 |
|--|------------------------|------------------------|
| Number of issued shares excluding treasury shares | 770,094,356 | 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 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| <u>Repayable in</u> <u>one year or less,</u> <u>or on demand:</u> | | | | |
| Bank borrowings | - | - | 21,653 | 81,800 |
| Subtotal | - | - | 21,653 | 81,800 |
| <u>Repayable after</u> <u>one year:</u> | | | | |
| Bank borrowings | - | - | - | 241,035 |
| Subtotal | - | - | - | 241,035 |
| Total | - | - | 21,653 | 322,835 |

15. Trade and other payables

| | Group | |
|-------------------------------|-----------------------------------|-----------------------------------|
| | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| <u>Trade payables</u> | | |
| Bills payable | - | 510,708 |
| Third parties | 277,578 | 590,924 |
| Associates | 5,536 | 7,612 |
| Related parties | 1,398 | 16,848 |
| Employee benefits payables | 270,086 | 251,441 |
| | 554,598 | 1,377,533 |
| <u>Other payables</u> | | |
| Third parties | 1,647,097 | 1,400,350 |
| Taxes payables | 37,908 | 77,606 |
| Dividend and interest payable | 27,525 | 22,746 |
| Associates | 23,485 | - |
| Related parties | 19,264 | 12,049 |
| Subtotal | 1,755,279 | 1,512,752 |
| Total | 2,309,877 | 2,890,284 |

16. Capital commitments

| | Group | |
|---|-----------------------------------|-----------------------------------|
| | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| Contractual obligations to purchase and construct | 2,680 | 72,573 |

17. Categories of financial assets and liabilities

| | Group | |
|---|-----------------------------------|-----------------------------------|
| | As at 31 December 2024 RMB'000 | As at 31 December 2023 RMB'000 |
| <u>Financial assets</u> | | |
| Financial assets at amortised cost | 6,041,263 | 5,496,273 |
| Financial assets at fair value through other comprehensive income | 92 | 367 |
| | 6,041,355 | 5,496,640 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at amortised cost | 2,320,348 | 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 | |
|--|--|--|
| | 12-month period ended 31 December 2024 | 12-month period ended 31 December 2023 |
| | RMB | RMB |
| Based on weighted average number of ordinary shares in issue | 2.90 | 1.28 |

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

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

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

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | As at 31 December 2024 | As at 31 December 2023 | As at 31 December 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 | 10.19 | 8.58 | 10.45 | 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 of the Group is not significantly affected by any of the seasonality or cyclicity of interim operations.

(a) Revenue:

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

(b) Gross Profit Margin:

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

(c) Other Gains:

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

(d) Major Expenses:

(i) Marketing and distribution costs in FY2024 were approximately RMB1,999.98 million, representing a decrease of RMB126.46 million or 5.9% from RMB2,126.44 million in the previous corresponding period. This is mainly due to a decrease in sales revenue compared to the previous year.

(ii) Research and Development costs in FY2024 were approximately RMB162.38 million, a decrease of approximately RMB22.25 million or 12% from RMB184.63 million in the previous corresponding period.

(iii) Administrative expenses in FY2024 were approximately RMB477.3 million, an increase of approximately RMB76.94 million or 19% from RMB 400.36 million in the previous corresponding period. This was mainly attributed to the repurchase of restricted shares during the same period, resulting in the reversal of previously recognised expenses, share-based incentive expenses increased by RMB18.96 million over the prior year. Additionally, consulting fees increased by RMB24.50 million, and brand development expenses increased by

RMB12.62 million.

(iv) Finance costs in FY2024 increased by approximately RMB6.05 million from approximately RMB24.59 million to approximately RMB30.64 million.

(v) In FY2024, the Group's other losses amounted to RMB182.93 million, an increase of RMB85.85 million or 88% compared to RMB97.08 million in the previous year, mainly due to an increase in impairment provisions for goodwill and other long-term assets.

(e) Share of profits of associated companies:

The Group's share of profits of associated companies in FY2024 was approximately RMB168.21 million, a decrease of approximately RMB126.37 million or 43% from RMB 294.58 million in the previous corresponding period. This was mainly due to a year-on-year decrease in investment income from Sino-American Tianjin SmithKline & French Laboratories Ltd. (中美天津史克制药有限公司) and a year-on-year decline in investment income from Hongrentang (宏仁堂).

(f) Total comprehensive income:

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

(g) Major changes in statement of financial positions:

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

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

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

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

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

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

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

(h) Change in cash flow position:

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

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

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

22. Forecast, or a prospect statement

There was no forecast or a prospect statement that had been previously disclosed to shareholders, other than the announcement dated 24 January 2025 in relation to the Group's estimated results for FY2024.

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

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

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

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

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

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

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

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

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

24. Dividend

The Directors propose to seek approval from the shareholders of the Company (the "**Shareholders**") for declaring a final dividend of RMB985,802,593.28 on the basis of RMB12.8 for every 10 shares in the capital of the Company. Such proposed declaration of dividends will be subject to approval by Shareholders at the forthcoming annual general meeting to be held on 15 May 2025, and thus has not been included as a liability in these condensed consolidated interim financial statements of the Company and/or Group. Upon obtaining the Shareholders' approval, the proposed dividend is payable in respect of all issued ordinary shares in the capital of the Company as at the end of FY2024.

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

(i) S-Shares

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

(ii) A-Shares

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

25. Related party transactions

There are transactions and arrangements between the Group and its subsidiaries and associates and the effects of these transactions as determined between the parties are reflected in these condensed consolidated interim financial statements. The related company balances and transfer of resources, services or obligations (if any) are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

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

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

| | <u>12-month period ended 31 December</u> | |
|--|--|------------------------|
| | <u>2024</u> RMB'000 | <u>2023</u> RMB'000 |
| Sale of goods to associates | 413 | 1,351 |
| Purchase of goods from associates | (71,106) | (87,621) |
| Interest income from an associate | 18,850 | 14,950 |
| Interest expense payable to an associate | (13,984) | (9,068) |

| | <u>12-month period ended 31 December</u> | |
|---|--|------------------------|
| | <u>2024</u> RMB'000 | <u>2023</u> RMB'000 |
| Sale of goods to related companies | 208,104 | 227,438 |
| Purchase of goods from related companies | (324,131) | (293,087) |
| Rental expenses to related companies | (3,951) | (3,862) |
| Rental income from related companies | 264 | 239 |
| Purchase of fixed assets from a related company | (183) | - |

26. Interested Person Transactions disclosure

The Group has obtained a general mandate (the “**IPT General Mandate**”) from the Shareholders for interested person transactions (the “**IPTs**”, 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) | |
|---|--|--|--|---|--|
| | | 12-month period ended 31 December 2024 | 12-month period ended 31 December 2023 | 12-month period ended 31 December 2024 | 12-month period ended 31 December 2023 |
| | | RMB’000 | RMB’000 | RMB’000 | RMB’000 |
| Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (i.e., TPGF) | Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“TPH”), the controlling | The interest payable on the credit facilities provided by TPGF: 13,984 | 9,068 | - | - |

| | | | | | |
|-------|---|--|-------|---|---|
| | shareholder of the Company | | | | |
| TPGF | Subsidiary of TPH, the controlling shareholder of the Company | Capital contribution into TPGF with the Company's shareholding percentage remaining unchanged: 150,000 | - | - | - |
| TPH | The Company transferred its 100% equity interest in the registered capital of TJZX as a capital injection into Taiping Medicine | 493,618 | | | |
| TPH | The Company transferred its 13% equity interest in SmithKline to Haleon. At the same time, TPH transferred its 20% equity interest in SmithKline to Haleon. | 1,758,756 | | | |
| Total | | 2,416,358 | 9,068 | - | - |

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 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 fixed assets from a related company; 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 RMB13,984,000 (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 31 December 2024, placement of deposit with TPGF amounted to approximately RMB1,431.38 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 RMB1,431.38 million placed with TPGF as at 31 December 2024 falls within the limit of RMB1,500 million. Further details on the deposit are set out below:

Unit: RMB '000

| Duration of deposit | Current deposit (1-7 days) | Fixed deposit (12 months) | Total |
|---------------------|-------------------------------|------------------------------|--------------|
| Balance of deposit | 1,071,384.22 | 360,000 | 1,431,384.22 |

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 RMB1,431.38 million placed with TPGF as at 31 December 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.