

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

First Quarter Financial Statement (\*) And Dividend Announcement

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

	The Group		Change
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000	%
<b>Revenue</b>	<b>2,085,588</b>	2,154,406	(3)
Cost of sales	<b>(1,033,227)</b>	(1,124,478)	(8)
<b>Gross profit</b>	<b>1,052,361</b>	1,029,928	2
Interest income	<b>6,878</b>	12,288	(44)
Other income and gains	<b>18,104</b>	9,821	84
Marketing and distribution expenses	<b>(553,348)</b>	(590,351)	(6)
Research and development expenses	<b>(24,735)</b>	(24,195)	2
Administrative expenses	<b>(114,899)</b>	(68,514)	68
Finance costs	<b>(4,664)</b>	(8,067)	(42)
Other losses	<b>(11,758)</b>	(6,317)	86
Share of results of equity-accounted associates	<b>72,598</b>	100,195	(28)
<b>Profit before tax</b>	<b>440,537</b>	454,788	(3)
Income tax expense	<b>(57,155)</b>	(57,006)	-
<b>Profit, net of tax</b>	<b>383,382</b>	397,782	(4)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Fair value gain on equity investment measured at FVTOCI, net of tax	<b>(22)</b>	-	n.m
Share of other comprehensive income from equity-accounted associates, net of tax	<b>(1,044)</b>	102	n.m
<b>Other comprehensive Income/(loss)</b>	<b>(1,066)</b>	102	n.m
<b>Total comprehensive income</b>	<b>382,316</b>	397,884	(4)

	The Group		Change
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000	%
<b>Profit, net of tax attributable to:</b>			
Owners of the parent	<b>387,325</b>	400,788	(3)
Non-controlling interests	<b>(3,944)</b>	(3,006)	31
	<b>383,381</b>	397,782	(4)
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	<b>386,259</b>	400,890	(4)
Non-controlling interests	<b>(3,944)</b>	(3,006)	31
	<b>382,315</b>	397,884	(4)
Earnings per ordinary share for the period based on net profits after deducting any provision for preference dividends:			
<b>Based on weighted average number of ordinary shares on issue</b>	<b>0.50</b>	0.52	(4)

(\*) 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.**

	<b>Group</b>		
	<b>3-month period ended 31 March 2024 RMB'000</b>	3-month period ended 31 March 2023 RMB'000	Change  %
Profit for the year is arrived at after crediting/(charging):			
Other income (including government grants)	<b>14,390</b>	8,496	69
Interest income	<b>6,878</b>	12,288	(44)
Interest on borrowings	<b>(4,664)</b>	(8,067)	(42)
Allowance for impairment of trade receivables – losses	<b>(9,588)</b>	(5,828)	65
Allowance for impairment of other receivables – losses	<b>(54)</b>	(487)	(89)
Allowance for impairment of notes receivables	<b>3,714</b>	-	n.m
Inventories written down – reversal / (losses)	<b>(1,446)</b>	1,054	n.m
Foreign currency translation gains, net	<b>(494)</b>	213	n.m
Net (losses)/gains on disposal of property, plant and equipment, intangible assets and other non-current assets	<b>(176)</b>	58	n.m
Share-based payments	<b>(175)</b>	20,276	n.m
Depreciation and amortisation	<b>(31,529)</b>	(32,544)	(3)

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

	Note	The Group			The Company		
		As at 31 March 2024 RMB'000	As at 31 December 2023 RMB'000	Change %	As at 31 March 2024 RMB'000	As at 31 December 2023 RMB'000	Change %
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		1,468,885	1,434,742	2	1,021,804	980,909	4
Right-of-use assets		5,592	6,769	(17)	-	-	
Investment properties		12,761	13,029	(2)	12,044	12,299	(2)
Land use rights		249,904	251,739	(1)	202,189	203,677	(1)
Intangibles assets		76,074	79,086	(4)	18,947	19,216	(1)
Goodwill	12	65,911	65,911	-	-	-	
Investment in subsidiaries	7	-	-	-	1,687,454	1,652,454	2
Investment in associates	8	783,246	882,307	(11)	783,246	882,307	(11)
Other financial assets	9	667,698	622,812	7	565,220	560,873	1
Deferred tax assets		288,056	265,993	8	250,185	232,063	8
Other assets	10	10,689	56,039	(81)	6,113	51,293	(88)
<b>Total non-current assets</b>		<b>3,628,816</b>	<b>3,678,427</b>	<b>(1)</b>	<b>4,547,202</b>	<b>4,595,091</b>	<b>(1)</b>
<b>Current assets</b>							
Inventories		1,483,363	1,566,518	(5)	1,057,702	1,123,625	(6)
Trade and other receivables	11	3,329,234	2,686,929	24	2,149,000	2,042,065	5
Other financial assets	9	62,093	61,699	1	-	-	
Other assets	10	89,501	111,329	(20)	29,118	34,623	(16)
Cash and cash equivalents		2,457,615	2,125,200	16	1,964,376	1,441,871	36
<b>Total current assets</b>		<b>7,421,806</b>	<b>6,551,675</b>	<b>13</b>	<b>5,200,196</b>	<b>4,642,184</b>	<b>12</b>
<b>Total assets</b>		<b>11,050,622</b>	<b>10,230,102</b>	<b>8</b>	<b>9,747,398</b>	<b>9,237,275</b>	<b>6</b>
<b>EQUITY</b>							
<b>Equity</b>							
Share capital	13	770,158	770,158	-	770,158	770,158	-
Share premium		1,207,326	1,207,326	-	1,207,326	1,207,326	-
Retained earnings		4,887,345	4,500,020	9	4,846,133	4,456,460	9
Other reserves		129,333	130,224	(1)	544,176	545,067	-
<b>Total equity attributable to equity holders of the Company</b>		<b>6,994,162</b>	<b>6,607,728</b>	<b>6</b>	<b>7,367,793</b>	<b>6,979,011</b>	<b>6</b>
Non-controlling interests		40,602	44,546	(9)	-	-	
<b>Total equity</b>		<b>7,034,764</b>	<b>6,652,274</b>	<b>6</b>	<b>7,367,793</b>	<b>6,979,011</b>	<b>6</b>

	Note	The Group			The Company		
		As at 31 March 2024 RMB'000	As at 31 December 2023 RMB'000	Change %	As at 31 March 2024 RMB'000	As at 31 December 2023 RMB'000	Change %
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Deferred tax liabilities		7,640	7,333	4	-	-	-
Trade payables		8,149	8,149	-	5,749	5,749	-
Lease liabilities		2,303	2,743	(16)	-	-	-
Other financial liabilities	14	241,035	241,035	-	241,035	241,035	-
Other liabilities		91,846	92,682	(1)	57,393	57,879	(1)
<b>Total non-current liabilities</b>		<b>350,973</b>	<b>351,942</b>	<b>-</b>	<b>304,177</b>	<b>304,663</b>	<b>-</b>
<b>Current liabilities</b>							
Income tax payable		97,977	76,678	28	73,261	52,373	40
Trade and other payables	15	3,045,010	2,890,284	5	1,878,712	1,759,115	7
Other financial liabilities	14	381,800	81,800	n.m	-	-	n.m
Lease liabilities		3,093	3,564	(13)	-	-	-
Other liabilities		137,005	173,560	(21)	123,455	142,113	(13)
<b>Total current liabilities</b>		<b>3,664,885</b>	<b>3,225,886</b>	<b>14</b>	<b>2,075,428</b>	<b>1,953,601</b>	<b>6</b>
<b>Total liabilities</b>		<b>4,015,858</b>	<b>3,577,828</b>	<b>12</b>	<b>2,379,605</b>	<b>2,258,264</b>	<b>5</b>
<b>Total equity and liabilities</b>		<b>11,050,622</b>	<b>10,230,102</b>	<b>8</b>	<b>9,747,398</b>	<b>9,237,275</b>	<b>6</b>

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

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	-	-	(1,066)	387,325	386,259	(3,944)	382,315
Share-based payments	-	-	175	-	175	-	175
Balance at 31 March 2024	770,158	1,207,326	129,333	4,887,345	6,994,162	40,602	7,034,764

Group	Share capital	Treasury shares	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
Total comprehensive income for the period	-	-	-	102	400,788	400,890	(3,006)	397,884
Restricted A-Shares buy-back	-	(3,193)	(17,519)	-	3,326	(17,386)	-	(17,386)
Non-cash contribution to subsidiary	-	-	-	(181)	-	(181)	-	(181)
Share-based payments	-	-	-	(20,276)	-	(20,276)	-	(20,276)
Balance at 31 March 2023	773,443	(3,193)	1,211,221	156,209	4,776,576	6,914,256	27,487	6,941,743

RMB'000

Company	Share capital	Share premium	Other reserves (Restated)	Retained earnings (Restated)	Total equity (Restated)
Balance at 1 January 2024	770,158	1,207,326	545,067	4,456,460	6,979,011
Total comprehensive income for the period	-	-	(1,066)	389,673	388,607
Share-based payments	-	-	175	-	175
Balance at 31 March 2024	770,158	1,207,326	544,176	4,846,133	7,367,793

Company	Share capital	Treasury shares	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
Total comprehensive income for the period	-	-	-	102	437,516	437,618
Restricted A-Shares buy-back	-	(3,193)	(17,519)	-	3,326	(17,386)
Share-based payments	-	-	-	(20,276)	-	(20,276)
Balance at 31 March 2023	773,443	(3,193)	1,211,221	539,067	4,715,902	7,236,440

**1(c) Condensed Interim Consolidated Statement of Cash Flows**

	<u>The Group</u>	
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000
<b>Cash flows from operating activities</b>		
Profit before tax	440,537	454,788
Adjustments for:		
Interest income	(6,878)	(12,288)
Interest expense	4,664	8,067
Investment income on debts instruments at amortised cost	(5,305)	(1,121)
Share of results of equity-accounted associates	(72,598)	(100,195)
Depreciation and amortisation of property, plant and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other assets	31,529	32,544
Net gains/(losses) on disposal of property, plant and equipment, intangible assets and other non-current assets	176	(58)
Impairment losses on receivables and inventories	7,374	5,262
Share-based payments	175	(20,276)
<b>Operating cash flows before changes in working capital</b>	<b>399,674</b>	<b>366,723</b>
Inventories	81,707	(33,130)
Trade and other receivables	(682,768)	(50,451)
Other assets	66,730	(21,288)
Trade and other payables	144,237	12,612
Cash restricted in use	(10,889)	9,557
Other liabilities	(37,391)	(91,624)
<b>Net cash flows from operations</b>	<b>(38,700)</b>	<b>192,399</b>
Income tax paid	(57,478)	(17,720)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(96,178)</b>	<b>174,679</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(14,199)	(44,477)
Acquisition of financial assets	(40,000)	-
Proceeds from disposal of financial assets	-	9,649
Dividend income received from associates and financial assets	170,616	106,706
Proceeds from disposal of property, plant and equipment and intangible assets	26	3
Interest income received	6,878	12,287
<b>Net cash flows generated from investing activities</b>	<b>123,321</b>	<b>84,168</b>

	<u>The Group</u>	
	<b>3-month period ended 31 March 2024 RMB'000</b>	3-month period ended 31 March 2023 RMB'000
<b>Cash flows from financing activities</b>		
Increase in new loans and borrowings	<b>300,000</b>	372,856
Interest expense paid	<b>(2,221)</b>	(1,049)
repayment of borrowings	-	(20,977)
Repayment of lease liabilities	<b>(3,340)</b>	(27,334)
<b>Net cash flows generated from financing activities</b>	<b>294,439</b>	323,496
<b>Net increase in cash and cash equivalents</b>	<b>321,582</b>	582,343
Unrealised foreign exchange adjustments	<b>(56)</b>	(2)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	<b>1,997,386</b>	2,711,533
<b>Cash and cash equivalents, consolidated statement of cash flows, ending balance</b>	<b>2,318,912</b>	3,293,874



## Notes to the Condensed Interim Financial Statements

31 March 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 29 April 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

	Chinese <u>medicine</u>	Western <u>medicine</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>3-month period ended 31 March 2024</b>				
<b>Revenue</b>	<b>1,656,961</b>	<b>298,089</b>	<b>130,538</b>	<b>2,085,588</b>
<b>Cost of sales</b>	<b>661,479</b>	<b>279,234</b>	<b>92,514</b>	<b>1,033,227</b>
<b>Gross profit</b>	<b>995,482</b>	<b>18,855</b>	<b>38,024</b>	<b>1,052,361</b>
3-month period ended 31 March 2023				
Revenue	1,644,360	396,440	113,606	2,154,406
Cost of sales	656,301	369,168	99,009	1,124,478
Gross profit	988,059	27,272	14,597	1,029,928

## 2C. Disaggregation of revenue from contracts with customers

	Group	
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000
Sale of goods recognised at point-in-time	2,082,553	2,152,256
Revenue recognised over time	3,035	2,150
	<b>2,085,588</b>	2,154,406

## 3. Income tax

### 3A. Components of tax expense recognised in profit or loss

	Group	
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000
<u>Current tax</u>		
Current tax expense	79,214	83,062
Adjustments in respect of prior years	-	(18)
	<b>79,214</b>	83,043
<u>Deferred tax</u>		
Deferred tax expense	(22,059)	(26,037)
	<b>57,155</b>	57,006

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

	Group	
	3-month period ended 31 March 2024 RMB'000	3-month period ended 31 March 2023 RMB'000
Profit before tax	440,537	454,789
Loss: Share of results of equity-accounted associates	(72,598)	(100,195)
	<b>367,939</b>	354,594
Income tax expense at tax rate of 25%	91,985	88,648
Effect of concessionary tax rate at 15%	(27,111)	(21,671)
Non-deductible items	1,296	45
Non-taxable items	(10,890)	(15,029)
Unrecognised deferred tax assets	1,875	5,031
Adjustments in respect of prior years	-	(18)
	<b>57,155</b>	57,006

#### 4. Disposal of subsidiaries

There was no disposal of subsidiaries in the current financial period reported on.

In particular, for the purposes of Rule 706A of the Listing Manual, for the current financial period reported on, the Group had not disposed of shares resulting in a company ceasing to be a subsidiary or an associated company of the Company and had also not disposed of shares resulting in the Company reducing its shareholding percentage in a subsidiary or an associated company.

#### 5. Dividends on equity shares

No dividend has been declared for the current financial period reported on. No dividend was declared for the corresponding period of the immediately preceding financial year.

#### 6. Acquisition of subsidiaries / subsidiary / business combination

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

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

#### 7. Investments in subsidiaries

	<u>Company</u>
	3-month period ended 31 March 2024
	RMB'000
Movements during the period:	
At beginning of the period	1,652,454
Additions	35,000
At the end of the period	1,687,454

During the current financial period reported on, the Company made capital injection of RMB35,000,000 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>
	3-month period ended 31 March 2024
	RMB'000
Movements in carrying value:	
At beginning of the period	882,307
Share of results of associates	72,598
Dividends	(170,616)
Other equity movements	(1,043)
At end of the period	783,246

## 9. Other financial assets

	<u>Group</u>	
	<b>As at 31 March 2024 RMB'000</b>	As at 31 December 2023 RMB'000
Other financial assets - current assets		
Investment in debt instruments at amortised cost	<b>62,093</b>	61,699
Other financial assets - non-current assets		
Investment in debt instruments at amortised cost	<b>667,357</b>	622,445
Investment in equity instruments at fair value through other comprehensive income	<b>341</b>	367
	<b>667,698</b>	622,812
	<b>729,791</b>	684,511

## 10. Other assets

	<u>Group</u>	
	<b>As at 31 March 2024 RMB'000</b>	As at 31 December 2023 RMB'000
Current assets		
Prepayments	<b>59,481</b>	75,718
Value-added taxes recoverable	<b>29,902</b>	35,354
Income tax recoverable	<b>118</b>	257
	<b>89,501</b>	111,329
Non-current assets		
Prepayment	<b>10,689</b>	56,039
	<b>100,190</b>	167,368

## 11. Trade and other receivables

	<u>Group</u>	
	<b>As at 31 March 2024</b> RMB'000	As at 31 December 2023 RMB'000
<b>Trade receivables</b>		
Bills receivable	<b>689,309</b>	480,381
Interest receivable		
Outside parties	<b>2,730,094</b>	2,313,482
Associates	<b>3,698</b>	3,698
Related parties	<b>32,763</b>	25,643
Less: Allowance for credit impaired	<b>(10,560)</b>	(9,243)
Less: Allowance for expected credit losses	<b>(169,151)</b>	(160,880)
	<b>3,276,153</b>	2,653,081
<b>Other receivables</b>	<b>72,145</b>	55,859
Outside parties	<b>19,267</b>	17,561
Associates	<b>1,642</b>	348
Less: Allowance for expected credit losses	<b>(39,973)</b>	(39,920)
	<b>53,081</b>	33,848
<b>Total</b>	<b>3,329,234</b>	2,686,929

The ageing of the trade receivables balances was as follows:

	<u>Group</u>		
	<u>Gross amount</u> RMB'000	<u>ECL</u> %	<u>Loss allowance</u> RMB'000
As at 31 March 2024			
Within 1 year	<b>2,506,437</b>	<b>0.13</b>	<b>3,350</b>
1 – 2 years	<b>90,963</b>	<b>20.00</b>	<b>18,088</b>
2 – 3 years	<b>21,765</b>	<b>50.00</b>	<b>10,883</b>
Over 3 years	<b>136,830</b>	<b>100.00</b>	<b>136,830</b>
Total	<b>2,755,995</b>		<b>169,151</b>
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

	Group	
	As at 31 March 2024 RMB'000	As at 31 December 2023 RMB'000
Beginning balance	65,911	84,693
Additions	-	-
Reductions	-	18,782
Ending balance	65,911	65,911

## 13. Share capital and treasury shares

	Group	
	Number of ordinary shares	Amount of share capital
	As at 31 March 2024 '000	As at 31 March 2024 RMB'000
Movements in share capital:		
At beginning of the period	770,158	770,158
Restricted A-Shares buy-back	-	-
At end of the period	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 31 December 2023.

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

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

	As at 31 March 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 31 March	As at 31	As at 31 March	As at 31
	<b>2024</b>	December 2023	<b>2024</b>	December 2023
	<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
<u>Repayable in</u>				
<u>one year or</u>				
<u>less, or on</u>				
<u>demand:</u>				
Bank				
borrowings	-	-	<b>381,800</b>	81,800
Subtotal	-	-	<b>381,800</b>	81,800
<u>Repayable after</u>				
<u>one year:</u>				
Bank				
borrowings	-	-	<b>241,035</b>	241,035
Subtotal	-	-	<b>241,035</b>	241,035
<b>Total</b>	<b>-</b>	<b>-</b>	<b>622,835</b>	<b>322,835</b>

#### 15. Trade and other payables

	<u>Group</u>	
	As at 31 March 2024	As at 31 December 2023
	RMB'000	RMB'000
Trade payables		
Bills payable	<b>497,532</b>	510,708
Outside parties	<b>587,740</b>	590,924
Associates	<b>8,320</b>	7,612
Related parties	<b>26,141</b>	16,848
Employee benefits payables	<b>271,738</b>	251,441
	<b>1,391,471</b>	1,377,533
Other payables		
Outside parties	<b>1,537,512</b>	1,400,350
taxes payables	<b>79,458</b>	77,606
Dividend payable	<b>24,767</b>	22,746
Associates		
Related parties	<b>11,802</b>	12,049
Subtotal	<b>1,653,539</b>	1,512,751
<b>Total</b>	<b>3,045,010</b>	<b>2,890,284</b>



**16. Capital commitments**

	<u>Group</u>	
	<b>As at 31 March 2024 RMB'000</b>	As at 31 December 2023 RMB'000
Contractual obligations to purchase and construct	<b>59,214</b>	72,573

**17. Categories of financial assets and liabilities**

	<u>Group</u>	
	<b>As at 31 March 2024 RMB'000</b>	As at 31 December 2023 RMB'000
<u>Financial assets</u>		
Financial assets at amortised cost	<b>6,516,299</b>	5,496,273
Financial assets at fair value through other comprehensive income	<b>341</b>	367
	<b>6,516,640</b>	5,496,640
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	<b>3,058,555</b>	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 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	
	3-month period ended 31 March 2024	3-month period ended 31 March 2023
	RMB	RMB
Based on weighted average number of ordinary shares in issue	0.50	0.52

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 March 2024	As at 31 December 2023	As at 31 March 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	9.08	8.58	9.57	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 in the first quarter of the financial year ending 31 December 2024 ("1Q FY2024") was approximately RMB2,086 million, a decrease of approximately RMB69 million or 3% compared to the first quarter of the financial year ended 31 December 2023 ("1Q FY2023"). This is mainly due to a year-on-year decrease in sale of goods.

(b) Gross Profit Margin:

The Group's gross profit in 1Q FY2024 increased by approximately RMB22 million or 2% from approximately RMB1,030 million in 1Q FY2023 to approximately RMB1,052 million in 1Q FY2024. The gross profit margin increased from 48% in 1Q FY2023 to 50% in 1Q FY2024. The increase was mainly due to changes in sales structure, with a higher proportion of sales revenue from major products with higher gross profit margins, which increased the overall gross profit margin.

(c) Other Gains:

Other gains in 1Q FY2024 was approximately RMB18 million, an increase of approximately RMB8 million or 84%, from RMB10 million in 1Q FY2023, mainly due to an increase in proceeds of approximately RMB4.18 million from the bank certificates of deposit .

(d) Major Expenses:

- (i) Marketing and Distribution expenses in 1Q FY2024 was approximately RMB553 million, a decrease by approximately RMB37 million or 6% from approximately RMB590 million in the previous corresponding period, mainly due to a decrease of approximately RMB13.76 million in sales remuneration and a decrease of approximately RMB13.59 million in consulting fees.
- (ii) Research and development expenses in 1Q FY2024 was approximately RMB25 million, an increase by approximately RMB0.5 million or 2% from approximately RMB24 million in the previous corresponding period.
- (iii) Administrative expenses in 1Q FY2024 was approximately RMB115 million, an increase by approximately RMB46 million or 68% from approximately RMB69 million in the previous corresponding period. This increase was primarily due to the repurchase of restricted shares during the same period last year, offsetting previously accounted expenses. Additionally, there was a year-on-year increase of

RMB 20.45 million in equity incentive expenses and a RMB 10 million increase in strategic consulting service fees in current financial year.

- (iv) Finance costs in 1Q FY2024 decreased by approximately RMB3 million from approximately RMB8 million to approximately RMB5 million.
- (v) Other losses in 1Q FY2024 increased by approximately RMB5 million or 86%, from approximately RMB6 million in 1Q FY2023 to approximately RMB12 million in 1Q FY2024, mainly due to a year-on-year increase in the provision for bad debt impairment.

(e) Share of results of associated companies:

The Group's share of profits of associates in 1Q FY2024 was approximately RMB73 million, a decrease by approximately RMB28 million or 28% from approximately RMB100 million in the previous corresponding period. This was mainly due to a year-on-year decrease of approximately RMB26.11 million in investment income from Sino-American Tianjin SmithKline & French Lab., Ltd. (中美天津史克制药有限公司)'s profit growth.

(f) Total comprehensive income:

The Group's total comprehensive income (net of tax) in 1Q FY2024 was approximately RMB382 million, a decrease by RMB16 million or 4% from approximately RMB398 million in the previous corresponding period.

The profit attributable to equity holders of parent (net of tax) in 1Q FY2024 was approximately RMB387 million, a decrease of approximately RMB13 million or 3% over the previous corresponding period.

(g) Major changes in statement of financial positions:

- (i) As at 31 March 2024, the Group's cash and cash equivalents amounted to approximately RMB2,458 million, which was an increase of approximately RMB332 million or 16% over the balance as at 31 December 2023. The Group's short-term borrowings as at 31 March 2024 amounted to RMB382 million, which was an increase of approximately RMB300 million over the balance as at 31 December 2023, mainly due to subsidiary's increase in loans.
- (ii) Trade and other receivables was approximately RMB3,329 million as at 31 March 2024, which was an increase of approximately RMB642 million or 24% over the balance as at 31 December 2023.
- (iii) Inventories were approximately RMB1,483 million as at 31 March 2024, which was a decrease by approximately RMB83 million or 5% from the balance as at 31 December 2023.

- (iv) Other current assets decreased by approximately RMB22 million or 20% to approximately RMB90 million as at 31 March 2024, mainly due to a decrease of approximately RMB16.24 million in prepayments.
  - (v) Investments in associates of the Group decreased by approximately RMB99 million or 11% to approximately RMB783 million.
  - (vi) Property, plant and equipment increased by approximately RMB34 million or 2% to RMB1,469 million.
- (h) Changes in cash flow position:
- (i) In 1Q FY2024, the Group recorded net cash outflow from operating activities of approximately RMB96 million which has decreased by RMB271 million as compared to 1Q FY2023, mainly due to a year-on-year decrease in cash received from the sale of goods and the provision of services.
  - (ii) Cash inflow from investing activities was approximately RMB123 million in 1Q FY2024 which has increased by RMB39 million as compared to 1Q FY2023, mainly due to a year-on-year increase in cash received from investment income.
  - (iii) Cash inflow from financing activities was approximately RMB294 million in 1Q FY2024 which has decreased by RMB29 million as compared to 1Q FY2023, mainly due to a year-on-year decrease in the net amount of cash received from borrowings and repayment of debts.

## **22. Forecast, or a prospect statement**

There was no forecast or 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**

The pharmaceutical industry, as an integral part of China's national economy, is closely linked to people's well-being, economic development, and national prosperity, serving as a solid backbone for the construction of a healthy China. With the stable development of China's economy and the continuous improvement of people's living standards, the traditional Chinese medicine industry is poised for a promising future. On one hand, there is a growing awareness of healthcare, with an increased focus on prevention over treatment and the proactive management of health, where the unique advantages and significant role of traditional Chinese medicine in treating pre-disease conditions can better meet the health needs of the public. On the other hand, practice has shown that traditional Chinese medicine has distinct advantages in preventing diseases and treating chronic conditions. Against the backdrop of an aging population and rising chronic disease incidence, traditional Chinese medicine will play an irreplaceable role.

In recent years, the pharmaceutical industry has undergone significant transformation due to the promulgation and adjustment of various policies. These include stricter supervision of medical insurance funds, rapid advancements in pharmaceutical procurement, optimisation and adjustment of the medical insurance catalog, Diagnosis Related Groups (DRG)/ Diagnosis-Intervention Packet (DIP). and reforms in payment methods. Additionally, the acceleration of prescription outflows has been facilitated by the coordinated efforts of medical insurance outpatient clinics and the unified planning of pharmacies. A payment landscape increasingly dominated by medical insurance has emerged as a crucial factor in the development of the pharmaceutical sector.

In the current context where opportunities and challenges intertwine, the significant role of the traditional Chinese medicine industry in building a healthy China is increasingly prominent. The Group is a century-old enterprise with a profound brand heritage. Through generations of inheritance and relentless effort, it has achieved coverage across the entire traditional Chinese medicine industry chain and boasts a rich reserve of products. Its well-known products such as "Suxiao Jiuxin Wan" are household names. Today, the Company is steadfastly implementing its corporate strategy, with the strategic focus on "Making Green TCM Bigger and Stronger". The Company is leveraging its brand power, product strength, and service capabilities as key drivers, aiming to deepen its roots and innovate upwards to achieve its corporate development goals.

**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.

## 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>3-months period ended 31 March</u>	
	<b><u>2024</u></b> RMB'000	<b><u>2023</u></b> RMB'000
Sale of goods to associates	100	407
Purchase of goods from associates	(18,900)	(26,049)
Interest income from an associate	3,814	2,763
Interest expense payable to an associate	(1,893)	(347)
Rental income from an associate	-	-

	<u>3-months period ended 31 March</u>	
	<b><u>2024</u></b> RMB'000	<b><u>2023</u></b> RMB'000
Sale of goods to related companies	49,511	57,478
Purchase of goods from related companies	(59,935)	(46,763)
Rental expenses to related companies	(555)	(696)
Rental income from related companies	47	-

## 26. Interested Person Transactions disclosure

The Group has obtained a general mandate (the “**IPT General Mandate**”) from the Shareholders for interested person transactions (the “**IPTs**”) at the annual general meeting held on 15 May 2023 for the financial year ended 31 December 2022 (“**FY2022**”). Please refer to the annexure accompanying the notice of annual general meeting in relation to the proposed renewal of mandate for IPTs (as set out on pages 169 to 189 of the Company’s annual report for the FY2022) for further details on the IPT General Mandate.

Shareholders’ approval has also been obtained for the Company’s entry into a financial services agreement with Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) as an IPT and all transactions arising therefrom, at the annual general meeting held on 15 May 2023 for FY2022. Please refer to the annexure dated 28 April 2023 (the “**28 April 2023 Annexure**”) accompanying the notice of annual general meeting in relation to the foregoing IPT for further details.

The aggregate value of all interested person transactions during the 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)	
		<b>3-month period ended 31 March 2024</b> RMB’000	3-month period ended 31 March 2023 RMB’000	<b>3-month period ended 31 March 2024</b> RMB’000	3-month period ended 31 March 2023 RMB’000
Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) (“ <b>TPGF</b> ”)	Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“ <b>TPH</b> ”), the controlling	The interest payable on the credit facilities provided by TPGF: 1,893	347	-	-



	shareholder of the Company				
Total		1,893	347	-	-

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 interested person transactions disclosed in this note 26) comprising: (i) sale of goods to associates and related companies; (ii) purchase of goods from associates and related companies; (iii) rental expenses to related companies; (iv) rental income from an associate and related companies; (v) interest income from an associate; and (vi) interest expense payable to an associate; while the “Interested Person Transactions disclosure” stated in this note 26 pertains only to the interest payable on the credit facilities provided by TPGF (being an associate of the Company) which amounts to RMB1,893,000 (i.e., item (vi)) and interested person transactions not less than S\$100,000. The items (i) to (v) are excluded from disclosure in this note 26 as the respective amounts thereof are individually less than S\$100,000 and are therefore not subject to the disclosure requirement under Rule 907 of the Listing Manual of the SGX ST.
- (2) As at 31 March 2024, placement of deposit with TPGF amounted to approximately RMB1,227.73 million.

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

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

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

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

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

The deposit of approximately RMB1,227.73 million placed with TPGF 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	967,731	260,000	1,227,731

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

Pursuant to Rule 904 of the Listing Manual, an "interested person transaction" means a transaction between an entity at risk and an interested person, and "transaction" includes, amongst others, the provision or receipt of goods or services, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities). As TPGF is a subsidiary of TPH, the controlling shareholder of the Company, the deposit services provided by TPGF to the Company constitute an interested person transaction. However, the deposit of approximately RMB1,227.73 million placed with TPGF as at 31 March 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 these condensed consolidated interim financial results for the financial period ended 31 March 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.

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.