



Tong Ren Tang Technologies Co. Ltd.

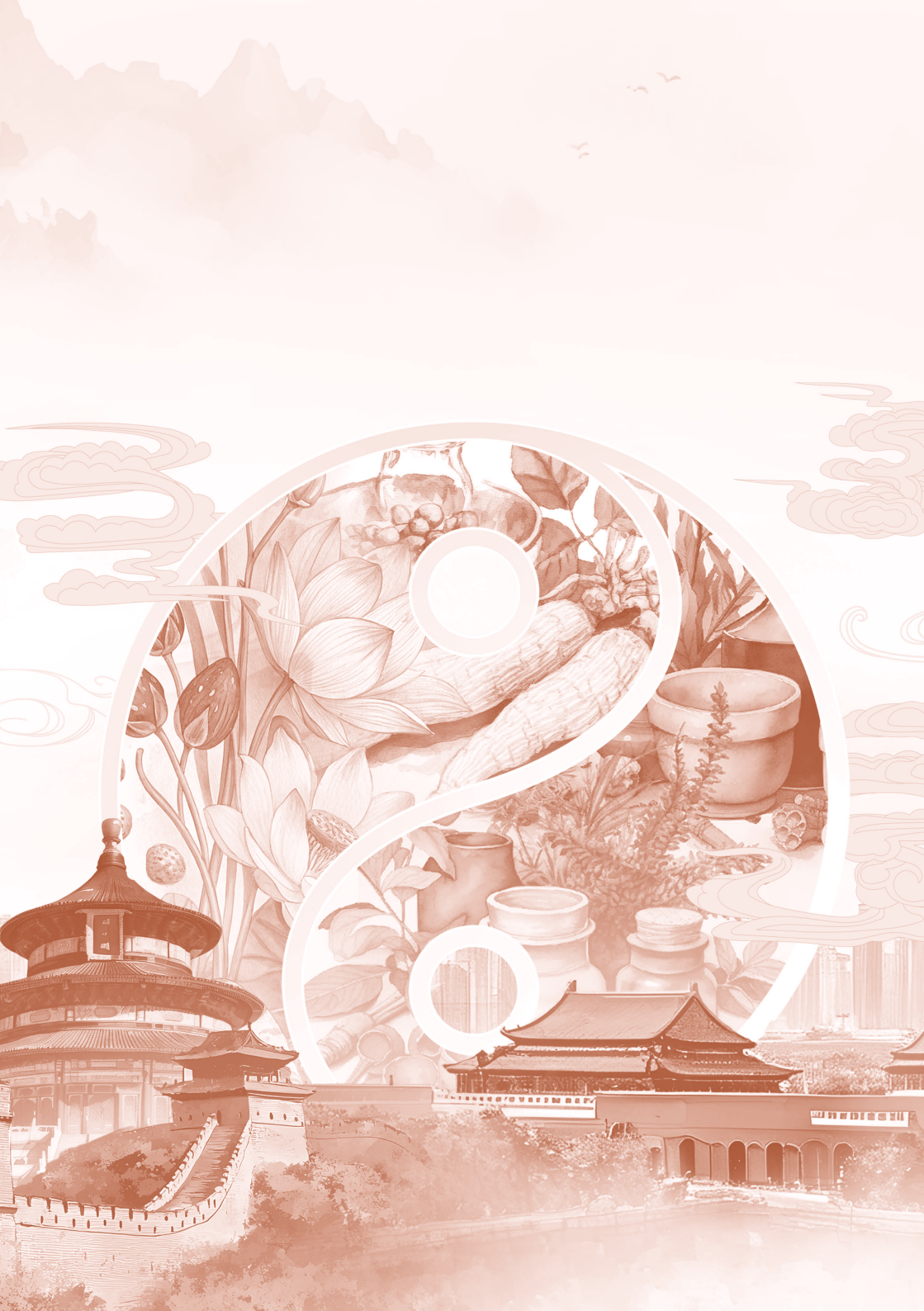
北京同仁堂科技發展股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1666)



2025  
INTERIM REPORT



## HIGHLIGHTS

- For the six months ended 30 June 2025, the Group's revenue represents a decrease of approximately 7.69% compared to the six months ended 30 June 2024.
- For the six months ended 30 June 2025, profit attributable to owners of the Company represents a decrease of approximately 21.01% compared to the six months ended 30 June 2024.
- For the six months ended 30 June 2025, earnings per share for profit attributable to owners of the Company amounted to RMB0.26.
- The Board does not declare the distribution of an interim dividend for the six months ended 30 June 2025.

## INTERIM RESULTS (UNAUDITED)

The board of directors (the “**Board**”) of Tong Ren Tang Technologies Co. Ltd. (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Revenue	6	<b>3,738,503</b>	4,050,094
Cost of sales		<b>(2,311,985)</b>	(2,512,973)
<b>Gross Profit</b>		<b>1,426,518</b>	1,537,121
Distribution expenses		<b>(576,087)</b>	(664,296)
Administrative expenses		<b>(266,056)</b>	(239,062)
Provision for impairment losses on financial assets		<b>(14,516)</b>	(1,730)
Other (losses)/income and gains, net		<b>(72)</b>	12
<b>Operating profit</b>		<b>569,787</b>	632,045
Finance income	7	<b>44,886</b>	44,273
Finance costs	7	<b>(32,792)</b>	(32,668)
Finance income, net	7	<b>12,094</b>	11,605
Gains on disposal of subsidiaries		—	46,544
Share of results of investments accounted for using the equity method		<b>9,400</b>	337
<b>Profit before income tax</b>		<b>591,281</b>	690,531
Income tax expense	9	<b>(107,251)</b>	(107,747)
<b>Profit for the period</b>		<b>484,030</b>	582,784
<b>Profit attributable to:</b>			
Owners of the Company		<b>338,667</b>	428,752
Non-controlling interests		<b>145,363</b>	154,032
		<b>484,030</b>	582,784
<b>Earnings per share for profit attributable to owners of the Company during the period</b>			
— Basic and diluted	10	<b>RMB0.26</b>	RMB0.33

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
<b>Profit for the period</b>	<b>484,030</b>	582,784
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation differences		
— Group	<b>(46,877)</b>	20,621
— Joint ventures and associates	<b>(42)</b>	(229)
<i>Items that will not be reclassified to profit or loss</i>		
Change in fair value of financial assets at fair value through other comprehensive income	<b>(759)</b>	879
<b>Other comprehensive income for the period, net of tax</b>	<b>(47,678)</b>	21,271
<b>Total comprehensive income for the period</b>	<b>436,352</b>	604,055
<b>Attributable to:</b>		
Owners of the Company	<b>320,508</b>	436,766
Non-controlling interests	<b>115,844</b>	167,289
<b>Total comprehensive income for the period</b>	<b>436,352</b>	604,055



## CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>2,591,430</b>	2,622,833
Right-of-use assets	12	<b>640,572</b>	640,201
Intangible assets		<b>76,021</b>	77,354
Investments accounted for using the equity method		<b>117,539</b>	108,155
Financial assets at fair value through other comprehensive income		<b>7,129</b>	8,003
Prepayments for purchases of non-current assets		<b>42,447</b>	43,997
Deferred income tax assets		<b>71,086</b>	74,484
Other non-current assets		<b>84</b>	88
		<b>3,546,308</b>	3,575,115
<b>Current assets</b>			
Inventories		<b>4,631,072</b>	5,165,995
Trade and bills receivables	13	<b>1,086,607</b>	1,103,565
Other financial assets at amortised cost		<b>42,086</b>	34,126
Prepayments and other current assets		<b>130,542</b>	182,645
Financial assets at fair value through profit or loss		<b>372</b>	444
Financial assets at fair value through other comprehensive income		<b>69,144</b>	53,008
Term deposits placed with banks		<b>254,776</b>	164,205
Cash and cash equivalents		<b>4,781,018</b>	4,129,488
		<b>10,995,617</b>	10,833,476
<b>Total assets</b>		<b>14,541,925</b>	14,408,591

# CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONT'D)

		30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
	Notes		
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	1,280,784	1,280,784
Reserves		6,015,380	5,925,413
		7,296,164	7,206,197
<b>Non-controlling interests</b>		2,914,596	2,958,882
<b>Total equity</b>		10,210,760	10,165,079
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		1,842,098	1,202,332
Lease liabilities		93,154	80,643
Deferred income tax liabilities		9,097	9,329
Post-employment benefit obligation		2,816	2,859
Deferred income — government grants		102,282	106,878
		2,049,447	1,402,041
<b>Current liabilities</b>			
Trade and bills payables	15	806,271	1,015,258
Salary and welfare payables		39,688	76,181
Contract liabilities		145,444	176,606
Current income tax liabilities		46,495	34,450
Other payables		764,102	396,740
Borrowings		375,465	1,051,966
Lease liabilities		104,253	90,270
		2,281,718	2,841,471
<b>Total liabilities</b>		4,331,165	4,243,512
<b>Total equity and liabilities</b>		14,541,925	14,408,591

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
<b>Cash flows from operating activities:</b>		
Cash generated from/(used in) operations	1,228,076	(333,097)
Interest paid	(30,371)	(32,668)
Income tax paid	(77,369)	(87,117)
Net cash generated from/(used in) operating activities	1,120,336	(452,882)
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(54,288)	(82,433)
Purchase of other long-term assets	(8,515)	(2,015)
Disposal of a subsidiary	—	(34,632)
Proceeds from disposals of property, plant and equipment and other long-term assets	167	261
Increase in term deposits placed with banks with original maturities exceeding three months	(245,211)	(143,788)
Decrease in term deposits placed with banks with original maturities exceeding three months	154,205	1,269,540
Interest received	46,269	48,739
Net cash (used in)/generated from investing activities	(107,373)	1,055,672
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	1,100,000	813,942
Repayments of borrowings	(1,136,733)	(33,676)
Capital injection from non-controlling interests	8,253	—
Principal elements of lease payments	(34,680)	(32,110)
Dividends paid to non-controlling interests	(278,090)	(166,994)
Net cash (used in)/generated from financing activities	(341,250)	581,162
Net increase in cash and cash equivalents	671,713	1,183,952
Cash and cash equivalents at beginning of the period	4,129,488	2,746,458
Effects of exchange rate changes on cash and cash equivalents	(20,183)	11,660
<b>Cash and cash equivalents at end of the period</b>	<b>4,781,018</b>	<b>3,942,070</b>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(Unaudited)	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve fund	Statutory public welfare fund	Tax reserve	Foreign currency translation differences	Financial assets at FVOCI reserve	Other reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2025	1,280,784	412,245	761,281	45,455	102,043	112,123	(1,775)	162,743	4,331,298	7,206,197	2,958,882	10,165,079
<b>Comprehensive income</b>												
Profit for the period	—	—	—	—	—	—	—	—	338,667	338,667	145,363	484,030
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	—	—	—	—	—	—	(289)	—	—	(289)	(470)	(759)
Foreign currency translation differences	—	—	—	—	—	(17,854)	—	—	—	(17,854)	(29,023)	(46,877)
— Group	—	—	—	—	—	(16)	—	—	—	(16)	(26)	(42)
— Joint ventures and associates	—	—	—	—	—	—	—	—	—	—	—	—
<b>Transactions with owners in their capacity as owners</b>												
2024 dividends to shareholders of the Company	—	—	—	—	—	—	—	—	(230,541)	(230,541)	—	(230,541)
2024 dividends to non-controlling Interests	—	—	—	—	—	—	—	—	—	—	(168,383)	(168,383)
Capital injection from non-controlling Interests	—	—	—	—	—	—	—	—	—	—	8,253	8,253
Balance as at 30 June 2025	1,280,784	412,245	761,281	45,455	102,043	94,253	(2,064)	162,743	4,439,424	7,296,164	2,914,596	10,210,760

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)

(Unaudited)	Attributable to owners of the Company									Non-controlling interests	Total equity	
	Share capital	Capital reserve	Statutory surplus reserve fund	Statutory public welfare fund	Tax reserve	Foreign currency translation differences	Financial assets at FVOCI reserve	Other reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance as at 1 January 2024	1,280,784	412,245	730,275	45,455	102,043	86,878	(2,056)	162,743	4,071,050	6,889,417	2,762,468	9,651,885
<b>Comprehensive income</b>												
Profit for the period	—	—	—	—	—	—	—	—	428,752	428,752	154,032	582,784
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	—	—	—	—	—	—	335	—	—	335	544	879
Foreign currency translation differences												
— Group	—	—	—	—	—	7,766	—	—	—	7,766	12,855	20,621
— Joint ventures and associates	—	—	—	—	—	(87)	—	—	—	(87)	(142)	(229)
<b>Transactions with owners in their capacity as owners</b>												
2023 dividends to shareholders of the Company	—	—	—	—	—	—	—	—	(230,541)	(230,541)	—	(230,541)
2023 dividends to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(165,139)	(165,139)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	(14,055)	(14,055)
Balance as at 30 June 2024	1,280,784	412,245	730,275	45,455	102,043	94,557	(1,721)	162,743	4,269,261	7,095,642	2,750,563	9,846,205

Notes:

## 1. GENERAL INFORMATION

The Company was incorporated as a joint stock company with limited liability in the People's Republic of China (the **"PRC"**) on 22 March 2000, and was listed on the Growth Enterprise Market (the **"GEM"**) of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) on 31 October 2000 and transferred from the GEM to the Main Board of the Stock Exchange on 9 July 2010. Its ultimate holding company is China Beijing Tong Ren Tang Group Co., Ltd. (中國北京同仁堂(集團)有限責任公司) (**"Tong Ren Tang Holdings"**), a company incorporated in Beijing, the PRC.

The address of the Company's registered office is No. 16 Tongji Beilu, Beijing Economic and Technological Development Zone, Beijing, the PRC. The Group is principally engaged in the production and distribution of Chinese medicine and primarily operates in Mainland China and Hong Kong.

The interim condensed consolidated financial information was approved by the Board to be issued on 26 August 2025.

The interim condensed consolidated financial information has not been audited.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards (**"IASs"**) and Interpretations) as issued by the International Accounting Standards Board (the **"IASB"**), and the disclosure requirements of the Hong Kong Companies Ordinance.

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended 31 December 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the income tax rates that are expected to be applicable to total annual earnings.

### 3. ACCOUNTING POLICIES (CONT'D)

#### 3.1 ADOPTION OF REVISED IFRS ACCOUNTING STANDARDS

The Group has applied the following revised IFRS Accounting Standards which are mandatory for the financial year beginning on or after 1 January 2025:

Amendments to IFRS 21

*Lack of Exchangeability*

The adoption of above revised IFRS Accounting Standards did not have a material impact on these interim condensed consolidated financial information.

### 4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were mostly same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

### 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2024.

There have been no significant changes in any risk management policies since the year end of 2024.

## 6. REVENUE

	For the six months ended 30 June 2025	
	(Unaudited) RMB'000	2024 (Unaudited) RMB'000
Sales of Chinese medicine products		
— Mainland China	<b>3,139,055</b>	3,552,169
— Outside Mainland China	<b>573,019</b>	467,391
	<b>3,712,074</b>	4,019,560
Advertising service income		
— Mainland China	<b>4,048</b>	5,954
Service income		
— Mainland China	<b>1,929</b>	3,017
— Outside Mainland China	<b>20,389</b>	21,371
	<b>22,318</b>	24,388
Royalty fee income		
— Outside Mainland China	<b>63</b>	192
	<b>3,738,503</b>	4,050,094

## 7. FINANCE INCOME AND COSTS

	For the six months ended 30 June 2025	
	(Unaudited) RMB'000	2024 (Unaudited) RMB'000
<b>Finance income</b>		
Interest income	<b>42,734</b>	43,253
Exchange gains, net	<b>2,152</b>	2
Others	<b>—</b>	1,018
	<b>44,886</b>	44,273
<b>Finance costs</b>		
Interest on bank borrowings	<b>(28,215)</b>	(28,607)
Interest on lease liabilities	<b>(4,338)</b>	(4,061)
Others	<b>(239)</b>	—
	<b>(32,792)</b>	(32,668)
<b>Finance income, net</b>	<b>12,094</b>	11,605

## 8. EXPENSES BY NATURE

	For the six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Depreciation of property, plant and equipment	91,736	90,758
Depreciation of right-of-use assets	62,626	48,400
Amortisation of other long-term assets	6,130	4,174
Provision for impairment of inventories	17,272	14,077
Provision for impairment of receivables	14,516	1,730
Losses on disposals of non-current assets	283	125

## 9. INCOME TAX EXPENSE

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008, enterprises with a High and New Technology Enterprise ("HNTE") status are able to enjoy a preferential tax rate of 15%. For the entities without the HNTE status, the PRC income tax rate is 25%. As of 30 June 2025 and 30 June 2024, the Company and certain of its subsidiaries have obtained the HNTE certificate. Consequently, their applicable income tax rate used for the six months ended 30 June 2025 is 15% (for the six months ended 30 June 2024: 15%).

Hong Kong Special Administrative Region of the PRC ("Hong Kong, China") profits tax has been provided at the rate of 16.5% (for the six months ended 30 June 2024: 16.5%) on the estimated assessable profit for the six months ended 30 June 2025.

Income tax on profits from countries and regions other than Mainland China and Hong Kong, China profits has been calculated on the estimated assessable profit for the Reporting Period at the income tax rates prevailing in the tax jurisdictions in which the Group operates.

	For the six months ended 30 June 2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Current income tax expense		
— Mainland China	70,059	70,048
— Hong Kong, China	31,193	18,775
— Other countries and regions (excluding Mainland China and Hong Kong, China)	2,833	4,624
	104,085	93,447
Deferred income tax charge	3,166	14,300
	107,251	107,747



## 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company of approximately RMB338,667,000 by the weighted average number of 1,280,784,000 shares in issue during the period.

The Company had no dilutive potential shares for the six months ended 30 June 2025 and 2024.

	For the six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Profit attributable to owners of the Company	<b>338,667</b>	428,752
Weighted average number of ordinary shares in issue (thousands)	<b>1,280,784</b>	1,280,784
Earnings per share	<b>RMB0.26</b>	RMB0.33

## 11. DIVIDENDS

The Board does not declare the distribution of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

On 28 March 2025, the Board proposed a cash dividend in respect of the year ended 31 December 2024 of RMB0.18 (including tax) per share based on the total share capital of 1,280,784,000 shares, approximately amounting to a total of RMB230,541,000 which has been approved by the shareholders at the 2024 annual general meeting (the "AGM") of the Company held on 12 June 2025. These dividends have been paid on 11 August 2025.

## 12. ADDITIONS TO RIGHT-OF-USE ASSETS AND ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2025, the additions to right-of-use assets of the Group was approximately RMB63,156,000 (for the six months ended 30 June 2024: RMB37,484,000).

For the six months ended 30 June 2025, the additions to property, plant and equipment of the Group was approximately RMB59,463,000 (for the six months ended 30 June 2024: RMB87,723,000).

### 13. TRADE AND BILLS RECEIVABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade receivables		
— third parties	<b>622,898</b>	612,158
— related parties (Note 18(c))	<b>437,922</b>	275,810
	<b>1,060,820</b>	887,968
Bills receivables	<b>110,113</b>	285,349
	<b>1,170,933</b>	1,173,317
Less: provision for impairment		
— third parties	<b>(59,783)</b>	(49,653)
— related parties (Note 18(c))	<b>(24,543)</b>	(20,099)
	<b>(84,326)</b>	(69,752)
Trade and bills receivables, net	<b>1,086,607</b>	1,103,565

The carrying amounts of trade and bills receivables approximate their fair values.

Retail sales at the Group's stores are usually made in cash or by debit or credit cards. For wholesale to distributors, the Group normally grants a credit period ranging from 30 days to 180 days. As at 30 June 2025 and 31 December 2024, the ageing analysis of trade and bills receivables based on invoice date was as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 4 months	<b>865,958</b>	864,645
Over 4 months but within 1 year	<b>133,046</b>	132,541
Over 1 year but within 2 years	<b>45,994</b>	16,342
Over 2 years but within 3 years	<b>75,173</b>	109,576
Over 3 years	<b>50,762</b>	50,213
	<b>1,170,933</b>	1,173,317

## 14. SHARE CAPITAL

	30 June 2025 (Unaudited)		31 December 2024 (Audited)	
	Number of shares	Nominal Value RMB'000	Number of shares	Nominal Value RMB'000
Total share capital	<b>1,280,784,000</b>	<b>1,280,784</b>	1,280,784,000	1,280,784
Issued and fully paid				
— Domestic shares with a par value of RMB1 per share	<b>652,080,000</b>	<b>652,080</b>	652,080,000	652,080
— H shares with a par value of RMB1 per share	<b>628,704,000</b>	<b>628,704</b>	628,704,000	628,704
	<b>1,280,784,000</b>	<b>1,280,784</b>	1,280,784,000	1,280,784

## 15. TRADE AND BILLS PAYABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade payables		
— third parties	<b>630,849</b>	780,258
— related parties (Note 18(c))	<b>44,757</b>	35,000
	<b>675,606</b>	815,258
Bills payable	<b>130,665</b>	200,000
Trade and Bills Payable	<b>806,271</b>	1,015,258

## 15. TRADE AND BILLS PAYABLES (CONT'D)

As at 30 June 2025 and 31 December 2024, the ageing analysis of trade payables based on invoice date was as follows:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 4 months	473,008	877,920
Over 4 months but within 1 year	319,643	127,332
Over 1 year but within 2 years	9,342	6,813
Over 2 years but within 3 years	4,007	2,947
Over 3 years	271	246
	806,271	1,015,258

Trade payables are unsecured and are usually paid within 120 days of recognition.

The carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

## 16. SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker. The Board has determined the operating segments for the purposes of allocating resources and assessing performance.

The reportable operating segments derive their revenue primarily from: (i) the manufacture and sale of Chinese medicine of the Company in Mainland China ("**The Company Segment**"), and (ii) Beijing Tong Ren Tang Chinese Medicine Company Limited ("**Tong Ren Tang Chinese Medicine**") and its subsidiaries engaged in manufacturing, retail and wholesale of Chinese medicine products and healthcare products, and provision of Chinese medical consultation and treatments outside Mainland China and wholesale of healthcare products in Mainland China ("**Tong Ren Tang Chinese Medicine Segment**").

Other companies are engaged in processing and purchasing of Chinese medicinal raw materials, sales of medicinal products, medical services and advertising, etc. They do not form separate reportable segments as they do not meet the quantitative thresholds required by IFRS 8.

The Board assesses the performance of the operating segments based on revenue and profit after income tax of each segment.

## 16. SEGMENT INFORMATION (CONT'D)

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2025 is as follows:

(Unaudited)	The Company RMB'000	Tong Ren Tang Chinese Medicine RMB'000	Others RMB'000	Total RMB'000
Segment revenue	2,470,911	702,070	989,843	4,162,824
Inter-segment revenue	(14,730)	—	(409,591)	(424,321)
Revenue from external customers	2,456,181	702,070	580,252	3,738,503
Timing of revenue recognition				
At a point in time	2,455,108	698,619	576,204	3,729,931
Over time	1,073	3,451	4,048	8,572
	2,456,181	702,070	580,252	3,738,503
Profit for the period	240,220	230,913	12,897	484,030
Interest income	17,784	22,564	2,386	42,734
Interest expense	(29,195)	(3,089)	(269)	(32,553)
Depreciation of property, plant and equipment	(52,667)	(8,484)	(30,585)	(91,736)
Depreciation of right-of-use assets	(25,256)	(32,921)	(4,449)	(62,626)
Amortisation of other long-term assets	(2,731)	(2,821)	(578)	(6,130)
Provision for impairment of inventories	(16,749)	—	(523)	(17,272)
Provision for impairment of receivables	(1,607)	(7,425)	(5,484)	(14,516)
Share of results of investments accounted for using the equity method	4,442	4,958	—	9,400
Income tax expense	(56,830)	(40,253)	(10,168)	(107,251)
Additions to non-current assets <sup>(1)</sup>	40,063	55,170	33,393	128,626

Note:

- <sup>(1)</sup> Excluding investments accounted for using the equity method, financial instruments and deferred income tax assets.

## 16. SEGMENT INFORMATION (CONT'D)

The segment assets and liabilities as at 30 June 2025 are as follows:

(Unaudited)	The Company RMB'000	Tong Ren Tang Chinese Medicine RMB'000	Others RMB'000	Total RMB'000
Segment assets and liabilities				
Total assets	7,885,384	4,149,639	2,506,902	14,541,925
Investments accounted for using the equity method	86,174	31,365	—	117,539
Total liabilities	3,480,337	273,782	577,046	4,331,165



## 16. SEGMENT INFORMATION (CONT'D)

The segment information provided to the Board for the reportable segments for the six months ended 30 June 2024 is as follows:

(Unaudited)	The Company RMB'000	Tong Ren Tang Chinese Medicine RMB'000	Others RMB'000	Total RMB'000
Segment revenue	2,766,628	605,295	1,189,314	4,561,237
Inter-segment revenue	(45,470)	4,836	(470,509)	(511,143)
Revenue from external customers	2,721,158	610,131	718,805	4,050,094
Timing of revenue recognition				
At a point in time	2,720,304	608,593	711,529	4,040,426
Over time	854	1,538	7,276	9,668
	2,721,158	610,131	718,805	4,050,094
Profit for the period	302,703	224,106	55,975	582,784
Interest income	8,036	31,777	3,440	43,253
Interest expense	(29,445)	(2,879)	(344)	(32,668)
Depreciation of property, plant and equipment	(51,383)	(7,865)	(31,510)	(90,758)
Depreciation of right-of-use assets	(13,202)	(29,598)	(5,600)	(48,400)
Amortisation of other long-term assets	(2,020)	(1,823)	(331)	(4,174)
Provision for impairment of inventories	(13,839)	—	(238)	(14,077)
Reversal of/(provision for) impairment of receivables	(2,028)	5,059	(4,761)	(1,730)
Share of the profit/(loss) of associates or joint ventures accounted for using the equity method	1,226	(889)	—	337
Income tax expense	(57,792)	(39,349)	(10,606)	(107,747)
Additions to non-current assets <sup>(1)</sup>	21,554	45,030	68,032	134,616

Note:

- <sup>(1)</sup> Excluding investments accounted for using the equity method, financial instruments and deferred income tax assets.

## 16. SEGMENT INFORMATION (CONT'D)

The segment assets and liabilities as at 31 December 2024 are as follows:

(Audited)	The Company RMB'000	Tong Ren Tang Chinese Medicine RMB'000	Others RMB'000	Total RMB'000
Segment assets and liabilities				
Total assets	7,591,913	4,183,127	2,633,551	14,408,591
Investments accounted for using the equity method	81,732	26,423	—	108,155
Total liabilities	3,286,738	282,401	674,373	4,243,512

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement.

The amounts provided to the Board with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Revenues from external customers are derived from the sales of medicine and provision of services. The breakdown of sales of medicine by region is provided in Note 6.

The total of the non-current assets other than financial instruments and deferred income tax assets located in Mainland China is RMB2,967,955,000 (31 December 2024: RMB2,996,024,000), and the total of these non-current assets located in other countries and regions is RMB500,138,000 (31 December 2024: RMB490,945,000).

## 16. SEGMENT INFORMATION (CONT'D)

During the six months ended 30 June 2025, revenue from one customer (for the six months ended 30 June 2024: one customer) accounted for ten percent or more of the Group's total external revenue. These revenues are mainly attributable to The Company Segment and Tong Ren Tang Chinese Medicine Segment. The revenues from these customers are summarised below:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Entities under control of ultimate holding company (excluding the Group)	<b>1,526,714</b>	1,522,775

## 17. COMMITMENTS

### (a) CAPITAL COMMITMENTS

As of 30 June 2025, the Group had capital commitments of approximately RMB55,170,000 which were contracted but not provided for in the unaudited interim condensed consolidated financial information of the Group (31 December 2024: RMB77,945,000).

### (b) OPERATING LEASE COMMITMENTS

The Group leases various warehouses and factory premises under non-cancellable operating leases.

As of 30 June 2025, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases as set out below.

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Not later than one year	<b>10,239</b>	17,085

## 18. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Related parties include the ultimate holding company and its subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence in making financial and operating decisions and key management personnel of the Company as well as their close family members.

During the Reporting Period, the Group had the following material transactions with related parties, which were entered into at terms mutually agreed with these related parties in the ordinary course of business.

### (a) TRANSACTIONS WITH THE ULTIMATE HOLDING COMPANY

Transactions with the ultimate holding company during the Reporting Period are summarised as follows:

	For the six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Trademarks license fee (Note (i))	5,916	2,350
Sales of Chinese medicine related products (Note (ii))	2	9
Advertising services income (Note (iii))	283	800
Property leasing expense (Note (iv))	75	91
Additions to right-of-use assets		
— Property, plant and equipment (Note (iv))	14,825	454
Interest on lease liabilities		
— Property, plant and equipment (Note (iv))	585	522
— Land use right (Note (v))	174	341

## 18. RELATED PARTY TRANSACTIONS (CONT'D)

### (a) TRANSACTIONS WITH THE ULTIMATE HOLDING COMPANY (CONT'D)

Notes:

- (i) On 30 December 2024, the Company renewed the trademark licence agreement with the ultimate holding company, whereby the Company was allowed to use certain trademarks and trademark logos (collectively, “**Trademarks**”) of the ultimate holding company, from 1 January 2025 to 31 December 2027.
- (ii) On 28 November 2022, the Company renewed the distribution framework agreement with the ultimate holding company. Pursuant to the renewed agreement, the price of the products to be sold by the Group to the ultimate holding company and subsidiaries and joint ventures shall not be lower than that charged by the Group to other independent third parties and shall be determined in accordance with a reasonable cost plus a fair and reasonable profit margin. The renewed agreement was approved at the extraordinary general meeting of the Company on 22 December 2022 and for a term of three years from 1 January 2023 to 31 December 2025.
- (iii) On 22 March 2023, Beijing Tong Ren Tang Century Advertising Co., Limited (“**Tong Ren Tang Century Advertising**”) renewed the advertising agency framework agreement with the ultimate holding company for a term of three years from 1 January 2023 to 31 December 2025. Accordingly, the fees for the provision of specific services by Tong Ren Tang Century Advertising to the ultimate holding company or its subsidiaries and joint ventures under individual implementation agreement shall be determined with reference to the actual quotation offered by third-party advertising providers on the basis of their published price lists, plus a reasonable fee for the advertising agency service provided by Tong Ren Tang Century Advertising (generally not higher than 10% of the quote offered by third-party advertising providers).
- (iv) On 30 December 2022, the Company renewed the property leasing framework agreement with the ultimate holding company, for a term of three years from 1 January 2023 to 31 December 2025. The continuing connected transactions under the Property Leasing Framework Agreement was entered into in accordance with the pricing policies below: (1) The relevant market price. (2) Where the market price is not available, then the contracted price, which shall be determined after arm's length negotiation between the parties of the agreement based on the principle of cost plus a fair and reasonable profit ratio and by reference to the historical rentals. The reasonable cost shall be determined by reference to the size of the premises provided by the ultimate holding company, and the cost of premises management.
- (v) A land use right leasing agreement dated 26 March 2021 was entered into between the Company and the ultimate holding company, with a lease period of 5 years commencing from 6 October 2020. The annual rental expenditure is about RMB8,373,000.

## 18. RELATED PARTY TRANSACTIONS (CONT'D)

### (b) TRANSACTIONS WITH THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE ULTIMATE HOLDING COMPANY

	For the six months ended 30 June	
	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
Sales of Chinese medicine related products (Note (a)(iii))	<b>1,523,865</b>	1,516,013
Purchases of Chinese medicine related products (Note (i))	<b>155,567</b>	53,091
Purchases of products for exclusive distributorship (Note (iii))	<b>10,314</b>	47,188
Purchase of E-commerce service fees (Note (iii))	—	1,387
Advertising services income (Note (a)(iii))	<b>1,599</b>	5,149
Rental Income (Note (iv))	<b>965</b>	804
Interest on lease liabilities (Note (a)(iv))	<b>131</b>	242
Disposal of partial equity interests in subsidiaries	—	2,260
Royalty fee income from joint ventures (Note (v))	<b>63</b>	—
Procurement Supply Chain Management Service Fee (Note (vi))	<b>3,524</b>	—
Procurement Technical Service Fee (Note (vii))	<b>1,853</b>	—



## 18. RELATED PARTY TRANSACTIONS (CONT'D)

### (b) TRANSACTIONS WITH THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE ULTIMATE HOLDING COMPANY (CONT'D)

Notes:

- (i) On 28 November 2022, the Company renewed the master procurement agreement with the ultimate holding company. Pursuant to the agreement, the terms and conditions procured by the Group from the ultimate holding company's subsidiaries and joint ventures shall not be inferior to the price of the procurement from any independent third party or fair market conditions (whichever is better). The renewed agreement was approved at the extraordinary general meeting of the Company on 22 December 2022 and for a term of three years from 1 January 2023 to 31 December 2025.
- (ii) Tong Ren Tang Chinese Medicine renewed the exclusive distributorship frame-work agreement with Beijing Tong Ren Tang Company Limited ("**Tong Ren Tang Ltd.**") on 29 November 2023, with an effective period from 1 January 2024 to 31 December 2026, pursuant to which, Beijing Tong Ren Tang International Natural-Pharm Co., Ltd., a wholly-owned subsidiary of Tong Ren Tang Chinese Medicine, is appointed as the sole overseas distributor of Tong Ren Tang Ltd., for the purpose of the distribution of the relevant Tong Ren Tang branded products supplied by Tong Ren Tang Ltd. ("**Relevant Products**") outside the Mainland China. The price of the Relevant Products supplied shall not be higher than the wholesale price of the Relevant Products sold to the wholesale customers in the Mainland China. The renewed agreement has been approved by the extraordinary general meeting of Tong Ren Tang Chinese Medicine on 27 December 2023.
- (iii) On 11 March 2024, the Company entered into the E-commerce service cooperation framework agreement with Tong Ren Tang Shuzi Technology Co. Ltd. ("**Tong Ren Tang Shuzi Technology**") from 11 March 2024 to 31 December 2024.
- (iv) The Company leased the premises to the Second Traditional Chinese Medicine Hospital for rental income of RMB965,000 from 1 January 2025 to 30 June 2025.
- (v) In accordance with the royalty agreements, the royalty fee is charged annually by Tong Ren Tang Chinese Medicine, the Company's subsidiary, at either 1% of revenue or 1.5% of profit before income tax of the joint ventures, whichever is higher. Pursuant to these agreements, these joint ventures are permitted to operate under the "Tong Ren Tang" brand name.
- (vi) On 6 February 2025, the Company entered into the supply chain management service framework agreement with Beijing Tong Ren Tang Supply Chain Management Co., Ltd ("**Tong Ren Tang Supply Chain**") and for a term from 6 February 2025 to 31 December 2027.
- (vii) On 6 February 2025, the Company entered into the technical consulting service framework agreement with Tong Ren Tang Supply Chain and for a term from 6 February 2025 to 31 December 2027.

## 18. RELATED PARTY TRANSACTIONS (CONT'D)

### (c) BALANCES WITH RELATED PARTIES

Balances with related parties consisted of:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
<b>Amounts due from related parties (Note (i)):</b>		
Ultimate holding company		
Trade receivables, net	298	407
Other financial assets at amortised cost	824	698
Prepayments	599	—
	<b>1,721</b>	1,105
Subsidiaries, associates and joint ventures of the ultimate holding company		
Trade receivables, net	413,081	255,304
Other financial assets at amortised cost	2,428	530
Prepayments	1,087	1,508
	<b>416,596</b>	257,342
<b>Amounts due to related parties (Note (i)):</b>		
Subsidiaries, associates and joint ventures of the ultimate holding company		
Trade payables	44,757	35,000
Other payables	24,119	29,567
Contract liabilities	659	570
	<b>69,535</b>	65,137
<b>Lease liabilities</b>		
Ultimate holding company and its subsidiaries (Note (a)(iv)), (Note (a)(v))	37,650	25,971
<b>Borrowings from a related party (Note(ii)):</b>		
Ultimate holding company	32,300	32,300

Notes:

- (i) The amounts due from/to related parties are unsecured, interest-free and recoverable or repayable within twelve months.
- (ii) Borrowings from a related party are in the form of entrusted loans which are unsecured, bear interest by reference to benchmark lending interest rate published by the People's Bank of China with moderate decrease and repayable within three years.

## INTERIM DIVIDEND

The Board does not declare the distribution of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

2025 is a critical year for deepening the “Improving Quality and Efficiency” strategy. It is also the concluding year of “14th Five-Year Plan” and the key nexus to launch the “15th Five-Year Plan”. In the first half of the year, under the leadership of the Party Committee and the Board, through the multi-dimensional synergy of market development, scale protection and efficiency enhancement, the Group’s high-quality development and sustainable development have been further consolidated under the working principle of making steady progress. For the six months ended 30 June 2025, the Group’s revenue amounted to RMB3,738,503,000, representing a decrease of 7.69% compared to RMB4,050,094,000 for the corresponding period last year; the Group’s net profit amounted to RMB484,030,000, representing a decrease of 16.95% compared to RMB582,784,000 for the corresponding period last year; and net profit attributable to owners of the Company amounted to RMB338,667,000, representing a decrease of 21.01% compared to RMB428,752,000 for the corresponding period last year. Excluding the impact of the gain from the disposal of a subsidiary in the corresponding period last year, the net profit attributable to owners of the Company decreased by 11.39% compared to the corresponding period last year. The decrease in the Group’s revenue and net profit was mainly due to the deepening of market reform, acceleration of the turnover of market inventory and optimization of the inventory structure. The market order has gradually improved, with the promotion of market reforms, the quality of operation will steadily improve, laying a solid foundation for sustained high-quality development.

During the Reporting Period, the Group closely monitored the supply of each product, continued to optimized and refined production process, and consolidated production base. The Group’s Daxing Branch Factory closely focused on the production objective of “improving quality and efficiency” and jointly put effort into each session, such as product preparation and production. In terms of production management and coordination, the Group carried out coordinated planning and detailed management of production capacity, scientifically prepared production plans, and tapped the potential of production capacity by optimizing the production process, in order to ensure a stable and orderly supply of products. In terms of quality management, in order to enhance production efficiency and stabilize product supply, the Group strictly adhered to its bottom line, focused on improving the level of quality management, and comprehensively standardized the basic work, so as to build a solid foundation for the Group’s development. Beijing Tong Ren Tang Technologies (Tangshan) Co., Ltd (“**Tong Ren Tang Technologies Tangshan**”), organized specialized production teams, combined market demand with inventory conditions, and accurately adjusted production rhythms from raw material procurement to finished product warehousing, which strongly guaranteed the stable supply of the major varieties and semi-finished products.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### BUSINESS REVIEW (CONT'D)

During the Reporting Period, the Group has always set profitability enhancement as its core objective. The Group has continued to deepen its efforts in the areas of variety planning, channel mapping and promotion to improve its marketing quality on all fronts. In the first half of the year, the Group focused its advantages and resources on the lean operation of its six series of product lines, namely “major varieties, general varieties, imperial medicine varieties, premium national medicines, Ejiao and children’s medicines”, and tailored the differentiated marketing strategies according to the unique characteristics of each variety, thereby efficiently integrating the resources, fully tapping the potential of the varieties, and realizing and maximizing of the overall value. Meanwhile, the market share of the relevant products has been effectively increased through enhanced market rollout and promotion efforts. In terms of channels, the Group comprehensively sort out and integrate distributors at all levels, compressing the channel management levels and further enhancing the channel operation efficiency. Meanwhile, the Group actively facilitated the construction of “1,000 premium third terminals” and deepened the development of “Flag-planting Campaign”, with more than 1,000 terminal activities in total, which has effectively enhanced end customers’ loyalty.

During the Reporting Period, 4 of the Group’s products achieved sales amount of more than RMB100 million; 28 products achieved sales amount between RMB10 million and RMB100 million; and 10 products achieved sales amount between RMB5 million and RMB10 million. Among major products, the sales revenue of series of Liuwei Dihuang Pills (六味地黃丸), Jinkui Shenqi Pills (金匱腎氣丸) and Jingzhi Niu Huang Jiedu Tablets (京製牛黃解毒片) increased by approximately 47.99%, 19.55% and 4.03%, respectively, as compared with the corresponding period last year. The revenue from sales of series of Ganmao Qingre Granules (感冒清熱顆粒) and Shengmai Liquor (生脈飲口服液) declined as compared with the corresponding period last year. Meanwhile, benefiting from the “major varieties” development strategy, the sales revenue of series of Zhuangyao Jian Shen Pills (壯腰健腎丸), Zhibai Dihuang Pills (知柏地黃丸) and Guishao Dihuang Pills (歸芍地黃丸) achieved double-digit growth as compared with the corresponding period last year.

During the Reporting Period, the Group continued to focus on product research and development, increased its investment in resources, enhanced its research management capability and improved its technological innovation system. During the Reporting Period, the Group continued to focus on major varieties and carried out clinical research on major varieties in an orderly manner, such as Jinkui Shenqi Pills (金匱腎氣丸), Yongshenghe Ejiao (永盛合阿膠) and Xihuang Pills (西黃丸). Meanwhile, the Group also proactively promoted research and development of items such as the innovative drug Qishen Granules (芪參顆粒) and classic prescriptions of Shaoyao Gancao Granules (芍藥甘草顆粒), so as to add momentum to the Group’s sustainable development. At the same time, the Group actively optimized its scientific research process and built its talent team, with a view to comprehensively enhancing its scientific research level and building a solid technology foundation for the Group’s comprehensive transformation towards high-quality development.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### BUSINESS REVIEW (CONT'D)

Tong Ren Tang Chinese Medicine, the principal subsidiary of the Group, continued to lead the overseas expansion of the “Tong Ren Tang” model which is based on the principle of “driving medicine demand by providing medical services and promoting culture as first priority”, exported high-quality Chinese medicine products to the world and promoted traditional Chinese medicine culture so as to be committed to enhancing the influence of “Tong Ren Tang” in the international market. In the first half of the year, Tong Ren Tang Chinese Medicine has always adhered to the objectives of promoting Chinese Medicine culture and advancing public health. We actively involved in various Chinese medicine cultural promotional activities, accelerating the brand’s market expansion. During the Reporting Period, Tong Ren Tang continued to deepen its marketing strategies. We updated the package design of its Rhodiola Rosea Capsule (紅景天膠囊) and Blueberry and Rhodiola Rosea Capsule (藍莓紅景天膠囊) to enhance the market appeal of the products, and carried out all-rounded promotional efforts for the brand and its products by leveraging on all-media platforms. At the same time, we have actively expanded our online and offline sales channels and continued to enrich the distribution of our sales network in order to reach a wider range of sales groups. For the six months ended 30 June 2025, Tong Ren Tang Chinese Medicine and its subsidiaries achieved sales revenue of RMB702,070,000, representing a year-on-year increase of 15.99%, and net profit attributable to owners of Tong Ren Tang Chinese Medicine was RMB216,168,000, representing a year-on-year increase of 8.23%. (The differences between the figures of sales revenue of Tong Ren Tang Chinese Medicine and its subsidiaries and the net profit attributable to the owners of Tong Ren Tang Chinese Medicine disclosed herein, and the figures disclosed in the interim results announcement of Tong Ren Tang Chinese Medicine dated 22 August 2025 are due to foreign currency conversion differences between Renminbi and Hong Kong Dollar (“HKD”).

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group had a total of 3,888 employees (31 December 2024: 3,991 employees), of which 1,914 were employees of the Company (31 December 2024: 1,931 employees). The Company continually updates and improves its employee remuneration policy and system to ensure equal access to value and sharing of result according to employees’ contribution. In the meantime, the Company attaches great importance to the development and growth of talents, and provides employees with skill training, career planning and development opportunities, seeking to create a platform for mutual growth between the Company and employees.

Remunerations of the employees of the Company are determined with reference to the prevailing market level as well as the performance, qualifications and experience of individual employees. Discretionary bonuses will also be paid based on individual performance during the year to reward employees for their contributions to the Company. Other employee welfares include pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing fund.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL REVIEW

#### Liquidity and Financial Resources

The Group has maintained a sound financial position. During the Reporting Period, the Group's primary source of funds was cash generated from daily operating activities and borrowings.

The Group mainly uses Renminbi and HKD to make borrowings and loans and to hold cash and cash equivalents.

As at 30 June 2025, the Group's cash and cash equivalents amounted to RMB4,781,018,000 (31 December 2024: RMB4,129,488,000) in total, and term deposits placed with banks amounted to RMB254,776,000 in total (31 December 2024: RMB164,205,000).

As at 30 June 2025, the Group's short-term borrowings amounted to RMB375,465,000 (31 December 2024: RMB1,051,966,000), including short-term borrowings amounted to RMB5,000,000 (31 December 2024: RMB5,000,000), bearing an interest rate of 3.000% per annum (2024: 3.588%) and current portion of non-current bank borrowing amounted to RMB370,465,000 (31 December 2024: RMB1,046,966,000), totally accounting for 8.67% of the total liabilities (31 December 2024: 24.79%). Long-term borrowings amounted to RMB1,842,098,000 (31 December 2024: RMB1,202,332,000), bearing annual interest rate of 2.400% (2024: 2.577%) and representing 42.53% of the total liabilities (31 December 2024: 28.33%). Of all the borrowings of the Group as at 30 June 2025, RMB375,465,000 will mature within one year and RMB1,842,098,000 will mature after one year.

#### Capital Structure

The Group's capital management policy is to ensure the continuous operations of the Group with an aim to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

As at 30 June 2025, total assets of the Group amounted to RMB14,541,925,000 (31 December 2024: RMB14,408,591,000). Non-current liabilities amounted to RMB2,049,447,000 (31 December 2024: RMB1,402,041,000), current liabilities amounted to RMB2,281,718,000 (31 December 2024: RMB2,841,471,000), equity attributable to owners of the Company amounted to RMB7,296,164,000 (31 December 2024: RMB7,206,197,000) and non-controlling interests amounted to RMB2,914,596,000 (31 December 2024: RMB2,958,882,000). During the Reporting Period, the Group's funds were mainly used for production and operation activities, purchase of property, plant and equipment, repayment of borrowings and payment of cash dividends, etc.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL REVIEW (CONT'D)

#### Liquidity

As at 30 June 2025, the Group's liquidity ratio (the ratio of current assets to current liabilities) was 4.82 (31 December 2024: 3.81), reflecting that the Group had sufficient financial resources. The Group's quick ratio (the ratio of liquid assets to current liabilities) was 2.73 (31 December 2024: 1.93), reflecting that the Group's high liquidity. The Group's trade receivables turnover ratio (the ratio of revenue to the average of trade receivables balance) was 8.34 (31 December 2024: 9.84), reflecting that the Group's trade receivables were relatively liquid. The Group's trade payables turnover ratio (the ratio of cost of sales to the average of trade payables balance) was 6.20 (31 December 2024: 4.00), reflecting that the Group had a relatively strong ability to use funding from suppliers at nil consideration. The Group's inventory turnover ratio (the ratio of revenue to the average of inventory balance) was 1.52 (31 December 2024: 1.47), reflecting that the inventory had a high turnover rate.

#### Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio. As at 30 June 2025, the Group's gearing ratio (the ratio of total borrowings to equity attributable to owners of the Company) was 0.30 (31 December 2024: 0.31).

#### Expenses and Expense Ratio

As of 30 June 2025, the Group's distribution expenses amounted to RMB576,087,000 (30 June 2024: RMB664,296,000) and the distribution expense ratio, i.e. the ratio of distribution expenses to revenue, was 0.15 (30 June 2024: 0.16). The distribution expenses ratio has no significant changes compared to the corresponding period last year and is reasonable.

As of 30 June 2025, the Group's administrative expenses amounted to RMB266,056,000 (30 June 2024: RMB239,062,000) and the administrative expense ratio, i.e. the ratio of administrative expenses to revenue, was 0.07 (30 June 2024: 0.06). The administrative expenses ratio has no significant changes compared to the corresponding period last year and is reasonable.

As of 30 June 2025, the Group's finance income amounted to RMB12,094,000 (30 June 2024: finance income amounted to RMB11,605,000) and the financial costs ratio, i.e. the ratio of financial income to revenue, was 0.0032 (30 June 2024: the ratio of financial cost to revenue was 0.0029). The financial costs ratio has no significant changes compared to the corresponding period last year and is reasonable.

#### Gross Margin and Net Profit Margin

As of 30 June 2025, the gross margin of the Group was 38.16% (30 June 2024: 37.95%), while the net profit margin was 12.95% (30 June 2024: 14.39%).

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL REVIEW (CONT'D)

#### Research and Development Expenses

As of 30 June 2025, the research and development expenses (excluding employee benefit expenses, depreciation and amortisation expenses) of the Group were RMB26,732,000 (30 June 2024: RMB27,510,000), accounting for 0.26% of net assets (30 June 2024: 0.28%) and 0.72% of revenue (30 June 2024: 0.68%), respectively. The research and development expenses including employee benefit expense and depreciation and amortisation expense were RMB53,005,000 (30 June 2024: RMB52,652,000), accounting for 0.52 % of net assets (30 June 2024: 0.53%) and 1.42% of revenue (30 June 2024: 1.30%), respectively.

#### Capital Expenditure

As of 30 June 2025, the Group's capital expenditure incurred amounted to RMB63 million (30 June 2024: RMB84 million), primarily used for the purchase of equipment.

#### Pledges over Assets of the Group

As at 30 June 2025, none of the Group's assets was pledged as security for any liabilities (31 December 2024: Nil).

#### Contingent Liabilities

As at 30 June 2025, the Group had no contingent liabilities (31 December 2024: Nil).

#### Foreign Exchange Risk

The Group primarily operates in the Mainland China whose main business is settled in Renminbi. However, the Group also operates internationally and foreign exchange risk arises from overseas trade business, recognised assets and liabilities and net investments in overseas operations (primarily with respect to HKD). The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange risk by closely monitoring the fluctuation of the foreign currency rates.

#### Significant Investment Held/Future Plans for Material Investments or Purchase of Capital Assets

During the Reporting Period, the Group did not have any significant investment. As at the date of this report, the Group does not have any plan for material investments or purchase of capital assets.

#### Material Acquisition/Disposal of Subsidiaries, Joint Ventures and Associates

During the Reporting Period, the Group did not have any material acquisition/disposal of subsidiaries, joint ventures or associates.

#### No Material Change

Since the publication of the latest annual report for the year ended 31 December 2024 on 25 April 2025, there have been no material changes to the Company's business.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FUTURE PROSPECTS

Looking ahead, the Chinese medicine industry is undergoing profound changes, accelerating the transformation from traditional experience-based to technology-led. Driven by the strategy of “Healthy China” and the development path of “internationalization”, the Chinese medicine industry is expected to become an important representative of new quality productivity and move steadily into the golden stage of high-quality development.

In the future, the Group will continue the work arrangement for implementing “Enhancing Quality and Efficiency” year, focus on the core theme of reformation and innovation, and work under the general principle of seeking progress while maintaining stability. Through the implementation of a lean management model covering the whole process, the full path and all levels, the Group is determined to move forward with confidence and courage, to promote the Group’s high-quality development through practical work, and to lay a solid foundation for the brand-new chapter of the “15th Five-Year Plan”.

In the second half of the year, the Group’s production will focus on two core mission of “optimization and supply protection” and strive to establish a systematic and comprehensive production and supply security system. The Group will focus on the theme of “safeguarding output value, controlling costs, adjusting structure, reducing inventory”, while coordinating the supply of varieties, actively promoting the development of smart manufacturing, reasonably optimizing production capacity, accurately refine production arrangement, comprehensively enhance the level of detailed management of the entire production process.

In the second half of the year, the Group’s marketing work will follow on the core principle of “changing concepts, emphasizing coordination, improving quality and efficiency, strengthening execution, focusing on management and building confidence”, vigorously reinforcing the awareness of “all-staff marketing”, and steadfastly implementing the “Major Variety Strategy” in order to enhance the quality of operation in all aspects. At the same time, we will strictly control market order, actively expand the market with innovation as the driving force, achieve revenue and profit goals, and promote the marketing work to a brand new stage.

### OTHER INFORMATION

#### Corporate Governance Code

During the Reporting Period, the Company had complied with the code provisions contained in Part 2 of the corporate governance code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). None of the Directors is aware of any information that would reasonably suggest that the Company was not in compliance with the provisions in the Corporate Governance Code for any time during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OTHER INFORMATION (CONT'D)

#### **Directors' and Supervisors' Dealings in Securities**

The Company has adopted a code of conduct regarding securities transactions by the Directors and the supervisors of the Company (the **"Supervisors"**) on terms no less exacting than the required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Listing Rules. Having made specific enquiries of all the Directors and Supervisors, all of them confirmed that they had strictly complied with the required standard set out in the Model Code and the code of conduct of the Company during the Reporting Period.

#### **Risk Management and Internal Control**

The Board is responsible for evaluating and determining the nature and extent of the risks that the Group is capable of taking in achieving its strategic goals, ensuring that the Group has established and maintained reasonable and effective risk management and internal control systems, and overseeing management in the design, implementation and monitoring of the risk management and internal control systems. The Group has established its risk management and internal control system and issued relevant reports with reference to regulations and requirements, including the Code of Practice for Corporate Governance, the frame for Corporate Risk Management, the Basic Standard for Corporate Internal Control, the Guidelines for Corporate Internal Control Assessment and the Guidelines for Related Corporate Internal Control.

The terms of reference of the audit committee of the Board (the **"Audit Committee"**) covers risk management responsibilities, including supervision of relevant risk management system to make sure that the system conforms to the strategies and risk tolerance of the Company. Meanwhile, the responsibilities of the Company's risk management are set up in the Company's legal affairs department. They continuously regulate the operation of the risk management system to standardize and normalize risk management. Through regularly identifying risks, evaluation, addressing and monitoring the operation of the risk management process, to address identified risks, and issue a risk management report every six months and submit it to the Audit Committee for review.

The Group has established its internal audit function. The dedicated internal audit department conducts regular and independent reviews on the operation of the Group, thereby identifying any non-compliance activities and risks, and makes relevant recommendations to address the identified risks. In addition, it explains any material findings as well as the process and results of internal audit to the Audit Committee in separate reports. During the Reporting Period, the Company further deepened its work effort regarding risk management, internal control and self-inspection and timely proposed improvement suggestions and countermeasures to minimize operational risks.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OTHER INFORMATION (CONT'D)

#### **Change of Directors, Abolition of Supervisory Committee and Retirement of Supervisors**

Following the approval by the Shareholders at the AGM, with effect from 12 June 2025, Mr. Chen Fei has been appointed as a non-executive Director of the Ninth Session of the Board. Ms. Wang Chun Rui resigned as a non-executive Director with effect from the same date.

With effect from 4 June 2025: 1) Mr. Di Shu Bing has resigned as a Director (and has become effective from 18 August 2025 upon Shareholders' approval at the extraordinary general meeting of the Company), chairman of the Board, chairman of the Nomination Committee of the Board and the chairman of the strategy and planning committee of the Board (the **"Strategy and Planning Committee"**) and the authorized representative of the Company under Rule 3.05 of the Listing Rules (the **"Authorized Representative"**) and has been re-designated as a non-executive Director of the Company; 2) Mr. Zhang Yi, a non-executive Director, has been re-designated as an executive Director, and elected as the chairman of the Board and was appointed as the chairman of the Nomination Committee of the Board and the chairman of the Strategy and Planning Committee and the Authorized Representative; 3) Mr. Chen Jia Fu has resigned as a Director (and has become effective from 18 August 2025), member of the Strategy and Planning Committee (and has become effective from 18 August 2025) and General Manager of the Company and has been re-designated as a non-executive Director; 4) Ms. Feng Zhi Mei has resigned as a Director (and has become effective from 18 August 2025), deputy general manager of the Company and has been re-designated as a non-executive Director; 5) Mr. Zhang Chun You was appointed as the general manager of the Company and proposed to be elected as an executive Director (and has become effective from 18 August 2025 upon the Shareholders' approval at the extraordinary general meeting of the Company); and 6) Ms. Wen Kai Ting has been appointed as the chief accountant of the Company and proposed to be elected as an executive Director (and has become effective from 18 August 2025 upon the Shareholders' approval at the extraordinary general meeting of the Company).

At the employee representatives' general meeting convened on 15 August 2025, Mr. Zhu Dong Sheng was elected as the employee Director of the Ninth Session of the Board (and has become effective from 18 August 2025 upon the Shareholders' approval of the relevant amendments to the Articles of Association at the extraordinary general meeting of the Company).

The Company has abolished the Supervisory Committee since 18 August 2025. Each Supervisor has retired from the position of a Supervisor with effect from 18 August 2025.

For details of the aforesaid changes, please refer to the circulars of the Company dated 21 May 2025 and 29 July 2025, and the announcements of the Company dated 14 May 2025, 5 June 2025, 12 June 2025, 15 August 2025 and 18 August 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OTHER INFORMATION (CONT'D)

#### Information of Change of Director

The following director information has been changed, with details as follows:

Mr. Chen Fei has served as a director of Beijing Tong Ren Tang Health Pharmaceutical Co. Ltd. since 23 July 2025.

#### Audit Committee

The Audit Committee has reviewed the operating results, financial position and major accounting policies in the unaudited financial statements of the Group for the six months ended 30 June 2025 and discussed relevant internal audit, risk management and internal control matters. The Audit Committee has no disagreement with the accounting treatment in the unaudited financial statements of the Group for the six months ended 30 June 2025.

#### Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2025, the interests and/or short positions of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong, the "SFO")) which were required to be recorded in the register kept under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the requirements in the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director	Associated Corporation	Capacity	Number of shares	Percentage in total issued shares
Chen Fei	Beijing Tong Ren Tang Chinese Medicine Company Limited <i>(Note 2)</i>	Beneficial owner	61,000 (L) <i>(Note 1)</i>	0.00%

Notes:

(1) (L) — Long position

(2) Beijing Tong Ren Tang Chinese Medicine Company Limited is a subsidiary of the Company, and therefore is an associated corporation of the Company within the meaning of Part XV of the SFO.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OTHER INFORMATION (CONT'D)

#### Substantial Shareholders' Interest and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2025, as far as it was known to the Directors, Supervisors and the chief executive of the Company, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares	Percentage of domestic shares	Percentage of H shares	Percentage in total issued voting shares
Tong Ren Tang Ltd.	Beneficial owner	600,000,000 (L) (Note 1)	92.01%	—	46.85%
Tong Ren Tang Holdings (Note 2)	Interest of corporation controlled by the substantial shareholder	600,000,000 (L) (Note 1)	92.01%	—	46.85%
	Beneficial owner	9,480,000 (L) (Note 1)	1.45%	—	0.74%
	Beneficial owner	7,649,000 (L) (Note 1)	—	1.22%	0.60%
	Total	617,129,000 (L) (Note 1)	93.46%	1.22%	48.18%
Yuan Sai Nan (Note 3)	Beneficial owner	35,732,000 (L) (Note 1)	—	5.68%	2.79%
Hillhouse Capital Advisors, Ltd. (Note 4)	Investment manager	47,663,000 (L) (Note 1)	—	7.58%	3.72%

Notes:

- (1) (L) — Long position
- (2) 600,000,000 shares of the Company held by Tong Ren Tang Holdings were held through Tong Ren Tang Ltd. As at 30 June 2025, Tong Ren Tang Ltd. was owned as to 52.45% by Tong Ren Tang Holdings. Thus, Tong Ren Tang Holdings was deemed to be interested in the 600,000,000 shares of the Company held by Tong Ren Tang Ltd. Besides, Tong Ren Tang Holdings also directly held 9,480,000 domestic shares and 7,649,000 H shares of the Company.
- (3) Yuan Sai Nan held 35,732,000 H shares of the Company in long position.
- (4) Due to an internal reorganisation, the investment manager for both Gaoling Fund, L.P. and YHG Investment, L.P. changed from Hillhouse Capital Management, Ltd. to Hillhouse Capital Advisors, Ltd., effective from 1 January 2019. There was no transfer of shares of the Company involved in the changes above. As at 30 June 2025, Hillhouse Capital Advisors, Ltd. was indirectly interested in 46,106,000 H shares of the Company in long position held by Gaoling Fund, L.P. and 1,557,000 H shares of the Company in long position held by YHG Investment, L.P.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### OTHER INFORMATION (CONT'D)

#### **Substantial Shareholders' Interest and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporations (Cont'd)**

Save as disclosed above, the Directors were not aware of any other person (other than the Directors, Supervisors and the chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2025.

#### **Purchase, Sale or Redemption of the Company's Listed Securities**

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)). As at the end of the Reporting Period, no treasury shares (as defined in the Listing Rules) were held by the Company.

#### **Significant Events after the Reporting Period**

There are no significant events subsequent to 30 June 2025 which could have a material impact on the Group's operating and financial performance as of the date of this report.

### COMPETING INTERESTS

#### **Competition with Tong Ren Tang Ltd. and Tong Ren Tang Holdings**

Both the Company and Tong Ren Tang Ltd. engage in the production and sale of Chinese patent medicines, but the principal products of each of them are different. Tong Ren Tang Ltd. mainly produces Chinese patent medicines in traditional dosage forms such as honeyed pills, powder, ointment and medicinal wines. Tong Ren Tang Ltd.'s main products include Angong Niu Huang Pills (安宮牛黃丸), Tongren Niu Huang Qingxin Pills (同仁牛黃清心丸), Tongren Dahuoluo Pills (同仁堂大活絡丸), Tongren Wuji Baifeng Pills (同仁烏雞白鳳丸), and Guogong Wine (國公酒). It also has some minor production lines for the production of granules and water-honeyed pills. These products do not compete with the Group's products in terms of their curative effects. The Company focuses on manufacturing products in new dosage forms which are more competitive compared to western medicine. The Company's main products include Liuwei Dihuang Pills (六味地黃丸), Niu Huang Jiedu Tablets (牛黃解毒片), Ganmao Qingre Granules (感冒清熱顆粒), Jinkui Shenqi Pills (金匱腎氣丸), etc. Tong Ren Tang Holdings is an investment holding company.

To ensure that the business delineation among the Company, Tong Ren Tang Holdings and Tong Ren Tang Ltd. is properly documented and established, Tong Ren Tang Holdings and Tong Ren Tang Ltd. undertake, pursuant to an undertaking dated 19 October 2000 from Tong Ren Tang Holdings and Tong Ren Tang Ltd. in favor of the Company (the **"October Undertaking"**), that other than Angong Niu Huang Pills (安宮牛黃丸), Tong Ren Tang Holdings, Tong Ren Tang Ltd. and their respective subsidiaries will not produce in future any products that bear the same names or bear the same names with different dosage forms as those pharmaceutical products produced by the Company, which may compete directly with those pharmaceutical products of the Company.

Save as mentioned above, the Directors confirm that none of the products of the Company is in direct competition with the products of Tong Ren Tang Ltd. or Tong Ren Tang Holdings.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### COMPETING INTERESTS (CONT'D)

#### **Right of First Refusal**

To procure that the Company focuses on the development of the four major forms of products (namely granules, honeyed pills, tablets and soft capsules), Tong Ren Tang Holdings and Tong Ren Tang Ltd. have granted the Company, pursuant to the October Undertaking, a right of first refusal to manufacture and sell any of the new products which is developed by Tong Ren Tang Holdings, Tong Ren Tang Ltd. or any of their respective subsidiaries and which belongs to one of the four main forms of existing products of the Company. Upon the exercise of the right of first refusal, both Tong Ren Tang Ltd. and Tong Ren Tang Holdings or their respective subsidiaries are not allowed to manufacture any of such new products. In the event that the Company develops any new product based on the existing products of Tong Ren Tang Holdings, Tong Ren Tang Ltd. or their respective subsidiaries, and such new product is one of the major forms of the Company, the Company will be entitled to manufacture such new product and Tong Ren Tang Holdings, Tong Ren Tang Ltd. and their respective subsidiaries will not be allowed to manufacture such new product. The Directors believe that the above undertakings would clarify that both Tong Ren Tang Ltd. and Tong Ren Tang Holdings would support the Company in its development of the four major forms of products in the future.

In the event that the Company refuses the right of first refusal offered by Tong Ren Tang Ltd. or Tong Ren Tang Holdings, the terms of the option to be offered to an independent third party should not be more favorable than those originally offered to the Company, failing which the Company should be given an opportunity to re-consider the option under the new terms. The above undertakings would no longer be valid in the event that the direct or indirect aggregate shareholdings of Tong Ren Tang Holdings and Tong Ren Tang Ltd. in the Company fall below 30%.

Moreover, Tong Ren Tang Holdings and Tong Ren Tang Ltd. confirm that the Company and its independent non-executive Directors will implement the following undertakings:

- (i) the independent non-executive Directors will review, at least on an annual basis, the compliance with the options, pre-emptive rights or rights of first refusal provided by Tong Ren Tang Ltd. and Tong Ren Tang Holdings on their existing or future competing business;
- (ii) Tong Ren Tang Ltd. and Tong Ren Tang Holdings have undertaken to provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the non-competition undertaking;
- (iii) the Company will disclose decisions on matters reviewed by independent non-executive Directors in relation to the compliance and enforcement of the undertaking (e.g. the exercise of options or rights of first refusal) either through the annual report, or by way of announcements to the public; and
- (iv) an annual declaration by Tong Ren Tang Ltd. and Tong Ren Tang Holdings on compliance with the non-competition undertaking in the annual report of the Company.