



达仁堂
DA REN TANG

SINCE 1522

TIANJIN PHARMACEUTICAL DA REN TANG
GROUP CORPORATION LIMITED



2025 ANNUAL REPORT

HERITAGE AND INNOVATION
IN HARMONY



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CORPORATE INFORMATION

Name of the Company:	Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
Registered address:	17 Baidi Road, Nankai District, Tianjin, PRC
Office address:	Da Ren Tang Mansion, 17 Baidi Road, Nankai District, Tianjin, PRC
Post code:	300193
Telephone:	86-22-27020892
Bank of Deposit:	Chengdudao Sub-office, Tianjin Xinhua Sub-branch, the Industrial and Commercial Bank of China
Registry of S-shares and Singapore Share Transfer Office:	Boardroom Corporate & Advisory Services Pte. Ltd.
Address of "S" Shares Registrar:	1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632
Registry of A-shares:	China Securities Depository & Clearing Co., Ltd Shanghai Branch
Address of "A" Shares Registrar:	188 Yanggao South Road Pudong New District, Shang Hai, China, 200127

AUDITORS:

<i>PRC Auditors:</i>	CAC Certified Public Accountants LLP
<i>International Auditors:</i>	Foo Kon Tan LLP

BOARD OF DIRECTORS:

<i>Chairman:</i>	Ms. Wang Lei
<i>Executive Directors:</i>	Mr. Guo Min, Ms. Wang Lei, Mr. Shang Mingjie, Mr. Zhou Hong
<i>Non-Executive Directors:</i>	Mr. Xing Jianhua, Ms. Mao Weiwen
<i>Independent and Non-executive Directors:</i>	Mr. Yeo Guat Kwang, Mr. Liew Yoke Pheng Joseph, Mr. Zhong Ming
<i>Secretary to the Board:</i>	Mr. Wong Gang (Singapore), Ms. Jiao Yan

SENIOR EXECUTIVES:

<i>Executive Deputy General Manager:</i>	Mr. Chen Hong
<i>Chief Financial Officer (CFO):</i>	Mr. Ma Jian
<i>Deputy General Manager and Chief Engineer:</i>	Mr. Zhou Hong
<i>Chief Production Officer (CPO):</i>	Mr. Zhang Yu

AUDIT COMMITTEE:

<i>Chairman:</i>	Mr. Liew Yoke Pheng Joseph
<i>Members:</i>	Mr. Yeo Guat Kwang, Mr. Zhong Ming

STRATEGY AND SUSTAINABILITY COMMITTEE:

<i>Chairman:</i>	Ms. Wang Lei
<i>Members:</i>	Mr. Guo Min, Mr. Xing Jianhua

NOMINATION COMMITTEE:

<i>Chairman:</i>	Mr. Zhong Ming
<i>Members:</i>	Mr. Yeo Guat Kwang, Mr. Guo Min

REMUNERATION COMMITTEE:

<i>Chairman:</i>	Mr. Yeo Guat Kwang
<i>Members:</i>	Mr. Liew Yoke Pheng Joseph, Ms. Mao Weiwen

BRIEF INTRODUCTION OF THE COMPANY

Da Ren Tang, originating in 1522 from the 500-year-old “Lejia Old Pharmacy (乐家老铺)”, ranks among the top ten listed traditional Chinese medicine enterprises in China.

Da Ren Tang is a distinguished inheritor of the exceptional traditional Chinese medicine culture. It owns four time-honored Chinese brands: Da Ren Tang (达仁堂), Le Ren Tang (乐仁堂), Long Shun Rong (隆顺德), and Jing Wan Hong (京万红); holding five national-level intangible cultural heritage projects and twelve Tianjin municipal-level intangible cultural heritage projects; possessing six well-known Chinese trademarks, including “Song Bai (松柏)”; and earning numerous honorary titles such as “King of Honeyed Pills (蜜丸之王)”, “King of Water Pills (水丸之王)”, and “Leader of Wei Medicine (卫药魁首)”.

Da Ren Tang is an innovator in traditional Chinese medicine culture, boasting abundant product resources. The company possesses 22 dosage forms and a total of 599 drug approval numbers, including 1 national confidential variety (Suxiao Jiuxin Wan (速效救心丸)), 1 national secret variety (Jing Wan Hong Ruan Gao (京万红软膏)), 122 exclusive production approvals, 103 approvals listed in the National Essential Drugs List (《国家基本药物目录》), and 279 product approvals included in the National Medical Insurance Catalog (《国家医保目录》). The Company serves as a cradle for technological innovation in modern Chinese medicine formulations, holding innovative patents for multiple dosage forms such as tablets, tinctures, and drop pills.

Da Ren Tang is a disseminator of traditional Chinese medicine culture, ranking among the top five exporters of Chinese herbal medicine in China. Its products have been exported for over 70 years, with more than 120 products reaching over 20 countries and regions. Its products enjoy high visibility and a strong reputation in Southeast Asia, Belt and Road Initiative countries, and Shanghai Cooperation Organization member states.

Da Ren Tang has established a pharmaceutical quality assurance system that complies with both domestic and international standards, supporting product regulatory registration, production, and sales. To date, the quality systems that have been certified and accredited are as follows:

- (1) With the Da Ren Tang Group as the main entity, two sites and four dosage forms (tablets, granules, pills, and hard capsules) have obtained certification from the Australian Therapeutic Goods Administration (TGA). This enables international sales in compliance with applicable regulations in over 20 countries, including Australia, Canada, and the United Kingdom, which adhere to the regulations of the Pharmaceutical Inspection Co-operation Scheme (PIC/S).
- (2) The Group’s five pharmaceutical manufacturing enterprises (Long Shun Rong (隆顺德), Da Ren Tang (达仁堂), Le Ren Tang (乐仁堂), Liu Zhong Yao (六中药), and Jing Wan Hong (京万红)) have obtained HALAL international certification from Indonesia for 31 products. The certification is recognized by 24 countries, including Singapore, Malaysia, the Philippines, Thailand, Japan, and Australia.
- (3) Le Ren Tang Pharmaceutical Factory has obtained the Japan PMDA certification.
- (4) Zhongxin Keju’s seven medical device products have obtained CE certification from the European Union.
- (5) The Szechwan Lovage Rhizome GAP base and the honeysuckle (decoction pieces) GAP base have passed the extended inspection conducted by the Tianjin Drug Administration.



BRIEF INTRODUCTION OF THE COMPANY



(6) All nine pharmaceutical manufacturing enterprises and one medical device enterprise of the Group possess GMP qualification, enabling them to produce qualified traditional Chinese medicine decoction pieces, traditional Chinese medicine (TCM), chemical drugs, and medical device products in accordance with product registration process and quality requirements, ensuring both quality and quantity to meet market and consumer demand.

(7) Zhongxin Keju's medical devices have obtained ISO9001 and ISO13485 quality management system certifications.

(8) Da Ren Tang Group's testing center has obtained accreditation from the China National Accreditation Service for Conformity Assessment (CNAS), with accredited parameters reaching 145 items.

(9) Four pharmaceutical manufacturing enterprises under the Group (Da Ren Tang (达仁堂), Long Shun Rong (隆顺榕), Le Ren Tang (乐仁堂), and Liu Zhong Yao (六中药)) have obtained ISO10012 Measurement Management System certification.

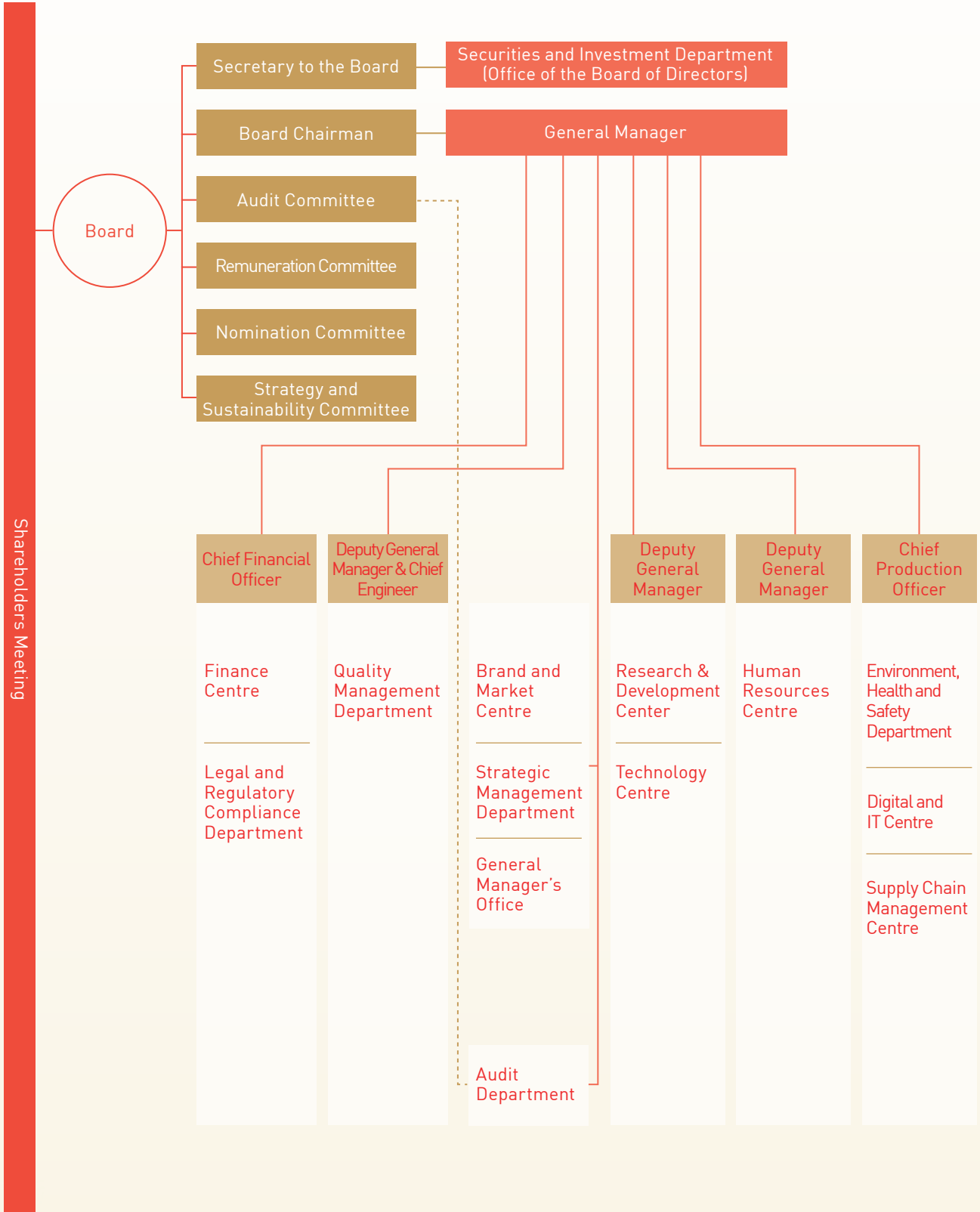
Da Ren Tang strives to be a leader in modern traditional Chinese medicine. Guided by the Healthy China strategy, we are committed to effectively inheriting, utilizing, and developing the invaluable heritage of traditional Chinese medicine, enabling its unique cultural appeal and scientific value to make greater contributions to human health.



EQUITY STRUCTURE OF THE COMPANY



STRUCTURE OF THE COMPANY



Note: The above organisation chart illustrates the structure of the Company for the financial year ended 31 December 2025. For the avoidance of doubt, the Supervisory Committee of the Company was abolished with effect from 15 December 2025.

RESUMES OF DIRECTORS AND SENIOR MANAGERS

DIRECTORS

The particulars of our Directors as at 31 December 2025 are as follows:

Name	Age	Designation
Ms. Wang Lei	54	Chairman of Board of Directors and Executive Director
Mr. Guo Min	54	Executive Director
Mr. Shang Mingjie	56	Executive Director
Mr. Zhou Hong	55	Executive Director
Mr. Xing Jianhua	54	Non-Executive and Non-Independent Director
Ms. Mao Weiwen	51	Non-Executive and Non-Independent Director
Mr. Yeo Guat Kwang	64	Independent and Non-Executive Director
Mr. Liew Yoke Pheng Joseph	69	Independent and Non-Executive Director
Mr. Zhong Ming	38	Independent and Non-Executive Director

RESUMES OF DIRECTORS AND SENIOR MANAGERS

Information on the business and working experience of our Directors is set out below:

Ms. Wang Lei, is a senior engineer and holds a master's degree and a doctorate degree in engineering. She joined the Company in July 1993 and held various positions at Darentang Pharmaceutical Factory, the Planning Office of the Chinese Patent Medicine Department of the Company, the Industrial Department of the Company, and Lerentang Pharmaceutical Factory. From May 2013 to June 2013, she served as a member of the Supervisory Committee of the Company. From June 2013 to March 2018, she successively served as Deputy General Manager and General Manager of the Company. Ms. Wang was appointed as a Director of the Company from May 2015 to May 2018. Since March 2018, she has successively served as Executive Deputy General Manager, General Manager, and Deputy Chairman of Jingwanhong Pharmaceutical. From January 2022 to August 2022, she served as Deputy General Manager of TPH Marketing Management Center. From August 2022 to December 2024, she served as General Manager of the Company. Ms. Wang was appointed as an Executive Director in December 2022 and as the Chairman of the Board of the Company in November 2024.

Mr. Guo Min, holds a Master of Business Administration Degree from Cheung Kong Graduate School of Business and a Doctor of Business Administration Degree from Arizona State University. Mr. Guo has been a director of Shenzhen Angel Drinking Industry Group Co., Ltd. (深圳安吉尔饮水产业集团有限公司) since March 2005 and has served as the Honorary Chairman of Shenzhen Ming Foundation (深圳市铭基金公益基金会) since September 2017. From 21 October 2020 to 28 December 2021, Mr. Guo served as a director of Jinhushen Biological Medical Science and Technology Co., Ltd. (津沪深生物医药科技有限公司) ("Jinhushen Biotech"). He was appointed as General Manager of Jinhushen Biotech from 29 December 2021 to 24 November 2024, and ceased to hold any position in Jinhushen Biotech with effect from 25 November 2024. Mr. Guo served as Chairman of the Board and Legal Representative of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) ("TPH") from 24 March 2021 to 30 December 2021. Since 30 December 2021, he has been serving as Vice Chairman and Executive Director of TPH (being the controlling shareholder of the Company). Mr. Guo was appointed as an Executive Director of the Company in September 2021.

Mr. Shang Mingjie, graduated from Beijing Medical University (北京医科大学) in July 1992 with a Bachelor of Science degree in pharmacy, and obtained a Master of Business Administration (MBA) degree from Tianjin University (天津大学) in June 2014. He is an associate chief pharmacist. From October 1995 to June 2003, Mr. Shang successively served as Deputy Manager of the Fourth Pharmaceutical Branch, the Comprehensive Pharmaceutical Operation Branch, and the Third

Pharmaceutical Branch of Tianjin Taiping (Group) Co., Ltd. (天津太平(集团)有限公司) ("Tianjin Taiping"), Manager of the Comprehensive Pharmaceutical Operation Branch of Tianjin Taiping, and General Manager of Tianjin Anshun Pharmaceutical Co., Ltd. (天津市安舜医药有限公司). From June 2003 to March 2023, Mr. Shang successively held the following positions: Deputy General Manager of Tianjin Taiping, Deputy General Manager of Tianjin Pharmaceutical Company (天津市医药公司); Deputy Director of the Marketing Department of TPH; Manager of the Marketing Branch of TPH; Secretary to the Party Committee and Executive Deputy General Manager of Tianjin Taihe Pharmaceutical Co., Ltd. (天津太河制药有限公司); Deputy General Manager of Tianjin Maida Medical Technology Co., Ltd. (天津迈达医学科技股份有限公司); Secretary to the Party Branch and Chairman of Bangsheng Medical Equipment (Tianjin) Co., Ltd. (邦盛医疗装备(天津)股份有限公司); Deputy General Manager of Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司); Deputy General Manager of Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司); General Manager, Secretary to the Party Branch and Chairman of Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司); and General Manager and Chairman of Tianjin Pharmaceutical Group Daming Optical Co., Ltd. (天津医药集团大明眼镜有限公司). Since March 2023, he has been serving as Deputy Secretary to the Party Committee of the Company and Chairman of the Labour Union of the Company. Mr. Shang was appointed as an Employee Director of the Company in June 2023.

Mr. Zhou Hong, is a senior engineer (senior title) and holds a Ph.D. degree in engineering. From July 1992 to December 2007, he successively held the positions of Sales Executive, Deputy Director of Factory Workshop, Director of Factory Workshop, Leader of the Technical Process, and Head of the Technology Department of Tianjin Zhong Xin Pharmaceutical Factory #6. From December 2007 to January 2010, he served as Deputy Director of Tianjin Zhong Xin Pharmaceutical Factory #6. From January 2010 to July 2011, he was promoted to Executive Deputy Director of Tianjin Zhong Xin Pharmaceutical Factory #6. From July 2011 to October 2017, he served as Director and Deputy Secretary to the Party Committee of Tianjin Zhong Xin Pharmaceutical Factory #6. From December 2012 to March 2019, Mr. Zhou served as an Employee Director of the Company. From February 2017 to August 2017, he served as Assistant to the General Manager of the Company. Since October 2017, he has been serving as Deputy General Manager and Chief Engineer of the Company. Mr. Zhou was appointed as an Executive Director of the Company in May 2019.

Mr. Xing Jianhua, holds a postgraduate degree, a Bachelor of Engineering, and a Master of Accounting. He is a Senior Accountant (Professor Level), a non-practicing Certified Public Accountant, and a graduate of the

8th cohort of the National Accounting Leading Talent Program organised by the Ministry of Finance of the PRC. Mr. Xing has extensive experience in financial management, investments, and mergers and acquisitions. From February 2006 to February 2018, he successively served as General Manager of the Finance Department of China General Nuclear Power Group (中国广核集团有限公司), and concurrently as Deputy General Manager and Chief Accountant of CGNPC Uranium Resources Co., Ltd. (中广核铀业发展有限公司). From February 2018 to May 2021, he served as General Manager of the Finance Department of China Xiongan Group Co., Ltd. (中国雄安集团有限公司). From December 2021 to November 2024, he was a member of the Supervisory Committee of the Company. Since May 2021, Mr. Xing has been serving as Chief Financial Officer of TPH (being the controlling shareholder of the Company). Mr. Xing was appointed as a Non-Executive and Non-Independent Director of the Company in December 2024.

Ms. Mao Weiwēn, is a senior economist and a certified human resource professional (level 1). She holds a postgraduate degree in organisation and human resource management from the University of Hong Kong, and an MBA degree from Lingnan University. From May 1996 to April 2001, she served as Secretary to the Youth League Committee of Shanghai Municipal Pharmaceutical Company Limited (上海市医药有限公司). From April 2001 to March 2009, Ms. Mao successively served as Manager of the Customer Service Department of the Sales Headquarters, and as Manager and Secretary to the Communist Party of China Branch of the Shanghai- West Branch of Shanghai Pharmaceutical Co., Ltd. (上海市医药股份有限公司); Assistant General Manager and Office Director of Shanghai Pharma Co., Ltd. (上药控股有限公司); and General Manager of Shanghai Pharmaceutical Logistics Center Co., Ltd. (上海医药物流中心有限公司). From March 2009 to February 2014, she served as General Manager of the Human Resources Department of Shanghai Pharmaceutical Holdings Co., Ltd. (上海医药集团股份有限公司). From March 2014 to May 2021, she served as a Director and Executive Vice President of Shanghai Shengyuan Group (上海盛源集团). From May 2021 to December 2021, Ms. Mao served as Human Resources Director of TPH (being the controlling shareholder of the Company). Since December 2021, she has been serving as Chief Human Resources Officer of TPH. Ms. Mao was appointed as a Non-Executive and Non-Independent Director of the Company in December 2022.

Dr. Yeo Guat Kwang, is a Singaporean and serves as the Lead Independent and Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee. Dr. Yeo is currently an Advisor to the National Trades Union Congress (NTUC) of Singapore. He is also a Lecturer in Nanyang Centre for Public Administration at Nanyang Technological University,

and at the Business School of National University of Singapore. Dr. Yeo has more than 20 years of experience in executive roles, public institution board memberships, and serving as an independent director of companies listed on the SGX-ST, including SIIC Environment Holdings Ltd. He was also a Member of Parliament from 1997 to 2015, and the president of the Consumers Association of Singapore from 2003 to 2012. Dr. Yeo obtained an Honours degree in Arts and Social Sciences from the National University of Singapore in 1986 and a master's degree in Public Administration and Management in Lee Kuan Yew School of Public Policy of the National University of Singapore in 2013. He was conferred a Doctorate in Business Administration by United Business Institutes, Brussels in 2016. Dr. Yeo was appointed as an Independent and Non-Executive Director of the Company in November 2023.

Mr. Liew Yoke Pheng Joseph, is a Singaporean. He graduated from Nanyang University, Singapore with a Bachelor of Commerce (Accountancy) in 1980. Mr. Liew obtained his Singapore Certified Public Accountant (CPA) qualification in 1989, and became a Certified Information Systems Auditor (CISA) in 1994. He also obtained his Certified Fraud Examiner (CFE) qualification in 1996. Mr. Liew has been a fellow of the Association of Chartered Certified Accountants (ACCA) since 2006 and a fellow of the Institute of Singapore Chartered Accountants (ISCA) since 2004. He is a Senior Accredited Director and a member of the Singapore Institute of Directors (SID). He is fluent in Mandarin, Cantonese and English. Mr. Liew has extensive experience in corporate strategy management, and in particular, is a professional in the fields of information technology, corporate governance, finance and accounting. He has held senior management positions in many large multinational companies based in the PRC and Singapore. Mr. Liew also serves as the Independent, Non-Executive Director, Chairman of the Audit Committee and member of the Nominating Committee of Embracing Future Holdings Limited (Formally known as Biolidics Limited), which is listed on the SGX-ST. In addition, he serves as an independent director of Lew Foundation and a director of Char Yong (Dabu) Foundation. Mr. Liew was re-appointed as an Independent and Non-Executive Director of the Company in November 2023.

Mr. Zhong Ming, holds a bachelor's degree in Accounting and Finance from the University of Melbourne. Since 2016, he has been serving as an Executive Director of Yanlord Land Group Limited, a company listed on the Mainboard of the SGX-ST. He is also an Independent Director of SIIC Environment Holdings Ltd., a company listed on both The Stock Exchange of Hong Kong Limited and Mainboard of the SGX-ST. In addition, he has been serving as a director of Ren Ci Hospital since 2018. Mr. Zhong was appointed as an Independent and Non-Executive Director of the Company in May 2024.

RESUMES OF DIRECTORS AND SENIOR MANAGERS

MANAGEMENT

The particulars of our key management personnel as at 31 December 2025 are as follows:

Name	Age	Designation
Mr. Chen Hong	55	Executive Deputy General Manager
Mr. Ma Jian	47	Chief Financial Officer
Mr. Zhou Hong	55	Deputy General Manager and Chief Engineer
Mr. Zhang Yu	52	Chief Production Officer

The business and working experience of our key management personnel¹ are as follows:

Mr. Chen Hong, is a citizen of the People's Republic of China and holds a Bachelor of Medicine degree from Nanjing Medical University and an Executive MBA degree from Cheung Kong Graduate School of Business. From April 2011 to June 2025, Mr. Chen successively held senior management positions as Executive Deputy General Manager of Hutchison Whampoa Guangzhou Baiyunshan Chinese Medicine Co., Ltd. (广州白云山和记黄埔中药有限公司), General Manager and legal representative of Hutchison Whampoa Sinopharm Pharmaceuticals (Shanghai) Co., Ltd. (国药控股和记黄埔医药(上海)有限公司)¹, General Manager of Hutchison Healthcare Limited (和黄健宝保健品有限公司)², General Manager of Guangzhou Hutchison Hain Organic Co., Ltd. (广州和黄汉优有机产品有限公司), and Senior Vice President, Executive Vice President and Chief Commercial Officer (China) of HUTCHMED Group. From 11 July 2025 to 16 January 2026, Mr. Chen served as Deputy General Manager of Tianjin Tianyao Pharmaceutical Co., Ltd. (津药药业股份有限公司).

Mr. Ma Jian, is a certified public accountant. He obtained a Master of Business Administration Degree from Tianjin University of Finance and Economics in December 2016. From December 1998 to March 2007, Mr. Ma successively

served as a Staff Member of the Finance Department of Tianjin Hebei Pharmaceutical Factory (天津市河北制药厂), a Staff Member of the Finance Department of Tianjin Taihe Pharmaceutical Co., Ltd. (天津太河制药有限公司) ("Tianjin Taihe"), and subsequently as Head of the Finance Department of Tianjin Taihe. From March 2007 to June 2016, he successively served as Deputy Chief Staff Member, Deputy Head of the Finance Department, and Deputy Head of the Audit Department of TPH (being the controlling shareholder of the Company). From June 2016 to July 2023, Mr. Ma successively held the posts of General Manager of Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) and Director of the Fund Management Center of TPH.

Mr. Zhang Yu, holds a Master of Engineering Degree and is a senior engineer. From July 1995 to May 2019, Mr. Zhang worked at the Company's Le Ren Tang Pharmaceutical Factory, where he successively served as Regional Manager of the Sales Branch, Head of the Science and Technology Quality Department, Production Director, Assistant to the Factory Director and Chief Engineer. From May 2019 to March 2022, Mr. Zhang served as Deputy Director of the Operation Management Department and Deputy Director of the Production Operation Department of TPH (being the controlling shareholder of the Company).

¹ For the avoidance of doubt, Mr. Zhou Hong's profile is disclosed in the section entitled "Resumes of Directors and Senior Managers – Directors" above and is therefore not repeated in this section.

² Now known as Shanghai Hutchison Whampoa Pharmaceutical Sales Limited (上海和记黄埔医药销售有限公司).



CHAIRMAN'S WORK REPORT 2025



CHAIRMAN'S WORK REPORT 2025



WANG LEI

DEAR SHAREHOLDERS,

2025 marks the final year of the 14th Five-Year Plan. In the face of a complex and ever-changing external environment, Da Ren Tang has proactively responded by thoroughly implementing the new development philosophy, fully advancing the “1+6” strategic deployment, and steadfastly pursuing its goal of becoming a “leader in modern traditional Chinese medicine”. Guided by brand building and centered on patients, we will closely align with market demands to advance our “Customer-centric all the way” strategy, deepen synergy across the entire industry chain, and drive the Company toward high-quality and sustainable development. During the reporting period, the Company achieved significant progress in brand influence, core product scale, scientific research and innovation, and intelligent manufacturing, while continuously optimizing its operational structure.

In 2025, the Company recorded revenue of RMB4.917 billion, representing a year-on-year decrease of 32.70%. Net profit attributable to shareholders of the listed company amounted to RMB2.131 billion, down 4.41% year-on-year. Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses was RMB795 million, an increase of 6.56% compared with the previous year. Compared with 2024, the key reasons for the changes include:

First, the Company completed the divestiture of its pharmaceutical distribution segment in 2024, and as a result, no related revenue was recognized during the reporting period. The Group's industrial segment revenue increased by 8.64% year-on-year. Secondly, during the

reporting period, the Company transferred a 12% equity interest in Sino-American Tianjin SmithKline & French Lab., Ltd. (“Tianjin SmithKline & French”), generating an after-tax net gain of RMB1.308 billion, which contributed significantly to the current period's profit. Thirdly, an investment income of RMB140 million from Tianjin SmithKline & French was recognized in the same period last year. As this income was no longer recognized during the reporting period, it created a base effect on the year-on-year comparison of net profit after deducting non-recurring gains and losses.

I. Economic Operations in 2025

(I) Brand Leadership and Value Creation

The Company places brand leadership at a strategic high ground, driving the brand's transformation from industry influence to mass market penetration and deepening integration into the ecosystem chain. During the reporting period, the Company was honored with the titles of “2025 Listed Company Annual Influential Brand (2025上市公司年度影响力品牌)” and “2025 China Listed Company Brand Top 500 (2025中国上市公司品牌500强)”, and was recognized as the “Most Valuable Investment Brand (最具投资价值品牌)” for three consecutive years. Its core product, Suxiao Jiuxin Wan, was awarded the “2025 Healthy China Brand List Xipu Gold Award (2025健康中国品牌榜·西普金奖)”, further enhancing the brand's influence and social reputation.

1. Deepen public welfare initiatives and strengthen the foundation of responsibility: We have launched the “Suxiao Jiuxin (速效救心)” Public Welfare Initiative, featuring ten major initiatives including

the establishment of public assistance stations, the release of the “2025 National Cardiovascular Health White Paper (《2025国人心血管健康白皮书》)”, a nationwide search for individuals with exemplary “Heart” qualities, and “Heart” protection during travel. These efforts aim to build an emergency response and protection network, safeguard key populations and scenarios, and enhance public health awareness. The Company reached over 600 million audience touchpoints throughout the year, upgraded more than 6,000 retail pharmacies nationwide into emergency outposts, and trained 26,000 rescue personnel. The Company was honored with the prestigious title of “Top 10 Pharmaceutical Public Welfare Enterprises of 2025 (2025年度十大医药公益企业)”, further enhancing its brand image in social responsibility and raising public awareness of the application value of Suxiao Jiuxin Wan (速效救心丸) in emergency rescue scenarios.

- 2. Drive brand voice growth through omni-channel communication matrix:** The Group has established a communication matrix covering mainstream media, video platforms, and new media, and has actively participated in industry events such as the Wuzhen Health Conference and the CPEO to promote the achievements of its brand renewal. By collaborating with high-quality IPs such as Hunan TV’s “Endless Melody: Chinese Wave Season (《声生不息·华流季》)” and Mahua FunAge’s “Goodbye Mr. Loser (《夏洛特烦恼》)”, the Group has fostered cross-sector partnerships, extending its brand influence toward younger demographics and scenario-based engagement. This has laid a solid foundation for channel conversion and consumer awareness.

- 3. Build a brand store system and create new ecosystem scenarios:** The Group is progressively building an integrated service ecosystem that combines product experience, health services, and cultural dissemination. Three immersive experience stores—Da Ren Tang Wellness Studio (达仁堂养生坊), Da Ren Tang Traditional Chinese Medicine Museum (达仁堂中医药博物馆), and Da Ren Tang TCM First Affiliated Hospital Store (达仁堂中医一附院店)—have successively opened, attracting diverse customer segments and supporting the brand’s rejuvenation transformation. Concurrently, through a cooperative model characterized by asset-light operations, strong operational capabilities, and standardized management, the Group has completed the layout planning for its three-tier brand store network.

- 4. Promote traditional Chinese medicine culture and reinforce brand foundation:** The Company systematically promotes the popularization and inheritance of traditional Chinese medicine (TCM) culture through a series of projects, including “TCM Culture Guardians (中医药文化守护官)”, “TCM Culture in Schools (中医药文化进校园)”, and “National Wellness Markets (国韵养生市集)”, effectively integrating traditional TCM culture with modern lifestyles.

(III) Product Development and Marketing Expansion

The Company remains firmly focused on core therapeutic areas such as cardiovascular/cerebrovascular and respiratory diseases, while cultivating a pipeline of major product candidates. Focusing on product breakthroughs, extensive regional coverage, and strong channel penetration, we have established a “medical-retail-e-commerce-overseas” four-wheel drive system, committed to refining, deepening, and detailing the market. In 2025,



CHAIRMAN'S WORK REPORT 2025

the core products continued to gain traction, with the sales revenue of the Company's 13 key products exceeding RMB4 billion. Among them, Suxiao Jiuxin Wan (速效救心丸) achieved sales of RMB2.166 billion (tax inclusive), representing a year-on-year increase of 9.26%; while the sales revenue (tax inclusive) of Qingyan Di Wan (清咽滴丸) amounted to RMB575 million (tax inclusive), reflecting a year-on-year growth of 58.50%.

- 1. For the medical sector:** The Group continues to strengthen evidence-based and academic promotion in key therapeutic areas such as cardiovascular, respiratory, and oncology. It has actively facilitated the inclusion of eight core products, including Suxiao Jiuxin Wan (速效救心丸) and Qingyan Di Wan (清咽滴丸), into 16 authoritative guidelines and expert consensus documents. The Company is accelerating clinical research and the translation of research outcomes, continuously expanding coverage in medical institutions, thereby providing a solid foundation for the stable volume growth of its core products.
- 2. For the retail sector:** The Company adheres to the "Customer-centric all the way" strategy, accelerating terminal coverage and channel penetration. Leveraging the "336 City Coverage (336城市覆盖)" and "Chain Coverage 626 Projects (连锁覆盖626项目)", we conduct precision scenario marketing and public welfare IP collaborations to continuously deepen market penetration across the six major application scenarios of Suxiao Jiuxin Pills. Through health promotion campaigns such as the "China Voice Project (中国嗓计划)" and "Gastrointestinal Health China Tour (胃肠健康中国行)", we enhance end-user conversion efficiency.
- 3. For new retail and e-commerce:** The Company adopts a B2C+O2O dual-drive model to respond to consumption transformation and accelerate the expansion of its marketing footprint. Strategizing the O2O ecosystem, we will deeply collaborate with leading national chains and partner with Meituan, JD.com, and Taobao to create differentiated cooperation models. By 2025, we aim to achieve a Gross Transaction Value (GTV) of over RMB200 million in instant retail, enhancing brand penetration and user reach. We are accelerating the construction of our e-commerce platform, continuously enriching the product matrix across flagship stores on Tmall, JD.com, and Douyin. By integrating expert medical science popularization with scenario-based marketing, we have achieved the concept of "Content-Driven Shelving". During the reporting period, e-commerce business sales revenue exceeded RMB100 million, with the flagship store on Douyin achieving a GMV of over RMB5 million in its first month of operation.
- 4. For overseas markets:** The Company leverages its subsidiaries in Singapore and Hong Kong, China to steadily advance its international expansion, enhancing regional localization efforts and compliance registration. The establishment of an office in Vietnam, entry into retail stores in Singapore, and the launch of overseas e-commerce platforms contributed to a 30% year-on-year increase in overseas market sales revenue for the full year. International registration and trademark protection were advanced simultaneously. During the reporting period, the Company successfully registered 14 products in Singapore, and obtained approval for and launched the Double-Natural Angong Niuhuang Wan (双天然安宫牛黄丸) in Macau. In addition, the Group has successfully registered



694 pharmaceutical trademarks and 61 medical service, food and beverage trademarks overseas, covering more than 130 countries and regions, laying a solid foundation for product globalization and global brand building.

(III) Scientific Research Innovation and Achievement Commercialization

The Company continues to strengthen its IPD concept, staying committed to being driven by market, consumer, and clinical value, thereby speeding up the transformation of research outcomes. The Company invested RMB200 million in R&D throughout the year, was awarded one Hua Tuo Traditional Chinese Medicine Award (华佗中医药奖) for two consecutive sessions, and successfully became one of the first batch of “Cheetah Enterprises (猎豹企业)” in Tianjin.

- 1. Deepen secondary development and strengthen evidence-based support:** The Company is committed to advancing research projects for chronic diseases, having secured 22 national key scientific and technological programs and Tianjin municipal science and technology projects. Seven exclusive products, including Suxiao Jiuxin Wan (速效救心丸), have been selected for nine national key scientific and technological programs targeting the “Four Major Chronic Diseases”. The Company published 36 academic papers and obtained 29 national patents throughout the year, reinforcing the Company’s technological accumulation and academic influence in the field of modern traditional Chinese medicine.
- 2. Accelerate the development of new products and promote the transformation of achievements:**

During the reporting period, the Company accelerated the market transformation of modern Chinese medicine innovations. Projects such as loxoprofen sodium gel patches and 25-hydroxyvitamin D detection kits were successfully approved, while the loxoprofen sodium hot-melt patch entered the final review stage. Products including Daren Anshen Pills (达仁安神丸), Beauty Lung-Moistening Drink (美颜润肺饮), and Dampness-Removing Fat-Reducing Drink (祛湿消脂饮) were launched in Macau. The first skincare factor series of cosmetics, developed based on the composition of Jing Wan Hong Ruan Gao (京万红软膏), was successfully introduced to the market.



(IV) Intelligent Manufacturing and Quality System

The Company enhances its overall competitiveness through intelligent transformation, organizational restructuring, and process reengineering. It systematically advances the optimization of the industrial chain, upgrades intelligent manufacturing, strengthens quality control, and improves production-sales coordination, thereby comprehensively elevating operational efficiency, resource allocation capabilities, and product quality consistency. The Company has successfully secured the “Sixth Tianjin Quality Award (第六届天津质量奖)” grand prize, while Jing Wan Hong (京万红) Pharmaceutical has been recognized as a “National Green Factory (国家级绿色工厂)”.

- 1. Comprehensive upgrade of intelligent manufacturing:** We are committed to advancing the transformation of our production system towards intelligent and lean operations. The Company has steadily advanced the development of new quality productive forces. Within the year, it completed the Phase I construction of the “Intelligent Manufacturing Base for Diwan (滴丸智能制造基地)”, which passed the national Level 3 certification for intelligent manufacturing capability maturity. This achievement makes the Company the first enterprise in Tianjin and the seventh nationwide in the traditional Chinese medicine sector to attain this level.
- 2. Supply chain intensification:** The Company established a Supply Chain Management Center to comprehensively advance intensive supply chain management. Through centralized procurement, raw material traceability, and capacity integration, it aims to achieve cost reduction, efficiency enhancement, and quality assurance. The Group has strengthened the quality control at the source of upstream Chinese medicinal herbs. Its honeysuckle planting base has passed the extended GAP inspection, while its pinellia ternata base has obtained

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the “Three-Free-One-Whole (i.e. sulphur-free processing, no aflatoxin contamination, pollution free and whole-process traceability) (三无一全)” certification. The Group has also completed the construction of traceability bases for 15 varieties, achieving a traceability coverage rate of 40% for core raw materials. Furthermore, it has restructured the supply chain management process by reducing 12 business process nodes, thereby realizing closed-loop management from customer demand to product delivery.

- 3. Quality control and standardization:** We have established a comprehensive quality control and standards system across the entire value chain. The Group has established 46 internal control standards for Chinese medicinal materials that exceed pharmacopoeia requirements, and has compiled and issued the “Jinyao Da Ren Tang Chinese Medicinal Materials Quality Standards [2025]”. The Company completed the extension of the validity period for seven products, optimizing the product structure and supply capacity. It advanced product applicability innovation by completing the age-friendly reform of drug package inserts for 71 packaging specifications across six products, achieving the functions of “digital human video + electronic package insert + voice broadcast.” Scientific revisions to the safety information in the package inserts of 19 products were approved by the Center for Drug Evaluation (CDE), continuously enhancing the user service experience. The achievement of “Full Traceability of Traditional Chinese Medicine Quality (中药质量全程溯源)” was honored with the “2024 Quality Craftsmanship Achievement Award (2024年度质量匠心成果)” in the national pharmaceutical industry. The research and development of the new standard for “Suxiao Xintong Diwan (速效心痛滴丸)” received the Tianjin Municipal Quality Breakthrough Excellence Award. In advancing international market access, 14 products obtained international registration in Singapore, while 31 products from five enterprises, including Long Shun Rong (隆顺榕), passed on-site inspections for Indonesian Halal certification. With Da Ren Tang Group as the main entity, Long Shun Rong (隆顺榕) Pharmaceutical Factory and Da Ren Tang Pharmaceutical Factory, as formulation centers, passed the certification inspection by Australia’s Therapeutic Goods Administration (TGA). Additionally, Zhongxin Keju’s HIV Card-Type Colloidal Gold Reagent successfully underwent on-site system verification for the European Union’s CE certification.

(V) Management Enhancement and Organizational Optimization

The Company is guided by the principles of “digitalization, refinement, and agility” to advance management upgrades and organizational transformation, focusing on building a modern governance system that supports high-quality development.

- 1. Digital integration and business process reengineering:** The Company is comprehensively driving the integration of digital technologies with its core business, enhancing operational efficiency and synergy across the entire value chain. The Company has comprehensively deepened its collaboration with Huawei Cloud, completed its AI strategic planning, and jointly applied for the “AI + Multi-Scenario Application Project in Traditional Chinese Medicine (人工智能 + 中医药多场景应用项目)”, which received support from the Tianjin High-Quality Development Digital Subsidy Program, making the Company the only pharmaceutical company recognized in the AI application category of this award. It has established a master data platform and a





core ERP system, driving data governance and standardization of key business processes for industrial enterprises. The Group has also built an SCRM system and developed an in-house AIGC assistant, earning the 2025 “Best Pharmaceutical Digital Marketing Innovation Award (最佳医药数字化营销创新奖)” and the “Data × AI Scenario Benchmark Case (数据×AI 场景标杆案例)” recognition. Furthermore, it has reviewed 24 institutional processes and optimized 10 key processes in health technology, laying a solid foundation for efficient business operations.

2. **Strengthen compliance and risk control, and achieve lean financial operations:** The Company has comprehensively strengthened the establishment of compliance and risk control systems. The Company has formulated and issued the “Anti-Monopoly Compliance Guidelines (《反垄断合规指引》)” and enhanced the competition compliance management system; the Company has also developed and launched the “Digital Intelligent Contract System (数智合同系统)”, unified key control points, established a closed-loop supervision mechanism for service providers, and obtained the national-level “Marketing Compliance Management System (营销合规管理体系)” certification.
3. **Restructure the organization and unleash vitality:** The Company has implemented the “Lean Headquarters, Strong Operations” strategy to drive the transformation of its organizational structure into an agile, efficient, and business-empowering combat-oriented model. At the headquarters level, we optimized functional configurations and integrated resources to establish a Supply Chain Management Center.

We consolidated the Health Technology & Medical and Retail Business Units to form nine regional branch companies. Additionally, we established a Product and Brand Development Department to enhance market responsiveness and coordination for new product launches, and set up a Retail Operations Committee to plan and oversee branded store operations.

(VI) Guided by Party Building and United by Culture

The Company continues to promote the deep integration of Party building work with business operations. Taking “strengthening Party building, warming people’s hearts, and pooling synergy” as the core driving force, we will establish a coordinated development framework that fosters ideological conviction, organizational strengthening, and cultural enrichment. At the same time, the Company consistently regards its employees as its most valuable asset. Through diverse platforms such as labor competitions, support and care initiatives,



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cultural and sports activities, mental wellness workshops, and health service stations, it deepens employee care and cultural cohesion. By fostering a “family culture” to strengthen emotional bonds, the Company enhances employees’ sense of fulfillment and well-being, thereby building a cohesive, harmonious, and united cultural synergy that drives the Company’s high-quality development.

II. The Corporate Governance Structure is Further Improved, and Shareholders’ Interests are Effectively Protected

The Company is a publicly listed entity with shares issued on both the Singapore Exchange and the Shanghai Stock Exchange, and it must comply with the regulatory governance requirements of both exchanges as well as the laws and regulations of China and Singapore. The Company has always strictly adhered to regulations such as the Articles of Association, Rules for Shareholder Meetings, Rules for Board of Directors Meetings, and Rules for Supervisory Board Meetings. In 2025, the convening and decision-making of the Company’s shareholders’ meetings, meetings of the board of directors and supervisory board all complied with relevant laws and regulations. The company has effectively safeguarded the legitimate rights and interests of all shareholders, especially small and medium shareholders, from various perspectives.

As always, the Company is committed to improving the quality of its listed status, enhancing corporate governance, and progressively refining standardized operations. In accordance with the relevant requirements of the China Securities Regulatory Commission (CSRC), the Shanghai Stock Exchange, and the Singapore Exchange, the Company carried out a series of initiatives. The Company continued to carry out investor protection publicity activities. In

June, September, and December 2025, the Company held online performance briefings for “2024 and Q1 2025,” “H1 2025,” and “Q3 2025” periods via interactive webinars. During these sessions, the management communicated with investors on topics such as operating performance and profit distribution, enabling investors and potential investors to promptly and fully understand the Company’s operational dynamics, thereby showcasing the Company’s positive corporate image. To further safeguard shareholders’ rights to investment returns, the Company reviewed and approved the 2024 profit distribution plan at the 2024 Annual General Meeting, which proposed “a cash dividend of RMB12.8 per 10 shares (tax inclusive) to all shareholders, based on the total share capital on the record date for the dividend distribution.” Subsequently, at the second extraordinary general meeting in 2025, the Company approved the profit distribution plan for the first three quarters of 2025, proposing “a cash dividend of RMB24.5 per 10 shares (tax inclusive) to all shareholders, based on the total share capital on the record date for the dividend distribution.” These actions demonstrate the Company’s commitment to rewarding its investors. In 2025, the Company continued to strengthen the management of insiders with access to material non-public information, strictly adhering to the Insider Information Management System (《内幕信息知情人管理制度》) for registration and confidentiality notifications. During the 2025 annual report process, both the independent directors and the audit committee rigorously followed relevant systems in conducting their reviews. In summary, in 2025, all company regulations were effectively implemented.

The Company has consistently adhered to the principle of being stringent rather than lenient, and comprehensive rather than minimal, in complying with the disclosure requirements of regulators in both China and Singapore. In 2025, the Company strictly

followed the Information Disclosure Management System (《信息披露管理制度》) to ensure that all announcements were truthful, accurate, timely, and complete, maintaining consistency in disclosures across domestic and international markets. At the same time, the Company warmly welcomed visits and inquiries from investors, strengthening communication through compliant and thorough information disclosure, promoting investor understanding and recognition of the Company, maintaining good relations with investors, and establishing a positive market image.

III. Profit Distribution for 2025

The Company plans to distribute cash dividends from the profits for 2025. The specific profit distribution plan is as follows: “Based on the total share capital on the record date for equity distribution, a cash dividend of RMB23.4 per 10 shares (tax inclusive) will be distributed to all shareholders.”

IV. Major Legal Disputes

Currently, the Company has no major legal disputes.

V. Interested Person Transactions disclosure

The Company obtained a general mandate (the “**IPT Mandate**”) from shareholders for interested person transactions (“**IPTs**”, and each an “**IPT**”) at the

annual general meeting for the financial year ended 31 December 2024 (“**FY2024**”) held on 15 May 2025. The IPT Mandate was subsequently amended at the Company’s 2nd extraordinary general meeting in 2025 held on 15 December 2025. Please refer to the annexure dated 30 April 2025 to the notice of annual general meeting in relation to the proposed renewal of the IPT Mandate (as set out on pages 164 to 186 of the Company’s annual report for FY2024), and the Company’s circular dated 28 November 2025 in relation to, *inter alia*, the proposed amendments to the IPT Mandate, for further details.

During the financial year ended 31 December 2025 (“**FY2025**”), there were no IPTs (excluding transactions less than S\$100,000) entered into pursuant to the IPT Mandate.

Shareholders’ approval was also 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) (“**TPGF**”) as an IPT and all transactions arising therefrom at the Company’s annual general meeting for the financial year ended 31 December 2022 held on 15 May 2023. Please refer to the annexure dated 28 April 2023 to the notice of annual general meeting for further details.

Accordingly, the aggregate value of all IPTs during FY2025 (excluding transactions less than S\$100,000) is as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders’ mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)	
		12-month period ended 31 December 2025 RMB’000	12-month period ended 31 December 2024 RMB’000	12-month period ended 31 December 2025 RMB’000	12-month period ended 31 December 2024 RMB’000
Tianjin Pharmaceutical Group Finance Co., Ltd (天津医药集团财务有限公司) (i.e. TPGF)	Subsidiary of Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“ TPH ”), the controlling shareholder of the Company	-	13,984	-	-
Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“ TJZX Medicine ”)	Subsidiary of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) (“ Taiping Medicine ”), in which the Company and TPH hold 43.35% and 56.65%, respectively	126,217	-	-	-
Taiping Medicine	Subsidiary of TPH	116,918	-	-	-

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Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)		Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)	
		12-month period ended 31 December 2025	12-month period ended 31 December 2024	12-month period ended 31 December 2025	12-month period ended 31 December 2024
		RMB'000	RMB'000	RMB'000	RMB'000
Taiping Medicine	Subsidiary of TPH	Rent payable by Taiping Medicine:			
		14,786	-	-	-
Total		257,921	13,984	-	-

Note(s):

- As at 31 December 2025, the placement of deposit with TPGF amounted to approximately RMB1,401.904 million.
- During FY2025, the Company entered into a lease agreement (房屋租赁合同) with Taiping Medicine. The lease, which was approved by the Board at the 4th Board meeting for FY2025 held on 20 June 2025, commenced on 1 July 2025 and has a term of three (3) years. The total rent payable over the lease term is RMB14,785,800 (inclusive of tax).

VI. Key Focus Areas for 2026

2026 marks the commencement of China's 15th Five-Year Plan and the first full operational year for following the strategic divestment of its commercial segment and a complete focus on its core business of premium traditional Chinese medicine. The Company is committed to the vision of "becoming a leader in modern traditional Chinese medicine", dedicated to providing consumers with health solutions featuring TCM characteristics across the entire life cycle. Accordingly, it has established the "115" strategic framework: one core mission – starting from consumers' health needs to provide full-cycle health services from prevention and treatment to rehabilitation; one strategic core – brand leadership; and five strategic pillars – scientific research and innovation, marketing transformation, operational excellence, organizational activation, and strategic synergy. This framework drives the enterprise's transformation from drug manufacturing to research-driven development, from disease treatment to health management, and from traditional pharmaceuticals to a comprehensive health platform. Specifically, these include:

(I) Brand Leadership Strategy

2026 is a pivotal year for the Da Ren Tang brand to deepen from "functional recognition" to "emotional resonance" and then advance to "mindshare positioning". The Company will remain steadfast in its commitment to the consumer market, striving to achieve a value leap in "health guardianship." It will deepen three key initiatives: leading with its core brand, revitalizing its time-honored brands, and fostering synergy across the entire industry chain. These efforts will accelerate Da Ren Tang's

strategic transformation into a "consumer brand". The Company will further focus on the cardiovascular and cerebrovascular categories, conveying its brand essence through events such as the Da Ren Tang's "Suxiao Jiuxin" public welfare initiative:

- Cultural communication:** The Company continued to advance the Da Ren Tang's "Suxiao Jiuxin" public welfare campaign series, reinforcing its professional brand image through science popularization activities such as the dissemination of the "Cardiovascular and Cerebrovascular Health White Paper (《心脑血管健康白皮书》)". It successfully concluded the "Guardian of Traditional Chinese Medicine Culture" project and expanded the reach of "Traditional Chinese Medicine Culture into Schools and Communities." A total of 100 brand activities were conducted in five key cities, fostering awareness of traditional Chinese medicine culture among the youth and establishing a long-term connection between the Da Ren Tang brand and traditional culture.





2. **Communication upgrade:** We will continue to deepen content collaboration with national-level authoritative media to amplify brand communication reach; enhance brand penetration and influence among young consumer groups through concert sponsorships and new media matrix strategies; strengthen global brand expansion, actively participate in international academic exchanges, advance the brand's internationalization strategy, and elevate market recognition.
3. **Terminal operations and maintenance:** We are actively advancing business model innovation and ecosystem integration, with plans to establish Da Ren Tang brand stores to build a comprehensive health service ecosystem featuring a five-dimensional layout of "medicine-medical care-wellness-food-beauty (药-医-养-食-美)", directly reaching consumers. At the same time, we will enhance the operation of the membership system, consolidate core user assets, drive the transition from product sales to health services, and establish long-term, stable customer relationships.

(II) Advance Scientific Research and Innovation

The Company continues to deepen its corporate spirit of "upholding tradition while innovating", focusing on innovative traditional Chinese medicine and advancing its modernization through scientific research and innovation. In 2026, the Company will increase investment in research and development, focusing on clinical and market demands. Through breakthroughs in key areas, enhancement of platform capabilities, and collaborative open

innovation, the Group aims to establish an integrated R&D management system that combines production, research, and sales:

1. **Key focus areas projects:** In the field of innovative drugs, the Company will accelerate the R&D and transformation of Class 1.1 and Class 2 innovative traditional Chinese medicines, develop new formulation technologies such as modern transdermal drug delivery, and enrich the product pipeline. For the secondary development of major products, the Company will continue to advance national key projects, enhance the academic standing and clinical competitiveness of products through the construction of high-quality evidence-based medical evidence. In the health consumer goods sector, the Company will build a comprehensive health product category matrix and expand new scenarios for health consumption.
2. **Platform capabilities enhancement:** We will continue to deepen the development of the Integrated Product Development (IPD) system, establishing a closed-loop process encompassing "market-research and development-commercialization" to enhance market responsiveness, improve customer satisfaction, and increase return on investment. Concurrently, we will advance the Go-to-Market (GTM) transformation. For over 100 product varieties already included in more than 400 guidelines and expert consensus documents, we will conduct consumer insights and value exploration, ensuring coordinated efforts among the R&D team, product department, marketing department, and frontline sales, ultimately meeting consumers' health needs.
3. **Open and innovative synergy:** Deepening domestic and international scientific research collaborations, expanding synergistic research in innovation hubs, with plans to establish an innovation platform for traditional Chinese medicine and an international innovation platform; integrating scientific research resources to build a sustainable innovation ecosystem; conducting substitution research and resource conservation for rare and endangered medicinal materials.

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(III) Drive Marketing Transformation

The Company will comprehensively advance the optimization of the channel value chain and the upgrade of the end-user service system, implement the product-first strategy, and aim to deepen industry engagement, refine products, and penetrate markets. It has established a marketing approach of “stabilizing growth through existing channels and expanding incremental growth through innovative marketing.” By shortening the value chain, deepening end-user services, and strengthening customer engagement, we are building a new value ecosystem oriented toward the consumer market.

1. Existing channels drive steady growth: The Company has further stabilized its fundamental operations and solidified its growth foundation by scaling up and strengthening its products, expanding and deepening its regional presence, and refining and specializing its distribution channels. In terms of products, the Company will focus on major products in the cardiovascular and cerebrovascular category, such as the Suxiao Jiuxin Wan (速效救心丸), and the respiratory category, including the Qingyan Di Wan (清咽滴丸). Leveraging the four-wheel drive of “medical institutions, retail, e-commerce, and consumer end,” the Company aims to consolidate and expand its market share. It will also develop a second growth curve around cardiovascular and cerebrovascular health products such as the Shunaoxin Di Wan (舒脑欣滴丸), Qinggong Shoutao Wan (清宫寿桃丸), and Tongmai Yangxin Wan (通脉养心丸). The Company has categorized its products into three major models under the “Five Health” categories—cardiovascular and cerebrovascular, respiratory, digestive, musculoskeletal, and skin health—to deeply explore product potential and strengthen the product portfolio. Regionally, we continue to deploy nationwide, expanding development and volume growth in non-local markets, and progressively deepening its presence into over 2,800 county-level markets to establish a widely covered and deeply penetrated market system, significantly enhancing terminal coverage capabilities. It also strengthens the development of pure sales capabilities, building an iron triangle pathway encompassing activity planning, sales execution, and sales service. In terms of channels, we focus on value-driven initiatives, compliance-first principles, and refined operations to promote synergy between medical and retail channels. Through academic

transformation, establishment of benchmark hospitals, introduction of clinical guidelines and consensus, and integration of evidence-based research, we will enhance our capabilities in the medical channel. By leveraging nationwide end-user activities, driving growth of key product categories, expanding coverage of major pharmacy chains, and strengthening our end-user team, we will expand our capabilities in the retail channel. Internationally, we will cultivate the global market for its flagship product Angong Niu Huang Wan (安宫牛黄丸), continue to promote product registration in overseas countries and regions, advance overseas trademark registration and brand promotion, and enhance the international influence of traditional Chinese medicine.

2. Innovative marketing to expand incremental growth: The Company will focus on “Customer-centric all the way” initiatives, prioritizing consumer engagement to drive category innovation marketing and model innovation marketing, thereby building a new ecosystem and creating new growth drivers. The Company will focus on building a consumer-centric e-commerce, O2O instant retail, and private domain ecosystem chain in 2026. In terms of the e-commerce ecosystem, we will deepen the structural upgrade of e-commerce channels, establish a solid foundation through a product matrix, segment product areas, and create breakthrough hit products. We will implement a comprehensive layout across shelf e-commerce, interest-based e-commerce, and omni-channel e-commerce, and build an e-commerce store matrix from both brand and category dimensions. In the instant retail sector, we are developing Instant Retail 2.0 to complement the overall market penetration of specialized O2O regulations. In the private domain, we adopt a user-centric approach to achieve repeatable, low-cost, and high-efficiency value extraction.

(IV) Strive for Operational Excellence

The Company will further advance its four key initiatives: deepening quality control, strengthening cost reduction and efficiency enhancement, reforming supply chain management, and optimizing corporate operational quality. This will forge the Group's high-quality delivery capability and lean operational advantages in producing premium national pharmaceutical products:

- 1. Intensify quality control:** We continuously enhance the “Three-Tier Quality Control System”, driving quality management toward greater scientific rigor, precision and normalization. Advance the standardization and revision of traditional Chinese medicine product labeling and the quality enhancement project, strengthen quality risk prevention and control as well as continuous improvement, implement digital closed-loop tools, and intensify quality audit efforts; establish GxP inspection teams, comprehensively implement the quality business partner accountability system, and solidify the foundation of an organization-wide quality culture; launch the quality “Successor Program” to reinforce the cornerstone of excellence in quality.
- 2. Optimize supply chain management:** With the goals of integration, standardization, modularization, visualization, and differentiation, we are committed to reshaping the supply chain management process and building a proactive, resilient, agile, and intelligent networked supply chain. We aim to revitalize dormant product resources and fully launch a production resumption plan, ensuring the capacity supply of 122 exclusive products and establishing a smart manufacturing support system covering the entire product line. Additionally, we have initiated a project to innovate honey pill production technology and extend product shelf life, enhancing flexible production lines and agile manufacturing capabilities to swiftly respond to market demands.
- 3. Boost cost reduction and efficiency:** Focusing on “targeted measures, lean efficiency enhancement, and digital empowerment,” we aim to build a data-driven cost leadership advantage and supply security through intensive cost reduction. Adhering to the goals of high quality, low cost, high efficiency, and low inventory, the procurement side has deepened direct sourcing from production origins and centralized group procurement, implementing precise supply assurance through the “one enterprise, one product, one strategy (一企一品一策)” approach. On the materials consumption side, targeted efforts have been made to improve yield rates in core processes. In lean operations, energy consumption control and labor efficiency have been strengthened, while production line and equipment maintenance have been optimized. Besides, we will leverage digital platforms to integrate end-to-end data, establishing a closed-

loop system for supply-demand coordination, energy consumption monitoring, and efficiency tracking, thereby forming a sustainable efficiency enhancement framework. At the same time, we will deepen the implementation of the “15th Five-Year Plan” strategic plan for medicinal material bases, continue to apply for GAP and “Three-Free-One-Whole [i.e. sulphur-free processing, no aflatoxin contamination, pollution free and whole-process traceability] (三无一全)” base certifications, expand the construction of traceability bases, and ensure the safety of traditional Chinese medicine sources. The scale of fresh-cut varieties for traditional Chinese medicine (TCM) production will be expanded to 20, and we will continue to establish the “Jinyao Da Ren Tang Traditional Chinese Medicine Quality Standards (《津药达仁堂中药材质量标准》)” to strengthen the foundation of cost and quality from the source.

- 4. Improve corporate operational quality:** The Company will fully advance the enhancement of governance effectiveness, fortifying the robust development line of compliance operations and steady progress toward long-term goals. Strengthen financial risk prevention and control, establish a risk management mechanism covering the entire business process to ensure operational safety, financial stability, and sustainable development; enhance compliance risk management, build a comprehensive compliance information management system, strengthen supplier access and process control, and deepen the embedding of compliance culture and comprehensive staff training; reinforce the closed-loop assurance of audit supervision, continuously conduct self-inspection and self-correction, and eliminate high-risk behaviors.

(V) Facilitate Organizational Revitalization

The Company will drive transformation, prioritize talent development, and leverage digitalization as a foundation to strengthen organizational capabilities for strategic execution and high-quality growth.

- 1. Restructure the organization and improve the capability:** The Company will focus on building a strategically aligned, agile, and efficient organization, establishing an integrated capability system encompassing “organization-position-talent.” Within the year, it will advance the formal establishment of nine health technology branch companies, research institutes, and other organizational units, while

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refining performance incentives and systematic talent development to enhance operational efficiency and the productivity of business teams.

- 2. Transform process management:** We will promote comprehensive process reengineering under the new organizational structure of health technology, establish a customer-centric end-to-end process system, implement project-based management, and build a management team capable of rapid market response and efficient strategy execution.
- 3. Digitize and build AI agents:** Focusing on business value and driven by AI agents, we are building the digital intelligence ecosystem of Da Ren Tang. With AI × data × business scenarios as the main focus, we will drive the digital and intelligent transformation from a “construction-oriented” approach to a “value-oriented and application-oriented” model. We will systematically build an enabling system covering the entire value chain, including supply chain, marketing, and R&D, scale up the implementation of AI application scenarios, formulate the “Da Ren Tang AI White Paper [《达仁堂AI白皮书》]”, and unleash the value of data.

(VI) Carry forward Strategic Synergy

The Group is building a comprehensive health IP ecosystem centered on “Pharma+”, breaking through conventional boundaries with its products and services to deliver full-cycle health solutions. Through integrated online and offline member operations and engagement, it aims to extend the user lifecycle. We strive to achieve comprehensive integration of resources, product categories, and business formats across all sectors and channels, meeting consumers’ full-cycle health management needs from diagnosis and prevention to treatment and rehabilitation. Through cultural synergy, we have fostered a “culture of love” centered on the theme of “love” and customer-centricity. We organized the National Traditional Chinese Medicine Vocational Skills Competition to promote the spirit of craftsmanship and intangible cultural heritage. Additionally, we conducted cultural co-creation initiatives and cultural forums to deepen humanistic care and enhance team cohesion, thereby stimulating innovation and driving efficiency.

FINANCIAL REVIEW

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

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

(a) Revenue:

The Group's revenue for the financial year ended 31 December 2025 ("FY2025") was approximately RMB4,917.34 million, a decrease of approximately RMB2,389.40 million, or 33%, as compared to approximately RMB7,306.74 million for FY2024. This was mainly due to a change in the Company's consolidation scope, which excluded the data of Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) ("TJZX Medicine") from the current period's operating revenue, while the Company's industrial revenue increased compared to the same period last year.

(b) Gross Profit Margin:

The Group's gross profit in FY2025 increased by approximately 3% from approximately RMB3,444.92 million in FY2024 to approximately RMB3,559.71 million in FY2025. The gross profit margin has increased by 25% from 47% in FY2024 to 72% in FY2025. The increase was mainly due to a change in the Company's consolidation scope, which excluded the data of TJZX Medicine from the current period's gross profit. The Company's industrial gross profit margin increased slightly.

(c) Other Gains:

Other gains in FY2025 were approximately RMB1,649.61 million, a decrease of approximately RMB140.42 million over the previous corresponding period. The decrease was mainly attributable to (i) the gain of approximately RMB1,542.93 million from the disposal of the remaining 12% equity interest in Sino-American Tianjin SmithKline & French Lab., Ltd. (中美天津史克制药有限公司) ("Sino-American Tianjin"); and (ii) the recognition of a disposal gain of approximately RMB17.37 million following the court's ruling for acceptance of the application for the bankruptcy liquidation of the former subsidiary Tianjin Shin Poong Pharmaceutical Co., Ltd. (天津新丰制药有限公司) (i.e. Shin Poong), which was subsequently excluded from the Group's consolidated financial statements with effect from 22 May 2025, being the date on which the bankruptcy administrator was appointed by the court.

(d) Major Expenses:

- (i) Marketing and distribution costs in FY2025 were approximately RMB2,025.61 million, representing an increase of RMB25.64 million, or 1%, from approximately RMB1,999.98 million in the previous corresponding period. Marketing and distribution expenses remained relatively stable year-on-year. Due to changes in the Group's consolidation scope, the data of TJZX Medicine was excluded from the current period. After excluding the impact of TJZX Medicine from the prior year for comparison, marketing and distribution expenses increased in line with revenue growth, while the expense-to-revenue ratio remained broadly unchanged.
- (ii) Research and Development costs in FY2025 were approximately RMB189.81 million, an increase of approximately RMB27.43 million, or 17%, from approximately RMB162.38 million in the previous corresponding period. This increase was mainly due to higher R&D investment compared to the same period in FY2024.
- (iii) Administrative expenses in FY2025 were approximately RMB402.60 million, a decrease of approximately RMB74.70 million, or 16%, from approximately RMB477.30 million in the previous corresponding period. The decrease was mainly due to changes in the Group's consolidation scope, as the current year no longer includes the data of TJZX Medicine. After excluding the impact of TJZX Medicine from the prior year for comparison, administrative expenses decreased slightly year-on-year.
- (iv) Finance costs in FY2025 decreased by approximately RMB29.67 million from approximately RMB30.64 million to approximately RMB0.97 million. This was mainly due to changes in the Company's consolidation scope, which excluded the data of TJZX Medicine from the current period's finance costs, whereas the previous corresponding period included the interest expenses of TJZX Medicine's external borrowings.
- (v) In FY2025, the Group's other losses amounted to approximately RMB163.27 million, a decrease of approximately RMB19.66 million, or 11%, compared to approximately RMB182.93 million in the previous year. The decrease was mainly due to lower impairment losses recognised on trade receivables, inventories and other assets compared to the previous corresponding period.

FINANCIAL REVIEW

(e) Share of profits of associated companies:

The Group's share of profits of associated companies in FY2025 was approximately RMB18.32 million, a decrease of approximately RMB149.89 million, or 89%, from approximately RMB168.21 million in the previous corresponding period. The decrease was mainly due to the phased disposal of the Group's 25% equity interest in a former associate, Sino-American Tianjin, from the end of last year to the current reporting period. As a result, the Group no longer recognises any share of profit from Sino-American Tianjin in the current period, whereas the previous corresponding period included a contribution of approximately RMB140.37 million from Sino-American Tianjin.

(f) Total comprehensive income:

In FY2025, the Group recorded a total comprehensive income (net of tax) of approximately RMB2,107.89 million, a decrease of approximately RMB99.92 million, or 5%, compared to approximately RMB2,207.81 million in the previous year. The decrease was mainly due to the disposal of the Group's remaining 12% equity interest in its former associate, Sino-American Tianjin, during the current period, compared to the disposal of a 13% equity interest in the previous corresponding period, resulting in a decrease in after-tax net gain of approximately RMB146.67 million.

(g) Major changes in statement of financial positions:

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB1,016.43 million, which was a decrease of approximately RMB1,928.01 million, or 65%, over the balance as at 31 December 2024. The change was mainly because, during the current period, the Group received approximately RMB1,623.47 million in proceeds from disposing of the remaining 12% equity interest in Sino-American Tianjin, while cash outflows included approximately RMB981.09 million in dividend payments and approximately RMB2,925 million for purchases of large-denomination certificates of deposit and similar deposit products.

Trade and other receivables increased by approximately 21% or RMB278.81 million to approximately RMB1,603.69 million as at 31 December 2025.

As at 31 December 2025, the Group's payables and other payables were RMB4,212.73 million, an increase of RMB1,902.85 million, or 82%, from RMB2,309.88 million at the beginning of the year. This increase was mainly due to declared cash dividends remaining unpaid as at 31 December 2025.

Inventories were approximately RMB1,132.97 million as at 31 December 2025, which was a decrease of approximately RMB152.72 million, or 12%, over the balance as at 31 December 2024.

As at 31 December 2025, the Group's investment properties amounted to approximately RMB110.37 million, an increase of approximately RMB99.09 million, or 878%, compared to the beginning of the year. The increase was mainly attributable to the reclassification of the Company's properties located in the Beichen District to investment properties following their lease to third parties.

As at 31 December 2025, the Group's investment in associates amounted to approximately RMB1,165.66 million, a decrease of approximately RMB127.87 million, or 10%, compared to the beginning of the year.

Other financial assets increased by approximately RMB2,971.12 million or 168% to approximately RMB4,743.15 million. This was mainly due to the purchase of large-denomination certificate of deposit products and other deposit-type financial products totaling approximately RMB2.92 billion during the current period.

As at 31 December 2025, the Group's fixed assets amounted to approximately RMB1,134.00 million, representing a decrease of approximately RMB252.80 million, or 18%, compared to the beginning of the year.

(h) Changes in cash flow position:

In FY2025, the Group generated net cash inflow from operating activities of approximately RMB419.23 million, representing a decrease of approximately RMB476.67 million, or 53%, from approximately RMB895.90 million in the previous year. This was mainly due to the payment of income tax during the period arising from the disposal of the Company's equity interest in its former associate, Sino-American Tianjin, on two separate occasions (being the 13% disposal in FY2024 and the remaining 12% disposal in FY2025), totaling approximately RMB491.17 million.

Net cash outflow from investing activities amounted to approximately RMB1,366.14 million, compared to a net inflow of approximately RMB371.08 million in the prior year, representing a decrease of approximately RMB1,737.22 million. The change was mainly because the previous corresponding period included proceeds from the disposal of equity interest in Sino-American Tianjin, while the Group purchased large-denomination certificates of deposit and other deposit-type products during FY2025.

Net cash outflow from financing activities was approximately RMB980.88 million, a decrease of approximately RMB660.99 million compared to a net outflow of approximately RMB319.89 million in the prior year. The change was mainly due to the change in the Group's consolidation scope, as the current period no longer includes the data of TJZX Medicine, whereas the previous corresponding period included TJZX Medicine's external borrowings from financial institutions.

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

In 2025, the traditional Chinese medicine ("TCM") proprietary products industry entered a critical transition period of high-quality development. Amid the interplay of multiple factors including policies, market dynamics and technological advancements, the industry faces unprecedented development opportunities while also needing to evolve amid ongoing transformation.

From an opportunity perspective, the policy environment continues to improve. Reforms in TCM drug review and approval mechanisms continue to deepen, creating a fast track for innovative TCM products with clinical value and stimulating corporate R&D vitality. On the demand side, market demand continues to show strong and resilient growth. Accelerated population ageing, the rising prevalence of chronic disease management and the widespread adoption of "preventive healthcare" philosophy have broadened the application prospects of TCM proprietary products in areas such as health supplements, rehabilitation and wellness, with increasing demand for consumer-oriented products. Meanwhile, technological transformation is injecting new momentum into the traditional industry. The adoption of intelligent manufacturing technologies is gradually transforming TCM production methods, improving product quality consistency and production efficiency. Big data, artificial intelligence and other technologies are also beginning to penetrate new drug R&D and clinical validation processes, promoting evidence-based medicine research and supporting the modernisation of TCM. Furthermore, channel reforms integrating online and offline platforms, particularly the deepening of "Internet + Pharmaceutical", are providing branded TCM products with broader market reach and more precise marketing opportunities.

As the industry continues to advance, it is also undergoing profound self-adjustment. At the policy level, the normalisation of volume-based procurement is guiding the industry towards greater cost-effectiveness, prompting companies to optimise internal management and improve operational efficiency. The comprehensive upgrade of the regulatory framework, particularly the increasingly stringent drug quality standards and traceability requirements, has set higher benchmarks for the industry, encouraging companies to strengthen quality control across the entire process from sourcing to production, and achieve a transition from traditional production methods to modernised and standardised management. The evolving market environment also brings new challenges: traditional retail channels are experiencing structural traffic adjustments, while the rapid growth of online channels tests companies' brand adaptability and digital service capabilities.

As a full-industry-chain modern TCM enterprise, the Group leverages its time-honoured brand heritage, exclusive product portfolio and complete industrial chain to continuously strengthen its brand building, marketing transformation, R&D innovation, quality control and organisational management. Sales of core product have maintained steady growth, while new retail initiatives, academic promotion and international market expansion proceed in parallel. Scientific research is focused on in-depth studies of clinical value, while the supply chain and production processes continue to enhance quality and efficiency. Internal management and organisational structures are continuously optimised, leading to sustained improvements in brand influence, product competitiveness and operational efficiency, further consolidating the Group's core competitive advantages. In 2026, the Company will adopt a brand-led strategy as its core, focusing on advancing R&D innovation, marketing transformation, operational excellence, organisational revitalisation and strategic coordination to drive high-quality development.



SHAREHOLDERS' RETURN PLAN OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED FOR 2026 TO 2028

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "**Company**"), while achieving its own rapid development, actively fulfils the social responsibilities of a public company and attaches great importance to providing a reasonable return on shareholders' investment. In accordance with the relevant provisions of the *Guidelines No. 3 on the Supervision and Administration of Listed Companies – Cash Dividends of Listed Companies* (《上市公司监管指引第3号 — 上市公司现金分红》) and the *Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies* (《关于进一步落实上市公司现金分红有关事项的通知》), both issued by the China Securities Regulatory Commission (中国证券监督管理委员会) (the "**CSRC**"), the *Guidelines No. 1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations* (《上海证券交易所上市公司自律监管指引第1号 — 规范运作》), and the Articles of Association of the Company (the "**Articles of Association**"), the board of directors of the Company (the "**Board**") has formulated a shareholders' return plan for the next three (3) years (2026 to 2028) (the "**Plan**"). Details of the Plan are set out below.

1. CONSIDERATION FACTORS FOR FORMULATING THE PLAN

The Company focuses on long-term and sustainable development and, upon a comprehensive consideration of factors including the prevailing state of its business development, shareholders' expectations and intentions, the cost of capital and the external financing environment, has established a sustainable, stable and sound return plan and mechanism for investors, so as to ensure the continuity and stability of its profit distribution policy.

2. PRINCIPLES FOR FORMULATING THE PLAN

Subject to compliance with the relevant laws and regulations governing profit distribution and the relevant provisions of the Articles of Association, the Plan has been formulated after a full consideration and account of the views of the independent directors and public shareholders. The Plan also represents a balance between the Company's short-term interests and its long-term development in accordance with its prevailing state of business development and capital needs. In light of the foregoing, the Plan endeavours to ensure the continuity and stability of the Company's profit distribution policy.

3. SHAREHOLDERS' RETURN PLAN FOR 2026 TO 2028

3.1 Profit Distribution Method

The Company may distribute dividends by way of cash, stock, a combination of cash and stock, or any other means permitted by law. Where the conditions for cash dividends are met, the Company shall distribute profits in the form of cash dividends. Where conditions permit, the Company may declare and distribute interim dividends having regard to its actual operating circumstances.

3.2 Conditions for the Company to Distribute Profits in the Form of Cash Dividends

- (a) The Company's net profit for the year or half-year is positive and is not less than RMB0.05 per share.
- (b) The distributable profits realised by the Company for the year (i.e. the remaining after-tax profits of the Company after making up for losses and making appropriations to the statutory reserve fund and discretionary reserve fund in accordance with the law) are positive.
- (c) The Company's net cash flow and cash flow from operating activities for the year are positive.
- (d) When the Company distributes its annual profits, the auditing institution shall have issued a standard unqualified audit report on the Company's financial statements for that year.
- (e) The Company has no significant external investment plans or major cash outlays (excluding projects funded by proceeds raised) within the next twelve (12) months.

For the purpose of this sub-paragraph (e), "**significant investment plans or major cash outlays**" refers to circumstances where the aggregate amount of expenditures on major projects, such as external investments, asset acquisitions or equipment purchases, planned by the Company within the next twelve (12) months reaches or exceeds five per cent. (5%) of the Company's latest audited net tangible assets.

3.3 Cash Dividend Policy

- (a) The Company shall ensure the sustainability and stability of its profit distribution policy. In principle, the profits to be distributed by the Company each year shall not be lower than the lesser of (i) the net operating cash flow realised in that year or (ii) fifteen per cent. (15%) of the distributable profits realised in that year. Where the conditions for cash dividends are met, the Company shall distribute profits in the form of cash dividends. The specific distribution ratio shall be proposed by the Board according to the Company's operating conditions and submitted to the general meeting of shareholders for consideration and approval.
- (b) When the Company publicly offers securities in accordance with the *Measures for the Administration of Securities Offering by Listed Companies* (《上市公司证券发行管理办法》), it shall satisfy the requirement that "the cumulative profits distributed in cash in the last three (3) years shall not be less than thirty per cent. (30%) of the annual average distributable profits realised by the Company in those three (3) years".
- (c) Any distributable profits not distributed in a given year may be retained for distribution in subsequent years.
- (d) The Company's profit distribution shall not exceed the scope of its accumulated distributable profits and shall not impair the Company's ability to continue as a going concern.

3.4 Time for Distributing Cash Dividends

Subject to compliance with the principles of profit distribution and the need to ensure the normal operation and long-term development of the Company, where the conditions for cash dividends are met, the Company shall, in principle, distribute cash dividends once a year. The Company may distribute interim cash dividends according to its profitability and capital needs.

3.5 Conditions for Distributing Stock Dividends

If the Board is of the view that the scale of the Company's assets and operations does not correspond to the size of the Company's share capital, the Company may distribute profits in the form of stock dividends, provided that the cash dividend distribution referred to above has been implemented. The specific dividend distribution ratio

shall be considered and approved by the Board and then submitted to the Company's general meeting of shareholders for consideration and approval.

3.6 Decision-making on the Profit Distribution Plan

- (a) The Board shall propose a profit distribution plan each year in accordance with the Company's profitability, capital needs, shareholders' return plan and the provisions of the Articles of Association. Such plan shall, after being considered and approved by the Board, be submitted to the general meeting of shareholders for consideration and approval. The independent directors shall express their independent opinions on the profit distribution plan. When considering the specific plan for cash dividends, the Board shall carefully study and evaluate relevant matters including the timing, conditions and minimum proportion of the Company's cash dividend distribution, and the independent directors shall express clear opinions. The Company shall reinforce its commitment to providing returns to shareholders and, taking each three (3) years as a cycle, formulate a shareholders' return plan for such period after a comprehensive consideration of factors including the Company's profitability, capital needs, development objectives and shareholders' reasonable return expectations, so as to specify the detailed arrangements and forms of dividend distribution for the three (3)-year period, the cash dividend plan, the intervals between distributions and other relevant matters.

The Board shall undertake a comprehensive consideration of factors including the characteristics of the industry in which the Company operates, its stage of development, its business model, its profitability, and whether it has any major capital outlays and arrangements, distinguish among the following circumstances, and propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association:

- (i) Where the Company is at a mature stage of development and has no major capital outlays and arrangements, the minimum proportion of cash dividends in the profit distribution shall be 80%;
- (ii) Where the Company is at a mature stage of development and has major capital outlays and arrangements, the minimum proportion of cash dividends in the profit distribution shall be 40%;

SHAREHOLDERS' RETURN PLAN OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED FOR 2026 TO 2028

(iii) Where the Company is at a growing stage of development and has major capital outlays and arrangements, the minimum proportion of cash dividends in the profit distribution shall be 20%.

Where the Company's stage of development cannot be easily classified but it has major capital outlays and arrangements, the preceding paragraph may apply.

- (b) If profits have been realised for the year but the Board has not proposed a cash profit distribution plan, the Board shall specify in detail in the annual report for that year the reasons for not distributing dividends and the intended use of the funds retained in the Company which are not used for dividend distribution. The independent directors shall express their independent opinions in this regard and the Company shall make a public disclosure.
- (c) The audit committee of the Company shall supervise the implementation by the Board and management of the Company's profit distribution policy and shareholders' return plan, as well as the relevant decision-making procedures.

3.7 Decision-making Procedures for the Profit Distribution Policy

- (a) In accordance with the relevant regulations of the CSRC, the Shanghai Stock Exchange (the "SSE") and the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Company shall formulate and revise its profit distribution policy with shareholders' interests as the starting point, attaching importance to the protection of investors' interests and the provision of stable returns to investors, and such policy shall be fully considered and demonstrated by the Board. When the Company formulates or revises its profit distribution policy, the independent directors shall express their independent opinions. When considering the specific plan for distributing stock dividends and profits, the Board shall take into account factors including the Company's growth, the dilution of net assets per share and other true and reasonable factors.
- (b) If the Company indeed needs to adjust its profit distribution policy according to its capital needs in respect of production and operation, major investments, development planning and other matters, the adjusted profit distribution policy shall not violate the relevant regulations of

the CSRC, the SSE and the SGX-ST. Proposals for adjustment of the profit distribution policy, when considered by the Board and the general meeting of shareholders, shall be approved by more than half of the directors and more than half of the independent directors and more than two-thirds of the voting rights held by the shareholders (including proxies) attending the general meeting, respectively. When considering any proposal submitted by the Board concerning the formulation or revision of the profit distribution policy, the general meeting of shareholders shall effectively safeguard the rights of public shareholders to participate in the general meeting, and may actively communicate and engage with shareholders, in particular minority shareholders, through channels such as telephone, facsimile, the Company's website, public mailbox and reception visits.

4. FORMULATION OF FUTURE SHAREHOLDERS' RETURN PLANS AND RELATED DECISION-MAKING MECHANISMS

The Plan shall be formulated by the Board based on the Company's profitability, capital needs and stage of development, taking into account the opinions of shareholders (especially public shareholders) and independent directors, and shall, after being considered and approved by the Board, be submitted to the general meeting of shareholders for consideration and approval.

The Company shall review the shareholders' return plan for the next three (3) years at least once every three (3) years, and make appropriate and necessary adjustments to the profit distribution policy being implemented by the Company based on the opinions of shareholders (especially public shareholders) and independent directors, so as to determine the shareholders' return plan for the relevant period.

5. MECHANISM FOR THE PLAN TO TAKE EFFECT

The Plan shall take effect from the date of approval by the shareholders at a general meeting.

Board of Directors of
Tianjin Pharmaceutical Da Ren Tang
Group Corporation Limited
30 March 2026

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) and the management (“**Management**”) of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “**Company**”, and together with its subsidiaries, the “**Group**”) fully subscribe to the importance of practising high standards of corporate governance and recognise that the principles and provisions contained in the Code of Corporate Governance 2018 (the “**Code**”) represent best practices, and the observance of which would enhance the standard of corporate governance. Pursuant to Rule 710 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), this Corporate Governance Statement outlines the main corporate governance practices of the Company that were in place during the financial year ended 31 December 2025 (“**FY2025**”), with specific references made to the Code. Throughout FY2025, the Company has complied with the principles and substantially complied with the provisions of the Code. Where there are any deviations from the provisions of the Code, appropriate explanations have been provided. A summary of disclosures describing the Company’s corporate governance practices, with specific reference to the disclosure requirements in the principles and provisions of the Code, is also provided on pages 64 and 65.

BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1

Role of the Board

The Board’s primary role is to protect and enhance long-term shareholder value and to promote the long-term success of the Group. It sets the overall strategy for the Group and supervises Management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including setting its strategic direction, establishing goals for Management, and monitoring the achievement of these goals. In particular, the Board is responsible for the following:

- (i) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of shareholders’ interests and the Company’s assets;
- (ii) ensuring that the necessary resources are in place for the Company to meet its strategic objectives;
- (iii) establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and the Company’s performance;
- (iv) identifying key stakeholder groups and recognising that their perceptions affect the Company’s reputation, and ensuring transparency and accountability to such key stakeholder groups;
- (v) challenging Management constructively and reviewing its performance;
- (vi) setting the Company’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- (vii) considering sustainability issues as part of its strategic formulation.

In the course of discharging their duties and responsibilities, all directors of the Company (the “**Directors**”) are expected at all times to act in the interests of the Company. For FY2025, the Board is satisfied that all Directors have discharged their duties objectively and with due care.

CORPORATE GOVERNANCE STATEMENT

The Company has formulated a set of guidelines entitled the “Internal Responsibility System (内部问责制度)” (the “**Internal Responsibility System**”) in accordance with the relevant provisions of applicable laws, regulations, and normative documents, including the *Company Law of the People’s Republic of China* (《中华人民共和国公司法》), as well as the Articles of Association of the Company, for the purposes of further enhancing the corporate governance of the Company, improving its internal control and accountability mechanism, and enhancing its decision-making and operational management capabilities.

The Internal Responsibility System was approved at the annual general meeting (“**AGM**”) of the Company held on 15 May 2015 for the financial year ended 31 December 2014.

The guidelines contained in the Internal Responsibility System apply to Directors, senior managers, and other relevant persons of the Company (including those of the Company’s subsidiaries and branches) and, prior to 15 December 2025, also applied to supervisors. They set out an accountability framework for acts resulting in serious adverse effects or consequences to the Company arising from intentional misconduct or gross negligence of the aforementioned persons in the discharge of their duties.

The accountability matters under the Internal Responsibility System include, amongst others, circumstances where the aforementioned persons:

- (i) are investigated by the judicial authorities for criminal liability arising from violations of the relevant laws and regulations on securities and futures;
- (ii) are subject to administrative penalties or market access denial decisions imposed by the regulatory authorities for violation of the relevant laws and regulations on securities and futures;
- (iii) divulge the Company’s insider information, engage in insider trading by taking advantage of such insider information, recommend others to engage in insider trading by taking advantage of such insider information, or collude with others to manipulate the trading prices of the Company’s shares;
- (iv) deal in the Company’s shares in violation of applicable laws and rules; and
- (v) commit falsification, make false reports of, or conceal reports relating to, safety accidents, major cases and other significant emergencies, thereby causing significant losses to the Company’s property and endangering the safety of the Company’s personnel.

Pursuant to the Internal Responsibility System, an Internal Accountability Committee (内部问责委员会) is responsible for the implementation of the Internal Responsibility System within the Company, and the accountability measures include, but are not limited to, an order for inspection, a circular of criticism, a warning, a demerit, probation, withholding of bonuses, fines, suspension from duty, demotion, removal from post, dismissal or termination of employment.

Board Processes

To facilitate the discharge of its responsibilities, the Board has established a number of Board Committees, namely, a Strategy and Sustainability Committee (formerly known as the Strategy Committee), an Audit Committee, a Nomination Committee and a Remuneration Committee. These Board Committees operate within clearly defined written terms of reference and operating procedures, which set out the composition, authority, duties and accountabilities of each Board Committee (including reporting to the Board) and are reviewed from time to time to ensure their continued relevance. The principal functions and responsibilities of each Board Committee are further elaborated in the relevant sections of this Corporate Governance Statement below.

CORPORATE GOVERNANCE STATEMENT

The appointment of members to the Board Committees is carried out with due consideration to ensure that each Board Committee comprises Directors with the appropriate qualifications and skill sets to maximise its effectiveness. A Board composition matrix is used to assess whether the core competencies, skills, and experience of a potential candidate complement those of the existing Directors, so as to ensure that, collectively, the Board Committees possess the appropriate balance to support the long-term success of the Company. All Board Committee appointments require the approval of the Board.

The full Board holds four (4) scheduled quarterly meetings each year. In addition, it holds such additional meetings as may be necessary to consider matters that require the Board's attention. To facilitate the efficient discharge of the Board's business, the Articles of Association of the Company provide for the Board and its Board Committees to decide matters by way of circular resolution. The Articles of Association of the Company also permit Board members to participate in meetings via telephone or video conferencing. Where a Director is unable to attend a Board or Board Committee meeting, he or she may nevertheless provide comments separately to the Chairman of the Board or the relevant Chairman of the Board Committee.

Matters Requiring Board Approval

The Board has identified a number of areas for which it has direct responsibility for decision-making. In this regard, the Group has adopted internal guidelines governing matters that require the Board's approval. Amongst others, the Board meets to deliberate on the following matters:

- to review and approve the quarterly and annual results and earnings announcements;
- to review and approve the annual report and accounts;
- to consider the declaration of dividends;
- to convene shareholders' meetings;
- to review and approve corporate strategies;
- to review and approve material acquisitions and disposals exceeding two per cent. (2%) of the Group's net tangible assets ("**NTA**"); and
- to review and approve any material investment and/or borrowing exceeding two per cent. (2%) of the Group's NTA.

The above reserved matters requiring the Board's approval are clearly communicated to Management in writing. All other matters are delegated to the Board Committees or to Management, whose actions are reported to and monitored by the Board.

Directors facing conflicts of interest shall recuse themselves from discussions and decisions involving such conflicts.

CORPORATE GOVERNANCE STATEMENT

Access to Information

Directors are furnished by Management with complete, adequate and up-to-date information concerning the Group in a timely and orderly manner, in order to keep them informed of the operations and performance of the Group, as well as the decisions and actions of Management. In respect of budgets, sufficient disclosure and explanation are provided to the Board in the event of any material variance between projected and actual results. All Directors have unrestricted access to Management and the Group's records. Board papers containing information on matters to be discussed are prepared for each Board meeting and are normally circulated at least one week in advance. All independent directors of the Company (the "**Independent Directors**") have access to all levels of senior executives in the Group, and may speak with other employees to seek additional information if they so require.

The secretaries to the Board (the "**Board Secretaries**") are responsible for ensuring that established procedures and all relevant statutes and regulations applicable to the Company are complied with. The Board Secretaries assist the Chairman of the Board in ensuring effective information flows within the Board and its Board Committees, and between Management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required. The Board Secretaries also assist the Chairman of the Board, the Chairman of each Board Committee, and Management in preparing the agendas for Board and Board Committee meetings. The Board Secretaries attend all Board and Board Committee meetings and help to coordinate and facilitate communication between the Board, the Board Committees, and Management. All Directors have separate and independent access to the Board Secretaries, whose appointment and removal are subject to the Board's approval as a whole.

Each Director may seek independent legal or other professional advice, at the Company's expense, on matters relating to the Group's operations or undertakings, to fulfil his or her duties and responsibilities.

Meetings held in FY2025

During FY2025, the Board held six (6) meetings and the Company convened three (3) general meetings (comprising the AGM for the financial year ended 31 December 2024 ("**FY2024**") and two (2) extraordinary general meetings (each, an "**EGM**"). The Directors' attendance at these meetings is as follows:

Name of Director	Number of Board meetings held during the Director's term of office in FY2025		Number of general meetings held during the Director's term of office in FY2025	
	Attendance		Attendance	
Wang Lei	6	6	3	3
Guo Min	6	6	3	3
Xing Jianhua	6	6	3	0
Mao Weiwen	6	6	3	3
Shang Mingjie	6	6	3	2
Zhou Hong	6	6	3	3
Yeo Guat Kwang	6	6	3	3
Liew Yoke Pheng Joseph	6	6	3	3
Zhong Ming	6	6	3	0

CORPORATE GOVERNANCE STATEMENT

Directors' Orientation and Training

All new Directors appointed to the Board are required to sign a Directors' Declaration and Undertaking, setting out their duties (including their roles as executive, non-executive and/or independent Directors) and the obligations expected of a director of the Company. These include the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, restrictions on dealings in the Company's securities, and the disclosure of price-sensitive and trade-sensitive information. The Nomination Committee has overall oversight of the process to ensure that new Directors are aware of their duties and obligations. The Company also provides comprehensive training and orientation programmes for any newly appointed Director to the Board to ensure that he or she is acquainted with the business, strategic plans, and corporate governance practices of the Company. Where appropriate, such new Directors will also receive training in areas such as accounting, legal and other industry-related topics. The Company's new Directors are also invited to visit the Group's operational facilities and to meet with Management to gain a more in-depth understanding of the Group's business and operations. During FY2025, no new Director was appointed to the Board.

As the Company places great importance on continuing education, the Directors are encouraged to participate in discussions with, or attend seminars or presentations conducted by, professionals to keep themselves updated on the latest changes and developments concerning the Group and to keep abreast of the latest regulatory changes. In addition, any newly appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST (the "**First-time Director**") must undergo training in the roles and responsibilities of a director of a listed issuer, as prescribed by the SGX-ST, within one (1) year from the date of his or her appointment to the Board (the "**Mandatory Training**"). The Company will also arrange for all its Directors to undergo training on sustainability matters as prescribed by the SGX-ST. To fulfil the Mandatory Training requirements, First-time Directors must attend one of the training programmes conducted by a training provider as prescribed by the SGX-ST. In this respect, as at 31 December 2025, all the Company's First-time Directors, namely Mr. Guo Min, Mr. Xing Jianhua, Ms. Mao Weiwen and Mr. Shang Mingjie, have attended and completed the core modules of the Listed Entity Director Programme (Mandarin) conducted by the Singapore Institute of Directors, and two (2) of them have yet to complete the elective modules relevant to their respective appointments to the Board. The Company will arrange for their attendance at such modules in 2026.

The Company believes that it is beneficial for the Group for the Directors to be kept updated and well-informed. As such, all costs arising from the aforementioned training activities are borne by the Company.

CORPORATE GOVERNANCE STATEMENT

BOARD MATTERS

Board Composition and Guidance

Principle 2

Board Composition

The Board has an appropriate level of independence and diversity of thought and background in its composition, enabling it to make decisions in the best interests of the Company. As at 31 December 2025, the Board comprised four (4) Executive Directors, two (2) Non-Executive and Non-Independent Directors, and three (3) Independent and Non-Executive Directors. The Board and Board Committee composition during FY2025 is as follows:

Name of Director	Appointed on	Date of last re-election	Board	Audit Committee	Strategy and Sustainability Committee	Remuneration Committee	Nomination Committee
Wang Lei	30 December 2022	N.A.	Chairman and Executive Director		C		
Guo Min	6 September 2021	N.A.	Executive Director		M		M
Xing Jianhua	30 December 2024	N.A.	Non-Executive and Non-Independent Director		M		
Mao Weiwen	30 December 2022	N.A.	Non-Executive and Non-Independent Director			M	
Shang Mingjie	21 June 2023	N.A.	Executive Director				
Zhou Hong	15 May 2019	N.A.	Executive Director				
Yeo Guat Kwang	28 November 2023	N.A.	Lead Independent and Non-Executive Director	M		C	M
Liew Yoke Pheng Joseph	5 June 2020	28 November 2023	Independent and Non-Executive Director	C		M	
Zhong Ming	15 May 2024	N.A.	Independent and Non-Executive Director	M			C

CORPORATE GOVERNANCE STATEMENT

Board Diversity

The Company recognises and embraces the benefits of diversity on the Board and views it as an essential element in supporting the Company's strategic and business objectives, as well as its sustainable development. The Company has in place a board diversity policy which endorses the principles of maintaining a diverse board composition to ensure effective decision-making and governance of the Company.

The Board, through the Nomination Committee, has established robust processes for reviewing and assessing the size and composition of the Board, as well as succession planning, taking into consideration a range of factors, including age, skill set, knowledge, experience, background, gender, tenure, independence, and other relevant attributes of the Directors. The composition of the Board is determined in accordance with the following principles:

- a majority of the Board members shall be independent or non-executive directors;
- the Board should comprise a sufficient number of directors to serve on its various committees, allowing each member to discharge his or her responsibilities effectively; and
- the Board should comprise members with varied core competencies, such as management experience, strategic planning, accounting and finance, and industry knowledge, as well as diverse backgrounds and experience necessary for effective Board performance.

The Directors' ages range from their thirties to their sixties, and they have served on the Board for varying tenures. The Board comprises members with established track records in business leadership and professional expertise in a broad range of fields, including the pharmaceutical industry, finance, engineering, business management, human resources, management consulting, as well as the financial and technology industries. The Board recognises the importance and value of gender diversity, and as at 31 December 2025, the Board comprised two (2) female Directors.

Taking into account, *inter alia*, the nature and scope of the Group's operations, the requirements of the Group's businesses, and the need to avoid undue disruption arising from changes to the composition of the Board and its Board Committees, the Nomination Committee and the Board are of the view that the current size of the Board is appropriate to facilitate effective decision-making at both the Board and each Board Committee level. In addition, the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group, as each Director brings an independent perspective based on his or her training and professional expertise, enabling the Board to make balanced and well-considered decisions. The profile of each Director is disclosed in the "Resumes of Directors and Senior Managers – Directors" section of this Annual Report.

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure that the Board is of an appropriate size and comprises Directors who, as a group, provide the appropriate balance and mix of skills, knowledge, expertise, experience and other aspects of diversity, such as gender and age, so as to avoid groupthink and foster constructive debate. In identifying director nominees, and having regard to the need for Board diversity, the Nomination Committee will consider all aspects of Board diversity, including but not limited to, gender, age, ethnicity, language, and other relevant factors, in addition to skills, background and experience, while also taking into consideration the Company's business model and any specific requirements. These diverse attributes, experience, expertise and perspectives, together with the Company's strategic objectives, business activities and shareholding structure, are considered in maintaining an optimal mix of diversity, skills, knowledge, experience and expertise on the Board.

CORPORATE GOVERNANCE STATEMENT

Taking into consideration the requirements of the China Securities Regulatory Commission (中国证券监督管理委员会) (the “CSRC”), the Shanghai Stock Exchange (the “SSE”) and the SGX-ST, and in particular, Provision 2.2 of the Code which requires Independent Directors to make up a majority of the Board where the Chairman of the Board is not independent (as is the Company’s current case), the Board will use its best endeavours to meet this requirement. Nevertheless, even though Independent Directors do not make up a majority of the Board, the Board is of the view that, as:

- (i) one-third of the Board comprises Independent Directors, and all Board Committees (except for the Strategy and Sustainability Committee) are chaired by Independent Directors. Furthermore, all or a majority of the members of each Board Committee (except for the Strategy and Sustainability Committee) are Independent Directors, who demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors, and who provide impartial and autonomous views;
- (ii) the Lead Independent Director or any other Independent Director may, as and when he or she deems necessary and appropriate, call and lead meetings without the presence of Management;
- (iii) Non-Executive Directors make up a majority of the Board, which serves to reinforce management accountability, and ensures that there is an appropriate balance of power within the Board, even though Independent Directors do not make up a majority of the Board; and
- (iv) as disclosed under Principle 1 of this Corporate Governance Statement, the Board conducts regular scheduled quarterly meetings to keep the Board updated on the Group’s financial position and business activities, and the overall business environment in which the Group operates. Where the approval of the Board or the Board Committees is required for important and critical matters concerning the Group, the input and approval of all Directors or Board Committee members (as the case may be) will be sought, either through physical meetings, by electronic means, or through a combination of both, or alternatively, through the passing of Board resolutions in writing.

Accordingly, there is presently, and will continue to be, an appropriate level of independence and diversity of thought and background in the composition of the Board to enable the Board to make decisions in the best interests of the Company.

To enable the Company to achieve its diversity objectives and targets, the Company has established and implements the following measures:

- maintaining a list of potential director candidates who satisfy the selection criteria set out in the internal guidelines for the selection and appointment of Independent Directors of the Company, as well as the principles set out in the Company’s board diversity policy;
- identifying potential director candidates through a number of sources including Directors’ contacts, industry partners, professional associations, and through the Board Appointment Services of the Singapore Institute of Directors; and
- encouraging Directors to provide feedback on the composition of the Board as part of the annual evaluation of the performance and effectiveness of the Board and Board Committees.

CORPORATE GOVERNANCE STATEMENT

Board Independence

As at 31 December 2025, Independent Directors made up one-third of the Board. The criterion for independence is based on the circumstances set out in Rule 210(5)(d) of the Listing Manual and the definition in Provision 2.1 of the Code. The Board considers an “independent” director to be one who is independent in conduct, character and judgement, and has no relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director’s independent business judgment in the best interests of the Company.

Pursuant to Section 3.5.6 of the “*Guidelines No. 1 of the Shanghai Stock Exchange for Self-Regulation of Listed Companies – Standardised Operations* (《上海证券交易所上市公司自律监管指引第1号-规范运作》)” promulgated by the SSE, an independent director cannot serve on the board of a listed company for more than six (6) consecutive years.

Further, Rule 210(5)(d)(iv) of the Listing Manual provides that a director will not be considered independent if he or she has served as a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). As at 31 December 2025, there was no Independent Director who had served beyond nine (9) years since the date of his or her first appointment to the Board.

Board Guidance

The Board and Management believe that an effective and robust Board is fundamental to good corporate governance. As such, the Board members continually engage in open and constructive discussions and debate, and the Board, particularly its Independent Directors and/or Non-Executive Directors, is kept updated and well-informed of the Company’s business and the industry in which it operates. This enables the Directors to offer fresh perspectives and insights and facilitates the ability of the Independent Directors and/or the Non-Executive Directors to constructively challenge and contribute to the development of strategic proposals.

In addition, the Independent Directors and/or the Non-Executive Directors also review the performance of Management in achieving pre-determined goals and objectives, and monitor the reporting of Management’s performance. To ensure that the Independent Directors and/or the Non-Executive Directors are well supported by accurate, complete, and timely information, they have unrestricted access to Management. Regular formal and/or informal meetings are held, where necessary, for Management to update the Directors on prospective transactions and potential developments at an early stage, before formal Board approval is sought. Board papers are normally provided to the Directors at least one week in advance of the meetings to allow sufficient time for review and preparation. Whenever necessary, the Independent Directors and/or the Non-Executive Directors also meet privately without the presence of Management. The chairman of such meetings provides feedback to the Board and/or the Chairman of the Board, as appropriate.

BOARD MATTERS

Chairman and Chief Executive Officer

Principle 3

The Group maintains a clear separation between the roles of the Chairman of the Board and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager). In this regard, there is a clear written division of responsibilities between the Chairman of the Board and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager), which ensures that there is a balance of power and authority at the top of the Group and prevents any one individual from having unfettered decision-making power.

CORPORATE GOVERNANCE STATEMENT

The Chairman of the Board is responsible for leading the Board in setting the strategic direction of the Group. To this end, he or she strives to foster a culture of openness and constructive debate among Board members, maintain open channels of communication with Management, and monitor the implementation and execution of the Board's decisions and directions. The Chairman of the Board also approves the agendas for the Board meetings and ensures that an adequate amount of time is allocated for thorough discussion of each agenda item. During the year under review, Ms. Wang Lei served as the Chairman of the Board. She was appointed as an Executive and Non-Independent Director of the Company on 30 December 2022 and was elected as Chairman of the Board on 26 November 2024.

The responsibilities of the General Manager of the Company include, amongst others, overseeing the Group's overall operations, general management, investment, business development and strategic planning. During FY2025, as the Company did not have a designated General Manager, Mr. Ma Jian, the Chief Financial Officer of the Company, was designated within the management team to oversee the Company's day-to-day operations. Major operational matters were collectively deliberated and decided at the General Manager's Executive Meetings convened by Mr. Ma Jian.

The Chairman of the Board and Mr. Ma Jian, who was designated within the management team to oversee the Company's day-to-day operations during FY2025, are not related.

To promote effective communication with shareholders of the Company, the Chairman of the Board also ensures that there is constructive and meaningful dialogue between the shareholders, the Board and Management at AGMs and other general meetings of the Company.

With the full support of the Directors, the Board Secretaries, and Management, the Chairman of the Board also plays a leading role in ensuring that the Company achieves and maintains high standards of corporate governance.

The Chairman of the Board is supported by the General Manager's Executive Meeting. Members attending the General Manager's Executive Meeting in FY2025 include:

- (i) Chief Financial Officer Mr. Ma Jian;
- (ii) Deputy General Manager and Chief Engineer Mr. Zhou Hong; and
- (iii) Chief Production Officer Mr. Zhang Yu.

The General Manager's Executive Meeting is responsible for the day-to-day running of the Group, and for ensuring the quality, quantity and timeliness of information flow between the Board and Management.

Three (3) out of nine (9) Directors are Independent Directors. All major decisions made by the Chairman of the Board are reported to the Board and are subject to its review. The Chairman's performance and appointment are reviewed by the Nomination Committee, while his or her remuneration package is reviewed by the Remuneration Committee. The Board believes that the existing governance structure, under which certain functions and powers are delegated to various Board Committees, and each Board Committee (other than the Strategy and Sustainability Committee) comprises a majority of Independent Directors and is chaired by an Independent Director, helps ensure an appropriate balance of power and authority within the Board.

CORPORATE GOVERNANCE STATEMENT

Lead Independent Director

Provision 3.3 of the Code provides that the Board should appoint a lead independent director to provide leadership when the Chairman is conflicted, and particularly when the Chairman is not independent. In addition, it provides that the lead independent director should be available to shareholders where they have concerns for which contact through the normal channels of communication with the Chairman of the Board or Management is inappropriate or inadequate.

In view of the fact that the Chairman of the Board is not an Independent Director, the Board appointed Mr. Yeo Guat Kwang to succeed Mr. Liew Yoke Pheng Joseph as the Lead Independent Director of the Company with effect from 18 December 2023, following Mr. Yeo's appointment as an Independent and Non-Executive Director of the Company with effect from 28 November 2023. Shareholders may contact the Lead Independent Director if they have concerns for which contact through the normal channels of communication with the Chairman of the Board or Management has either failed to resolve the matter or is otherwise considered inadequate or inappropriate. Prior to 15 December 2025, such normal channels also included communication with the Supervisory Committee of the Company.

The Non-Executive Directors and/or Independent Directors, led by the Lead Independent Director, meet as and when necessary without the presence of the other Directors and Management, and the Lead Independent Director conveys any suggestions or feedback to the Chairman of the Board following such meetings.

BOARD MATTERS

Board Membership

Principle 4

Board Committees

To assist the Board in the discharge of its duties, the Board has delegated specific functions to the following committees:

Strategy and Sustainability Committee

The Strategy and Sustainability Committee (formerly known as the Strategy Committee) was established in 2002. The committee was renamed from the Strategy Committee to the Strategy and Sustainability Committee on 28 March 2025. During FY2025, the Strategy and Sustainability Committee was chaired by Ms. Wang Lei, with Mr. Guo Min and Mr. Xing Jianhua as its other members. The Strategy and Sustainability Committee is entrusted with overseeing the conduct of the Group's business and affairs, in line with the overall strategy set by the Board. The Strategy and Sustainability Committee meets periodically and at such other times as may be necessary.

CORPORATE GOVERNANCE STATEMENT

The number of the Strategy and Sustainability Committee meetings held during FY2025 and the attendance thereat are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Wang Lei	Executive Director	1	1
Guo Min	Executive Director	1	1
Xing Jianhua	Non-Independent and Non-Executive Director	1	1

Audit Committee

The Audit Committee was established in 1997. During FY2025, the Audit Committee was chaired by Mr. Liew Yoke Pheng Joseph, with Mr. Yeo Guat Kwang and Mr. Zhong Ming as its other members, all of whom were Independent and Non-Executive Directors of the Company. None of the members of the Audit Committee had been a former partner or director of the Company's existing auditing firms, Foo Kon Tan LLP and CAC Certified Public Accountants LLP (collectively, the "**External Auditors**"), within the past two (2) years, nor did any of them hold any financial interests in the External Auditors. Mr. Liew Yoke Pheng Joseph, the Chairman of the Audit Committee, is a Certified Public Accountant, and Mr. Zhong Ming holds a Bachelor of Accounting and Finance. Collectively, the members of the Audit Committee have strong accounting and related financial management expertise and experience.

During FY2025, the Audit Committee carried out the following functions:

- reviewed the audit plans and scope of the audits conducted by the External Auditors;
- reviewed with the External Auditors their findings arising from the audit, and, where applicable, made recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the External Auditors, and the remuneration and terms of engagement of the External Auditors;
- reviewed internal audit findings and the internal audit plan;
- reviewed the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- reviewed the annual and quarterly financial statements and the draft earnings announcements before their submission to the Board for approval;
- reviewed the significant financial reporting issues and judgements (if any) so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewed the assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and the Chief Financial Officer (or its equivalent rank, i.e. the Chief Accountant) on the financial records and financial statements;
- reviewed interested person transactions;
- reviewed the adequacy and effectiveness of the Company's internal control and risk management systems; and
- reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

CORPORATE GOVERNANCE STATEMENT

The Audit Committee has full access to and the cooperation of Management, and has full discretion to invite any Director or executive officer of the Company to attend its meetings. The Audit Committee also has the power to conduct or authorise investigations into any matters within its scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses will be borne by the Company.

The Audit Committee has conducted a review of the annual audit plan prepared by the External Auditors and the audit work performed for FY2025 by the External Auditors. For FY2025, the Company confirms that it is in compliance with Rules 712 and 716 of the Listing Manual in relation to the appointment of its auditors. The Audit Committee and the Board have satisfied themselves that the appointment of different auditing firms for certain of the Company's associated companies would not compromise the standard and effectiveness of the audit of the Group. The Audit Committee also conducts a review to ensure the independence of the external auditors annually. During FY2025, the Company agreed to pay an aggregate of approximately RMB3,740,000 to the External Auditors for their provision of audit services, and an aggregate of approximately RMB20,000 to the External Auditors for their provision of other non-audit services. The Audit Committee, having reviewed the range and value of non-audit services performed by the External Auditors, was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors.

In FY2025, the Audit Committee had three (3) meetings with the External Auditors, without the presence of Management, to discuss any issues or observations arising from the audit, including the level of cooperation rendered by Management to the External Auditors. The Audit Committee also had three (3) meetings with the internal auditors, similarly without the presence of Management, during FY2025.

The Audit Committee takes measures to keep abreast of changes in accounting standards and emerging issues which have an impact on financial statements, by participating in training conducted by professionals or external consultants.

The number of Audit Committee meetings held during FY2025 and the attendance thereat are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Liew Yoke Pheng Joseph	Independent and Non-Executive Director	5	5
Yeo Guat Kwang	Lead Independent and Non-Executive Director	5	5
Zhong Ming	Independent and Non-Executive Director	5	5

Nomination Committee

The Nomination Committee was established in 2002. During FY2025, the Nomination Committee was chaired by Mr. Zhong Ming, with Mr. Yeo Guat Kwang and Mr. Guo Min as its other members, a majority of whom (including the Chairman of the Nomination Committee) were independent. The Lead Independent Director (i.e. Mr. Yeo Guat Kwang) was a member of the Nomination Committee.

CORPORATE GOVERNANCE STATEMENT

The responsibilities of the Nomination Committee include determining the criteria for identifying suitable candidates and reviewing nominations for the appointment and re-appointment of Directors to the Board and Board Committees. As part of the process, the Nomination Committee will evaluate factors including the relevant background, skills and experience of the proposed Director as prescribed under the Company's board diversity policy and other relevant factors as may be determined by the Nomination Committee, to ensure that his or her skills and experience are a good fit for the Board's existing attributes and requirements.

The Nomination Committee is also responsible for recommending a framework for evaluating the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board. The Nomination Committee will also carry out such evaluation and present its findings and recommendations to the Board. In addition to the foregoing, the Nomination Committee will also make recommendations to the Board on other relevant matters pertaining to, *inter alia*, board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and key management personnel, and the review of training and professional development programmes for the Board.

Pursuant to Article 155(4) of the existing Articles of Association of the Company, the tenure of an Independent Director shall be three (3) years, which may be extended upon re-election, subject to a maximum term of no more than six (6) years. In addition, pursuant to Rule 720(5) of the Listing Manual, all Directors are required to submit themselves for re-nomination and re-appointment at least once every three (3) years. The Board, or shareholders who, singly or jointly, hold more than one per cent. (1%) of the issued shares of the Company, may nominate candidates for appointment as Independent Directors. Prior to 15 December 2025, the Supervisory Committee of the Company could also nominate such candidates. The Nomination Committee will review such nominated candidates for suitability, and shareholders in general meeting shall make the final decision on the appointment of such candidates as Independent Directors. Directors are required to immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence.

The Nomination Committee has not set a limit on the maximum number of listed company directorships which Directors may hold, as it is of the view that such a limit is not meaningful. Notwithstanding the foregoing, formal written guidelines have been instituted to address issues relating to competing time commitments when Directors serve on multiple boards in various companies. The contributions of each Director should be assessed based on the specific circumstances applicable to him or her, such as whether he or she has a full-time vocation or other responsibilities, his or her capabilities, and his or her appointment in the Company. The Nomination Committee assesses each Director on a regular basis to ensure that he or she is adequately carrying out his or her duties as a Director. Specific consideration is also given to each Director's attendance, responsibility, contributions and individual capabilities. Following such review, if necessary, the Chairman of the Board will act on the results of the performance evaluation and, in consultation with the Nomination Committee, propose the appointment of new members to the Board or such changes to the composition of the Board as may be appropriate.

When there is a need to appoint a new Director to the Board, the senior management personnel, the Board Secretaries and the human resources department of the Company will work together to ensure that the necessary preparatory work is completed and the required materials are prepared before the Nomination Committee meets to discuss the suitability of the list of potential candidates. The Nomination Committee will review the composition of the Board and Board Committees, as well as the range of knowledge, expertise, skills and attributes required. The Nomination Committee will thereafter make its recommendations to the Board, including appointments to the appropriate Board Committees(s), after matching the candidates' skill sets to the needs of each Board Committee. The Board, taking into account the views of the Nomination Committee, will consider whether its Directors meet the criteria under the board diversity policy and possess the necessary competencies to govern the Company effectively.

CORPORATE GOVERNANCE STATEMENT

Upon the Board's approval, the Company will seek shareholders' approval at a general meeting of the Company. If required, the Nomination Committee may engage an external consultant to provide professional advisory services to assist it in arriving at a decision. The Nomination Committee also ensures that new Directors are aware of their duties and obligations (including the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, restrictions on dealings in the Company's securities and the disclosure of price-sensitive and trade-sensitive information).

In addition, the Nomination Committee performs the following functions:

- determining on an annual basis, and as and when circumstances require, whether a Director is independent in accordance with the requirements under the Listing Manual and the listing rules of the SSE, while taking into consideration the relevant provisions in the Code as elaborated under Principle 2 of this Corporate Governance Statement; and
- identifying gaps in the mix of skills, experience and other qualities required for an effective Board, and where appropriate, nominating or recommending suitable candidates to fill the gaps. When this occurs, the members of the Nomination Committee, together with the Chairman of the Board, would conduct interviews with prospective candidates. Subsequently, those that are shortlisted are formally considered by the Nomination Committee for appointment to the Board.

The number of Nomination Committee meetings held during FY2025 and the attendance thereat are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Zhong Ming	Independent and Non-Executive Director	1	1
Yeo Guat Kwang	Lead Independent and Non-Executive Director	1	1
Guo Min	Executive Director	1	1

Remuneration Committee

The Remuneration Committee was established in 2002. During FY2025, the Remuneration Committee was chaired by Mr. Yeo Guat Kwang, with Mr. Liew Yoke Pheng Joseph and Ms. Mao Weiwen as its other members, all of whom were Non-Executive Directors and the majority of whom (including the Chairman of the Remuneration Committee) were independent.

The Remuneration Committee reviews and makes recommendations to the Board on remuneration policies and packages for all Directors and key executives, both in terms of the framework of remuneration and the specific remuneration packages for each Director and key executive. The review covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, and benefits-in-kind. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. If necessary, the Remuneration Committee will engage appropriate external consultants to provide expert advice on executive compensation. Where this is the case, the Remuneration Committee ensures that existing relationships, if any, between the Company and its appointed remuneration consultants do not affect the independence and objectivity of such remuneration consultants.

CORPORATE GOVERNANCE STATEMENT

Annual reviews of the compensation of the Directors and key executives are carried out by the Remuneration Committee to ensure that the remuneration of the Executive Directors and senior management is commensurate with their performance and contribution to the Group, giving due regard to the financial and commercial health and business needs of the Group. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company. No Director has or will be involved in deciding his or her own remuneration.

The Remuneration Committee also reviews the Company's obligations arising in the event of termination of the contracts of service of the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The number of Remuneration Committee meetings held during FY2025 and the attendance thereat are as follows:

Name of Director/Executive	Appointment	Number of meetings held	Attendance
Yeo Guat Kwang	Lead Independent and Non-Executive Director	1	1
Liew Yoke Pheng Joseph	Independent and Non-Executive Director	1	1
Mao Weiwen	Non-Executive and Non-Independent Director	1	1

Alternate Directors

As at 31 December 2025, the Company had no alternate directors on its Board.

Key Information on Directors

The profiles of, and other key information on, the Directors, such as directorships or chairmanships in other listed companies and other principal commitments, are set out in the "Resumes of Directors and Senior Managers – Directors" section of this Annual Report.

BOARD MATTERS

Board Performance

Principle 5

With regard to the performance evaluation process undertaken by the Nomination Committee for FY2025, the Nomination Committee conducted an assessment of Board performance based on various financial criteria, such as the Group's return on equity, as well as other non-financial criteria including, *inter alia*, the Board's input into strategy and its level of engagement with Management. Such criteria employed by the Nomination Committee are comparable with those of industry peers and have remained consistent from year to year. Key areas for improvement or suggestions are then raised to the Board for discussion.

For FY2025, the Board and the Nomination Committee are of the view that the Board and its Board Committees have operated effectively, and that the Chairman of the Board and each Director had contributed to the overall effectiveness of the Board.

The Nomination Committee did not utilise any external facilitators to assess the performance of the Board, its Board Committees, or the Directors during the year under review.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

Level and Mix of Remuneration

Principle 7

Disclosure of Remuneration

Principle 8

The Group's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate Directors and key management personnel to provide good stewardship of the Company and contribute to the long-term success of the Company.

The Remuneration Committee reviews and makes recommendations to the Board on (i) a framework of remuneration (including termination terms) for the Board and key management personnel; and (ii) the specific remuneration packages for each Director (including the Chairman of the Board) and the key management personnel. As a general principle, the Chairman of the Board and any Board member will recuse himself or herself from discussions relating to their respective compensation, terms and conditions of service, and performance reviews. The remuneration of executive Directors and key management personnel is based on the performance of the Group and their respective individual performance, and the remuneration of non-executive Directors (including all Independent Directors) takes into account factors such as effort, time spent and the respective responsibilities of the Directors. The Directors' remuneration (including the directors' fees to be paid to the Independent Directors) is reviewed annually against peer companies to ensure its competitiveness, and the quantum of the fees will only be paid upon approval of the shareholders at each AGM.

The remuneration paid by the Company to the Directors (other than the Independent Directors) and the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) of the Company for FY2025 is set out below:

Name of Directors/Chief Executive Officer (or its equivalent rank, i.e. the General Manager)	Salary (%)	Bonus (%)	Termination, Retirement and Post-employment Benefits (%)	Other Benefits (%)	Total Remuneration (RMB)
Guo Min ²	-	-	-	-	-
Zhou Hong	100	-	-	-	1,406,500
Shang Mingjie	100	-	-	-	1,171,100
Mao Weiwen ³	-	-	-	-	-
Xing Jianhua ⁴	-	-	-	-	-
Wang Lei ⁵	100	-	-	-	2,362,600

Note(s):

- "-" denotes that the respective category is not applicable to the Director, or that no amount was paid under that category for FY2025.
- No remuneration was paid by the Company to Mr. Guo Min for FY2025.
- No remuneration was paid by the Company to Ms. Mao Weiwen for FY2025.
- No remuneration was paid by the Company to Mr. Xing Jianhua for FY2025.
- Ms. Wang Lei was elected as the Chairman of the Board on 26 November 2024 and resigned as the General Manager of the Company with effect from 9 December 2024. For the avoidance of doubt, Ms. Wang Lei did not receive any remuneration from the Company in FY2025 in her capacity as Chairman of the Board. The remuneration received by Ms. Wang Lei in FY2025 represented deferred payments of remuneration relating to prior years during which she served as the General Manager of the Company. As the remuneration payable to Ms. Wang Lei for each such year was paid in instalments over multiple years, a portion of the remuneration relating to prior years was paid to her in FY2025.

CORPORATE GOVERNANCE STATEMENT

The directors' fees paid by the Company to its Independent Directors for FY2025 are set out below:

Name of Directors	Directors'				Total
	Salary (%)	Bonus (%)	Fees (%)	Other Benefits (%)	
Liew Yoke Pheng Joseph	-	-	100	-	S\$55,000
Yeo Guat Kwang	-	-	100	-	S\$55,000
Zhong Ming	-	-	100	-	S\$55,000

Note(s):

1. "-" denotes that the respective category is not applicable to the Director, or that no amount was paid under that category for FY2025.

The remuneration paid by the Company to the top three (3)¹ key executives of the Group (who are not Directors or the Chief Executive Officer (or its equivalent rank, i.e. the General Manager)) for FY2025 is set out below:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Termination, Retirement and Post-employment Benefits (%)	Other Benefits (%)	Total Remuneration (RMB)
Below S\$250,000					
Li Yong	100	-	-	-	1,298,000
Zhang Yu	100	-	-	-	1,261,800
Ma Jian	100	-	-	-	1,102,900
Total					3,662,700

Note(s):

1. "-" denotes that the respective category is not applicable to the key management personnel, or that no amount was paid under that category for FY2025.

There are no employees of the Company who are substantial shareholders of the Company, or immediate family members of a Director, the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) or a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 during FY2025.

Pursuant to the EGM of the Company held on 2 December 2019, the shareholders of the Company approved, *inter alia*, the adoption of the 2019 Restricted A-Share Incentive Scheme (2019年A股限制性股票计划) (the "**Scheme**") of the Company. The Scheme was established to further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully motivate the key personnel of the Company, and align the interests of the shareholders and the Company with the individual interests of the members of the management team of the Company, so that all the aforementioned parties will make joint efforts for the long-term development of the Company. The incentive instruments issued under the Scheme are A-Shares only, and those eligible to participate in the Scheme include directors, members of senior management, members of the management team of the Company that the Board considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of the core management team of the subordinate enterprises of the Company (excluding

¹ For the avoidance of doubt, during FY2025, there are only three (3) individuals whom the Company considers to be key management personnel (who are not Directors or the Chief Executive Officer (or its equivalent rank, i.e. the General Manager)).

CORPORATE GOVERNANCE STATEMENT

the Company's associated companies). Please refer to the circular dated 15 November 2019 issued by the Company for further details on the Scheme, and the announcements made by the Company on SGXNet on 9 December 2019, 8 January 2020, 17 February 2020, 6 July 2020, 17 July 2020, 28 July 2020, 14 August 2020, 27 October 2020, 13 August 2021, 15 November 2021, 10 January 2023, 17 May 2023, 30 October 2023, 26 December 2023, 11 November 2024, 20 December 2024, 30 December 2024 and 17 January 2025 in relation to the events in connection with the Scheme.

The aggregate number of Restricted A-Shares (as defined under the Scheme) held by the Director(s) under the Scheme as at 31 December 2025 is set out below:

Name of Director	Aggregate number of Restricted A-Shares (as defined under the Scheme) held as at 31 December 2025
Zhou Hong	23,800

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

The Remuneration Committee is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances involving a misstatement of financial results, or misconduct resulting in financial loss to the Company.

Save as disclosed above, no other forms of remuneration or other payments and benefits were paid by the Company and its subsidiaries to the Directors and key management personnel of the Company during FY2025.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

Audit Committee

Principle 10

To enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects, Management provides all members of the Board with management accounts and such explanation and information on a quarterly basis and, where required, on an *ad hoc* basis.

In addition, the Board takes steps to ensure compliance with legislative and regulatory requirements, including the requirements under the listing rules of the SSE and the SGX-ST and, where appropriate, establishes written policies in this regard.

In presenting the quarterly and annual financial statements and earnings announcements to shareholders, it is the aim of the Board to provide shareholders with sufficient information to enable them to have a balanced and understandable assessment of the Group's financial position and prospects.

CORPORATE GOVERNANCE STATEMENT

Internal Audit

The effectiveness of the internal control systems and procedures is monitored by Management and progressively reviewed by the Audit Committee. The internal audit function assists the Audit Committee in such review. The Audit Committee receives the audit findings and recommendations made by the Group's internal audit function and external auditors and deliberates on the treatment of such findings and recommendations. Subsequently, the internal audit function carries out follow-up actions to ensure that the decisions made by the Audit Committee are implemented in a timely and appropriate manner. Internal audit reports are submitted at regular intervals to the Audit Committee for its review. The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

The internal audit function is carried out by the Group's internal audit department, which reports to the Audit Committee and the Board. The internal audit department has unfettered access to all of the Company's documents, records, properties and personnel, including access to the Audit Committee.

As the in-house internal audit department is treated in the same manner as the other departments in the Company, the Audit Committee does not deliberate on nor approve the hiring, removal, evaluation or compensation of the head of the internal audit department. Nevertheless, the internal audit department is staffed by persons who are suitably qualified and experienced.

During the year under review, the head of the internal audit department of the Company was Ms. Hou Wei (侯薇) ("Ms. Hou"). Ms. Hou is a Senior Accountant and an International Certified Internal Auditor. From April 2006 to July 2010, Ms. Hou served as the Deputy Director of the audit department of the Company. From July 2010 to October 2017, she successively served as the Deputy Director and Director of the economic operation department of the Company. From October 2017 to October 2022, Ms. Hou served as the Deputy Secretary to the Party Branch of Tianjin Shin Poong Pharmaceutical Co., Ltd. (天津新丰制药有限公司). Since October 2022, Ms. Hou has been the head of the internal audit department of the Company. Ms. Hou reports, and will continue to report, to the Board and the Audit Committee on a quarterly basis on behalf of the internal audit department. The Board and the Audit Committee are of the view that Ms. Hou possesses the necessary qualifications, professional expertise, management capabilities, and relevant experience to discharge the responsibilities of her role.

In carrying out the internal audit function, it is ensured that the principles set out in the *Basic Rules for Internal Control of Enterprises* (《企业内部控制基本规范》), the *Guidelines on the Application of Internal Control* (《企业内部控制应用指引》), the *Guidelines for the Evaluation of Enterprise Internal Control* (《企业内部控制评价指引》), and the *Guidelines for Internal Control of Enterprises* (《企业内部控制审计指引》) are adhered to. In addition, the internal audit procedures are also conducted in accordance with the external auditor's requirements, as well as relevant accounting standards.

The Audit Committee reviews the adequacy and effectiveness of the Group's internal audit function annually. For FY2025, the Audit Committee is of the view that the Group's internal audit function is independent, effective and adequately resourced.

Internal Controls and Risk Management

The Board is responsible for the overall internal control framework, which also encompasses risk management, and oversees Management in the design, implementation and monitoring of such systems. The Board recognises that no cost-effective internal control system will preclude all errors and irregularities, as such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. In terms of risk management, the Board determines

CORPORATE GOVERNANCE STATEMENT

the Company's levels of risk tolerance and ensures that appropriate risk management policies are in place to address potential issues. The Board, through reviews of the findings of the internal audit function and the external auditors, as well as such other reviews and examinations as it considers necessary from time to time and, in any event at least annually, seeks to ascertain the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

On a day-to-day basis, the Company has a corporate management department which develops the relevant rules and regulations relating to internal controls applicable to all departments of the Company, and also supervises the processes carried out by these departments. This is in addition to the internal audit department which, as mentioned above, conducts internal reviews and updates the Audit Committee regularly on the progress of the internal audit. Prior to the abolishment of the Supervisory Committee with effect from 15 December 2025, the Supervisory Committee of the Company was also involved in the process as it supervises all matters relating to the internal control framework. Ultimately, the Board has overall oversight of the entire system in place.

To ensure that the internal controls and risk management systems in place are not undermined as a result of mismanagement, the Company has developed internal regulations (including the Internal Responsibility System) under which any Director, senior management personnel or other relevant employee of the Company may be held personally liable and subject to corresponding punitive measures in the event of serious adverse effects or consequences to the Company arising from intentional misconduct or gross negligence on the part of such person(s). Prior to 15 December 2025, such regulations also applied to supervisors.

The Board has received assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and the Chief Financial Officer (or its equivalent rank, i.e. the Chief Accountant) that the financial records of the Company as at 31 December 2025 have been properly maintained and the financial statements for FY2025 give a true and fair view of the Company's operations and financial position. The Board has also received assurance from the Chief Executive Officer (or its equivalent rank, i.e. the General Manager) and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

After taking into account the above factors, various management controls put in place, as well as the assistance and services rendered to the Company by both its internal and external auditors, the Board is of the view that the present internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for the nature and size of the Group's operations and business. The Audit Committee similarly concurs with the views of the Board on the adequacy and effectiveness of the present internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, to address its risk areas.

Whistleblowing Policy

The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to report any misconduct or wrongdoing relating to the Company and its officers.

Whistleblowers have direct access to the Discipline Inspection Committee (纪律监察委员会) of the Company, an independent function designated by the Company to receive and investigate whistleblowing reports made in good faith. Such reports may raise concerns about possible improprieties, including suspected corruption, bribery, embezzlement, or other misconduct within the Group. The Company is committed to protecting whistleblowers who act in good faith from any form of reprisal, as well as any detrimental or unfair treatment. The Company ensures that the identity of whistleblowers is kept confidential to the extent practicable, unless disclosure is required by law or regulatory authorities.

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The Audit Committee, to whom the Discipline Inspection Committee (纪律监察委员会) reports, is responsible for the oversight and monitoring of whistleblowing matters. The Audit Committee also reviews the whistleblowing policy from time to time and ensures that suitable arrangements are in place for concerns raised to be independently investigated, and appropriately followed up.

The Company publicly discloses, and clearly communicates to its employees, the existence of the whistleblowing policy and the procedures for raising such concerns via the Collaborative Management System (OA System) of the Company (公司协同管理平台OA系统) (the “**OA System**”). All employees of the Company have access to the OA System to peruse the relevant rules and policies (including the whistleblowing policy) of the Company.

Please refer to “Board Membership” under Principle 4 of this Corporate Governance Statement for further information on the Audit Committee.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholders Rights and Conduct of General Meetings

Principle 11

Engagement with Shareholders

Principle 12

Communication with Shareholders

The Company does not practise selective disclosure. In line with the continuous disclosure obligations prescribed in the Listing Manual of the SGX-ST and the listing rules of the SSE, it is the Board’s policy that all shareholders should have equal and timely access to all major developments that can reasonably be expected to have a material impact on the Group. Further, in disclosing information to shareholders, the Company endeavours to be as forthcoming as possible and, where appropriate, avoids boilerplate disclosures.

The following information is communicated to shareholders on a timely basis through SGXNet and the website of the SSE:

- quarterly and annual financial results, and the annual report;
- notices of and explanatory memoranda for AGMs and EGMs (which are also advertised in newspapers);
- press releases on major developments of the Group; and
- other disclosures as required under the Listing Manual of the SGX-ST and the listing rules of the SSE.

Shareholders in Singapore are encouraged to attend the Company’s general meetings held in the People’s Republic of China (the “**PRC**”) via video conferencing and/or other electronic means. The general meetings are the principal forum for dialogue with shareholders. The notice of general meetings is issued to shareholders at least forty-five (45) days before the meeting in accordance with the requirements of the SSE and the Articles of Association of the Company. An updated notice of general meetings is issued by the Company at least fourteen (14) days before the meeting in accordance with the Listing Manual of the SGX-ST. Additional information relating to items of special business is provided in explanatory notes or in a separate circular. The Board welcomes questions from shareholders on the performance and operations of the Group. Where possible, all Directors will attend the general meetings of the Company. In particular, the Chairmen of the Audit, Remuneration and Nomination Committees are usually present at such meetings to answer questions relating to the work of their respective Board Committees. External auditors and/or advisers of the Company are also present at such general meetings to assist the Directors in responding to shareholders’ queries, if necessary.

CORPORATE GOVERNANCE STATEMENT

The Company provides for separate resolutions on each distinct issue at general meetings. To encourage greater transparency in the voting process and to comply with the Listing Manual of the SGX-ST and the listing rules of the SSE, the Company conducts electronic poll voting for shareholders holding “A” Shares (the “**A-Share Shareholders**”), and manual poll voting for shareholders holding “S” Shares (the “**S-Share Shareholders**”), for all resolutions proposed at the general meetings (save for resolutions in relation to the election of directors or supervisors at all general meetings subsequent to the Company’s AGM held on 16 May 2022, at which the Articles of Association of the Company were amended to allow cumulative voting for such resolutions in compliance with the applicable PRC legal requirements). Shareholders are adequately informed of the rules governing general meetings, including the voting procedures in place. An independent scrutineer is also appointed to tally and validate the votes that are cast at the general meetings. The poll voting results showing the respective percentages for and against each resolution (or, where cumulative voting is carried out, the number of votes for the relevant resolution) are immediately presented to shareholders after the votes are tallied, and these results are also announced on SGXNet in a timely fashion after the general meetings. The Company will publish the minutes of general meetings on SGXNet and/or its corporate website within one (1) month after the general meeting. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

During the year under review, the Company held its AGM for FY2024 on 15 May 2025 (the “**2025 AGM**”) as well as two (2) EGMs on 9 June 2025 and 15 December 2025 (collectively, the “**2025 EGMs**”). The 2025 AGM and 2025 EGMs were all held at a physical venue in the PRC (with video conferencing conducted concurrently at a physical venue located in Singapore for the S-Share Shareholders). Arrangements were made to facilitate shareholder participation at the 2025 AGM and 2025 EGMs, including (i) attendance at the respective meetings; (ii) submission of questions to the Chairman of the meeting in advance or during the meetings; and (iii) voting by shareholders or their duly appointed proxies. These arrangements were disclosed to shareholders in the notice of the 2025 AGM and the respective notices of the 2025 EGMs. The minutes of the 2025 AGM and each of the 2025 EGMs were published on SGXNet and the Company’s corporate website within one (1) month of the respective meetings.

The Articles of Association of the Company currently allow a shareholder entitled to attend and vote at general meetings to appoint one or more persons (who need not also be shareholders) to act as their proxies and to attend and vote at such general meetings on their behalf.

The Company is not implementing absentia voting methods until security and other relevant issues relating to *inter alia* authentication of votes cast by such methods are satisfactorily straightened out.

In order to solicit shareholders’ views, the Company also holds conferences on online platforms from time to time, where shareholders may log on to and participate therein. During the year under review, the Company convened three (3) online conferences, which were held on 11 June 2025, 11 September 2025 and 2 December 2025, respectively, in relation to the financial results for FY2024 and the 3-month period ended 31 March 2025, the 6-month period ended 30 June 2025, and the 9-month period ended 30 September 2025. The Company has a dedicated and committed Investor Relations team that engages with institutional investors, if necessary, and addresses investors’ queries as and when they are received. In addition, the Company maintains a current corporate website to facilitate communication and engagement with stakeholders. Shareholders and investors may access the investor relations contact information via the “Queries from Shareholders (股东咨询)” page under the “Investor Relations (投资者关系)” section of the Company’s corporate website at www.jydr.com.cn.

CORPORATE GOVERNANCE STATEMENT

Dividend Policy

The Board considers that it is imperative to balance the Group's needs with the need to encourage shareholder loyalty. Accordingly, taking into account various factors such as the Group's cash flow and financial position, capital needs, and possible expansion plans, the Board will determine the frequency and appropriate amount of dividends to be declared in any financial year. Any dividend payment will be communicated to shareholders in a timely manner.

At the AGM for the financial year ended 31 December 2022 ("FY2022") held on 15 May 2023, the shareholders of the Company approved the proposed "Shareholders' Return Plan for 2023 to 2025" (the "Plan"). In particular, pursuant to the Plan, the conditions for the Company to distribute profits in the form of cash dividends are as follows:

- (1) the Company's net profit for the year or half year is positive and not less than RMB0.05 per share;
- (2) the distributable profits realised by the Company for the year (i.e. the remaining after-tax profits of the Company after making up for losses and making appropriations to the statutory reserve fund and discretionary reserve fund in accordance with the law) are positive;
- (3) the Company's net cash flow and cash flows from operating activities for the year are positive;
- (4) when the Company distributes its annual profits, the auditing institution shall have issued a standard unqualified audit report on the Company's financial reports for that year; and
- (5) the Company has no significant external investment plans or major cash outlays² (excluding projects funded by proceeds raised) within the next twelve (12) months.

Further details of the Plan can be found on pages 29 to 31 of the Company's annual report for FY2022, which was uploaded on SGXNet on 28 April 2023.

Pursuant to the *Regulatory Guideline No. 3 for Listed Companies – Distribution of Cash Dividends by Listed Companies* (《上市公司监管指引第3号-上市公司现金分红》) promulgated by the CSRC, and the *Guideline for the Issuance of Cash Dividends by Listed Companies* (《上市公司现金分红指引》) promulgated by the SSE then in force, as well as other relevant laws and regulations, Article 224 of the Articles of Association of the Company was amended pursuant to a resolution passed by shareholders of the Company at an EGM held on 18 August 2014 to (i) state explicitly that when the conditions for distributing profits through cash dividends are met, the Company shall distribute profits through cash dividends; and (ii) set out the procedure and requisite contents of a scheme on return of investment to shareholders. More information on the foregoing can be found in the circular to shareholders dated 1 August 2014.

MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Company adopts an inclusive approach by considering and managing the needs and interests of its key stakeholders. Stakeholder engagement is the first key step in determining issues that are material to the Company, giving insight into the perspectives of its stakeholders and what they deem important in the context of their partnership with the Company. The Company engages with and gathers feedback from a diverse range of stakeholders with the aim of improving its performance and driving long-term value creation.

² "Significant investment plans or major cash outlays" refer to the aggregate amount of expenditures in major projects such as foreign investments, asset acquisitions or equipment purchases that are planned by the Company within the next twelve (12) months that will reach or exceed five per cent. (5%) of the Company's latest audited net tangible assets.

CORPORATE GOVERNANCE STATEMENT

The Company's key stakeholders include customers and consumers, employees, suppliers, government and industry or standards associations, community, investors and shareholders.

The Company has conducted effective communication with all key stakeholders, actively solicited their needs and opinions, and also participated in industry and government seminars to keep abreast of any material issues that stakeholders are concerned about. During the year under review, the Company participated in an online investor survey (投资者调研) which is one of the communication channels for the Company to communicate with and engage its stakeholders. The Company defines key stakeholders as groups that have a significant impact on the Group's operations or are affected by the Group's operations. Please refer to the section titled "Stakeholder Engagement" in the Company's 2025 Sustainability Report published on the same date as this Annual Report for further details of the key stakeholders of the Company and how the Company communicates with them.

ADDITIONAL INFORMATION

Dealings in Securities

The Company has in place a policy on dealings in securities. Directors and employees are prohibited from dealing in the securities of the Company while in possession of price-sensitive information. The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the aforesaid prohibition and the requirement to report their dealings in the shares of the Company.

Pursuant to Rule 1207(19) of the Listing Manual, the Company, its Directors and its officers are prohibited from dealing in the securities of the Company during the period commencing two (2) weeks prior to the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the Company's financial statements for the full financial year. In addition, pursuant to Article 13 of the *Administrative Rules on Shares of Listed Companies Held by Directors and Senior Management and Changes Thereto* (《上市公司董事和高级管理人员所持本公司股份及其变动管理规则》) promulgated by the CSRC, Directors and senior management of the Company shall not trade in the Company's shares during the following periods: (i) within fifteen (15) days prior to the announcement of the Company's annual report or half-year report; and (ii) within five (5) days prior to the announcement of the Company's quarterly report, earnings forecast or preliminary results announcement.

Directors, officers and employees of the Group are prohibited from dealing in the Company's shares on short-term considerations or while in possession of unpublished price-sensitive information relating to the Group. They are expected to observe insider trading laws at all times including when dealing in securities within the permitted trading period.

CORPORATE GOVERNANCE STATEMENT

Supplemental Information on Director(s) Seeking Appointment/Re-Appointment at the forthcoming AGM

At the Company's forthcoming AGM to be held on 15 May 2026, a resolution to approve the appointment of Ms. Zhai Shuping (翟淑萍) ("Ms. Zhai") as an Independent Director of the Company will be tabled for shareholders' approval. Accordingly, the information required under Rule 720(6) of the Listing Manual, read with Appendix 7.4.1 of the Listing Manual, in respect of Ms. Zhai is set out below.

<i>Date of Appointment</i>	15 May 2026 (being the date of the forthcoming AGM), subject to obtaining shareholders' approval at the AGM
<i>Date of last re-appointment (if applicable)</i>	Not applicable
<i>Name of person</i>	Zhai Shuping (翟淑萍)
<i>Age</i>	50
<i>Country of principal residence</i>	China
<i>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</i>	<p>Approved</p> <p>The Company selects the candidates for its Independent Directors pursuant to the <i>Rules for Independent Directors of Listed Companies</i> (《上市公司独立董事规则》) issued by the CSRC and the relevant rules of the SSE, and submits the proposed candidates to the Nomination Committee of the Company for consideration. Upon assessment by the Nomination Committee, the Nomination Committee is of the view that Ms. Zhai is qualified to act as an Independent Director of the Company and has agreed to submit the proposed appointment of Ms. Zhai as an Independent Director of the Company to the Board for consideration and approval. The Independent Directors of the Company for the time being have examined the nomination procedures and Ms. Zhai's qualifications, and are of the view that the nomination procedures for Ms. Zhai comply with the Articles of Association of the Company. The Board approved the proposed appointment of Ms. Zhai as an Independent Director of the Company and such proposed appointment shall be submitted for shareholders' approval at the forthcoming AGM.</p>
<i>Whether appointment is executive, and if so, the area of responsibility</i>	Duties as an Independent and Non-Executive Director of the Company
<i>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</i>	Independent and Non-Executive Director
<i>Professional qualifications</i>	<ul style="list-style-type: none"> • Doctorate degree in Economics • Certified Public Accountant of the PRC

CORPORATE GOVERNANCE STATEMENT

<p><i>Working experience and occupation(s) during the past 10 years</i></p>	<p>Since April 2013, Ms. Zhai has served as associate professor and professor, and as a doctoral supervisor, at the School of Accounting, Tianjin University of Finance and Economics (天津财经大学会计学院), engaging in teaching, research and social service in the fields of financial management, investment, and capital market theory and empirical studies. Ms. Zhai previously served as an independent director of Tianjin Great Wall Binhai Automotive Finance Co., Ltd. (天津长城滨银汽车金融有限公司) and Jiangsu Gutian Automation Co., Ltd. (江苏古田自动化股份有限公司). She currently serves as an executive council member of the Environmental, Social and Governance Branch of the China Commercial Accounting Society (中国商业会计学会环境社会与公司治理分会), and as an external director of several state-owned enterprises, including Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集团有限责任公司) and Tianjin Tourism (Holding) Group Co., Ltd. (天津市旅游(控股)集团有限公司).</p>
<p><i>Shareholding interest in the listed issuer and its subsidiaries</i></p>	<p>No</p>
<p><i>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</i></p>	<p>Nil</p>
<p><i>Conflict of interest (including any competing business)</i></p>	<p>Nil</p>
<p><i>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</i></p>	<p>To be submitted upon appointment.</p>
<p>Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</p>	
<p><i>Past (for the last 5 years)</i></p>	<ul style="list-style-type: none"> • <u>October 2018 to October 2024</u> Independent Director of Tianjin Great Wall Binhai Automotive Finance Co., Ltd. (天津长城滨银汽车金融有限公司) • <u>November 2021 to November 2024</u> External Director of Tianjin Dongjiang Development Co., Ltd. (天津东疆发展(集团)有限公司) • <u>December 2021 to December 2023</u> External Director of Tianjin Jinnan District Grain Trading Co., Ltd. (天津市津南区粮食购销有限公司) • <u>October 2022 to October 2025</u> Independent Director of Jiangsu Gutian Automation Co., Ltd. (江苏古田自动化股份有限公司)

CORPORATE GOVERNANCE STATEMENT

<p><i>Present</i></p>	<ul style="list-style-type: none"> • Professor and Doctoral Supervisor of School of Accounting, Tianjin University of Finance and Economics (天津财经大学会计学院) • External Director of Tianjin Tourism (Holding) Group Co., Ltd. (天津市旅游 (控股) 集团有限公司) • External Director of Tianjin Bohai Chemical Industry Group Co., Ltd. (天津渤海化工集团有限责任公司) • External Director of Tianjin Dongjiang Port Industry City Investment Group Co., Ltd. (天津东疆港产城投资集团有限公司) • External Director of Tianjin Jingu Agriculture Development Group Co., Ltd. (天津金谷农业发展集团有限公司) • External Director of Tianjin Dongjiang Port City Cultural and Tourism Group Co., Ltd. (天津东疆港城文旅集团有限公司) • Executive Council Member of the Environmental, Social and Governance Branch of the China Commercial Accounting Society (中国商业会计学会环境社会与公司治理分会)
<p><i>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</i></p>	
<p><i>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</i></p>	<p>No</p>
<p><i>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</i></p>	<p>No</p>

CORPORATE GOVERNANCE STATEMENT

<i>(c) Whether there is any unsatisfied judgment against him?</i>	No
<i>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</i>	No
<i>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</i>	No
<i>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</i>	No
<i>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</i>	No
<i>(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?</i>	No
<i>(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?</i>	No

CORPORATE GOVERNANCE STATEMENT

<i>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</i>	
<i>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</i>	No
<i>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</i>	No
<i>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</i>	No
<i>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</i>	No
<i>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</i>	
<i>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</i>	No
Disclosure applicable to the appointment of Director only.	
<i>Any prior experience as a director of an issuer listed on the Exchange?</i>	No
<i>If yes, please provide details of prior experience.</i>	Not applicable
<i>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</i>	The Company will arrange for Ms. Zhai Shuping to undergo training on the roles and responsibilities of a director of a listed issuer, as prescribed by the SGX-ST, in accordance with Rule 210(5)(a) and Practice Note 2.3 of the Listing Manual of the SGX-ST.
<i>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i>	Not applicable

CORPORATE GOVERNANCE STATEMENT

Disclosure Regarding the Company's Relationship with Tianjin SASAC

Up to March 2021, Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“TPH”), the controlling shareholder of the Company, was ultimately owned by the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government (天津市人民政府国有资产监督管理委员会) (“Tianjin SASAC”) through its wholly-owned subsidiaries, Tianjin Bohai State-owned Assets Management Co., Ltd. (天津渤海国有资产经营管理有限公司) (“Bohai State-owned Assets Management”) and Tianjin Tsinlien Investment Holding Co., Ltd. (天津津联投资控股有限公司).

Notwithstanding the foregoing, under the laws of Singapore, Tianjin SASAC was not considered a controlling shareholder of the Company. Pursuant to the *Law of the People's Republic of China on the State-Owned Assets of Enterprises* (《中华人民共和国企业国有资产法》), the State Council of the PRC (the “State Council”) and the local people's governments shall, in accordance with laws and administrative regulations, respectively perform the contributor's functions for state-invested enterprises and enjoy the contributor's rights and interests on behalf of the state. In this regard, the state-owned assets supervision and administration bodies established by the local people's governments in accordance with the provisions of the State Council shall perform the contributor's functions for state-invested enterprises on behalf of, and upon the authorisation of, the corresponding people's government.

Accordingly, the establishment and responsibilities of Tianjin SASAC are based on, and subject to, the laws, rules and regulations of the PRC. Tianjin SASAC did not influence decisions on the financial and operating policies of the Company under normal circumstances. As such, under the Securities and Futures Act 2001 of Singapore and the Listing Manual, Tianjin SASAC was not considered to be able to exercise “control” over the Company and was therefore not a controlling shareholder of the Company under the laws of Singapore. In this regard, Tianjin SASAC and its associates were also not considered interested persons of the Company and hence, the interested person transaction requirements under the Listing Manual did not apply to them.

As announced by the Company on SGXNet on 26 March 2021 (the “26 March 2021 Announcement”) in relation to the update on the Proposed Mixed-ownership Reform (as defined in the 26 March 2021 Announcement):

- (1) As previously announced by the Company on 20 December 2020, during the public tender-for-sale (公开挂牌出让) in relation to the proposed transfer by Bohai State-owned Assets Management of 67% of its equity interest in TPH (the “Proposed Transfer”), Jinhushen Biological Medical Science and Technology Co., Ltd. (津沪深生物医药科技有限公司) (the “Purchaser”) had been confirmed as the transferee under the Proposed Transfer. Further, on 19 March 2021, the Company announced that it had been notified by the Purchaser that, as at 19 March 2021, the Purchaser had completed payment of the consideration for the acquisition of 67% equity interest in TPH (the “Acquisition”) in accordance with the sale and purchase agreement entered into between the Purchaser and Bohai State-owned Assets Management on 19 December 2020.
- (2) Tianjin Property Rights Exchange (天津产权交易中心) had issued a “Transaction Certificate for Transfer of State-owned Assets” (国有产权交易凭证) in relation to the Proposed Transfer.
- (3) Further, the Company has been notified that, on 26 March 2021, TPH had completed the industrial and commercial modification registration formalities in relation to the Acquisition.

Accordingly, following the completion of the Acquisition, the equity interest held by Bohai State-owned Assets Management in TPH was reduced from 100% to 33%, and the Purchaser became a shareholder of TPH holding 67% equity interest.

CORPORATE GOVERNANCE STATEMENT

Subsequent to the Acquisition, the Company made announcements on 4 August 2023 and 7 August 2023 in relation to changes in the shareholding structure of TPH. These changes involved Bohai State-owned Assets Management subscribing for additional capital contributions in its wholly-owned subsidiary, Tianjin Bohai Guoxin Technology Co., Ltd. (天津渤海国鑫科技有限公司) (“**Bohai Guoxin**”), by injecting the 33% equity interest it held in TPH in two (2) tranches (the “**Bohai Guoxin Capital Contributions**”). Following the completion of the Bohai Guoxin Capital Contributions, Bohai Guoxin became a shareholder of TPH holding a 33% equity interest.

Thereafter, on 22 November 2023, the Company announced further changes in the shareholding structure of TPH. These involved Bohai Guoxin subscribing for additional capital contributions in its wholly-owned subsidiary, Tianjin Guoyu Enterprise Management Co., Ltd. (天津国宇企业管理有限公司) (“**Tianjin Guoyu**”), by injecting the 33% equity interest it held in TPH (the “**Tianjin Guoyu Capital Contribution**”). Upon completion of the Tianjin Guoyu Capital Contribution, Tianjin Guoyu became a shareholder of TPH holding a 33% equity interest.

Following the above, the current shareholders of TPH are the Purchaser and Tianjin Guoyu, holding 67% and 33% equity interest, respectively.

As stated in the announcement dated 30 December 2020 (the “**30 December 2020 Announcement**”) made by the Company in relation to, *inter alia*, the supplemental announcement on the “No Actual Controller” statement, the actual controller (as determined in accordance with the laws of the PRC) of the Company was Tianjin SASAC prior to the Acquisition, and following the completion of the Acquisition, the indirect controlling shareholder of the Company will be changed to the Purchaser, and the Company will have no actual controller (as determined in accordance with the laws of the PRC) since the Purchaser does not have an actual controller (as determined in accordance with the laws of the PRC)³. Currently, the Purchaser remains the indirect controlling shareholder of the Company (as defined under the laws of Singapore).

³ Based on the latest information available to the Company:

- (a) the equity interest of the Purchaser continues to be held by the following four (4) entities in the same proportion as disclosed in the 30 December 2020 Announcement:
- (i) Shanghai Liuliguang Medical Development Co., Ltd. (上海琉璃光医药发展有限公司) (“**Liuliguang Medical**”);
 - (ii) Shenzhen Qianhai Furong Asset Management Co., Ltd. (深圳市前海富荣资产管理有限公司, now known as 深圳市盈投荣达科技有限公司) (“**Qianhai Furong**”);
 - (iii) Shenzhen Ruice Biological Medical Development Co., Ltd. (深圳市瑞测生物医药发展有限公司) (“**Ruice Biological**”); and
 - (iv) Hainan Special Economic Zone Yousheng Enterprise Management Limited Partnership (海南经济特区友盛企业管理合伙企业(有限合伙)) (“**Yousheng LP**”),
- which hold 35%, 34%, 16% and 15% of the Purchaser’s equity interest, respectively;
- (b) save as disclosed below, the identities of the actual controllers (as determined in accordance with the laws of the PRC) of the above shareholders also remain unchanged and are as follows:
- (i) Liuliguang Medical: State-owned Assets Supervision and Administration Commission of Shanghai Municipal People’s Government (上海市国有资产监督管理委员会);
 - (ii) Qianhai Furong: Guo Min (郭珉) (previously Guo Jingwen (郭景文));
 - (iii) Ruice Biological: Sun Huiguang (孙慧光); and
 - (iv) Yousheng LP: Leng Youbin (冷友斌) and Leng Shuang (冷霜); and
- (c) Tianjin Guoyu is ultimately owned by the Tianjin SASAC.

Accordingly, there have been no changes to the identity or shareholding proportions of the Purchaser’s shareholders since the 30 December 2020 Announcement, apart from the change in the Chinese name of Qianhai Furong (as noted above) and the change in the identity of its actual controller (from Guo Jingwen (郭景文) to Guo Min (郭珉)). The explanation in respect of the “No Actual Controller” statement as set out in the 30 December 2020 Announcement remains valid.

CORPORATE GOVERNANCE STATEMENT

SUMMARY OF DISCLOSURES OF CODE OF CORPORATE GOVERNANCE 2018 (THE CODE)

This summary sets out the Company's corporate governance practices with specific reference to the disclosure requirements under the principles and provisions of the Code.

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2025
BOARD MATTERS	
The Board's Conduct of Affairs	
Principle 1	
1.1	Pages 32 to 34
1.2	Page 36
1.3	Page 34
1.4	Pages 33, 34, 37 and 42 to 47
1.5	Pages 35, 37, 43, 44, 46 and 47
1.6	Page 35
1.7	Page 35
Board Composition and Guidance	
Principle 2	
2.1	Pages 37 and 40
2.2	Pages 38 and 39
2.3	Page 39
2.4	Pages 38 and 39
2.5	Pages 40 and 42
Chairman and Chief Executive Officer	
Principle 3	
3.1	Pages 40 and 41
3.2	Pages 40 and 41
3.3	Page 42

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2025
Board Membership	
Principle 4	
4.1	Pages 44 to 46
4.2	Page 44 and 46
4.3	Pages 45 and 46
4.4	Page 46
4.5	Pages 36 and 45
Board Performance	
Principle 5	
5.1	Pages 45 and 47
5.2	Page 47
REMUNERATION MATTERS	
Procedures for Developing Remuneration Policies	
Principle 6	
6.1	Page 48
6.2	Pages 46 and 47
6.3	Page 48
6.4	Page 46

CORPORATE GOVERNANCE STATEMENT

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2025
Level and Mix of Remuneration	
Principle 7	
7.1	Pages 48 and 49
7.2	Pages 48 and 49
7.3	Pages 48 and 49
Disclosure on Remuneration	
Principle 8	
8.1	Pages 48 and 49
8.2	Page 49
8.3	Pages 49 and 50
ACCOUNTABILITY AND AUDIT	
Risk Management and Internal Controls	
Principle 9	
9.1	Pages 51 and 52
9.2	Page 52
Audit Committee	
Principle 10	
10.1	Pages 43 and 44
10.2	Pages 43 and 44
10.3	Page 43
10.4	Page 51
10.5	Page 44

Principles and Provisions of the Code	Page reference in the Company's annual report for FY2025
SHAREHOLDER RIGHTS AND ENGAGEMENT	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
11.1	Page 53
11.2	Page 54
11.3	Pages 35 and 53
11.4	Page 54
11.5	Page 54
11.6	Page 55
Engagement with Shareholders	
Principle 12	
12.1	Page 53
12.2	Page 54
12.3	Page 54
MANAGING STAKEHOLDERS RELATIONSHIPS	
Engagement with Stakeholders	
Principle 13	
13.1	Pages 55 and 56
13.2	Page 56
13.3	Pages 54 and 56

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The directors are pleased to present the consolidated financial statements of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2025.

Opinion of the directors

In the opinion of the directors:

- (a) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) At the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are:

Wang Lei
Guo Min
Zhou Hong
Shang Mingjie
Mao Weiwen
Xing Jianhua
Liew Yoke Pheng, Joseph
Zhong Ming
Yeo Guat Kwang

Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of, nor at any time during the year, was the Company a party to arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Directors' interests in shares and debentures

According to the Register of Directors' Shareholdings kept by the Company, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

<u>Name of director and corporation in which interests are held</u>	<u>At beginning of the year</u>	<u>At end of the year</u>
<u>The Company</u>		
<i>Restricted circulating A-shares</i>		
Zhou Hong	23,800	23,800

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2026 in the shares or debentures of the Company have not changed from those disclosed as at 31 December 2025.

Share Options

During the year, no option to take up unissued shares of the Company or any other body corporate in the Group was granted.

At the end of the year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of year.

Audit Committee

The Audit Committee at the date of this statement comprises the following members, all of whom are Independent Directors:

Mr. Liew Yoke Pheng Joseph (Chairman)
Mr. Zhong Ming
Mr. Yeo Guat Kwang

The Audit Committee has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors, external auditors and internal auditor of the Company:

- reviewed the audit plans and scope of audit examination of the external auditors;
- reviewed with the external auditors their findings arising from the audit and making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- reviewed internal audit findings and internal audit plan;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Audit Committee (Cont'd)

- reviewed the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- reviewed the annual and quarterly financial statements and the draft earnings announcements before their submission to the Board for approval;
- reviewed the significant financial reporting issues and judgements (if any) so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviewed the assurance from the Chief Executive Officer (or its equivalent rank i.e. the General Manager) and the Chief Financial Officer (or its equivalent rank i.e. the Chief Accountant) on the financial records and financial statements;
- reviewed interested person transactions;
- reviewed the adequacy and effectiveness of the Company's internal control and risk management systems;
- reviewed the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- reviewed the re-appointment of external auditors of the Company; and
- reviewed all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and Executive Officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

Full details regarding the Audit Committee are provided in the Corporate Governance Report.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

WANG LEI

SHANG MINGJIE

Dated: 30 March 2026

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Opinion

We have audited the financial statements of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Net realisable value of inventories

(Refer to Notes 2.1(c) and 13 to the financial statements)

As at 31 December 2025, the Group's inventories amounted to RMB1,132,968,000 representing 10% of the Group's total assets. The Group is principally engaged in the manufacture and sale of traditional Chinese and Western medicine in the People's Republic of China. The Group's inventories are measured at the lower of cost and net realisable value.

The assessment of net realisable value of inventories involves a significant degree of management's judgement. To this end, management took into consideration a number of factors, including physical deterioration, functional and economic obsolescence, age of the inventories, prevailing market conditions in the pharmaceutical industry and historical write-down experience.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Key audit matters (Cont'd)

Net realisable value of inventories (Cont'd)

(Refer to Notes 2.1(c) and 13 to the financial statements) (Cont'd)

In response to this risk, our audit approach included, amongst others, the following:

- Reviewed the Group's policy for inventories write-down and performed procedures to assess management's rationale and determination of net realisable value of inventories;
- Tested management's computation of the amount of inventories written down and written back;
- Tested net realisable value of inventories by analysing selling prices and gross profit margins for major products;
- Reviewed the historical sales of those inventories that are approaching expiry dates and have been written down, to ascertain whether the write-down was appropriate; and
- Assessed the adequacy of disclosures made in the financial statements.

Impairment of trade receivables

(Refer to Notes 2.1(d) and 14 to the financial statements)

As at 31 December 2025, the Group's trade receivables amounted to RMB1,571,315,000, representing 13% of the Group's total assets.

The allowance for impairment of trade receivables is estimated by management through the application of judgement and use of subjective assumptions. The expected credit losses ("ECL") are recognised from initial recognition and are based on the lifetime ECL for trade receivables. The assessment requires management to develop methodologies involving the use of significant judgements. In estimating the ECL, the Group developed a matrix that took into account historical credit loss experience for trade receivables and, where relevant, incorporated forward-looking information that reflected management's view of potential future economic conditions.

In response to this risk, our audit approach included, amongst others, the following:

- Reviewed ECL allowance methodologies developed by the Group and assessed management's assumptions and estimates, in particular, the historical observed default rates of trade receivables grouped based on shared credit risk characteristics and those relating to forward-looking information;
- Assessed the adequacy of the ECL loss allowance recorded at the reporting date; and
- Assessed the adequacy of the related disclosures made in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the directors' statement and the annual report, but does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Other information (Cont'd)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

Auditors' responsibilities for the audit of the financial statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chin Bo Wui.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 30 March 2026

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Note	The Group		The Company	
		31 December 2025 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000	31 December 2024 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	1,133,999	1,386,801	914,299	1,041,001
Investment properties	5	110,367	11,279	110,367	11,279
Right-of-use assets	6	7,548	6,645	1,861	-
Land use rights	7	224,507	243,681	191,776	197,727
Intangible assets	8	86,639	106,235	78,966	49,723
Subsidiaries	9	-	-	933,404	1,048,534
Associates	10	1,165,662	1,293,528	1,165,662	1,293,528
Deferred tax assets	30	341,007	314,400	315,253	287,789
Other financial assets	11	1,427,139	771,961	1,273,018	578,146
Other assets	12	38,347	26,031	30,762	24,078
		4,535,215	4,160,561	5,015,368	4,531,805
Current Assets					
Inventories	13	1,132,968	1,285,687	1,026,147	1,154,187
Trade and other receivables	14	1,603,694	1,324,889	1,456,156	1,146,740
Other financial assets	11	3,316,008	1,000,072	3,191,129	968,039
Other assets	12	85,422	52,981	66,133	36,774
Cash and cash equivalents	15	1,016,427	2,944,433	765,339	2,736,763
		7,154,519	6,608,062	6,504,904	6,042,503
Total assets		11,689,734	10,768,623	11,520,272	10,574,308
EQUITY					
Capital and Reserves					
Share capital	16	770,094	770,094	770,094	770,094
Share premium		1,206,930	1,206,930	1,206,930	1,206,930
Retained earnings		5,002,346	5,743,776	4,681,566	5,531,353
Other reserves	18	120,129	122,794	534,778	537,637
Equity attributable to owners of the company		7,099,499	7,843,594	7,193,368	8,046,014
Non-controlling interests	9	446	6,344	-	-
Total equity		7,099,945	7,849,938	7,193,368	8,046,014
LIABILITIES					
Non-Current Liabilities					
Deferred tax liabilities	30	276	6,038	-	-
Trade and other payables	19	2,399	3,539	2,259	3,361
Lease liabilities	20	4,658	5,603	510	-
Other liabilities	22	76,018	85,671	63,067	60,806
		83,351	100,851	65,836	64,167
Current Liabilities					
Income tax payable		29,216	297,569	25,192	281,485
Trade and other payables	19	4,212,730	2,309,877	3,991,547	1,983,867
Lease liabilities	20	3,125	1,329	1,190	-
Other financial liabilities	21	57,903	21,653	48,864	19,653
Other liabilities	22	203,464	187,406	194,275	179,122
		4,506,438	2,817,834	4,261,068	2,464,127
Total liabilities		4,589,789	2,918,685	4,326,904	2,528,294
Total equity and liabilities		11,689,734	10,768,623	11,520,272	10,574,308

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Year ended 31 December 2025	Year ended 31 December 2024
	Note	RMB'000	RMB'000
Revenue	25	4,917,336	7,306,736
Cost of sales		<u>(1,357,623)</u>	<u>(3,861,821)</u>
Gross Profit		3,559,713	3,444,915
Interest income	26	41,838	28,777
Dividend income		242	80
Other income and gains	27	1,650,633	1,790,021
Marketing and distribution expenses		(2,025,611)	(1,999,975)
Research and development expenses		(189,808)	(162,378)
Administrative expenses		(402,602)	(477,298)
Finance costs	28	(968)	(30,638)
Other losses	27	(164,300)	(182,929)
Share of results of equity-accounted associates, net of tax	10	<u>18,315</u>	<u>168,208</u>
Profit before tax		2,487,452	2,578,783
Tax expense	30	(376,702)	<u>(363,564)</u>
Profit for the year		<u>2,110,750</u>	<u>2,215,219</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other reserve reclassified to profit or loss upon disposal of equity interests in an associate, net of tax	18	(600)	(650)
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity investments measured at FVOCI, net of tax	18	(78)	(233)
Share of other comprehensive loss from equity-accounted associates, net of tax	18	(2,181)	(6,523)
Other comprehensive income for the year		<u>(2,859)</u>	<u>(7,406)</u>
Total comprehensive income for the year		<u>2,107,891</u>	<u>2,207,813</u>
Profit for the year attributable to:			
Owners of the Company		2,131,022	2,229,335
Non-controlling interests		(20,272)	(14,116)
Profit for the year		<u>2,110,750</u>	<u>2,215,219</u>
Total comprehensive income attributable to:			
Owners of the Company		2,128,163	2,221,929
Non-controlling interests		(20,272)	(14,116)
Total comprehensive income for the year		<u>2,107,891</u>	<u>2,207,813</u>
Profit per share attributable to owners of the Company			
Basic and diluted (RMB per share)	31	<u>2.77</u>	<u>2.90</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Group	Equity attributable to owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
At 1 January 2025	770,094	1,206,930	122,794	5,743,776	7,843,594	6,344	7,849,938
Total comprehensive income							
Profit for the year	-	-	-	2,131,022	2,131,022	(20,272)	2,110,750
Other reserve reclassified to profit or loss upon disposal of equity interests in an associate, net of tax	-	-	(600)	-	(600)	-	(600)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(78)	-	(78)	-	(78)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(2,181)	-	(2,181)	-	(2,181)
Total other comprehensive loss	-	-	(2,859)	-	(2,859)	-	(2,859)
Total comprehensive (loss)/ income	-	-	(2,859)	2,131,022	2,128,163	(20,272)	2,107,891
Transactions with owners, recognised directly in equity							
<i>Contributions by and distributions to owners</i>							
Dividends (Note 32)	-	-	-	(2,872,452)	(2,872,452)	-	(2,872,452)
Liquidation of subsidiary with non-controlling interests (Note 9[b])	-	-	194	-	194	14,374	14,568
Total transactions with owners	-	-	194	(2,872,452)	(2,872,258)	14,374	(2,857,884)
At 31 December 2025	770,094	1,206,930	120,129	5,002,346	7,099,499	446	7,099,945
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							
Profit for the year	-	-	-	2,229,335	2,229,335	(14,116)	2,215,219
Other reserve reclassified to profit or loss upon partial disposal of equity interests in an associate, net of tax	-	-	(650)	-	(650)	-	(650)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(233)	-	(233)	-	(233)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(6,523)	-	(6,523)	-	(6,523)
Total other comprehensive income	-	-	(7,406)	-	(7,406)	-	(7,406)
Total comprehensive income	-	-	(7,406)	2,229,335	2,221,929	(14,116)	2,207,813
Transactions with owners, recognised directly in equity							
<i>Contributions by and distributions to owners</i>							
Dividends (Note 32)	-	-	-	(985,803)	(985,803)	-	(985,803)
Dividends paid to non-controlling interests (Note 32)	-	-	-	-	-	(4,980)	(4,980)
Disposal of subsidiaries with non-controlling interests (Note 9[a])	-	-	-	-	-	(19,106)	(19,106)
Net reversal of share-based payments (Note 17)	-	-	(24)	-	(24)	-	(24)
Repurchase and cancellation of Restricted A-Shares	(64)	(396)	-	224	(236)	-	(236)
Total transactions with owners	(64)	(396)	(24)	(985,579)	(986,063)	(24,086)	(1,010,149)
At 31 December 2024	770,094	1,206,930	122,794	5,743,776	7,843,594	6,344	7,849,938

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Company	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2025	770,094	1,206,930	537,637	5,531,353	8,046,014
Total comprehensive income					
Profit for the year	-	-	-	2,022,665	2,022,665
Other reserve reclassified to profit or loss upon partial disposal of associate, net of tax	-	-	(600)	-	(600)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(78)	-	(78)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(2,181)	-	(2,181)
Total comprehensive income	-	-	(2,859)	2,022,665	2,019,806
Transactions with owners, recognised directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends (Note 32)	-	-	-	(2,872,452)	(2,872,452)
Total transactions with owners	-	-	-	(2,872,452)	(2,872,452)
At 31 December 2025	770,094	1,206,930	534,778	4,681,566	7,193,368
At 1 January 2024	770,158	1,207,326	545,067	4,456,460	6,979,011
Total comprehensive income					
Profit for the year	-	-	-	2,060,472	2,060,472
Other reserve reclassified to profit or loss upon partial disposal of associate, net of tax	-	-	(650)	-	(650)
Change in fair value of equity investments measured at FVOCI, net of tax	-	-	(233)	-	(233)
Share of other comprehensive income from equity-accounted associates, net of tax	-	-	(6,523)	-	(6,523)
Total comprehensive income	-	-	(7,406)	2,060,472	2,053,066
Transactions with owners, recognised directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends (Note 32)	-	-	-	(985,803)	(985,803)
Net reversal of share-based payments (Note 17)	-	-	(24)	-	(24)
Repurchase and cancellation of Restricted A-Shares	(64)	(396)	-	224	(236)
Total transactions with owners	(64)	(396)	(24)	(985,579)	(986,063)
At 31 December 2024	770,094	1,206,930	537,637	5,531,353	8,046,014

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Cash flows from operating activities			
Profit before tax		2,487,452	2,578,783
Adjustments for:			
Bargain purchase gain on acquisition of additional equity interests in an associate	27	-	(5,852)
Depreciation and amortisation of property, plant and equipment, investment properties, right-of-use assets, land use rights, intangible assets and other non-current assets		125,037	128,212
Dividend income		(242)	(80)
ECL allowance for trade and other receivables	27	8,320	50,096
Elimination of unrealised profits arising from transactions with associates	10	40,281	-
Gain on disposal of an associate	27	(1,542,929)	(1,709,262)
Gain on disposal of land use rights	27	(3,487)	-
Gain on lease modification	27	(176)	-
Gain on liquidation of a subsidiary	27	(17,374)	-
Impairment of goodwill	27	12,301	53,610
Impairment of property, plant and equipment	27	75,223	60,155
Impairment of land use rights	27	3,276	-
Impairment of intangible assets	27	26,711	-
Interest income	26	(41,838)	(28,777)
Interest expense	28	968	30,638
Investment income on debts instruments at amortised cost	27	(66,868)	(30,237)
Loss/(gain) on disposal of property, plant and equipment	27	832	(73)
Net reversal of share-based payments	29	-	(24)
Property, plant and equipment written off	27	196	-
Share of results of equity-accounted associates, net of tax	10	(18,315)	(168,208)
Write-down of inventories to net realisable value	27	34,988	17,555
		1,124,356	976,536
Operating profit before working capital changes			
Changes in working capital:			
- Inventories		117,731	(30,958)
- Trade and other receivables		(227,915)	(26,241)
- Other assets		(54,134)	52,486
- Trade and other payables		131,669	(19,459)
- Cash restricted in use		-	127,814
- Other liabilities		6,405	17,689
		1,098,112	1,097,867
Cash generated from operations			
Tax paid		(678,881)	(201,972)
		419,231	895,895
Net cash generated from operating activities			
Cash flows from investing activities			
Additions to other financial assets	11	(5,945,000)	(1,160,963)
Capital contribution into an associate		(31,707)	(211,824)
Capital distribution from an associate	10	8,182	5,280
Disposal of subsidiaries, net of cash disposed	9(a)	-	(347,800)
Dividend income from associates and other financial assets		14,642	354,168
Interest income received		62,500	31,200
Proceeds from disposal of property, plant and equipment		391	79
Proceeds from disposal of land use rights		12,200	-
Proceeds from disposal of an associate	10	1,623,466	1,758,755
Proceeds from redemption of other financial assets	11	3,020,000	60,000
Purchase of property, plant and equipment and intangible assets		(130,813)	(117,813)
		(1,366,139)	371,082
Net cash (used in)/generated from investing activities			

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Note	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Cash flows from financing activities			
Interest expense paid	15	(101)	(28,375)
Dividends paid	15	(981,185)	(982,214)
Dividends paid to non-controlling interests		-	(4,980)
Proceeds from bank loans	15	5,000	1,221,071
Repayment of lease liabilities	15	(2,595)	(5,103)
Repayments of bank loans	15	(2,000)	(520,005)
Repurchase of restricted A-Shares		-	(282)
Net cash used in financing activities		(980,881)	(319,888)
Net (decrease)/increase in cash and cash equivalents		(1,927,789)	947,089
Cash and cash equivalents at beginning of the year		2,944,433	1,997,386
Effect of foreign exchange rate changes on cash and cash equivalents		(217)	(42)
Cash and cash equivalents at end of the year	15	1,016,427	2,944,433

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

1 GENERAL INFORMATION

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (津药达仁堂集团股份有限公司) (the “Company”) is incorporated in the People’s Republic of China (“PRC”) as a joint stock limited company. The registered office of the Company is located at 17 Baidi Road, Nankai District, Tianjin 300193, PRC. The principal place of the Company’s operation is in Tianjin, PRC.

The Company is listed both on the Singapore Exchange Securities Trading Limited (“SGX”) and the Shanghai Stock Exchange (“SSE”).

The financial statements comprise those of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates.

The principal activities of the Company are the production and sale of traditional Chinese medicine, western medicine, healthcare products and investment holding.

The principal activities of the subsidiaries and associates are disclosed in Notes 9 and 10, respectively, to the financial statements.

The board of directors approved and authorised these financial statements for issue on the date of the directors’ statement.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Chinese Renminbi (“RMB”) which is the Company’s functional currency. All financial information presented in RMB have been rounded to the nearest thousand (“RMB’000”), unless otherwise stated.

The statutory financial statements, prepared by the directors in accordance with the China Corporate Accounting Standards (“CAS”), are audited by CAC Certified Public Accountants (Special General Partnership) whose audit report dated 30 March 2026 expressed an unmodified opinion on those financial statements.

The differences between the financial statements of the Group and of the Company prepared in accordance with IFRS and CAS are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (CONT'D)

2.1 Significant accounting estimates and judgement

The preparation of the financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected. The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

Significant judgements used in applying accounting policies

The management is of the opinion that there are no critical judgement in applying the Group's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

2.1(a) Impairment of goodwill

Goodwill is assessed annually for impairment. The annual impairment assessment is a complex process, which involved significant judgement and assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular, those relating to forecasted revenue growth rates, terminal growth rate and discount rate. Disclosures about goodwill are included in Note 8 under intangible assets, which explains that small changes in the key assumptions used could give rise to further impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates. The carrying amount of goodwill at the reporting date is disclosed in Note 8.

2.1(b) Impairment of non-current assets (other than goodwill and investment in subsidiaries)

An assessment is made at the end of each reporting period whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is determined based on fair value less cost to disposal method and value-in-use calculations. The value-in-use calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the assets of the Group at the reporting date affected by this assumption are disclosed in Notes 4, 5, 6, 7 and 8, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (CONT'D)

2.1(c) Net realisable value of inventories

The assessment of write-down of inventories requires a degree of estimation and judgement. The level of write-down is assessed by taking into account recent sales experience, ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the reporting date is disclosed in Note 13.

2.1(d) Impairment of trade receivables

The assessment of expected credit losses ("ECL") requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring ECL, management considers all reasonable and supportable information such as the Group's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts may change materially within the next reporting period but these changes may not arise from assumptions or other sources of estimation uncertainty at the reporting date. The carrying amount of trade receivables at the reporting date is disclosed in Note 14.

2.1(e) Impairment of investment in subsidiaries

Where a subsidiary is in net equity deficit and or has suffered losses, a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the subsidiary, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of investment in subsidiaries at the reporting date is disclosed in Note 9.

2.1(f) Income tax

The Group recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the Group will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the Group expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax and deferred tax amounts are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new and revised IFRSs effective for the current financial year

The Group and the Company have adopted all the new and revised IFRSs, IFRS interpretations ("IFRS INT") and amendments to IFRSs, effective for the current financial period that are relevant to them. The adoption of these new and revised IFRS pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current reporting periods.

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
Amendments to IAS 21	<i>Lack of Exchangeability</i>	1 January 2025

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised IFRSs, IFRS INT and amendments to IFRSs that have been issued but are not yet effective.

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
Amendments to IFRS 9 and IFRS 7	<i>Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Annual Improvements to IFRS – Volume 11		1 January 2026
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	<i>Subsidiaries without Public Accountability; Disclosures</i>	1 January 2027
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

Management anticipates that the adoption of these new and revised IFRS pronouncements in future periods will not have a material impact on the Group's financial statements in the period of their initial application, except for the following:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

2 BASIS OF PREPARATION (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. In particular, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. In addition, IFRS 18 requires disclosure of newly prescribed management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes to the financial statements.

Furthermore, narrow scope amendments are made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. There are also amendments to several other standards.

IFRS 18, and the consequential amendments to the other standards, is effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. IFRS 18 is applied retrospectively with specific transition provisions.

The Group is currently assessing the impact of IFRS 18. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the financial statements in the period of initial application.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to the reporting date each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.1 Consolidation (Cont'd)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.2 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether it has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Business combinations (Cont'd)

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income.

Profits and losses resulting from transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of interests in the associates that are not related to the Group. Accordingly, unrealised gains arising from downstream and upstream transactions with associates are eliminated against the carrying amount of the investment to the extent of the Group's interest in the associates. When the underlying assets are subsequently sold by the associates to third parties, the previously eliminated unrealised gains are recognised in the Group's profit or loss to the extent of the Group's interest in the associate.

Investments in associates are carried in the statements of financial position at cost plus post-acquisition changes in the Group's and the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

The Group and the Company account for associates using book value accounting when the Group and the Company continue to retain significant influence when the Group and the Company acquire additional equity interests in associates.

When the Group's and the Company's share of losses in an associate exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's and the Company's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group and the Company discontinue the use of the equity method from the date when the investment ceases to be an associate. When the Group or the Company retain an interest in the former associate and the retained interest is a financial asset, the Group and the Company measure the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9 *Financial Instruments*. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group and the Company account for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group and the Company reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.3 Associates (Cont'd)

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted as common control transaction. The assets acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder, i.e. book value accounting. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

3.4 Foreign currency translation

The financial statements are presented in RMB, which is the functional and presentation currency of the Company and all its subsidiaries.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3.5 Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs capitalised. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs capitalised. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

	<u>Useful lives</u>	<u>Rate of residual value</u>
Buildings	7 – 35 years	4 – 10%
Plant and machineries	3 – 15 years	4 – 10%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.5 Property, plant and equipment (Cont'd)

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is recognised in profit or loss. The depreciation method, useful life and residual value of an asset is reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

3.6 Investment property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. The investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value less costs to sell. For disclosure purposes, the fair values are determined periodically on a systematic basis at least once yearly by management.

Transfer to, or from, investment properties are made where there is a change in use. Examples of evidence of a change in use include:

- commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

Depreciation is calculated on a straight-line basis over estimated useful lives ranging from 30 to 35 years.

3.7 Leases

(i) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 Leases (Cont'd)

(i) The Group as lessee (Cont'd)

Lease liability

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The lease liabilities are presented as a separate line item in the statements of financial position.

Right-of-use asset

A right-of-use asset ("ROU asset") is recognised at the commencement date of a lease. The ROU asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

ROU assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The right-of-use assets are presented as a separate line item in the statements of financial position.

The land use rights are for the land in the PRC where the factories occupied by the Group are situated. The carrying amounts are amortised on a straight-line basis over the lease periods ranging from 40 to 50 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 Leases (Cont'd)

(i) The Group as lessee (Cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise a ROU asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) The Group as lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Rent income from investment properties under operating leases is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental income. Contingent rentals are recognised as income in the period when earned.

The rental income from investment properties is recognised as "Revenue."

3.8 Intangible assets

(i) Goodwill

Goodwill that arises from business combinations is included in the intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.8 Intangible assets (Cont'd)

(ii) Intangible assets other than goodwill

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

Research and development

Research expenditure are expensed when incurred. Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.8 Intangible assets (Cont'd)

(ii) Intangible assets other than goodwill (Cont'd)

Research and development (Cont'd)

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The amortisable amount of an intangible asset with finite useful life is allocated on a straight-line basis over the best estimate of its useful life from the point at which the asset is ready for use as follows:

Production technology	10 – 30 years
Patents	10 years
Trademarks	10 years
Software	5 years

3.9 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of reporting period that the asset may be impaired.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.9 Impairment of non-financial assets (Cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss in respect of goodwill is not reversed. Where an impairment loss of other assets subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years.

3.10 Financial instruments

(i) Recognition and de-recognition of financial instruments

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statements of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

(ii) Classification and measurement of financial asset

(a) Financial asset classified as measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss ("FVTPL"), that is (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.10 Financial instruments (Cont'd)

(ii) Classification and measurement of financial asset (Cont'd)

- (b) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVOCI")

On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (e.g., equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

The Group does not have any financial assets measured at FVTPL and debt instrument measured at FVOCI.

(iii) Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances:

- (a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
- (b) The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

3.11 Impairment of financial assets

The Group recognises an allowance for ECLs for all financial assets carried at amortised cost and debt investments at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.11 Impairment of financial assets (Cont'd)

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amount in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

3.13 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Any excess of the proceeds received over the par value of the shares is recorded in share premium.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.14 Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost (weighted average method) and net realisable value. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group and the Company has transferred the goods or services to the customer.

3.16 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

3.17 Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. For each contract with a customer, the Group:

- Identifies the contract with a customer;
- Identifies the performance obligations in the contract;
- Determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- Allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.17 Revenue recognition (Cont'd)

- Recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

3.18 Other income

(i) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ii) Dividend income

Dividend income from equity instrument is recognised when the Group's right to receive payment is established.

3.19 Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statements of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.20 Employee benefits

The Group contributes to a pension scheme in the PRC under which it pays fixed contributions into a defined contribution retirement scheme organised by the local municipal government for eligible employees, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding reporting period. Contributions to the pension scheme are charged to profit or loss as they fall due.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statements of financial position date are discounted to their present value.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

3.21 Share-based payments

The Company offers Restricted A-Share Incentive Scheme (the "Scheme") (equity-settled share-based compensation) to its directors, members of senior management, members of middle-level management and core personnel that the Company considers should be motivated (excluding supervisors, non-executive directors and independent directors).

Under the terms of the Scheme, the employees are entitled to purchase the shares at grant price, which is less than the market price of the Company's shares on the grant date, and the purchase price must be paid immediately upon acceptance of the offer. All shares purchased are not transferable during the vesting period.

The cost of the Scheme with employees are measured at fair value on grant date. The fair value is measured by reference to market price of the shares on grant date and the impact of any non-market vesting conditions. The cost of the Scheme is charged to profit or loss over the vesting period of the Scheme, with a corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with a corresponding adjustment to equity.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit at the date of modification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.21 Share-based payments (Cont'd)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If the Scheme is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is accounted for as an acceleration of vesting; therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

3.22 Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

3.23 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- (i) When the deferred tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- (ii) Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities; or
- (iii) When the taxable temporary difference is associated with interests in subsidiaries or associates, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.23 Income tax (Cont'd)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3.24 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

3.25 Current and non-current classification

Assets and liabilities are presented in the statements of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's and the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's and the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.26 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 : unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.27 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company and the Group if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.
- (b) An entity is related to the Company and the Group if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.28 Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machineries RMB'000	Construction in progress RMB'000	Total RMB'000
Group				
Cost				
At 1 January 2024	1,370,306	1,118,835	411,409	2,900,550
Additions	-	13,855	134,986	148,841
Disposals/written-off	-	(3,740)	-	(3,740)
Reclassifications	-	38,991	(38,991)	-
Disposal of subsidiaries	(7,314)	(70,483)	(434)	(78,231)
At 31 December 2024	1,362,992	1,097,458	506,970	2,967,420
Additions	174	15,152	42,118	57,444
Disposals/written-off	(3,128)	(14,938)	-	(18,066)
Reclassifications	(1,612)	30,768	(29,156)	-
Transfer to investment properties (Note 5)	(130,173)	-	-	(130,173)
Liquidation of a subsidiary	(81,448)	(41,869)	-	(123,317)
At 31 December 2025	1,146,805	1,086,571	519,932	2,753,308
Accumulated depreciation and impairment				
At 1 January 2024	689,182	751,675	24,951	1,465,808
Depreciation	38,285	62,899	-	101,184
Impairment	5,079	9,409	45,667	60,155
Disposals/written-off	-	(3,734)	-	(3,734)
Disposal of subsidiaries	(4,042)	(38,752)	-	(42,794)
At 31 December 2024	728,504	781,497	70,618	1,580,619
Depreciation	34,423	54,513	-	88,936
Impairment	9,551	7,368	58,304	75,223
Disposals/written-off	(2,460)	(14,187)	-	(16,647)
Transfer to investment properties (Note 5)	(29,011)	-	-	(29,011)
Liquidation of a subsidiary	(44,611)	(35,200)	-	(79,811)
At 31 December 2025	696,396	793,991	128,922	1,619,309
Carrying value				
At 31 December 2024	634,488	315,961	436,352	1,386,801
At 31 December 2025	450,409	292,580	391,010	1,133,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RMB'000	Plant and machineries RMB'000	Construction in progress RMB'000	Total RMB'000
Company				
Cost				
At 1 January 2024	1,099,693	816,057	209,908	2,125,658
Additions	–	10,138	135,040	145,178
Disposals/written-off	–	(3,095)	–	(3,095)
Reclassifications	–	31,258	(31,258)	–
At 31 December 2024	1,099,693	854,358	313,690	2,267,741
Additions	84	12,161	34,580	46,825
Disposals/written-off	–	(4,047)	–	(4,047)
Reclassifications	(1,612)	23,658	(22,046)	–
Transfer to investment properties (Note 5)	(130,173)	–	–	(130,173)
At 31 December 2025	967,992	886,130	326,224	2,180,346
Accumulated depreciation and impairment				
At 1 January 2024	577,456	567,293	–	1,144,749
Depreciation	29,993	40,883	–	70,876
Impairment	434	635	13,141	14,210
Disposals/written-off	–	(3,095)	–	(3,095)
At 31 December 2024	607,883	605,716	13,141	1,226,740
Depreciation	27,684	43,501	–	71,185
Impairment	124	476	399	999
Disposals/written-off	(975)	(2,891)	–	(3,866)
Transfer to investment properties (Note 5)	(29,011)	–	–	(29,011)
At 31 December 2025	605,705	646,802	13,540	1,266,047
Carrying value				
At 31 December 2024	491,810	248,642	300,549	1,041,001
At 31 December 2025	362,287	239,328	312,684	914,299

Impairment test of buildings, plant and machineries

Management conducted its annual review of the carrying amounts of property, plant, and equipment to assess for indicators of impairment.

- (i) Plant used in the production of Chinese medicine products

At the reporting date, indicators of impairment were identified in relation to certain plant as their financial performance were not meeting the expectations originally envisaged.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test of buildings, plant and machineries (Cont'd)

- (i) Plant used in the production of Chinese medicine products (Cont'd)

Management assessed the recoverable amounts of these plant, using fair value less costs of disposal (FVLCD") based on replacement cost approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB14,051,000 (2024: RMB14,488,000). Accordingly, an impairment loss of RMB14,051,000 (2024: RMB14,488,000) was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD included the construction costs of similar plant, ranging from RMB1,029 to RMB1,705 (2024: RMB1,195 to RMB2,071) per square meter, and the reset full price of machines or equipment of the same model, ranging from RMB10,000 to RMB39,700 (2024: RMB37,000 to RMB54,000).

- (ii) Plant used in the production of biochemical pharmaceutical and daily use products

An impairment loss of RMB2,868,000 was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 in relation to certain buildings, plant and machineries of the cash-generating unit, Newscen Coast Bio-Pharmaceutical Co., Ltd. as disclosed in Note 8(a)(i).

Impairment test of construction in progress

Management conducted its annual review of the carrying amount of construction in progress to assess for indicators of impairment.

- (i) Construction in progress for pharmaceutical ingredient products

At the reporting date, indicators of impairment were identified in relation to a construction project as a result of intense competition in the active pharmaceutical ingredient market, which led the Group to pause the construction of the plant.

Management assessed the recoverable amount of the construction in progress, using FVLCD based on replacement cost approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB57,905,000 (2024: RMB32,526,000). Accordingly, an impairment loss of RMB57,905,000 (2024: RMB32,526,000) was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD of the construction in progress was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD is the construction costs of a similar production plant ranging from RMB1,805 to RMB2,865 (2024: RMB1,796 to RMB2,850) per square meter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test of construction in progress (Cont'd)

- (ii) Construction in progress for western medicine products

At the reporting date, indicators of impairment were identified in relation to a construction project as a result of failing the required pollution safety requirement, which led the Group to discontinue further construction of the plant.

Management assessed the recoverable amount of the construction in progress, using FVLCD based on replacement cost approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB399,000 (2024: RMB13,141,000). Accordingly, an impairment loss of RMB399,000 (2024: RMB13,141,000) was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD included the reset full price of machines or equipment of the same model, ranging from RMB500,000 to RMB700,000 (2024: RMB800,000 to RMB1,200,000).

Allocation of depreciation expense:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Cost of sales	62,107	64,106	49,891	49,935
Marketing and distribution expenses	590	569	106	52
Research and development expenses	5,786	6,329	5,119	5,305
Administrative expenses	20,453	30,180	16,069	15,584
	88,936	101,184	71,185	70,876

Certain titles of the buildings of the Group and the Company with carrying values of RMB31,818,000 and RMB24,164,000 (2024: RMB35,350,000 and RMB27,202,000), respectively at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

5 INVESTMENT PROPERTIES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Cost				
At beginning of the year	32,310	34,131	32,310	32,310
Transfer from property, plant and equipment (Note 4)	130,173	-	130,173	-
Disposal of subsidiaries	-	(1,821)	-	-
At end of the year	162,483	32,310	162,483	32,310
Accumulated depreciation and impairment				
At beginning of the year	21,031	21,102	21,031	20,011
Depreciation	2,074	1,070	2,074	1,020
Transfer from property, plant and equipment (Note 4)	29,011	-	29,011	-
Disposal of subsidiaries	-	(1,141)	-	-
At end of the year	52,116	21,031	52,116	21,031
Carrying value				
At beginning of the year	11,279	13,029	11,279	12,299
At end of the year	110,367	11,279	110,367	11,279
Other information				
Fair value	374,619	207,012	374,619	207,012
Rental and service income (Note 25)	11,438	6,881	11,438	6,881

The depreciation expense is charged to cost of sales.

All investment properties of the Group are located in Tianjin, PRC. These properties are leased out under operating leases. Please also see Note 24 on operating lease income commitments.

There are no restrictions on the realisability of investment properties, and remittance of income and proceeds from disposals.

During the financial year, the Group and the Company transferred certain buildings with a carrying amount of RMB101,162,000 from property, plant and equipment to investment properties following a change in use, as evidenced by the commencement of operating leases with tenants.

The fair value is estimated by management based on the use of inputs other than quoted prices observable for the assets, either directly or indirectly. The valuation technique used is the comparison of market evidence of recent transaction prices for similar properties. Management had obtained the market information from publicly available sources based on recent transactions in the vicinity of the investment properties held by the Group and the Company. The fair value is regarded as Level 3 in terms of disclosure about fair value measurement. Inputs for the valuation encompass recent market transaction prices for similar properties in the vicinity of the investment properties held by the Group and the Company. The observable inputs and range (weighted average) is from RMB15,900 to RMB20,000 (2024: RMB10,100 to RMB11,100) per square metre.

Certain titles of investment properties of the Group and the Company with carrying value of RMB4,209,000 (2024: RMB4,504,000) at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

6 RIGHT-OF-USE ASSETS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At cost				
At beginning of the year	9,660	15,029	-	-
Additions	4,218	7,485	2,306	-
Lease modifications	(2,085)	(1,538)	-	-
Written-off	(1,046)	(2,377)	-	-
Disposal of subsidiaries	-	(8,939)	-	-
At end of the year	10,747	9,660	2,306	-
Accumulated depreciation and impairment				
At beginning of the year	3,015	8,260	-	-
Depreciation	2,739	4,418	445	-
Lease modifications	(1,509)	(341)	-	-
Written-off	(1,046)	(2,377)	-	-
Disposal of subsidiaries	-	(6,945)	-	-
At end of the year	3,199	3,015	445	-
Carrying value				
At beginning of the year	6,645	6,769	-	-
At end of the year	7,548	6,645	1,861	-

The depreciation expense is charged to administrative expenses.

The leases are for shop premises. The lease contracts are usually for fixed periods of 3 to 5 years with no extension options. Lease terms contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

7 LAND USE RIGHTS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Cost				
At beginning of the year	367,379	369,475	304,408	304,408
Disposals	(11,465)	-	-	-
Disposal of subsidiaries	(5,378)	(2,096)	-	-
At end of the year	350,536	367,379	304,408	304,408
Accumulated amortisation and impairment				
At beginning of the year	123,698	117,736	106,681	100,731
Amortisation	7,185	7,338	5,951	5,950
Impairment	3,276	-	-	-
Disposals	(2,752)	-	-	-
Disposal of subsidiaries	(5,378)	(1,376)	-	-
At end of the year	126,029	123,698	112,632	106,681
Carrying value				
At beginning of the year	243,681	251,739	197,727	203,677
At end of the year	224,507	243,681	191,776	197,727

Impairment test of land use rights

Management conducted its annual review of the carrying amount of land use rights to assess for indicators of impairment.

At the reporting date, indicators of impairment were identified in relation to a construction project as a result of intense competition in the active pharmaceutical ingredient market, which led the Group to pause further construction of the plant.

Management assessed the recoverable amount of the land use rights, using FVLCD based on market comparison approach. Based on the assessment, the carrying amount was higher than its recoverable amount by RMB3,276,000. Accordingly, an impairment loss of RMB3,276,000 was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD of the land use rights was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD is comparable land transaction unit price of RMB201 per square metre.

The amortisation expense is charged to administrative expenses.

The land use rights are for land in the PRC. Certain titles of land use rights of the Group and the Company with carrying value of RMB48,889,000 (2024: RMB49,977,000) at the reporting date are in the process of ownership transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 INTANGIBLE ASSETS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Goodwill	-	12,301	-	-
Other intangible assets	86,639	93,934	78,966	49,723
	86,639	106,235	78,966	49,723

(a) Goodwill

	Group	
	2025 RMB'000	2024 RMB'000
Cost		
At beginning and end of the year	105,480	105,480
Accumulated impairment		
At beginning of the year	93,179	39,569
Impairment recognised under other losses (Note 27)	12,301	53,610
At end of the year	105,480	93,179
Carrying value		
At beginning of the year	12,301	65,911
At end of the year	-	12,301

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing at the reporting date. An impairment loss is the amount by which the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of the CGU is the higher of its FVLCD or its value-in-use ("VIU").

The CGU above represents Newscen Coast Bio-Pharmaceutical Co., Ltd. ("Newscen Coast"), which was acquired by the Group in 2022. The recoverable amount of the CGU has been measured based on the VIU method. The VIU was measured by management using the discounted cash flow method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

Key assumptions used in discounted cash flow projection calculations

The key assumptions used in the estimation of recoverable amounts are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on the historical data from both external and internal sources.

	2025	2024
Revenue growth rates (i)	5%	19.78% to 49.61%
Terminal growth rates	0%	0%
Discount rates (ii)	12.40%	11.54%
Cash flow forecasts	5 years	5 years

(i) Estimated based on historical trends and most recent financial budgets and plans approved.

(ii) Estimated using pre-tax discount rates that reflect current market assessments at the risks specific to CGU.

No sensitivity analysis has been prepared for 2025 as the goodwill has been fully impaired. Accordingly, reasonably possible changes in key assumptions applied to the CGU at the reporting date would not result in any change to the recoverable amount.

At the reporting date, the carrying amount of the CGU was higher than its recoverable amount by RMB61,627,000 (2024: RMB53,610,000). The impairment loss of RMB12,301,000 was first allocated to goodwill of the CGU. Accordingly, an impairment loss of RMB12,301,000 (2024: RMB53,610,000) was recognised in the "other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The remaining balances of RMB49,326,000 were then allocated pro rata to property, plant and equipment and intangible assets of the CGU. In assessing the recoverable amounts of these non-current assets of the CGU, management has considered the following:

(i) Property, plant and equipment (Note 4)

The recoverable amount of property, plant and equipment determined based on FVLCD using replacement cost approach is higher than the VIU. Accordingly, an impairment loss of RMB2,868,000 was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD included the construction costs of similar plant, ranging from RMB4,400 to RMB4,500 per square meter, and the reset full price of machines or equipment of the same model, ranging from RMB1,000 to RMB81,900.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

(ii) Intangible assets (Note 8(b))

The recoverable amount of intangible assets determined based on FVLCD using income approach is higher than the VIU. Accordingly, an impairment loss of RMB26,711,000 was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

The FVLCD was categorised as a Level 3 fair value. The key unobservable inputs used in estimating the FVLCD included the realization discount rate of 15% and the disposal cost rate of 2.84%.

(b) Other intangible assets

	Production technology RMB'000	Patents RMB'000	Trademarks RMB'000	Software RMB'000	Development cost RMB'000	Total RMB'000
Group						
At cost						
At 1 January 2024	61,817	1,850	13,760	31,169	13,076	121,672
Additions	-	-	-	2,443	29,250	31,693
Disposal of subsidiaries	(14)	-	-	(12,652)	-	(12,666)
At 31 December 2024	61,803	1,850	13,760	20,960	42,326	140,699
Additions	584	-	-	19,891	14,251	34,142
Reclassifications	38,184	-	-	-	(38,184)	-
Liquidation of a subsidiary	(140)	-	-	-	-	(140)
At 31 December 2025	99,847	1,850	13,760	40,851	18,393	174,701
Accumulated amortisation and impairment						
At 1 January 2024	18,940	1,569	3,260	18,817	-	42,586
Amortisation	8,296	60	1,200	2,371	-	11,927
Disposal of subsidiaries	(14)	-	-	(7,734)	-	(7,748)
At 31 December 2024	27,222	1,629	4,460	13,454	-	46,765
Amortisation	9,124	58	1,200	4,344	-	14,726
Impairment	20,133	44	6,533	1	-	26,711
Liquidation of a subsidiary	(140)	-	-	-	-	(140)
At 31 December 2025	56,339	1,731	12,193	17,799	-	88,062
Carrying value						
At 31 December 2024	34,581	221	9,300	7,506	42,326	93,934
At 31 December 2025	43,508	119	1,567	23,052	18,393	86,639

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

8 INTANGIBLE ASSETS (CONT'D)

(b) Other intangible assets (Cont'd)

	Production technology RMB'000	Patents RMB'000	Trademarks RMB'000	Software RMB'000	Development cost RMB'000	Total RMB'000
Company						
Cost						
At 1 January 2024	8,997	1,700	1,760	15,583	13,076	41,116
Additions	-	-	-	2,398	29,250	31,648
At 31 December 2024	8,997	1,700	1,760	17,981	42,326	72,764
Additions	-	-	-	19,847	14,251	34,098
Reclassifications	38,184	-	-	-	(38,184)	-
At 31 December 2025	47,181	1,700	1,760	37,828	18,393	106,862
Accumulated amortisation and impairment						
At 1 January 2024	7,664	1,567	1,760	10,909	-	21,900
Amortisation	100	50	-	991	-	1,141
At 31 December 2024	7,764	1,617	1,760	11,900	-	23,041
Amortisation	736	50	-	4,069	-	4,855
At 31 December 2025	8,500	1,667	1,760	15,969	-	27,896
Carrying value						
At 31 December 2024	1,233	83	-	6,081	42,326	49,723
At 31 December 2025	38,681	33	-	21,859	18,393	78,966

Impairment test of other intangible assets

An impairment loss of RMB26,711,000 was recognised in "Other losses" of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025 in relation to other intangible assets of the CGU, Newscen Coast as disclosed in Note 8(a)(ii).

The amortisation expense is charged to administrative expenses.

Development costs represent expenditure incurred on certain pharmaceutical formula and compound projects that were in the development phase as at the reporting date. Amortisation commences when these projects are completed and available for use.

At the reporting date, the production technology and trademarks are expected to be fully amortised within the next 6 years (2024: 7 years), while the software is expected to be fully amortised within the next 2 to 3 years (2024: 2 to 3 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES

	Company	
	2025 RMB'000	2024 RMB'000
Unquoted equity shares, at cost	1,201,630	1,239,945
Less: Accumulated impairment	(268,226)	(191,411)
	933,404	1,048,534
Movements in cost		
At beginning of the year	1,239,945	1,748,954
Additions	3,000	35,100
Disposals	-	(520,060)
Liquidation	(41,315)	-
De-registration	-	(24,049)
At end of the year	1,201,630	1,239,945
Movements in accumulated impairment		
At beginning of the year	191,411	96,500
Impairment loss	118,130	111,961
Liquidation	(41,315)	-
De-registration	-	(17,050)
At end of the year	268,226	191,411

Details of the Company's significant subsidiaries at the reporting date are as follows:

Name of subsidiary	Principal activities	Effective interests held by the Company	
		2025 %	2024 %
<i>Held by the Company</i>			
Beijing Zhong Xin Yaogu Medical Co., Ltd. (达仁堂(北京)医药科技有限公司)	Wholesale and retail sale of medicine	100	100
Tianjin Da Ren Tang Jingwanhong Pharmaceutical Co., Ltd. ("Da Ren Tang Jingwanhong") (天津达仁堂京万红药业有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100
Tianjin Shin Poong Pharmaceutical Co., Ltd. (“Tianjin Shin Poong”) (天津新丰制药有限公司)	Manufacture and sale of western pharmaceutical products	-	55
Darentang (Tianjin) Traditional Chinese Medicine Decoction Pieces Co., Ltd. (“Tianjin Chinese Medicinal Slices”) (达仁堂(天津)中药饮片有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Effective interests held by the Company	
		2025 %	2024 %
<i>Held by the Company</i>			
Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. (天津中新药业集团新新(沧州)制药有限公司)	Manufacture and sale of Chinese pharmaceutical products and biological products	100	100
Tianjin Hebei Da Ren Tang Hospital Co., Ltd. (天津河北达仁堂医院有限公司)	Hospital	100	100
NewScen Coast Bio-Pharmaceutical Co., Ltd. ("Newscen Coast") (天津中新科炬生物制药股份有限公司)	Manufacture and sale of biological medicine	64	64
Tianjin Pharmaceutical Da Ren Tang Hongkong Development Limited ("Da Ren Tang Hong Kong") (津药达仁堂香港发展有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and dailyuse products	100	100
Tianjin Pharmaceutical Da Ren Tang Group Singapore Development Limited ("Da Ren Tang Singapore") (津药达仁堂新加坡发展有限公司)	Dormant	100	100
<i>Held by Tianjin Chinese Medicinal Slices</i>			
Tianjin Da Ren Tang (Bozhou) Chinese Medicine Co., Ltd (天津达仁堂(亳州)中药饮片有限公司)	Manufacture and sale of Chinese medicine	100	100
<i>Held by Da Ren Tang Jingwanhong</i>			
Tianjin Jingwanhong Pharmacy Co., Ltd. (天津京万红大药房有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and dailyuse products	100	100
Tianjin Jingwanhong Health Industry Development Co., Ltd. (天津京万红健康产业发展有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and dailyuse products	100	100
<i>Held by NewScen Coast</i>			
NewScen Coast Bio Pharmaceutical Sales Co., Ltd. (天津中新科炬生物制药产品销售有限公司)	Wholesale and retail sale of medicine, biochemical pharmaceutical and dailyuse products	62.78	62.78

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES (CONT'D)

Other than Da Ren Tang Hong Kong and Da Ren Tang Singapore, the principal place of business of all the subsidiaries is in the PRC. All subsidiaries registered in the PRC are audited by CAC Certified Public Accountants LLP China.

(a) Disposal of TJZX Medicine and its subsidiaries

On 25 December 2024, the Company disposed of its entire equity interests in TJZX Medicine to Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. ("Taiping Medicine"), a subsidiary of Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. ("TPH") in exchange of 43.35% equity interests in Taiping Medicine. Consequently, the Company lost control over TJZX Medicine and accounted for Taiping Medicine as an associate (Note 10).

Management assessed the disposal of TJZX Medicine and its subsidiaries and acquisition of Taiping Medicine as a common control transaction considering that TPH is the controlling shareholder of Taiping Medicine and the Company. Accordingly, the acquisition of Taiping Medicine as an associate is accounted for using book value accounting.

Effect of the disposal of TJZX Medicine and its subsidiaries

	Group \$'000
Property, plant and equipment	35,437
Investment properties	680
Right-of-use assets	1,994
Land use rights	720
Intangible assets	4,918
Deferred tax assets	9,927
Other financial assets	40,980
Other assets	33,595
Inventories	294,234
Trade and other receivables	1,572,058
Cash and cash equivalents	347,800
Income tax payable	(285)
Trade and other payables	(924,434)
Lease liabilities	(1,752)
Other financial liabilities	(1,002,248)
Other liabilities	(10,854)
	402,770
Non-controlling interests	(19,106)
Net identifiable assets and liabilities disposed of	383,664
Gain or loss arising from disposal of subsidiary	-
Consideration for disposal of subsidiary, which is recognised as acquisition of interest in associate (Note 10)	383,664
<i>Net cash outflows arising from disposal of TJZX Medicine and its subsidiaries</i>	
Cash and cash equivalents disposed	(347,800)
	(347,800)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES (CONT'D)

(b) Liquidation of Tianjin Shin Poong

On 22 May 2025, a Bankruptcy Administrator was appointed to commence the liquidation process of Tianjin Shin Poong in accordance with a Court Decision. Consequently, the Group lost control over Tianjin Shin Poong.

Effect of the liquidation of Tianjin Shin Poong

	Group \$'000
Property, plant and equipment	43,506
Trade and other payables	(75,448)
	(31,942)
Non-controlling interests	14,374
Other reserves	194
Net identifiable assets and liabilities liquidated	(17,374)
Gain on liquidation of subsidiary (Note 27)	17,374
Consideration for liquidation of subsidiary	-

(c) Impairment test of investment in subsidiaries

An impairment of RMB118,130,000 (2024: RMB111,961,000) was recognised in relation to the Company's investments in subsidiaries, Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. and NewScen Coast (2024: Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. and NewScen Coast) for the year ended 31 December 2025, because the subsidiaries are loss-making and in capital deficit positions.

The key assumptions used in the impairment of investments in Tianjin Zhong Xin Xinxin Pharmaceutical (Cang Zhou) Co., Ltd. and NewScen Coast are disclosed in Notes 4 and 8(a), respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES (CONT'D)

(d) Material subsidiaries with non-controlling interests ("NCI")

The following summarised financial information for the above subsidiaries are prepared in accordance with IFRSs, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	NewScen Coast RMB'000	Tianjin Shin Poong RMB'000	Other individually immaterial subsidiaries RMB'000	Total RMB'000
2025				
Revenue	19,731	-		
Loss for the year	(51,986)	(3,490)		
Other comprehensive income for the year	-	-		
Total comprehensive loss for the year	(51,986)	(3,490)		
Attributable to NCI:				
- Loss for the year	(18,702)	(1,570)	-	(20,272)
- Other comprehensive income	-	-	-	-
- Total comprehensive loss for the year	(18,702)	(1,570)	-	(20,272)
Non-current assets	27,847	-		
Current assets	7,833	-		
Non-current liabilities	(424)	-		
Current liabilities	(32,830)	-		
Net assets	2,426	-		
Net assets attributable to NCI	446	-	-	446
Cash flows used in operating activities	(4,809)	(1,086)		
Cash flows used in investing activities	(107)	-		
Cash flows from financing activities	2,899	1,086		
Net decrease in cash and cash equivalents	(2,017)	-		

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

9 SUBSIDIARIES (CONT'D)

(d) Material subsidiaries with non-controlling interests ("NCI") (Cont'd)

	NewScen Coast RMB'000	Tianjin Shin Poong RMB'000	Other individually immaterial subsidiaries RMB'000	Total RMB'000
2024				
Revenue	25,251	-		
Loss for the year	(16,831)	(8,487)		
Other comprehensive income for the year	-	-		
Total comprehensive loss for the year	(16,831)	(8,487)		
Attributable to NCI:				
- Loss for the year	(6,070)	(3,818)	(4,228)	(14,116)
- Other comprehensive income	-	-	-	-
- Total comprehensive loss for the year	(6,070)	(3,818)	(4,228)	(14,116)
Non-current assets	71,391	44,711		
Current assets	19,880	123		
Non-current liabilities	(6,366)	-		
Current liabilities	(30,492)	(73,286)		
Net assets/(liabilities)	54,413	(28,452)		
Net assets/(liabilities) attributable to NCI	19,147	(12,803)	-	6,344
Cash flows used in operating activities	(4,909)	(2,554)		
Cash flows used in investing activities	(656)	-		
Cash flows from financing activities	148	2,554		
Net decrease in cash and cash equivalents	(5,417)	-		

10 ASSOCIATES

	Group and Company	
	2025	2024
	RMB'000	RMB'000
Unquoted equity shares, at cost	999,340	1,065,155
Less: Accumulated impairment	(14,220)	(14,220)
Share of post-acquisition results, net of dividends received	165,810	225,680
Share of other equity items of associates	14,732	16,913
	1,165,662	1,293,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 ASSOCIATES (CONT'D)

The associates held by the Group and the Company are as follows:

Name of associates	Principal activities	Effective interests held by the Group and the Company	
		2025 %	2024 %
<i>Held by the Company</i>			
Tianjin Hong Ren Tang Pharmaceutical Co., Ltd ("Hong Ren Tang") (天津宏仁堂药业有限公司) ^(a)	Manufacture and sale of pharmaceutical products	40	40
Sino-American Tianjin SmithKline & French Lab., Ltd. ("Tianjin SmithKline & French") (中美天津史克制药有限公司) ^(b)	Manufacture and sale of western medicine and biochemical products	-	12
Tianjin Yiyao Printing Co., Ltd. ("Yiyao Printing") (天津宜药印务有限公司) ^(c)	Packing of medical and other products and printing of paper for packaging purposes	35	35
Tianjin Bio-Chip Co., Ltd. (天津生物芯片技术有限责任公司) ^(e)	Development and sale of biological products	26	26
Tianjin International Exhibition Centre Co., Ltd. (天津国展中心股份有限公司) ^(d)	Marketing, conference and exhibition services	20	20
Tianjin Pharmaceutical Group Finance Co., Ltd. ("Tianjin Finance") (天津医药集团财务公司) ^(c)	Financial services	30	30
Tianjin Pharmaceutical Marketing Management Co., Ltd. (天津医药集团营销管理有限公司) ^(c)	Marketing, conference and exhibition services	20	20
Dujiangyan Zhong Xin Chinese Herbs Cultivation Co., Ltd. (都江堰市中新中药材种植有限公司) ^(e)	Cultivation and processing of Chinese herbs	30	30
Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. ("Taiping Medicine") (津药太平医药有限公司) ^(c)	Cultivation and processing of Chinese herbs	43.35	43.35

(a) Audited by Mazars Certified Public Accountants LLP in the PRC.

(b) Audited by KPMG Huazhen LLP in the PRC.

(c) Audited by CAC Certified Public Accountants LLP China in the PRC.

(d) Audited by BDO China Shu Lun Pan Certified Public Accountants LLP in the PRC.

(e) Not significant to the Group and auditors are not appointed.

All associates of the Group and the Company are registered in the PRC. The principal place of business of all the associates is in the PRC. The Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditing firms of certain associates would not compromise the standard and effectiveness of the audit of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 ASSOCIATES (CONT'D)

In 2024, Management assessed that the Company has significant influence over Tianjin SmithKline & French considering its contractual right to appoint its representative to the Board of Directors of the investee.

The Group has three (2024: four) associates that are material and a number of associates that are individually immaterial to the Group. All are equity accounted. These material associates are suppliers of certain medicine products to the Group.

The following summarises the financial information of each of the Group's and the Company's material associates based on their respective financial statements prepared in accordance with IFRSs, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also analyses, in aggregate, the carrying amount and share of results and other comprehensive income of the remaining individually immaterial associates.

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
2025						
Revenue	283,349	-	65,752	8,185,345		
Profit/(loss) for the year	49,925	-	24,191	(488)		
Other comprehensive income for the year	(5,027)	-	-	-		
Total comprehensive income for the year	44,898	-	24,191	(488)		
Attributable to NCI	-	-	-	(1,916)		
Attributable to the shareholders	44,898	-	24,191	1,428		
	44,898	-	24,191	(488)		
Non-current assets	551,669	-	4,580,213	217,564		
Current assets	242,240	-	35,308	6,633,849		
Non-current liabilities	(130,491)	-	-	(305,058)		
Current liabilities	(72,643)	-	(3,471,843)	(5,559,130)		
Net assets of associates	590,775	-	1,143,678	987,225		
Net assets attributable to NCI	-	-	-	(27,618)		
Net assets attributable to investee's shareholders	590,775	-	1,143,678	959,607		
Equity interests	40%	-	30%	43.35%		
Proportion of the Group's interest in associates	236,310	-	343,103	415,990	118,204	1,113,607
Goodwill	92,336	-	-	-	-	92,336
Elimination of unrealised profits arising from transactions with associates	-	-	-	(40,281)	-	(40,281)
Carrying amount of interest in associates	328,646	-	343,103	375,709	118,204	1,165,662

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 ASSOCIATES (CONT'D)

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
Group's interest in net assets of associates						
At beginning of the year	322,687	81,137	338,246	415,371	136,087	1,293,528
Capital distribution	-	-	-	-	(8,182)	(8,182)
Disposal of associate	-	(81,137)	-	-	-	(81,137)
Share of results of associates, net of tax	19,970	-	7,257	619	(9,531)	18,315
Share of other comprehensive loss of associates, net of tax	(2,011)	-	-	-	(170)	(2,181)
Share of total comprehensive income of associates	17,959	-	7,257	619	(9,701)	16,134
Dividends received	(12,000)	-	(2,400)	-	-	(14,400)
Elimination of unrealised profits arising from transactions with associates	-	-	-	(40,281)	-	(40,281)
At end of the year	<u>328,646</u>	<u>-</u>	<u>343,103</u>	<u>375,709</u>	<u>118,204</u>	<u>1,165,662</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 ASSOCIATES (CONT'D)

On 15 April 2025, the Group entered into a share sale agreement with third parties to dispose of its entire equity interest in Tianjin SmithKline & French for a cash consideration of RMB1,623,466,000. The disposal was completed on 27 June 2025. In accordance with the share sale agreement, all parties agreed on a lockbox date of 31 December 2024, from which date the Group was no longer entitled to participate in dividend distributions by Tianjin SmithKline & French, effective 1 January 2025. Accordingly, the Group did not apply equity accounting from 1 January 2025 to 27 June 2025.

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
2024						
Revenue	311,662	3,558,857	63,337	-		
Profit for the year	55,398	710,960	20,738	-		
Other comprehensive income for the year	(14,435)	-	-	-		
Total comprehensive income for the year	40,963	710,960	20,738	-		
Non-current assets	556,220	474,300	33,062	208,421		
Current assets	227,180	2,278,381	7,703,054	6,486,777		
Non-current liabilities	(131,083)	-	-	(181,000)		
Current liabilities	(76,439)	(2,076,539)	(6,608,629)	(5,523,222)		
Net assets of associates	575,878	676,142	1,127,487	990,976		
Net assets attributable to NCI	-	-	-	(32,797)		
Net assets attributable to investee's shareholders	575,878	676,142	1,127,487	958,179		
Equity interests	40%	12%	30%	43.35%		
Proportion of the Group's interest in associates	230,351	81,137	338,246	415,371	136,087	1,201,192
Goodwill	92,336	-	-	-	-	92,336
Carrying amount of interest in associates	322,687	81,137	338,246	415,371	136,087	1,293,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

10 ASSOCIATES (CONT'D)

	Hong Ren Tang RMB'000	Tianjin SmithKline & French RMB'000	Tianjin Finance RMB'000	Taiping Medicine RMB'000	Immaterial associates RMB'000	Total RMB'000
Group's interest in net assets of associates						
At beginning of the year	306,302	341,398	92,812	-	141,795	882,307
Additions	-	-	237,824	31,707	-	269,531
Carrying amount of interest in associate acquired (Note 9)	-	-	-	383,664	-	383,664
Bargain purchase gain on acquisition of additional equity interests (Note 27)	-	-	5,852	-	-	5,852
Capital distribution	-	-	-	-	(5,280)	(5,280)
Partial disposal of associate	-	(50,143)	-	-	-	(50,143)
Share of results of associates, net of tax	22,159	140,370	5,358	-	321	168,208
Share of other comprehensive loss of associates, net of tax	(5,774)	-	-	-	(749)	(6,523)
Share of total comprehensive income of associates	16,385	140,370	5,358	-	(428)	161,685
Dividends received	-	(350,488)	(3,600)	-	-	(354,088)
At end of the year	<u>322,687</u>	<u>81,137</u>	<u>338,246</u>	<u>415,371</u>	<u>136,087</u>	<u>1,293,528</u>

There are no significant restrictions on the ability of the material associates to transfer funds to the Group and the Company in the form of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 OTHER FINANCIAL ASSETS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Equity investments measured at FVOCI	-	92	-	92
Debt instruments measured at amortised cost	<u>4,743,147</u>	<u>1,771,941</u>	<u>4,464,147</u>	<u>1,546,093</u>
	<u>4,743,147</u>	<u>1,772,033</u>	<u>4,464,147</u>	<u>1,546,185</u>
Represented by:				
Non-current	<u>1,427,139</u>	<u>771,961</u>	<u>1,273,018</u>	<u>578,146</u>
Current	<u>3,316,008</u>	<u>1,000,072</u>	<u>3,191,129</u>	<u>968,039</u>
	<u>4,743,147</u>	<u>1,772,033</u>	<u>4,464,147</u>	<u>1,546,185</u>

Equity investments measured at FVOCI

	Group and Company	
	2025 RMB'000	2024 RMB'000
Unquoted equity shares	-	92
	<u>-</u>	<u>92</u>

Movement of equity investments measured at FVOCI is summarised below:

	Unquoted equity shares Group and Company	
	2025 RMB'000	2024 RMB'000
Fair value		
At beginning of the year	92	367
Change in fair value (Note 18)	<u>(92)</u>	<u>(275)</u>
At end of the year	<u>-</u>	<u>92</u>

Unquoted equity shares measured at FVOCI

The fair value measurement of the unquoted equity share is categorised as a Level 3 fair value, which was determined using the realisable net asset value approach. The fair value of unquoted equity shares are determined by referencing to the carrying amounts of the underlying assets and liabilities of the investee at the reporting date, which are the observable inputs. The investee is primarily involved in the business operation of pharmaceutical industry.

There were no transfers between the fair value hierarchy during the year.

No sensitivity analysis for price risk of unquoted equity shares is prepared as risk exposure is not significant to the Group and the Company.

The unquoted equity shares are denominated in the Company's functional currency, which is RMB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

11 OTHER FINANCIAL ASSETS (CONT'D)

Debt instruments measured at amortised cost

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Principal amounts	4,655,000	1,730,000	4,385,000	1,510,000
Interest receivables	88,147	41,941	79,147	36,093
	4,743,147	1,771,941	4,464,147	1,546,093

Movement of debt instruments measured at amortised cost is summarised below:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At beginning of the year	1,771,941	684,144	1,546,093	560,506
Additions	5,945,000	1,160,000	5,865,000	960,000
Redemption of principal amounts	(3,020,000)	(60,000)	(2,990,000)	-
Redemption of interests	(20,662)	(1,460)	-	-
Accretion of debt instruments measured at amortised cost	66,868	30,237	43,054	25,587
Disposal of subsidiaries (Note 9)	-	(40,980)	-	-
At end of the year	4,743,147	1,771,941	4,464,147	1,546,093

The debt instruments bear interests ranging from 0.9% to 3.25% (2024: 1.85% to 3.25%) per annum and have maturity dates ranging from 16 January 2026 to 26 January 2028 (2024: 5 January 2025 to 12 November 2027).

The debt instruments of the Group and the Company include debt instruments placed with an associate company amounting to RMB669,299,000 (2024: RMB363,954,000) and RMB433,501,000 (2024: RMB202,006,000), respectively.

For the purpose of impairment assessment, these debt instruments are considered to have low credit risk as they are held by reputable financial institutions. Accordingly, for the purpose of impairment assessment of these debts instruments, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, the Group has taken into account the historical default experience, the financial positions of the counterparties, as well as considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets. No loss allowance is recognised at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

12 OTHER ASSETS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Non-current				
Prepayments	38,347	26,031	30,762	24,078
	38,347	26,031	30,762	24,078
Current				
Prepayments	39,454	25,339	35,248	23,487
Value-added taxes recoverable	45,116	27,618	30,885	13,287
Income tax recoverable	852	24	-	-
	85,422	52,981	66,133	36,774
	123,769	79,012	96,895	60,852

13 INVENTORIES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Raw materials	545,004	672,399	522,628	627,738
Work-in-progress	117,424	134,807	101,139	119,437
Finished goods	470,540	478,481	402,380	407,012
	1,132,968	1,285,687	1,026,147	1,154,187

Inventories are stated after write-down to net realisable values. Movements in allowance for write-down are as follows:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At beginning of the year	87,436	83,895	75,199	61,039
Charged to profit or loss, included in other losses (Note 27)	34,988	17,555	20,221	16,207
Written-off	(8,925)	(8,095)	(7,922)	(2,047)
Liquidation and disposal of subsidiaries	(3,752)	(5,919)	-	-
At end of the year	109,747	87,436	87,498	75,199

The cost of inventories recognised as an expense and included in "cost of sales" line item in the consolidated profit or loss amounted to RMB764,386,000 (2024: RMB2,911,106,000) for the financial year ended 31 December 2025.

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Trade receivables				
Trade receivables:				
- Third parties	704,044	664,613	481,526	425,595
- Subsidiaries	-	-	109,254	63,176
- Associates	151,749	16,527	148,558	14,854
- Related parties	223,877	174,218	194,755	154,148
	1,079,670	855,358	934,093	657,773
Bills receivables	598,111	560,062	560,497	522,772
	1,677,781	1,415,420	1,494,590	1,180,545
Less: Allowance for impairment				
- ECL allowance on specific credit-impaired debtors	(17,666)	(15,399)	(7,529)	(5,858)
- ECL allowance assessed on portfolio of debtors	(88,800)	(83,666)	(66,820)	(62,054)
	1,571,315	1,316,355	1,420,241	1,112,633
Other receivables and deposits				
Third parties	50,561	25,890	41,424	14,958
Subsidiaries	-	-	4,793	28,546
Associates	17,522	17,522	17,522	17,522
Related parties	3,215	3,961	2,542	3,277
	71,298	47,373	66,281	64,303
Less: ECL allowance on specific credit-impaired debtors	(38,919)	(38,839)	(30,366)	(30,196)
	32,379	8,534	35,915	34,107
	1,603,694	1,324,889	1,456,156	1,146,740

As at 31 December 2025, other receivables and deposits comprised mainly suppliers and utilities deposits.

The non-trade amounts due from subsidiaries, associates and related parties arose from advances and payments on behalf, which are unsecured, interest-free and repayable on demand.

Trade receivables and bills receivables

The ECL of trade receivables are based on the simplified approach, which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets except for those individual debtors which were identified to have significant increase in credit risk since its date of initial recognition and credit impaired individually. The trade debtors are grouped based on shared credit risk characteristics and the days past due for measuring ECL. The allowance matrix is based on the historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables and bills receivables (Cont'd)

Movements in allowance for ECL of trade receivables and bills receivables are as follows:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At beginning of the year	99,065	174,633	67,912	64,030
Impairment loss	7,413	49,582	6,449	3,882
Written-off	(12)	-	(12)	-
Disposal of subsidiaries	-	(125,150)	-	-
At end of the year	106,466	99,065	74,349	67,912

Trade receivables are written-off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

At each reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The ageing of trade receivables, subject to portfolio assessment are as follows:

	Group			Company		
	Gross amount RMB'000	ECL rate %	Loss allowance RMB'000	Gross amount RMB'000	ECL rate %	Loss allowance RMB'000
2025						
Trade receivables						
Within 1 year	946,369	0.13	(1,228)	842,825	0.11	(956)
1 – 2 years	30,853	20	(6,170)	18,565	20	(3,713)
2 – 3 years	6,761	50	(3,381)	6,046	50	(3,023)
Over 3 years	78,021	100	(78,021)	59,128	100	(59,128)
	1,062,004		(88,800)	926,564		(66,820)
Specific credit impaired	17,666	100	(17,666)	7,529	100	(7,529)
	1,079,670		(106,466)	934,093		(74,349)
Bills receivables	598,111	-	-	560,497	-	-
	1,677,781		(106,466)	1,494,590		(74,349)
2024						
Within 1 year	740,140	0.13	(958)	581,536	0.08	(676)
1 – 2 years	20,787	20	(4,157)	11,251	20	(2,250)
2 – 3 years	963	50	(482)	-	-	-
Over 3 years	78,069	100	(78,069)	59,128	100	(59,128)
	839,959		(83,666)	651,915		(62,054)
Specific credit impaired	15,399	100	(15,399)	5,858	100	(5,858)
	855,358		(99,065)	657,773		(67,912)
Bills receivables	560,062	-	-	522,772	-	-
	1,415,420		(99,065)	1,180,545		(67,912)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables and bills receivables (Cont'd)

There is no concentration of credit risk with respect to trade receivables as there are a large number of customers.

Bill receivables

Other than the impairment loss recognised, the bill receivables were graded as low risk individually due to low credit risk as these bill receivables were written by reputable financial institutions in the PRC.

Other receivables

The Group and the Company assess the ECL on other receivables, taking into consideration of qualitative and quantitative factors and available supportable relevant information. The Group and the Company measure the ECL on other receivables using 12-month ECL basis since its initial recognition and remeasure the ECL using lifetime ECL if the credit risk has significantly increased subsequently.

Movements in allowance for ECL of other receivables are as follows:

	12-month ECL RMB'000	Lifetime ECL – assessed on individual RMB'000	Total RMB'000
2025			
Group			
At beginning of the year	17,189	21,650	38,839
Impairment loss	759	148	907
Disposal of subsidiaries	(827)	-	(827)
At end of the year	<u>17,121</u>	<u>21,798</u>	<u>38,919</u>
Company			
At beginning of the year	9,974	20,222	30,196
Impairment loss	170	-	170
At end of the year	<u>10,144</u>	<u>20,222</u>	<u>30,366</u>
2024			
Group			
At beginning of the year	17,929	21,991	39,920
Impairment loss	210	304	514
Written-off	(39)	-	(39)
Disposal of subsidiaries	(911)	(645)	(1,556)
At end of the year	<u>17,189</u>	<u>21,650</u>	<u>38,839</u>
Company			
At beginning of the year	9,988	20,222	30,210
Reversal of impairment loss	(14)	-	(14)
At end of the year	<u>9,974</u>	<u>20,222</u>	<u>30,196</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Not restricted in use	<u>1,016,427</u>	<u>2,944,433</u>	<u>765,339</u>	<u>2,736,763</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>1,016,427</u>	<u>2,944,433</u>	<u>765,339</u>	<u>2,736,763</u>

The bank balances of the Group and the Company include placement of deposits with an associate company amounting to RMB741,904,000 (2024: RMB1,071,384,000) and RMB520,210,000 (2024: 882,763,000), respectively.

Reconciliation of liabilities arising from financing activities

	At beginning of year RMB'000	Cash flows RMB'000	Non-cash changes			At end of the year RMB'000
			Interest expense RMB'000	Disposal of subsidiaries RMB'000	Others RMB'000	
2025						
Lease liabilities	6,932	(2,595)	520	-	2,926 ^(a)	7,783
Other financial liabilities	21,653	3,000	-	-	33,250	57,903
Interest payable	892	(101)	228	-	-	1,019
Dividends payable	26,633	(981,185)	-	-	2,872,670 ^(b)	1,918,118
Total liabilities from financing activities	<u>56,110</u>	<u>(980,881)</u>	<u>748</u>	<u>-</u>	<u>2,909,846</u>	<u>1,984,823</u>
2024						
Lease liabilities	6,307	(5,103)	1,192	(1,752)	6,288 ^(a)	6,932
Other financial liabilities	322,835	701,066	-	(1,002,248)	-	21,653
Interest payable	879	(28,375)	28,388	-	-	892
Dividends payable	21,867	(982,214)	-	-	986,980 ^(b)	26,633
Total liabilities from financing activities	<u>351,888</u>	<u>(314,626)</u>	<u>29,580</u>	<u>(1,004,000)</u>	<u>993,268</u>	<u>56,110</u>

(a) Being additional lease liabilities, lease modifications and foreign exchange differences.

(b) Being final and interim dividends proposed and approved and foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 SHARE CAPITAL

	Group and Company		
	Number of ordinary share issues		
	A-Shares	S – Shares	Share capital RMB'000
At 1 January 2024	570,158,276	200,000,000	770,158
Repurchase and cancellation of shares under 2019 Restricted A-Share Incentive Scheme	(63,920)	-	(64)
At 31 December 2024 and 1 January 2025 and 31 December 2025	570,094,356	200,000,000	770,094

	Group and Company			
	2025		2024	
	Number of ordinary share issues	Share capital RMB'000	Number of ordinary share issues	Share capital RMB'000
A-shares	567,089,356	567,089	567,089,356	567,089
Restricted circulating shares	3,005,000	3,005	3,005,000	3,005
	570,094,356	570,094	570,094,356	570,094
S-shares	200,000,000	200,000	200,000,000	200,000
Total	770,094,356	770,094	770,094,356	770,094

All S-Shares and A-Shares rank pari passu in all aspects. The par value of these shares is RMB1. These shares are fully paid and carry one vote each and have no right to fixed income. The holders of these shares are entitled to receive dividends when declared by the Company. All shares carry one vote per share without restrictions at meetings of the Company.

In 1997, the Company issued 100,000,000 S-Shares for listing on the SGX. On 9 May 2002, the Company issued 40,000,000 A-Shares for listing on the SSE.

On 10 July 2015, the Company carried out a share placement exercise and issued 29,564,356 A-Shares with par value of RMB1 for cash at RMB28.28 each on the SSE.

The restricted circulating shares originated from legal person shares which were issued following the conversion of the Company from a state-owned enterprise to a company limited by shares. Legal person shares are restricted in trading. Pursuant to a share reform exercise approved by the Company's shareholders on 10 July 2006, Tianjin Pharmaceutical Holdings Co., Ltd., the former controlling shareholder of the Company, and the other holders of non-circulating legal person shares collectively offered 2.8 shares for every 10 circulating A-Shares to the circulating "A" shareholders registered as at 19 July 2006.

On 9 December 2019 and 6 July 2020, the Company granted 3,930,000 and 940,000 restricted circulating shares to employees, respectively, under the 2019 Restricted A-Share Incentive Scheme as disclosed in Note 17. These shares were registered on 7 January 2020 and 27 July 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

16 SHARE CAPITAL (CONT'D)

In 2020, 100,000 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2020.

On 2021, 200,000 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2022.

In 2023, 3,284,800 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2023.

In 2024, 63,920 restricted circulating shares were repurchased and cancelled by the Company in accordance with the relevant provisions of the 2019 Restricted A-Share Incentive Scheme. The repurchase and cancellation were completed in 2024.

The restricted circulating shares cannot be sold in the market for a restricted period.

Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2025	2024
	\$'000	\$'000
Net debt		
All current and non – current		
– Lease liabilities	7,783	6,932
– Other financial liabilities	57,903	21,653
Less: Cash and cash equivalents	<u>(1,016,427)</u>	<u>(2,944,433)</u>
	<u>N/A</u>	<u>N/A</u>
<u>Adjusted capital</u>		
Total equity	<u>7,099,945</u>	<u>7,849,938</u>
Debt-to-adjusted capital ratio	<u>^</u>	<u>^</u>

^ Not meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 SHARE-BASED PAYMENTS

2019 Restricted A-Share Incentive Scheme

The 2019 Restricted A-Share Incentive Scheme (the “Scheme”) was approved at an Extraordinary General Meeting on 2 December 2019. The Scheme is administered by the board of directors. The Remuneration Committee is responsible for formulating and revising the Scheme while the Supervisory Committee and the Independent Directors act as the supervisory body for the Scheme.

The Scheme was established to improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, motivate key personnel of the Company, and align the interests of the shareholders and the Company with individual interests of members of the management team so that all parties will make joint efforts for the long-term development of the Company.

The incentive instruments to be issued under the Scheme are ordinary shares in the share capital of the Company denominated in RMB and listed on the SSE, which are subject to such restrictions as set out in the Scheme (“Restricted A-Shares”) only.

The Scheme is centred on the accomplishment of specific pre-determined performance objectives and service conditions, which is the prerequisite for the contingent award of fully paid Shares. The reward structure allows the Company to target specific performance objectives and incentivise the participants of the Scheme (the “Participants”) to put in their best efforts to achieve these targets.

Participants who were eligible to participate in the Scheme include directors, members of senior management, members of the Company’s management team that the board of directors considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of the subordinate enterprises of the Company (excluding the Company’s associated companies). The participants under the Scheme do not include supervisors, non-executive directors and independent directors, and also do not include controlling shareholders of the Company and their associates, directors and employees of the Company’s associated companies, and directors and employees of the Company’s parent company and its subsidiaries.

There shall be no restriction on the eligibility of any participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or another company within the Group.

The aggregate number of Restricted A-Shares proposed to be granted to the participants under the Scheme shall be no more than 5,012,500 Restricted A-Shares, among which, the number of Initial Granted Restricted A-Shares shall be 4,010,000 Restricted A-Shares, representing approximately 80% of the total number of Restricted A-Shares proposed to be granted under the Scheme, while the balance number of Restricted A-Shares proposed to be reserved shall be 1,002,500 Restricted A-Shares, representing approximately 20% of total number of Restricted A-Shares proposed to be granted under the Scheme.

The number of Restricted A-Shares to be granted to any one participant under the Scheme shall not exceed 1% of total issued share capital of the Company prior to submission of the Scheme for consideration at the Extraordinary General Meeting held on 2 December 2019. The total number of Restricted A-Shares to be granted under the Scheme, when added to the number of shares issued and/or issuable in respect of all shares, options or awards granted under any other share incentive scheme of the Company for the time being in force (if any), shall not exceed 10% of total issued share capital of the Company from time to time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 SHARE-BASED PAYMENTS (CONT'D)

2019 Restricted A-Share Incentive Scheme (Cont'd)

The final number of Restricted A-Shares awarded will depend on the achievement of pre-determined targets set for each release arrangement set out below:

<u>Release arrangement</u>	<u>Release period</u>	<u>Proportion of Restricted A-Shares to be released as percentage of total number of Restricted A-Shares to be granted under the Scheme</u>
First release period	Commencing on first trading day after expiry of 24-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 36-months period from date of completion of registration of Restricted A-Shares	33%
Second release period	Commencing on first trading day after expiry of 36-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 48-months period from date of completion of registration of Restricted A-Shares	33%
Third release period	Commencing on first trading day after expiry of 48-months lock-up period from date of completion of registration of Restricted A-Shares, and ending on last trading day of 60-months period from date of completion of registration of Restricted A-Shares	34%

Restricted A-Shares granted to participants under the Scheme shall not be transferred or used as security or for repayment of debts during the relevant lock-up periods and shall be repurchased and cancelled by the Company if the release condition is not met.

Activities under the Scheme

On 9 December 2019 and 6 July 2020, the Company granted 3,930,000 and 940,000 Restricted A-Shares to employees at a grant price of RMB7.20 and RMB8.89, respectively. These Restricted A-Shares were registered on 7 January 2020 and 27 July 2020, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

17 SHARE-BASED PAYMENTS (CONT'D)

Activities under the Scheme (Cont'd)

Details of Restricted A-Shares granted under the Scheme since commencement up to 31 December 2025 are as follows:

Participants	Aggregate Restricted A-Share outstanding at beginning of the year	Restricted A-Shares granted during the year	Restricted A-Shares repurchased and cancelled during the year	Restricted A-Shares vested and exercised during the year	Aggregate Restricted A-Shares outstanding at end of the year
<i>For the year ended 31 December 2025</i>					
Zhou Hong	23,800	-	-	-	23,800
Other participants ^(a)	1,197,480	-	-	-	1,197,480
	1,221,280	-	-	-	1,221,280
<i>For the year ended 31 December 2024</i>					
Zhou Hong	23,800	-	-	-	23,800
Other participants ^(a)	1,261,400	-	(63,920)	-	1,197,480
	1,285,200	-	(63,920)	-	1,221,280

(a) Consists of management team, leading-level scientific research experts, core personnel for scientific research and technology and members of core management team of subordinate enterprises of the Company.

No participant has received 5% or more of total number of Restricted A-Shares available under the Scheme.

Accounting for the Scheme

Under the Scheme, directors and employees receive remuneration in the form of shares of the Company as consideration for services rendered. Restricted A-Shares are granted conditionally and the final number of Restricted A-Shares awarded will depend on the achievement of pre-determined targets.

The cost of the Scheme with employees are measured at fair value on grant date. The fair value is measured by reference to market price of the shares on grant date and the impact of any non-market vesting conditions. The cost of the Scheme is charged to profit or loss over the vesting period of the Scheme, with a corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual vesting, with a corresponding adjustment made in equity.

	Group and Company	
	2025 RMB'000	2024 RMB'000
At beginning of the year	8,235	8,259
Net reversal of share-based payments arising from repurchase and cancellation of Restricted A-Shares (Note 29)	-	(24)
At end of the year	8,235	8,235

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 OTHER RESERVES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Capital reserve	(323,783)	(321,196)	118,082	120,863
Statutory common reserve	436,750	436,750	436,750	436,750
Fair value reserve	(8,677)	(8,599)	(8,677)	(8,599)
Merger reserve	7,604	7,604	(19,612)	(19,612)
Share-based payments reserve (Note 17)	8,235	8,235	8,235	8,235
	<u>120,129</u>	<u>122,794</u>	<u>534,778</u>	<u>537,637</u>

Capital reserve

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
At beginning of the year	(321,196)	(314,023)	120,863	128,036
Disposal of equity interests in an associate	(600)	(650)	(600)	(650)
Share of changes in other reserves of equity-accounted associates (Note 10)	(2,181)	(6,523)	(2,181)	(6,523)
Liquidation of a subsidiary with non-controlling interests (Note 9(b))	194	-	-	-
At end of the year	<u>(323,783)</u>	<u>(321,196)</u>	<u>118,082</u>	<u>120,863</u>

Capital reserve comprised mainly share of reserves from equity-accounted associates. Capital reserve of the Group also included acquisition of non-controlling interests in the prior reporting periods.

Statutory common reserve

	Group and Company	
	2025 RMB'000	2024 RMB'000
At beginning and end of year	<u>436,750</u>	<u>436,750</u>

Under the regulations of the PRC, the Company and its subsidiaries are required to set up a statutory reserve which represents a non-distributable reserve made at a rate of 10% of net profit after tax until the reserve reaches 50% of the registered capital in accordance with their Articles of Association. The transfer to this reserve must be made before payment of dividends to shareholders. At the reporting date, the Group's and the Company's statutory common reserves have reached the limit of 50% of the registered capital and no further transfer was made during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

18 OTHER RESERVES (CONT'D)

Statutory common reserve (Cont'd)

The statutory common reserve can only be used to set off against losses, to expand the entities' production operations or to increase its share capital. The Company and its subsidiaries may convert its statutory common reserve into share capital provided the remaining balance of such reserve is not less than 25% of the share capital.

The Company and certain subsidiaries may transfer a portion of its net profit to the statutory welfare reserve in accordance with their Articles of Association, as recommended by directors and approved by shareholders.

The statutory welfare reserve can only be used for the collective welfare of the employees of the Company and its subsidiaries.

Fair value reserve

	Group and Company	
	2025	2024
	RMB'000	RMB'000
At beginning of the year	(8,599)	(8,366)
Change in fair value of equity investments measured at FVOCI	(92)	(275)
Deferred tax (Note 30)	14	42
	(78)	(233)
At end of the year	(8,677)	(8,599)

Merger reserve

	Group		Company	
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning and end of year	7,604	7,604	(19,612)	(19,612)

The merger reserve arises from the effects of business combination between entities under common control in prior reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Trade payables				
Trade payables:				
- Third parties	213,930	277,578	159,038	188,701
- Subsidiaries	-	-	25,347	3,539
- Associates	3,332	5,536	2,735	4,485
- Related parties	792	1,398	185	858
	218,054	284,512	187,305	197,583
Accrued termination benefits	6,014	6,402	5,784	6,057
Accrued employee benefits	221,437	267,223	206,139	249,745
	445,505	558,137	399,228	453,385
Other payables and accruals				
Third parties	1,754,605	1,616,282	1,597,069	1,408,464
Associates	-	23,485	-	23,485
Related parties	10,182	19,264	580	9,662
Capital contribution to an associate	-	31,707	-	31,707
	1,764,787	1,690,738	1,597,649	1,473,318
Other taxes payables	86,719	37,908	78,811	33,892
Dividends payable	1,918,118	26,633	1,918,118	26,633
	3,769,624	1,755,279	3,594,578	1,533,843
	4,215,129	2,313,416	3,993,806	1,987,228
Represented:				
Non-current	2,399	3,539	2,259	3,361
Current	4,212,730	2,309,877	3,991,547	1,983,867
	4,215,129	2,313,416	3,993,806	1,987,228

Other payables and accruals comprised mainly customers' deposits received and accrued marketing and distribution expenses.

The non-trade amounts due to associates and related parties arose from purchase of plant and equipment and services rendered on behalf, which are unsecured, interest-free and repayable on demand.

Termination benefits are payable when employment is terminated by the Group and the Company before official retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

20 LEASE LIABILITIES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Lease liabilities				
Non-current	4,658	5,603	510	-
Current	3,125	1,329	1,190	-
	7,783	6,932	1,700	-
Undiscounted lease payments due:				
- Year 1	3,340	2,726	1,253	-
- Year 2	2,568	1,914	481	-
- Year 3	1,766	1,661	-	-
- Year 4	873	1,590	-	-
- Year 5	-	132	-	-
	8,547	8,023	1,734	-
Less: Unearned interest cost	(764)	(1,091)	(34)	-
	7,783	6,932	1,700	-

The Group and the Company lease office and shop premises for administrative and operating use purpose and the leases typically run for a period of 2 to 3 years. The Group's and the Company's lease liabilities are secured by the lessors' title to the leased assets.

Interest expense on lease liabilities of RMB520,000 (2024: RMB1,192,000) is recognised within "finance costs" in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised in profit or loss are set out below:

	Group	
	2025 RMB'000	2024 RMB'000
Short-term leases	10,934	13,247

As at 31 December 2025, the Group's short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Group's short-term lease expense for the year.

Total cash outflows for all leases during the year comprised:

	Group	
	2025 RMB'000	2024 RMB'000
Repayments of principal element of lease liabilities and lease interest	2,595	5,103
Rental expenses relating to short-term leases	10,934	13,247
	13,529	18,350

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

21 OTHER FINANCIAL LIABILITIES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Bank loans (unsecured)	5,000	2,000	-	-
Bills payables	52,903	19,653	48,864	19,653
	57,903	21,653	48,864	19,653

Terms and conditions of outstanding bank loans are as follows:

	Interest rate (%)	Maturity	Group		Company	
			2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Unsecured loans						
Bank loans	2.70	2025	-	2,000	-	-
Bank loans	3.00 – 3.20	2026	5,000	-	-	-
			5,000	2,000	-	-

22 OTHER LIABILITIES

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Non-current				
Deferred income	45,486	55,139	42,535	40,274
Advanced payments received	30,532	30,532	20,532	20,532
	76,018	85,671	63,067	60,806
Current				
Contract liabilities	148,526	123,143	139,433	115,481
Other liabilities	53,278	63,846	53,208	63,249
Advanced payments received	1,660	417	1,634	392
	203,464	187,406	194,275	179,122
	279,482	273,077	257,342	239,928

Deferred income represents grants from government.

Other liabilities comprised mainly value-added tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

22 OTHER LIABILITIES (CONT'D)

Contract liabilities

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Contract liabilities	148,526	123,143	139,433	115,481

Contract liabilities relate primarily to advance considerations received from, and volume rebates to customers.

Significant changes in contract liabilities balances during the year are as follows:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at beginning of the year	(109,723)	(141,649)	(103,791)	(131,162)
Advance consideration received, excluding amounts recognised as revenue during the year	102,411	83,402	95,048	77,404
Changes in estimates of transaction price	32,695	35,731	32,695	35,731

Transaction price allocated to remaining performance obligations are as follows:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Expected to be recognised within one year	102,411	83,402	95,048	77,404

23 CAPITAL COMMITMENTS

Estimated amounts committed at the reporting date for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Contractual obligations to purchase and construct – not recognised as liability	17,938	2,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

24 OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Undiscounted lease payments to be received:		
Not later than one year	8,389	4,736
Later than one year and not later than two years	8,980	2,773
Later than two years and not later than three years	7,895	1,414
Later than three years	5,015	1,314
	30,279	10,237

Operating lease income commitments are derived from the investment properties (Note 5).

25 REVENUE

Revenue classified by type of goods or services

	Group	
	2025 RMB'000	2024 RMB'000
Sale of goods	4,905,898	7,299,855
Rental and service income	11,438	6,881
	4,917,336	7,306,736

Sale of goods

The sale of goods are recognised at point in time when the goods are delivered to the customers.

The Group's revenue is substantially derived from the PRC except for a small portion of the goods are exported. Accordingly, geographic market information in relation to revenue of the Group is not presented.

26 INTEREST INCOME

	Group	
	2025 RMB'000	2024 RMB'000
Interest income from banks and financial institutions	41,838	28,777

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

27 OTHER INCOME AND GAINS/(LOSSES)

	Group	
	2025 RMB'000	2024 RMB'000
Other income and gains:		
Bargain purchase gain on acquisition of additional equity interests in an associate	-	5,852
Reversal of termination benefits	1,464	4,972
Investment income on other financial assets at amortised cost	66,868	30,237
Gain on disposal of an associate	1,542,929	1,709,262
Gain on liquidation of a subsidiary	17,374	-
Gain on lease modification	176	-
Gain on disposal of land use rights	3,487	-
Gain on disposal of property, plant and equipment	-	73
Government grants and subsidies	18,335	29,678
Waiver of payables	-	9,143
Others	-	804
	1,650,633	1,790,021
Other losses:		
ECL recognised in relation to trade receivables (Note 14)	(7,413)	(44,785)
ECL recognised in relation to bill receivables (Note 14)	-	(4,797)
ECL recognised in relation to other receivables (Note 14)	(907)	(514)
Foreign currency exchange losses	(801)	(1,513)
Impairment of buildings, plant and machineries (Note 4)	(16,919)	(14,488)
Impairment of construction in progress (Note 4)	(58,304)	(45,667)
Impairment of goodwill (Note 8)	(12,301)	(53,610)
Impairment of intangible assets (Note 8)	(26,711)	-
Impairment of land use rights (Note 7)	(3,276)	-
Loss on disposal of property, plant and equipment	(832)	-
Property, plant and equipment written off	(196)	-
Write-down of inventories to net realisable value (Note 13)	(34,988)	(17,555)
Others	(1,652)	-
	(164,300)	(182,929)

28 FINANCE COSTS

	Group	
	2025 RMB'000	2024 RMB'000
Interest expense on bank loans	228	28,388
Interest expense on lease liabilities (Note 20)	520	1,192
	748	29,580
Imputed interest on accrued termination benefits	220	1,058
	968	30,638

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

29 EMPLOYEE BENEFITS EXPENSE

	Group	
	2025 RMB'000	2024 RMB'000
Salaries and bonuses	680,575	745,533
Contributions to defined contribution plans and other welfare	131,639	140,377
Post-employment benefits	99,488	107,010
Termination benefits	5,605	19,818
Net reversal of share-based payments arising from repurchase and cancellation of Restricted A-Shares (Note 17)	-	(24)
	917,307	1,012,714

Allocation of employee benefits expense:

	Group	
	2025 RMB'000	2024 RMB'000
Cost of sales	285,506	288,149
Marketing and distribution expenses	370,092	409,876
Research and development expenses	52,457	51,122
Administrative expenses	209,252	263,567
	917,307	1,012,714

30 TAX EXPENSE

Components of tax expense recognised in profit or loss

	Group	
	2025 RMB'000	2024 RMB'000
Current tax		
Current tax expense	409,057	420,646
Adjustments in respect of prior years	-	(8,301)
	409,057	412,345
Deferred tax		
Deferred tax expense	(32,355)	(48,781)
	(32,355)	(48,781)
	376,702	363,564

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 TAX EXPENSE (CONT'D)

Components of tax expense recognised in profit or loss (Cont'd)

The income tax expense varied from the amount determined by applying the PRC statutory corporate tax rate of 25% (2024: 25%) to profit before tax as a result of the following differences:

	Group	
	2025 RMB'000	2024 RMB'000
Profit before tax	2,487,452	2,578,783
Less: Share of results of equity-accounted associates, net of tax	(18,315)	(168,208)
	<u>2,469,137</u>	<u>2,410,575</u>
Income tax calculated at statutory tax rate	617,284	602,644
Effects of:		
Tax concessions at tax rate of 15%	(251,130)	(237,533)
Non-deductible expenses	6,662	13,921
Non-taxable income	(6,029)	(5,961)
Other tax incentives	(24,157)	(21,844)
Unused tax losses and capital allowances not recognised as deferred tax assets	34,072	20,638
Adjustments in respect of prior years – current tax	-	(8,301)
	<u>376,702</u>	<u>363,564</u>

Non-deductible expenses comprised mainly corporate expenses which are not deductible for tax purpose and non-taxable income comprised mainly government grant income.

The Company and certain subsidiaries qualify for the New and High Technology Enterprise Status in the PRC and enjoy a preferential corporate tax rate of 15% (2024: 15%) whereas other subsidiaries are subject to the statutory corporate tax rate of 25% (2024: 25%).

Dividends payable to "S" shareholders are subject to withholding tax at 10% (2023: 10%) payable to the tax authority of the PRC. Dividends payable to "A" shareholders are subject to the differential tax rates set out in the Tax Law of the PRC.

Deferred tax recognised in profit or loss

	Group	
	2025 RMB'000	2024 RMB'000
Deferred income	(339)	191
Contract liabilities	408	4,389
Accruals and allowances	(26,662)	(52,066)
Fair value adjustments	(5,762)	(1,224)
Others	-	(71)
	<u>(32,355)</u>	<u>(48,781)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 TAX EXPENSE (CONT'D)

Deferred tax recognised in other comprehensive income

	Group	
	2025 RMB'000	2024 RMB'000
Equity investments measured at FVOCI (Note 18)	(14)	(42)

Deferred tax in statements of financial position

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Deferred tax assets				
Deferred income	6,380	6,041	6,380	6,041
Contract liabilities	5,036	5,444	4,901	5,360
Accruals and allowances	329,591	302,915	303,972	276,388
	341,007	314,400	315,253	287,789
Deferred tax liabilities				
Arising from fair value adjustments on acquisition of a subsidiary	(276)	(6,038)	-	-
	(276)	(6,038)	-	-
Net	340,731	308,362	315,253	287,789

Deferred tax assets are recognised to the extent that the realisation of related tax benefits through future taxable profits is probable.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2025 RMB'000	2024 RMB'000
Deferred income	2,952	14,865
Accruals and allowances	66,626	65,785
Tax losses carried forward	242,591	224,928
	312,169	305,578

At the reporting date, the Group did not recognise deferred tax assets relating to certain subsidiaries as future profits are not probable against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

30 TAX EXPENSE (CONT'D)

Unrecognised deferred tax assets (Cont'd)

The unutilised tax losses expiring in the following years are as follows:

	Group	
	2025 RMB'000	2024 RMB'000
Unutilised tax losses:		
Expire in 2025	-	30,646
Expire in 2026	36,430	36,516
Expire in 2027	36,252	36,252
Expire in 2028	40,002	40,002
Expire in 2029	81,395	81,512
Expire in 2030	48,512	-
	242,591	224,928

31 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Group	2025	2024
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	2,131,022	2,229,335
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares	770,094	770,149

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

32 DIVIDENDS

Dividends to owners of the Company

	Cents per share		Dividends	
	2025 RMB	2024 RMB	2025 RMB'000	2024 RMB'000
Group and Company				
Final dividends for the year ended 31 December 2024 (2024: 31 December 2023)	1.28	1.28	985,721	985,803
Interim dividends for the year ended 31 December 2025	2.45	-	1,886,731	-
	3.73	1.28	2,872,452	985,803

On 30 March 2026, the directors proposed a final dividend amounting to RMB1,802,020,793 on the basis of RMB23.4 for every 10 shares in the capital of the Company. This dividend is subject to approval of shareholders at the next annual general meeting and has not been included as liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the reporting date, including any new qualifying shares issued up to the date the dividend becomes payable.

Paid by subsidiary to non-controlling interests

	Group	
	2025 RMB'000	2024 RMB'000
RMB92.39 cents per qualifying ordinary share	-	(4,980)
	-	(4,980)

33 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) Associates

Significant related party transactions

Other than as disclosed elsewhere in these financial statements, the following transactions took place between the Group and associates at terms agreed between the parties:

	Group	
	2025 RMB'000	2024 RMB'000
Sale of goods and services to associates	195,109	413
Purchase of goods and services from associates	(22,984)	(71,106)
Rental income from an associate	2,261	-
Interest income from an associate	10,510	18,850
Interest expense to an associate	-	(13,984)
Corporate guarantees granted to an associate	243,135	561,352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

33 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

(b) Related parties other than associates

All members of the ultimate parent company's group of companies other than the Company's subsidiaries and associates are considered related parties in these financial statements.

There are transactions and arrangements between the Group and its related companies and the effects of these on the basis determined between the parties are reflected in these financial statements. The related company balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Significant related party transactions

Other than as disclosed elsewhere in these financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2025 RMB'000	2024 RMB'000
Sale of goods and services to related parties	347,656	208,104
Purchase of goods and services from related parties	(12,911)	(324,131)
Rental income from related parties	3,401	264
Rental expenses to related parties	(3,491)	(3,951)
Purchase of plant and equipment from a related party	(5)	(183)

(c) Key management compensation

	Group	
	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	14,982	11,149

Key management compensation is included under employee benefits expense and also includes the following item:

	Group	
	2025 RMB'000	2024 RMB'000
Remuneration to directors of the Company	5,842	4,536

Further information about remuneration to individual directors is provided in the report on corporate governance statement in the annual report. Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

Categories of financial assets and liabilities

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Financial assets at amortised cost				
– Other financial assets	4,743,147	1,771,941	4,464,147	1,546,093
– Trade and other receivables	1,603,694	1,324,889	1,456,156	1,146,740
– Cash and cash equivalents	1,016,427	2,944,433	765,339	2,736,763
	7,363,268	6,041,263	6,685,642	5,429,596
Financial assets measured at FVOCI	–	92	–	92
	7,363,268	6,041,355	6,685,642	5,429,688
Financial liabilities				
Financial liabilities at amortised cost				
– Trade and other payables [^]	1,982,841	1,975,250	1,784,954	1,670,901
– Other financial liabilities	57,903	21,653	48,864	19,653
– Lease liabilities	7,783	6,932	1,700	–
	2,048,527	2,003,835	1,835,518	1,690,554

[^] Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks.

The guidelines include the following:

- (a) Minimise interest rate, credit and market risks for all kinds of transactions;
- (b) Maximise use of "natural hedge": favouring as much as possible natural off-setting of sales and costs and receivables and payables denominated in the same currency; putting in place hedging strategies only for the excess balance. The same strategy is pursued with respect to interest rate risk;
- (c) All financial risk management activities are carried out and monitored by senior management staff; and
- (d) All financial risk management activities are carried out following market practices.

There have been no changes to the Group's and the Company's exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Fair value of financial instruments

Current financial assets and liabilities

The fair value of current financial assets and liabilities, including trade and other receivables, cash and cash equivalents and trade and other payables, approximate their carrying amounts at the reporting date due to their short-term maturities.

Fixed rate financial assets and financial liabilities

The fair value of fixed rate financial assets and financial liabilities, including other financial assets and other financial liabilities, approximate their carrying amounts at the reporting date. The fair value of these financial assets and financial liabilities are determined based on discounted cash flows, which considers the present value of future cash inflows and outflows, discounted using a risk adjusted discount rate at the reporting date.

Credit risk on financial assets

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. As at 31 December 2025, the Group's and the Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group and the Company arises from the carrying amount of the respective recognised financial assets as stated in the statements of financial position.

In order to minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group and the Company use other publicly available financial information and the Group's and the Company's own trading records to rate its major customers and other debtors. The Group's and the Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade and other receivables

For credit risk on trade receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

The credit risk exposure and the ECL measurement of trade and other receivables are disclosed in Note 14.

Other financial assets

In order to minimise credit risk, the Group and the Company has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group and the Company only transacts with reputable financial institution counterparties, which are regulated, and these investments are considered to have low credit risk for the purpose of impairment assessment.

The credit risk exposure and the ECL measurement of other financial assets are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Credit risk on financial assets (Cont'd)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents. The cash and cash equivalents are held with banks and reputable financial institution counterparties with acceptable credit ratings, which are regulated.

The Group and the Company assessed the impairment on cash and cash equivalents based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Based on the assessment, the Group and the Company considered that the amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

The following table analyses the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the reporting date:

	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Group			
2025			
Other financial liabilities	58,058	-	58,058
Lease liabilities	3,340	5,207	8,547
Trade and other payables [^]	1,982,841	-	1,982,841
	2,044,239	5,207	2,049,446
2024			
Other financial liabilities	22,103	-	22,103
Lease liabilities	2,726	5,297	8,023
Trade and other payables [^]	1,975,250	-	1,975,250
	2,000,079	5,297	2,005,376

[^] Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Liquidity risk (Cont'd)

	Less than 1 year RMB'000	2 to 5 years RMB'000	Total RMB'000
Company			
2025			
Other financial liabilities	48,864	-	48,864
Lease liabilities	1,253	481	1,734
Trade and other payables [^]	<u>1,784,954</u>	-	<u>1,784,954</u>
	<u>1,835,071</u>	<u>481</u>	<u>1,835,552</u>
2024			
Other financial liabilities	20,056	-	20,056
Trade and other payables [^]	<u>1,670,901</u>	-	<u>1,670,901</u>
	<u>1,690,957</u>	-	<u>1,690,957</u>

[^] Excludes accrued termination benefits, accrued employee benefits, other taxes payables and dividend payables.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statements of financial position. At the reporting date, no claims on the financial guarantees are expected to be payable.

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is approximately 45 days. The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows. In addition, the financial assets are held for which there is a liquid market and that are readily available to meet liquidity needs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates of financial assets and liabilities.

The following table analyses the breakdown of the significant financial instruments by types of interest rate:

	Group		Company	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Fixed rate financial instruments				
Debt instruments measured at amortised cost	4,743,147	1,771,941	4,464,147	1,546,093
Other financial liabilities	(57,903)	(21,653)	(48,864)	(19,653)
Lease liabilities	(7,783)	(6,932)	(1,700)	-
	4,677,461	1,743,356	4,413,583	1,526,440
Floating rate financial instruments				
Cash and cash equivalents (not restricted in use)	1,016,427	2,944,433	765,339	2,736,763
	1,016,427	2,944,433	765,339	2,736,763

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, remain constant.

	Group		Company	
	Profit or loss		Profit or loss	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Floating rate financial assets	10,164	29,444	7,653	27,368

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Company and its subsidiaries, Renminbi ("RMB"). The foreign currency in which these transactions are denominated is primarily United States Dollar ("USD").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

34 FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at 31 December 2025 and 2024 are as follows:

	Group	
	2025 USD RMB'000	2024 USD RMB'000
Financial assets		
Trade and other receivables	17,835	9,391
Cash and cash equivalents	18,962	6,480
	36,797	15,871
Financial liabilities		
Trade and other payables	(359)	(23,689)
	(359)	(23,689)
	36,438	(7,818)

Sensitivity analysis is not presented as the impact to pre-tax profit is not significant.

Equity price risk

There are investments in equity shares or similar instruments. The equity price risk, fair value and sensitivity analysis information of unquoted equity shares are disclosed in Note 11.

35 ITEMS TO PROFIT OR LOSS

The following charges have been included in administrative expenses:

	Group	
	2025 RMB'000	2024 RMB'000
Audit fees to independent auditors of the Company	3,260	3,740
Non-audit fees to independent auditors of the Company [^]	-	20
	3,260	3,760

[^] The non-audit fees represented audit related services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

36 FINANCIAL INFORMATION BY OPERATING SEGMENTS

Disclosure of information regarding operating segments, products and services, the geographical areas, and the major customers are made as required by IFRS 8 *Operating Segments*.

Information regarding the results of each reportable segment is included below, which is included in the internal management reports that are reviewed by the Group's Chief Executive Officer, for the purpose of resource allocation and internal assessment of performance. Both segment revenue and gross profit are used to measure performance as management believes that such information is the most relevant in evaluating the level of activities and results of these segments.

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

- (a) Chinese medicine: Manufacturer of Chinese pharmaceutical products which are under brands owned by the Group; and
- (b) Western medicine: Manufacturer of western pharmaceutical products through cooperation with foreign companies.

Any item that does not fall within the above two categories is grouped under unallocated. Other than the information disclosed below, other information is not available and the cost to develop it would be excessive.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results is as follows:

	Revenue	Cost of sales	Gross profit
	RMB'000	RMB'000	RMB'000
2025			
Chinese medicine	4,461,170	(963,855)	3,497,315
Western medicine	89,939	(47,147)	42,792
Unallocated	366,227	(346,621)	19,606
	4,917,336	(1,357,623)	3,559,713
2024			
Chinese medicine	5,657,331	(2,362,850)	3,294,481
Western medicine	1,192,007	(1,152,751)	39,256
Unallocated	457,398	(346,220)	111,178
	7,306,736	(3,861,821)	3,444,915

Other than the information disclosed above, no reconciliation of the reportable segments' profit or loss and assets and liabilities to the Group's profit or loss and assets and liabilities, respectively, are disclosed as these are unallocated.

There is no individual customer who contributes revenue more than 10% of the total revenue of the Group during the years ended 31 December 2025 and 2024.

The Group operates mainly in the PRC. As a result, segmental information by geographical areas is not meaningful.

The non-current assets of the Group are mainly located in the PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

37 RECONCILIATION TO CAS

Differences between the financial statements prepared in accordance with IFRSs and CAS are as follows:

	As reported in statutory financial statements prepared under CAS RMB'000	Reconciliation RMB'000	As reported in financial statements prepared under IFRS RMB'000
	RMB'000	RMB'000	RMB'000
Group			
2025			
Equity			
Share premium	-	1,206,930	1,206,930
Retained earnings	4,893,598	108,748	5,002,346
Other reserves	1,435,807	(1,315,678)	120,129
2024			
Equity			
Share premium	-	1,206,930	1,206,930
Retained earnings	5,635,028	108,748	5,743,776
Other reserves	1,438,472	(1,315,678)	122,794
Company			
2025			
Equity			
Share premium	-	1,206,930	1,206,930
Retained earnings	4,650,566	31,000	4,681,566
Other reserves	1,772,708	(1,237,930)	534,778
2024			
Equity			
Share premium	-	1,206,930	1,206,930
Retained earnings	5,500,353	31,000	5,531,353
Other reserve	1,775,567	(1,237,930)	537,637

The reconciliations set out above are related to reclassification of retained earnings, share premium and other reserves in accordance with IFRSs.

There is no financial impact between IFRS and CAS, in respect of total comprehensive income and net assets of the Group and of the Company at the reporting date.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTE FOR S-SHARE SHAREHOLDERS

The Company had previously issued a notice of the Annual General Meeting on 30 March 2026 in compliance with Article 69 of its Articles of Association and the listing rules of the Shanghai Stock Exchange, which require a written notice to be given at least 45 days in advance of a shareholders' meeting. Subsequently, on 16 April 2026, the Company issued a further notice in compliance with the requirements of the Shanghai Stock Exchange to notify S-Share Shareholders that the controlling shareholder of the Company had proposed one (1) *ad hoc* resolution (临时提案) (i.e. Resolution 16) for inclusion in the agenda of the Annual General Meeting, and such further notice superseded the notice dated 30 March 2026.

This updated notice of the Annual General Meeting, issued in compliance with the listing rules of the Singapore Exchange Securities Trading Limited, supersedes the notice announced by the Company on 16 April 2026.

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company (the "AGM" or "Annual General Meeting") for the financial year ended 31 December 2025 ("FY2025") will be held at the meeting room of the Company's Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the People's Republic of China (the "PRC") (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently, via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for holders of S-Shares (the "S-Share Shareholders") in Singapore) on Friday, 15 May 2026 at 1:30 p.m..

The agenda for the meeting shall be as follows:

RESOLUTION(S) (POLL VOTING) (See Explanatory Note F)

1. To consider and approve the Chairman's Report for FY2025. **(Resolution 1)**
2. To consider and approve the Board of Directors' Report for FY2025. **(Resolution 2)**
3. To consider and approve the Financial Report and Audit Report for FY2025, which have been audited by CAC Certified Public Accountants LLP (中审华会计师事务所) and Foo Kon Tan LLP, and reviewed by the Audit Committee of the Company. **(Resolution 3)**
4. To consider and approve the profit distribution plan of the Company for FY2025. **(Resolution 4)**

The Board proposes to declare a final dividend for FY2025 on the basis of RMB23.4 (inclusive of taxes) for every ten (10) shares in the capital of the Company (the "Proposed Final Dividend"). Subject to the Proposed Final Dividend being approved by shareholders at the Annual General Meeting, the Proposed Final Dividend will be paid in respect of all issued shares in the capital of the Company as at the record date to be determined by the Company for the purposes of determining shareholders' entitlements to the Proposed Final Dividend. The Company will announce the record date and the payment date for the Proposed Final Dividend in due course.
5. To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Yeo Guat Kwang (杨木光) for FY2025. **(Resolution 5)**
6. To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Liew Yoke Pheng Joseph (刘育彬) for FY2025. **(Resolution 6)**

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Zhong Ming (钟铭) for FY2025. **(Resolution 7)**
8. To consider and approve the aggregate remuneration for the Directors of the Company for FY2025. **(Resolution 8)**
9. To consider and approve the proposed renewal of the shareholders' mandate for interested person transactions: **(Resolution 9)**
- (a) such approval given in the shareholders' mandate for interested person transactions (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company at a general meeting, continue in force until the next annual general meeting of the Company; and
- (b) the Directors and/or any of them are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Shareholders' Mandate and/or this Resolution.
- (See Explanatory Note A)*
10. To consider and approve the proposed Company's "Shareholders' Return Plan for 2026 to 2028". **(Resolution 10)**
- (See Explanatory Note B)*
11. To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB13,455 million. **(Resolution 11)**
- (See Explanatory Note C)*
12. To consider and approve the proposed entry into the financial services agreement between the Company and Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("**TPGF**") as an interested person transaction and all transactions arising therefrom. **(Resolution 12)**
- (See Explanatory Note D)*
13. To consider and approve the proposed provision by the Company, in proportion to its equity interest in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) ("**Taiping Medicine**"), of a guarantee of up to RMB1,408,875,000 in respect of credit facilities to be obtained by Taiping Medicine from third-party financial institutions as an interested person transaction. **(Resolution 13)**
- (See Explanatory Note D)*
14. To consider and approve the proposed provision by the Company, in proportion to its indirect equity interest in Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) ("**TJZX Medicine**") (through Taiping Medicine), of a guarantee of up to RMB1,257,150,000 in respect of credit facilities to be obtained by TJZX Medicine from third-party financial institutions as an interested person transaction. **(Resolution 14)**
- (See Explanatory Note D)*
15. To consider and approve the proposed provision by the Company, in proportion to its indirect equity interest in TJZX Medicine (through Taiping Medicine), of a guarantee of up to RMB433,500,000 in respect of credit facilities to be obtained by TJZX Medicine from TPGF as an interested person transaction. **(Resolution 15)**
- (See Explanatory Note D)*

NOTICE OF ANNUAL GENERAL MEETING

Other items on the agenda to be resolved in the Annual General Meeting shall include any agenda proposed by a Shareholder in accordance with Article 70 of the Articles of Association of the Company, which states: “When the Company is to hold an annual General Meeting, shareholders holding three per cent. (3%) or more of the voting shares of the Company shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda of the General Meeting those motions, the subject matter of which, are required to be decided by shareholders in General Meeting”.

RESOLUTION(S) (CUMULATIVE VOTING) (See Explanatory Note G)

To consider and approve the proposed appointment of one (1) Independent Director of the Company:

16. To consider and approve the proposed appointment of Ms. Zhai Shuping (翟淑萍) as an **(Resolution 16)** Independent Director of the Company.

(See Explanatory Note E)

By Order of the Board

Jiao Yan
Secretary to the Board of Directors
30 April 2026

Explanatory Notes:

- A. **Resolution 9** is to renew the Shareholders' Mandate to enable the Company, its subsidiaries and associated companies that are considered to be “**entities at risk**” within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), or any of them, to enter into certain categories of interested person transactions with certain classes of interested persons. Further details are set out in the annexure dated 30 April 2026 to this Notice of AGM in relation to the proposed renewal of the shareholders' mandate for interested person transactions (the “**IPT Mandate Annexure**”), as set out on pages 176 to 201 of the Company's annual report for FY2025 (the “**Annual Report 2025**”).
- B. **Resolution 10** is to seek the approval of the shareholders of the Company (the “**Shareholders**”) for the Company's Shareholders' Return Plan for the next three (3) years from 2026 to 2028. Further details are set out in the Company's announcement dated 30 March 2026 in relation to the Shareholders' Return Plan for 2026 to 2028.
- C. **Resolution 11** is to seek Shareholders' approval for the proposed lines of credit granted to the Company up to an aggregate limit of RMB13,455 million, and to authorise the Company's management, based on the Company's operational needs, to handle the relevant matters relating to loans and other financing arrangements under such lines of credit. Further details of the proposed lines of credit are set out in the Company's announcement dated 30 March 2026 in relation to, *inter alia*, the resolutions passed at the 2nd Board meeting for the financial year ending 31 December 2026.
- D. **Resolutions 12, 13, 14 and 15** are to seek Shareholders' approval for the proposed interested person transactions (the “**Proposed IPTs**”). Further details are set out in the annexure dated 30 April 2026 to this Notice of AGM in relation to the Proposed IPTs (the “**Proposed IPTs Annexure**”), released together with this Notice of AGM.
- E. **Resolution 16** is to appoint Ms. Zhai ShuPing (翟淑萍) as an Independent Director of the Company. Further details of Ms. Zhai ShuPing (翟淑萍), including the information required under Rule 720(6) of the Listing Manual read with Appendix 7.4.1 of the Listing Manual, are set out in the section entitled “Corporate Governance Statement” in the Company's Annual Report 2025.
- F. Resolutions 1 to 15 will be voted on **BY WAY OF POLL**, and every Shareholder shall be entitled to one (1) vote for every Share such Shareholder holds or such proxy represents.
- G. Resolution 16 pertaining to the proposed appointment of Ms. Zhai ShuPing (翟淑萍) as an Independent Director of the Company will be voted on **BY WAY OF CUMULATIVE VOTING**, in one (1) proposal group. Every Shareholder (including S-Share Shareholder) shall, in respect of the resolution(s) under such proposal group, be entitled to a number of votes equivalent to the number of Shares such Shareholder (including S-Share Shareholder) holds or such proxy represents multiplied by the number of the candidate(s) standing for election as director under that proposal group, and the Shareholders (including S-Share Shareholders) may cast all or part of their votes for one (1) or several candidates standing for election as director under that proposal group.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT – Cumulative Voting for Election of Director(s)

- (a) Resolution 16 will be voted on by way of cumulative voting in one (1) proposal group, and every Shareholder (including S-Share Shareholder) shall, in respect of Resolution 16 under such proposal group, be entitled to a number of votes equivalent to the number of Shares such Shareholder (including S-Share Shareholder) holds or such proxy represents multiplied by the number of the candidate(s) standing for election as director under such proposal group. **Please DO NOT indicate with a tick (✓) or a cross (X) within the box provided in respect of Resolution 16 in the proxy form in respect of the AGM (the “Proxy Form”). Instead, you should indicate the number of votes as appropriate. Please see the detailed illustration as set out below.**
- (b) The cumulative voting will be conducted in one (1) proposal group, categorised into resolution(s) for the election of independent director(s). This means that for the election of the one (1) independent director, the total number of votes you are entitled to cast in aggregate for Resolution 16 shall equal the number of Shares held by you multiplied by the number of the candidate(s) standing for election as independent director(s) under such proposal group in relation to the proposed appointment of independent director(s) of the Company (i.e. 1), and this particular allocation of votes may only be cast on the candidate(s) standing for election as independent director under such proposal group.

As to the allocation of votes within the relevant proposal group, you may either cast all your relevant number of votes for that proposal group for one (1) of the candidate(s) in that proposal group, or where applicable, cast them equally or diversely to more than one (1) of the candidate(s) (as the case may be) in that proposal group.

PLEASE NOTE WITH PARTICULAR ATTENTION THAT, IF THE TOTAL NUMBER OF VOTES YOU HAVE CAST IS LESS THAN OR EQUAL TO THE MAXIMUM NUMBER OF VOTES YOU ARE ENTITLED TO CAST IN RESPECT OF THAT PARTICULAR PROPOSAL GROUP, YOUR VOTES SHALL BE VALID AND THE VOTES NOT CAST SHALL BE DEEMED TO HAVE BEEN WAIVED BY YOU; IF THE TOTAL NUMBER OF VOTES YOU HAVE CAST EXCEEDS THE MAXIMUM NUMBER OF VOTES YOU ARE ENTITLED TO CAST IN RESPECT OF THAT PARTICULAR PROPOSAL GROUP, ALL THE VOTES CAST BY YOU SHALL BE INVALID AND YOU SHALL BE DEEMED TO HAVE WAIVED YOUR RIGHT TO VOTE.

Solely for illustrative purposes only:

If you hold **100 Shares**, as there is one (1) candidate standing for election as independent director under the proposal group in relation to the proposed appointment of independent director(s) of the Company (i.e. Resolution 16), the total number of votes you are entitled to cast under this proposal group will be **100 votes**, and these 100 votes may only be cast on the proposed candidate standing for election as independent director under the proposal group in relation to the proposed appointment of independent director(s) of the Company. You may cast all the **100 votes** or only part of them that you are entitled to cast under the proposal group in relation to the proposed appointment of independent director(s) of the Company.

- (c) A candidate standing for election as director shall be determined as elected according to the number of votes received by each candidate in descending order; provided, however, that for a candidate to be elected, the minimum number of votes that such candidate received shall be more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting. If none of the candidates received votes that are more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting, none of the candidates will be elected at the general meeting and another election shall be conducted at the next following general meeting to fill the vacancy.

If the number of directors successfully elected is less than the number of directors to be elected at the general meeting, another election shall be conducted at the next following general meeting to fill the vacancy.

If the number of the candidates standing for election as director who have received more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting is more than the number of directors to be elected at the general meeting, the candidates standing for election as director shall be determined as elected according to the number of votes received by each candidate in descending order.

In the event of failure to determine the elected candidate due to a tie vote between two (2) or more candidates standing for election as director (such that, if all of them are elected, the number of elected candidates would exceed the number of vacancies), none of these candidates will be elected at the general meeting and another election shall be conducted at the next following general meeting to fill the vacancy.

Notes:

- The AGM will be held at the meeting room of the Company's Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the PRC (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently, via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for S-Share Shareholders in Singapore) on Friday, 15 May 2026 at 1:30 p.m..
- AGM documents.** Printed copies of the Company's Annual Report 2025 enclosing, *inter alia*, the IPT Mandate Annexure (which includes printed copies of this Notice of AGM and the Proxy Form), as well as printed copies of the Proposed IPTs Annexure, will be sent to S-Share Shareholders. The Annual Report 2025, this Notice of AGM, the Proxy Form, and the Proposed IPTs Annexure have also been, or will also be, made available via SGXNet and on the Company's website at www.jydr.com.cn. S-Share Shareholders and investors are advised to check SGXNet and/or the Company's website at www.jydr.com.cn regularly for the latest updates.

NOTICE OF ANNUAL GENERAL MEETING

3. **Shareholders' questions and answers.** S-Share Shareholders and duly appointed proxy or proxies will be able to attend the AGM in person and ask questions relating to the resolutions to be tabled for approval at the AGM.

However, S-Share Shareholders are encouraged to raise their questions (if any) as early as possible in advance of the AGM and, in any event, by **5:00 p.m. on Monday, 11 May 2026** (being not less than seven (7) calendar days after the date of the Notice of AGM) and can submit substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM, in advance of the AGM, in the following manner:

- (a) by email to drt600329@163.com; or
- (b) by post to the Company's S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632.

S-Share Shareholders who submit questions in advance of the AGM should provide their full name, address, contact number, email address and the manner in which they hold Shares (if you hold Shares directly, please provide your account number with The Central Depository (Pte) Limited; otherwise, please state if you hold your Shares through the Central Provident Fund Investment Scheme ("CPF") or the Supplementary Retirement Scheme ("SRS") or other Relevant Intermediary), for our verification purposes. "**Relevant Intermediary**" means (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or (c) the CPF Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

The Company will endeavour to answer all substantial and relevant questions in relation to the resolutions to be tabled for approval at the AGM either prior to or at the AGM. **Where substantially similar questions are received, the Company may consolidate such questions and consequently not all questions may be individually addressed.**

The Company will also publish the minutes of the AGM, which will include substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM and the responses from the Board and/or management of the Company to such questions, via SGXNet and on the Company's website at www.jydr.com.cn within one (1) month after the date of the AGM.

4. **Voting.** A Shareholder (whether individual or corporate, including Relevant Intermediaries) who is entitled to attend and vote at the AGM may appoint one (1) or more persons (who need not also be Shareholder(s)) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the AGM. Where a Shareholder appoints more than one (1) proxy, the appointments shall be deemed to be in the alternative unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

If the appointor is a corporation, the instrument of proxy must be executed under seal or by the hand of its duly authorised officer or attorney.

A S-Share Shareholder (whether individual or corporate) can also choose to appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. The Chairman of the AGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy:

- (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the AGM as his/her/its proxy for that resolution will be treated as invalid;** and
- (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in the Proxy Form. **If no specific direction as to how many votes is given, the appointment of the Chairman of the AGM as his/her/its proxy for Resolution 16 will be treated as invalid.**

Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the AGM) as his/her/its proxy(ies):

- (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in the Proxy Form. **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her/their discretion;** and
- (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in the Proxy Form. **If no specific direction as to how many votes is given, the proxy(ies) may vote or abstain from voting on Resolution 16 at his/her/their discretion.**

The Proxy Form has been, or will be, made available via SGXNet and may also be accessed at the Company's website at www.jydr.com.cn.

Investors who hold Shares under the CPF ("**CPF Investor**") and/or the SRS ("**SRS Investor**") (as may be applicable) and wish to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e. by **5:00 p.m. on Tuesday, 5 May 2026**). **The Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

NOTICE OF ANNUAL GENERAL MEETING

The duly completed Proxy Form must be submitted by S-Share Shareholders to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, via email to the Company's S-Shares Registrar and Singapore Transfer Office at srs.proxy@boardroomlimited.com,

in either case, by no later than **1:30 p.m. on Wednesday, 13 May 2026**.

S-Share Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

A S-Share Shareholder who wishes to submit an instrument of proxy must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. If a S-Share Shareholder is a corporation, the Proxy Form must be executed under seal or by the hand of its duly authorised officer or attorney.

The completion and return of the instrument appointing a proxy(ies) by a Shareholder do not preclude such Shareholder from attending, speaking and voting in person at the AGM if such Shareholder subsequently decides to do so. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Shareholder attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

5. Pursuant to the Articles of Association of the Company, a holder of tradable domestic A-Shares with limiting conditions for sale shall notify the Company in writing not less than twenty (20) days prior to the AGM of his or her intention to attend the AGM. Accordingly, a holder of tradable domestic A-Shares with limiting conditions for sale who is planning to attend the AGM must give a written notice to the Company no later than 21 April 2026.
6. The AGM in Tianjin, the PRC is expected to last for half a day and all accommodation and other expenses incurred by a Shareholder or his/her/its proxy(ies) in connection with his/her/its attendance at the AGM shall be borne by that Shareholder.
7. **Personal data privacy:** By (1) submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, and/or (2) submitting any question prior to the AGM, a Shareholder of the Company (a) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purposes of (i) the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), (ii) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), (iii) the addressing of substantial and relevant questions relating to the resolution(s) to be tabled for approval at the AGM from Shareholders received prior to and/or at the AGM and if necessary, the follow-up with Shareholders in relation to such questions, and (iv) in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (b) warrants that where a Shareholder discloses the personal data of such Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), such Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (c) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

PROXY FORM

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)

(Incorporated in the People's Republic of China)

(Company Registration No.: 91120000103100784F)

(the "Company")

ANNUAL GENERAL MEETING PROXY FORM

(You are advised to read the notes below before completing this form)

IMPORTANT

1. The annual general meeting (the "AGM" or "Annual General Meeting") of the Company will be held at the meeting room of the Company's Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the PRC (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently, via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for S-Share Shareholders in Singapore) on Friday, 15 May 2026 at 1:30 p.m..
2. A S-Share Shareholder (whether individual or corporate) can choose to appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. The Chairman of the AGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy:
 - (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in this Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the AGM as his/her/its proxy for that resolution will be treated as invalid;** and
 - (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in this Proxy Form. **If no specific direction as to how many votes is given, the appointment of the Chairman of the AGM as his/her/its proxy for Resolution 16 will be treated as invalid.**
3. Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the AGM) as his/her/its proxy(ies):
 - (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in this Proxy Form. **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her/their discretion;** and
 - (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in this Proxy Form. **If no specific direction as to how many votes is given, the proxy(ies) may vote or abstain from voting on Resolution 16 at his/her/their discretion.**
4. Investors who hold Shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as applicable) and wish to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e. by **5:00 p.m.** on **Tuesday, 5 May 2026**). **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**
5. **Personal Data Privacy:** By submitting this Proxy Form, S-Share Shareholders accept and agree to the personal data privacy terms set out in the Company's Notice of AGM dated 30 April 2026.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) by a S-Share Shareholder to attend, speak and vote on his/her/its behalf at the AGM. **DETAILED INSTRUCTIONS TO S-SHARE SHAREHOLDERS ON HOW THEY MAY CAST THEIR VOTES UNDER THE CUMULATIVE VOTING SYSTEM WITH RESPECT TO RESOLUTION 16 ARE SET OUT IN NOTE 3 OF THIS PROXY FORM BELOW. S-SHARE SHAREHOLDERS SHOULD READ THE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS PROXY FORM.**

PROXY FORM

TIANJIN PHARMACEUTICAL DA REN TANG GROUP CORPORATION LIMITED

(Formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited)

(Incorporated in the People's Republic of China)

(Company Registration No.: 91120000103100784F)

(the "Company")

ANNUAL GENERAL MEETING PROXY FORM

I/We*, _____ (Name) with
NRIC/Passport/Company Registration Number _____
of _____ (Address)
being a member/members* of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (the "Company"),
hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or* (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing whom, or if no persons are named above, the Chairman of the Annual General Meeting as my/our* proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the annual general meeting ("AGM" or "Annual General Meeting") of the Company to be held at the meeting room of the Company's Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the PRC (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently, via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for S-Share Shareholders in Singapore) on Friday, 15 May 2026 at 1:30 p.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* (except where the Chairman of the AGM has been appointed as proxy) may vote or abstain from voting at his/her/their discretion. **Where the Chairman of the AGM is appointed as proxy, and (i) in respect of Resolutions 1 to 15, no specific instructions as to voting, or abstentions from voting are given, or (ii) in respect of Resolution 16, for which cumulative voting will apply, no specific instructions as to how many votes are to be cast are given, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**

PROXY FORM

Resolution(s) (Poll Voting)				
No.	Resolution(s) relating to	For ^{Note 2}	Against ^{Note 2}	Abstain ^{Note 2}
1.	To consider and approve the Chairman's Report for FY2025.			
2.	To consider and approve the Board of Directors' Report for FY2025.			
3.	To consider and approve the Financial Report and Audit Report for FY2025, which have been audited by CAC Certified Public Accountants LLP (中审华会计师事务所) and Foo Kon Tan LLP, and reviewed by the Audit Committee of the Company.			
4.	To consider and approve the profit distribution plan of the Company for FY2025.			
5.	To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Yeo Guat Kwang (杨木光) for FY2025.			
6.	To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Liew Yoke Pheng Joseph (刘育彬) for FY2025.			
7.	To consider and approve the remuneration of S\$55,000 for Independent Director Mr. Zhong Ming (钟铭) for FY2025.			
8.	To consider and approve the aggregate remuneration for the Directors of the Company for FY2025.			
9.	To consider and approve the proposed renewal of the shareholders' mandate for interested person transactions.			
10.	To consider and approve the proposed Company's "Shareholders' Return Plan for 2026 to 2028".			
11.	To consider and approve the proposed lines of credit granted to the Company up to an aggregate limit of RMB13,455 million.			
12.	To consider and approve the proposed entry into the financial services agreement between the Company and Tianjin Pharmaceutical Group Finance Co., Ltd. (天津医药集团财务有限公司) ("TPGF") as an interested person transaction and all transactions arising therefrom.			
13.	To consider and approve the proposed provision by the Company, in proportion to its equity interest in Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司) ("Taiping Medicine"), of a guarantee of up to RMB1,408,875,000 in respect of credit facilities to be obtained by Taiping Medicine from third-party financial institutions as an interested person transaction.			

PROXY FORM

Resolution(s) (Poll Voting)				
No.	Resolution(s) relating to	For ^{Note 2}	Against ^{Note 2}	Abstain ^{Note 2}
14.	To consider and approve the proposed provision by the Company, in proportion to its indirect equity interest in Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司) (“ TJZX Medicine ”) (through Taiping Medicine), of a guarantee of up to RMB1,257,150,000 in respect of credit facilities to be obtained by TJZX Medicine from third-party financial institutions as an interested person transaction.			
15.	To consider and approve the proposed provision by the Company, in proportion to its indirect equity interest in TJZX Medicine (through Taiping Medicine), of a guarantee of up to RMB433,500,000 in respect of credit facilities to be obtained by TJZX Medicine from TPGF as an interested person transaction.			
	Other items on the agenda to be resolved in the Annual General Meeting shall include any agenda proposed by a Shareholder in accordance with Article 70 of the Articles of Association of the Company, which states: “When the Company is to hold an annual General Meeting, shareholders holding three per cent. (3%) or more of the voting shares of the Company shall be entitled to propose new motions in writing to the Company. The Company shall include in the agenda of the General Meeting those motions, the subject matter of which, are required to be decided by shareholders in General Meeting”			
Resolution(s) (Cumulative Voting)				
To consider and approve the proposed appointment of one (1) Independent Director of the Company				
No.	Resolution(s) relating to:	No. of votes ^{Note 3}		
16.	To consider and approve the proposed appointment of Ms. Zhai Shuping (翟淑萍) as an Independent Director of the Company.			

*Delete as appropriate

Dated this _____ day of _____ 2026.

Total number of Shares in:	No. of Shares ^{Note 1}
(a) Depository Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. **If no number is inserted, this instrument of proxy will be deemed to relate to all the Shares held by you.**
2. Resolutions 1 to 15 will be voted on **BY WAY OF POLL**, and every shareholder of the Company (each, a “Shareholder” and collectively, the “Shareholders”) shall be entitled to one (1) vote for every Share such Shareholder holds or such proxy represents. **If you wish your proxy/proxies to exercise all your votes “For”, “Against” or to “Abstain” from voting, please indicate with a tick (✓) or a cross (X) within the box provided in respect of Resolutions 1 to 15. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy/proxies not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.**
3. **IMPORTANT – Cumulative Voting for Election of Director(s)**
 - (a) Resolution 16 will be voted on **BY WAY OF CUMULATIVE VOTING**, in one (1) proposal group, and every Shareholder (including S-Share Shareholder) shall, in respect of Resolution 16 under such proposal group, be entitled to a number of votes equivalent to the number of Shares such Shareholder (including S-Share Shareholder) holds or such proxy represents multiplied by the number of the candidate(s) standing for election as director under such proposal group. **Please DO NOT indicate with a tick (✓) or a cross (X) within the box provided in respect of Resolution 16 in this Proxy Form. Instead, you should indicate the number of votes as appropriate. Please see the detailed illustration as set out below.**
 - (b) The cumulative voting will be conducted in one (1) proposal group, categorised into resolution(s) for the election of independent director(s). This means that for the election of the one (1) independent director, the total number of votes you are entitled to cast in aggregate for Resolution 16 shall equal the number of Shares held by you multiplied by the number of the candidate(s) standing for election as independent director(s) under such proposal group in relation to the proposed appointment of independent director(s) of the Company (i.e. 1), and this particular allocation of votes may only be cast on the candidate(s) standing for election as independent director under such proposal group.

As to the allocation of votes within the relevant proposal group, you may either cast all your relevant number of votes for that proposal group for one (1) of the candidate(s) in that proposal group, or where applicable, cast them equally or diversely to more than one (1) of the candidate(s) (as the case may be) in that proposal group.

PLEASE NOTE WITH PARTICULAR ATTENTION THAT, IF THE TOTAL NUMBER OF VOTES YOU HAVE CAST IS LESS THAN OR EQUAL TO THE MAXIMUM NUMBER OF VOTES YOU ARE ENTITLED TO CAST IN RESPECT OF THAT PARTICULAR PROPOSAL GROUP, YOUR VOTES SHALL BE VALID AND THE VOTES NOT CAST SHALL BE DEEMED TO HAVE BEEN WAIVED BY YOU; IF THE TOTAL NUMBER OF VOTES YOU HAVE CAST EXCEEDS THE MAXIMUM NUMBER OF VOTES YOU ARE ENTITLED TO CAST IN RESPECT OF THAT PARTICULAR PROPOSAL GROUP, ALL THE VOTES CAST BY YOU SHALL BE INVALID AND YOU SHALL BE DEEMED TO HAVE WAIVED YOUR RIGHT TO VOTE.

Solely for illustrative purposes only:

If you hold **100 Shares**, as there is one (1) candidate standing for election as independent director under the proposal group in relation to the proposed appointment of independent director(s) of the Company (i.e. Resolution 16), the total number of votes you are entitled to cast under this proposal group will be **100 votes**, and these 100 votes may only be cast on the proposed candidate standing for election as independent director under the proposal group in relation to the proposed appointment of independent director(s) of the Company. You may cast all the **100 votes** or only part of them that you are entitled to cast under the proposal group in relation to the proposed appointment of independent director(s) of the Company.

- (c) A candidate standing for election as director shall be determined as elected according to the number of votes received by each candidate in descending order; provided, however, that for a candidate to be elected, the minimum number of votes that such candidate received shall be more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting. If none of the candidates receives votes that are more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting, none of the candidates will be elected at the general meeting and another election shall be conducted at the next following general meeting to fill the vacancy.

If the number of directors successfully elected is less than the number of directors to be elected at the general meeting, another election shall be conducted at the next following general meeting to fill the vacancy.

If the number of the candidates standing for election as director who have received more than half (1/2) of the total number of Shares held by those Shareholders attending the general meeting is more than the number of directors to be elected at the general meeting, the candidates standing for election as director shall be determined as elected according to the number of votes received by each candidate in descending order.

In the event of failure to determine the elected candidate due to a tie vote between two (2) or more candidates standing for election as director (such that, if all of them are elected, the number of elected candidates would exceed the number of vacancies), none of these candidates will be elected at the general meeting and another election shall be conducted at the next following general meeting to fill the vacancy.

PROXY FORM

4. A Shareholder (whether individual or corporate, including Relevant Intermediaries (as defined in the Notice of AGM)) who is entitled to attend and vote at the AGM may appoint one (1) or more persons (who need not also be Shareholder(s)) to act as his/her/its proxy(ies) to attend and vote on his/her/its behalf at the AGM. Where a Shareholder appoints more than one (1) proxy, the appointments shall be deemed to be in the alternative unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.

If the appointor is a corporation, the instrument of proxy must be executed under seal or by the hand of its duly authorised officer or attorney.

A S-Share Shareholder (whether individual or corporate) can also choose to appoint the Chairman of the AGM as his/her/its proxy, but this is not mandatory. The Chairman of the AGM, as proxy, need not be a Shareholder of the Company. Where a S-Share Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy:

- (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in this Proxy Form. **In the absence of specific instructions, the appointment of the Chairman of the AGM as his/her/its proxy for that resolution will be treated as invalid;** and
- (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in this Proxy Form. **If no specific direction as to how many votes is given, the appointment of the Chairman of the AGM as his/her/its proxy for Resolution 16 will be treated as invalid.**

Where a S-Share Shareholder (whether individual or corporate) appoints one (1) or more persons (other than the Chairman of the AGM) as his/her/its proxy(ies):

- (a) in respect of Resolutions 1 to 15, he/she/it must give specific instructions as to voting, or abstentions from voting, in this Proxy Form. **In the absence of specific instructions, the proxy(ies) may vote or abstain from voting on those resolutions at his/her/their discretion;** and
- (b) in respect of Resolution 16, for which cumulative voting will apply, he/she/it must give specific instructions as to how many votes he/she/it wishes to cast on Resolution 16, in this Proxy Form. **If no specific direction as to how many votes is given, the proxy(ies) may vote or abstain from voting on Resolution 16 at his/her/their discretion.**

5. CPF Investors and/or SRS Investors (as applicable) who wish to vote should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least **seven (7)** working days before the date of the AGM (i.e. by **5:00 p.m.** on **Tuesday, 5 May 2026**). **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

6. The duly completed Proxy Form must be submitted by S-Share Shareholders to the Company in the following manner:

- (a) if submitted by post, be lodged with the Company's S-Shares Registrar and Singapore Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) if submitted electronically, via email to the Company's S-Shares Registrar and Singapore Transfer Office at srs.proxy@boardroomlimited.com,

in either case, by no later than **1:30 p.m.** on **Wednesday, 13 May 2026**.

S-Share Shareholders are strongly encouraged to submit completed Proxy Forms electronically via email.

A S-Share Shareholder who wishes to submit an instrument of proxy must first complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. If a S-Share Shareholder is a corporation, the instrument of proxy must be executed under seal or by the hand of its duly authorised officer or attorney. Where an instrument appointing a proxy(ies) and/or representative(s) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The completion and return of the instrument appointing a proxy(ies) by a Shareholder do not preclude such Shareholder from attending, speaking and voting in person at the AGM if such Shareholder subsequently decides to do so. The appointment of the proxy(ies) for the AGM will be deemed to be revoked if the Shareholder attends the AGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant instrument appointing a proxy(ies) to the AGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of S-Share Shareholders whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any such instrument appointing a proxy or proxies lodged if such S-Share Shareholder, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by the CDP to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), S-Share Shareholders accept and agree to the personal data privacy terms set out in the Notice of AGM dated 30 April 2026.

OTHER INFORMATION

Investment Properties

The details of the investment properties held by the Group are as follows:

Property name/Location	Description/ Existing use	Gross floor area (sqm)	Tenure	Group's effective interest
Ground Floor Shops, Fengping East Lane 1-9, Guangrong Road, Red Bridge District	Commercial	547.71	Freehold	100%
Ground Floor, Fengping East Lane 1-9, Shops, Guangrong Road, Red Bridge District	Commercial	122.91	Freehold	100%
Two-Story Building, 47 Minhou Road, South Huali Lane, Hexi District	Commercial	350.00	#	100%
Ground Floor Shops (near Guangdong Road), Zhonghao Century Garden, Hexi District	Commercial	600.00	#	100%
Ground Floor Shops (near Longchang Road), Zhonghao Century Garden, Hexi District	Commercial	600.00	#	100%
Guozhuangzi Pharmacy Storefront, Hedong District	Commercial	291.25	#	100%
Zhongguang Pharmacy Store, Hedong District	Commercial	80.00	#	100%
Meilun Pharmacy Store, Hedong District	Commercial	120.00	Freehold	100%
The 4th Avenue, Ground Floor Shops, Hebei District	Commercial	218.24	Freehold	100%
144 Hongqi Road, Maqingshan, Nankai District	Commercial	400.00	#	100%
Yongrentang Pharmacy, Building 38, Jianyang Lane, Hangu District, Binhai New Area	Commercial	179.00	50-Year Land Use Rights With Effect From 14.01.2004	100%
HanGu Archway West Street, Binhai New Area	Commercial	1,043.00	Freehold	100%
HanGu Liuyuan Lane Building 1, Binhai New Area	Commercial	111.15	50-Year Land Use Rights With Effect From 23.03.1996	100%
58 Dongfeng Middle Road, Hangu, Binhai New Area	Commercial	1,150.00	50-Year Land Use Rights With Effect From 28.10.1989	100%
Jiajiayuanzi Street, Hangu, Binhai New Area	Commercial	208.46	50-Year Land Use Rights With Effect From 06.12.1996	100%
No. 5, Tengda Road, Beichen District	Commercial	24,112.59	#	100%

All investment properties of the Group are located in Tianjin, People's Republic of China.

Titles of investment properties at the end of reporting period are in the process of ownership transfer.

INFORMATION ON SHAREHOLDING

Registered Capital: RMB770,094,356

Class of Shares: Ordinary shares of RMB1.00 each (of which 570,094,356 shares are Domestic Investment Shares and 200,000,000 shares are Foreign Investment Shares)

Voting Rights: one vote per share

Foreign Shareholder's Information as at 31 March 2026

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	2	0.11	15	0.00
100-1,000	123	7.05	86,500	0.04
1,001-10,000	1,149	65.85	5,516,821	2.76
10,001-1,000,000	452	25.90	23,055,276	11.53
1,000,001 AND ABOVE	19	1.09	171,341,388	85.67
Total	1,745	100.00	200,000,000	100.00

Foreign Substantial Shareholders as at 31 March 2026

The Company has not received any notice of change of substantial shareholding of the "S" shares.

The percentage of shareholding held in the hands of public pursuant to Rule 1207(9)(e) is 25.97%, and the Company hereby confirms that Rule 723 has been complied with.

Domestic Substantial Shareholders as at 31 March 2026

Name	Direct Interests		Deemed Interests	
	No. of Shares	%	No. of Shares	%
TPH	325,855,528	42.314	5,347,200 ⁽¹⁾	0.694

Note:

(1) Pursuant to Section 4 of the SFA, TPH is deemed interested in the 5,347,200 Shares in the capital of the Company held by its wholly-owned subsidiary, JinYao Global Pte. Ltd. (formerly known as Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.).

INFORMATION ON SHAREHOLDING

Major Foreign Shareholder's List as at 31 March 2026

	Name	No. Of Shares	%
1	ABN AMRO CLEARING BANK N.V.	74,294,100	37.15
2	PHILLIP SECURITIES PTE LTD	24,003,428	12.00
3	DBS NOMINEES PTE LTD	13,771,300	6.89
4	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	10,837,192	5.42
5	CITIBANK NOMS SPORE PTE LTD	10,384,832	5.19
6	BANK OF CHINA NOMINEES PTE LTD	6,819,200	3.41
7	RAFFLES NOMINEES (PTE) LIMITED	5,702,773	2.85
8	UOB KAY HIAN PTE LTD	4,419,300	2.21
9	TAN TOH HEAH OR TAN SWEE TECK MICHAEL	3,673,000	1.84
10	HSBC (SINGAPORE) NOMINEES PTE LTD	2,907,700	1.45
11	LEONG CHAO SEONG	2,145,400	1.07
12	DBS VICKERS SECURITIES (S) PTE LTD	2,130,600	1.07
13	IFAST FINANCIAL PTE LTD	1,817,863	0.91
14	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,567,800	0.78
15	OCBC SECURITIES PRIVATE LTD	1,544,000	0.77
16	TAN SWEE TECK MICHAEL	1,490,000	0.75
17	KUEK SIAW KIA @ QUEK SHIEW POH	1,477,900	0.74
18	ZHANG JUN	1,255,000	0.63
19	HIN CHAI @ ONG HIN CHAI	1,100,000	0.55
20	RCL INDUSTRIAL PRODUCTS PTE LTD	885,800	0.44
	Total	172,227,188	86.12

ANNEXURE DATED 30 APRIL 2026

THIS ANNEXURE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Annexure is issued by Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited (formerly known as Tianjin Zhong Xin Pharmaceutical Group Corporation Limited) (the “**Company**”). **If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.**

If you have sold all your shares in the capital of the Company, you should immediately hand this Annexure, the Notice of Annual General Meeting and attached Proxy Form to the purchaser or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any statements or opinions made or report contained in this Annexure.



**TIANJIN PHARMACEUTICAL DA REN TANG
GROUP CORPORATION LIMITED**

(Incorporated in the People's Republic of China)
(Company Registration No.: 91120000103100784F)

**ANNEXURE TO
THE NOTICE OF ANNUAL GENERAL MEETING**

in relation to

PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

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DEFINITIONS

The following definitions apply throughout this Annexure unless the context otherwise requires or otherwise stated:

- “2025 2nd EGM” : The 2nd EGM of the Company in 2025 held on 15 December 2025
- “2025 AGM” : The AGM of the Company held on 15 May 2025
- “2026 AGM” : The AGM of the Company to be held at the meeting room of the Company’s Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the PRC (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently, via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for S-Share Shareholders in Singapore) on Friday, 15 May 2026 at 1:30 p.m.
- “A-Shares” : Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in the PRC and which are denominated in RMB and listed on the Shanghai Stock Exchange
- “A-Share Shareholders” : Holders of A-Shares
- “AGM” or “Annual General Meeting” : An annual general meeting of the Company
- “Annexure” : This Annexure dated 30 April 2026 to the Notice of AGM
- “Articles” or “Articles of Association” : The articles of association of the Company, as amended, supplemented and/or modified from time to time
- “associate” : In the case of the Company,
- (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
 - (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
 - (b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more

“associated company”	: In relation to a corporation, means: <ul style="list-style-type: none">(a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest in voting shares of not less than twenty per cent. (20%) but not more than fifty per cent. (50%) of the total votes attached to all voting shares in the corporation; or(b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is or are able to control or influence materially
“Audit Committee”	: The audit committee of the Company from time to time, which, as at the Latest Practicable Date, comprises Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang, and Mr. Zhong Ming
“Board” or “Board of Directors”	: The board of Directors of the Company from time to time, which, as at the Latest Practicable Date, comprises Ms. Wang Lei, Mr. Guo Min, Mr. Zhou Hong, Mr. Shang Mingjie, Ms. Mao Weiwen, Mr. Xing Jianhua, Mr. Yeo Guat Kwang, Mr. Liew Yoke Pheng Joseph, and Mr. Zhong Ming
“CDP”	: The Central Depository (Pte) Limited
“Company”	: Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited
“control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	: A person who: <ul style="list-style-type: none">(a) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or(b) in fact exercises control over the Company
“Directors”	: The directors of the Company from time to time, and “Director” shall be construed accordingly
“EAR Group”	: The Company, its subsidiaries (excluding subsidiaries listed on the SGX-ST or an approved exchange), and the associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company, has or have control, and which are considered to be “entities at risk” within the meaning of Rule 904(2) of the Listing Manual
“EGM” or “Extraordinary General Meeting”	: An extraordinary general meeting of the Company
“FY” or “Financial Year”	: Financial year ended or, as the case may be, ending 31 December
“FY2025”	: Financial year ended 31 December 2025
“Group”	: The Company and its subsidiaries
“Independent Shareholders”	: Shareholders who are not TPH and its associates
“Interested Directors”	: Mr. Guo Min, Ms. Wang Lei, Mr. Xing Jianhua, and Ms. Mao Weiwen, collectively

<i>“interested person”</i>	: As defined in the Listing Manual, an interested person, in the case of the Company, means: (a) a Director, chief executive officer, or Controlling Shareholder of the Company; or (b) an associate of such Director, chief executive officer or Controlling Shareholder, and <i>“interested persons”</i> shall be construed accordingly
<i>“IPT” or “interested person transaction”</i>	: For the purposes of this Annexure, a transaction proposed to be entered into between the EAR Group, or any of them, with an interested person
<i>“IPT Mandate”</i>	: (a) For the purposes of this Annexure, other than Appendix A to this Annexure, the general mandate from Shareholders pursuant to Rule 920 of the Listing Manual to enable the EAR Group, or any of them, to enter into certain categories of recurrent transactions of a revenue or trading nature or those necessary for the day-to-day operations of the EAR Group with specified classes of interested persons, which was last renewed at the 2025 AGM and subsequently amended at the 2025 2 nd EGM; and (b) For the purposes of Appendix A to this Annexure, the general mandate from Shareholders pursuant to Rule 920 of the Listing Manual to enable the EAR Group, or any of them, to enter into certain categories of recurrent transactions of a revenue or trading nature or those necessary for the day-to-day operations of the EAR Group with specified classes of interested persons, as proposed to be renewed at the 2026 AGM
<i>“Latest Practicable Date”</i>	: 17 April 2026, being the latest practicable date prior to the dispatch of this Annexure
<i>“Listing Manual”</i>	: The listing manual of the SGX-ST, as amended, modified and/or supplemented from time to time
<i>“Non-Interested Directors”</i>	: The Directors who are considered independent for the purposes of making a recommendation to the Independent Shareholders in relation to the Proposed Renewal, being all the Directors other than the Interested Directors
<i>“Notice of AGM”</i>	: The notice of the 2026 AGM dated 30 April 2026
<i>“NTA”</i>	: Net tangible assets
<i>“PRC”</i>	: The People’s Republic of China
<i>“PRC Company Law”</i>	: The Company Law of the PRC (《中华人民共和国公司法》), as amended, modified and/or supplemented from time to time
<i>“Proposed Renewal”</i>	: The proposed renewal of the IPT Mandate, as further elaborated in Section 2 of this Annexure
<i>“Proxy Form”</i>	: The proxy form in respect of the 2026 AGM
<i>“Register of Members”</i>	: The register of members of the Company as maintained by the Company’s S-Shares Registrar and Singapore Shares Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd.
<i>“Restricted A-Shares”</i>	: A-Shares granted under the Scheme which shall be subject to the terms and conditions of the Scheme

“S-Shares”	: Ordinary shares issued by the Company under the PRC Company Law, comprising shares issued to natural and legal persons in countries other than PRC and which are denominated in US\$ and are listed on the Official List of the SGX-ST
“S-Share Shareholders”	: Holders of S-Shares
“Scheme”	: The 2019 Restricted A-Share Incentive Scheme (2019年A股限制性股票计划) of the Company, which was established to further improve the long-term incentive mechanism of the Company, attract and retain outstanding talents, fully motivate the key personnel of the Company, and align the interests of the Shareholders and the Company with the individual interests of the members of the management team of the Company, so that all the aforementioned parties will make a joint effort for the long-term development of the Company. The incentive instruments issued under the Scheme are A-Shares only, and those eligible to participate in the Scheme include directors, members of senior management, members of the Company’s management team whom the Board considers should be motivated, leading-level scientific research experts, core personnel for scientific research and technology, and members of the core management team of the subordinate enterprises of the Company (excluding the Company’s associated companies) ¹
“securities accounts”	: The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	: The Securities and Futures Act 2001 of Singapore, as amended, supplemented and/or modified from time to time
“SGXNet”	: Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares (comprising A-Share Shareholders and S-Share Shareholders) except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares are credited
“Shares”	: Ordinary shares in the capital of the Company, comprising A-Shares and S-Shares
“subsidiaries”	: The subsidiaries of a corporation as determined in accordance with the laws of the PRC or Singapore (as the case may be), and “subsidiary” shall be construed accordingly
“Substantial Shareholder”	: A person who has an interest or interests in one (1) or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, represent not less than five per cent. (5%) of the total votes attached to all the voting Shares (excluding treasury shares) in the Company
“TPH”	: Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司), the Controlling Shareholder of the Company holding approximately 43.008% of the issued share capital of the Company as at the Latest Practicable Date

¹ For further details of the Scheme, please refer to the Company’s circular dated 15 November 2019.

Currencies, units and others

“RMB”	: Renminbi, being the lawful currency of the PRC
“S\$”	: Singapore Dollars, being the lawful currency of the Republic of Singapore
“US\$”	: United States Dollars, being the lawful currency of the United States of America
“%” or “per cent.”	: Percentage or per centum

The terms “**Depositor**”, “**Depository**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Annexure to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Listing Manual, the SFA or any statutory modification thereof and not otherwise defined in this Annexure shall, where applicable, have the same meaning ascribed to it under the Listing Manual, the SFA or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of a day in this Annexure is a reference to Singapore time, unless otherwise stated.

Any discrepancies in this Annexure between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Annexure may not be an arithmetic aggregation of the figures which precede them.

The English names of certain PRC companies, entities and authorities in this Annexure are translations of their Chinese names, as there is no requirement for these companies, entities and authorities to have official English names. In case of any discrepancy, conflict or inconsistency among English translations, please refer to the original Chinese names.

LETTER TO SHAREHOLDERS**TIANJIN PHARMACEUTICAL DA REN TANG
GROUP CORPORATION LIMITED**

(Incorporated in the People's Republic of China)
(Company Registration No.: 91120000103100784F)

Board of Directors**Ms. Wang Lei**

(Chairman and Executive Director)

Mr. Guo Min

(Executive Director)

Mr. Zhou Hong

(Executive Director)

Mr. Shang Mingjie

(Executive Director)

Ms. Mao Weiwen

(Non-Executive and Non-Independent Director)

Mr. Xing Jianhua

(Non-Executive and Non-Independent Director)

Mr. Yeo Guat Kwang

(Lead Independent and Non-Executive Director)

Mr. Liew Yoke Pheng Joseph

(Independent and Non-Executive Director)

Mr. Zhong Ming

(Independent and Non-Executive Director)

Registered Office

17 Baidi Road,
Nankai District,
Tianjin, the PRC

30 April 2026

To: The Shareholders of Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**1. INTRODUCTION****1.1 2026 AGM**

We refer to the Notice of AGM of the Company dated 30 April 2026 convening the 2026 AGM, and, in particular, to Resolution 9, relating to the proposed renewal of the Shareholders' mandate for interested person transactions (the "**Proposed Renewal**"), as further elaborated in Section 2 below.

1.2 Purpose of this Annexure

The purpose of this Annexure is to provide Shareholders with information relating to, and to seek the Independent Shareholders' approval for, the Proposed Renewal at the 2026 AGM to be held at the meeting room of the Company's Modern Traditional Chinese Medicine Industrial Park located at No. 21 Tenth Avenue, Binhai New Area, Tianjin, the PRC (中国天津市滨海新区第十大街21号津药达仁堂集团现代中药产业园会议室) (concurrently via video conferencing at Meeting Room 2&3, 126 Beach Road, Guoco Midtown Network Hub Level 2, Singapore 189772 for S-Share Shareholders in Singapore) on Friday, 15 May 2026 at 1:30 p.m..

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

1.3 SGX-ST

The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions made or reports contained in this Annexure.

1.4 Legal Adviser

Shook Lin & Bok LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Renewal.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 Background

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate was last renewed at the 2025 AGM and was subsequently amended at the 2025 2nd EGM.² The IPT Mandate, as amended, will remain in force until the conclusion of the next AGM of the Company, being the 2026 AGM, which is scheduled to be held on 15 May 2026. Accordingly, the Company is seeking Shareholders' approval for the renewal of the IPT Mandate at the 2026 AGM.

The IPT Mandate, as proposed to be renewed, will authorise the EAR Group to enter, in the ordinary course of business, into the Mandated Interested Person Transactions (as defined below) with the Mandated Interested Persons (as defined below), provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, and are entered into in accordance with the guidelines and review procedures for such transactions (as set out in paragraph 5 of **Appendix A** to this Annexure).

The terms of the IPT Mandate, including the classes of Mandated Interested Persons, the categories of Mandated Interested Person Transactions, the review procedures applicable to such transactions and the threshold limits, in respect of which the IPT Mandate is sought to be renewed remain unchanged from those of the existing IPT Mandate. Details of the IPT Mandate, as proposed to be renewed, and other general information relating to Chapter 9 of the Listing Manual are set out in **Appendix A** to this Annexure.

2.2 Audit Committee's Statement

As at the Latest Practicable Date, the Audit Committee comprises Mr. Liew Yoke Pheng Joseph, Mr. Yeo Guat Kwang, and Mr. Zhong Ming, all of whom are considered independent for the purposes of the Proposed Renewal.

Having considered, *inter alia*, the rationale and benefits of the IPT Mandate, as proposed to be renewed and set out in **Appendix A** to this Annexure, the Audit Committee is satisfied that the methods or procedures for determining the transaction prices of the Mandated Interested Person Transactions, as set out in paragraph 5 of **Appendix A** to this Annexure:

- (a) have not changed since Shareholders' approval for the amended IPT Mandate was last obtained at the 2025 2nd EGM; and
- (b) if adhered to, are sufficient to ensure that the Mandated Interested Person Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

² Please refer to Appendix B to the Company's circular dated 28 November 2025 in relation to, *inter alia*, the proposed amendments to the IPT Mandate for further information.

2.3 Validity Period of the IPT Mandate

If approved by Shareholders at the 2026 AGM, the IPT Mandate will take effect from the date of the passing of the resolution relating to thereto at the 2026 AGM, and will (unless revoked or varied by the Company at a general meeting) continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

The Company will seek Shareholders' approval for the renewal of the IPT Mandate at each subsequent AGM. The renewal of the IPT Mandate shall be subject to satisfactory review by the Audit Committee of the continued need for the IPT Mandate and the adequacy of the review procedures for such transactions.

2.4 Disclosure

Pursuant to Chapter 9 of the Listing Manual, the Company will disclose in its annual report the aggregate value of the interested person transactions entered into under the IPT Mandate, as renewed, during the financial year under review, and in the annual reports of subsequent financial years during which the IPT Mandate, as renewed, is in force. In addition, the Company will announce the aggregate value of the interested person transactions entered into pursuant to the IPT Mandate, as renewed, for the financial periods which it is required to report on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

3.1 Directors' and Substantial Shareholders' Interests in Shares

The details of the Directors' and Substantial Shareholders' interests in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No of Shares	% ⁽¹⁾	No of Shares	% ⁽¹⁾
Directors				
Wang Lei	-	-	-	-
Guo Min	-	-	331,202,728	43.008
Zhou Hong	23,800 ⁽²⁾	0.003	-	-
Shang Mingjie	-	-	-	-
Mao Weiwen	-	-	-	-
Xing Jianhua	-	-	-	-
Yeo Guat Kwang	-	-	-	-
Liew Yoke Pheng Joseph	-	-	-	-
Zhong Ming	-	-	-	-
Substantial Shareholder(s) (other than Substantial Shareholders who are Directors)				
TPH	325,855,528	42.314	5,347,200 ⁽³⁾	0.694

Notes:

(1) Based on the total issued share capital of 770,094,356 Shares as at the Latest Practicable Date.

(2) These are the Restricted A-Shares granted and issued under the Scheme.

(3) Pursuant to Section 4 of the SFA, TPH is deemed interested in the 5,347,200 Shares in the capital of the Company held by its wholly-owned subsidiary, Jinyao Global Pte. Ltd. (formerly known as Tianjin Pharmaceutical (Singapore) International Investment Pte. Ltd.).

3.2 Directors' and Substantial Shareholders' Interests in the Proposed Renewal

As at the Latest Practicable Date,

- (a) TPH is the Controlling Shareholder of the Company, holding approximately 43.008% of the issued share capital of the Company;
- (b) Mr. Guo Min, an Executive Director of the Company, is also a director of TPH;
- (c) Ms. Wang Lei, the Chairman and an Executive Director of the Company, is also the legal representative and a member of the senior management of TPH;
- (d) Mr. Xing Jianhua, a Non-Executive and Non-Independent Director of the Company, is also a member of the senior management of TPH; and
- (e) Ms. Mao Weiwen, a Non-Executive and Non-Independent Director, is also a member of the senior management of TPH.

Accordingly, Mr. Guo Min, Ms. Wang Lei, Mr. Xing Jianhua, and Ms. Mao Weiwen, being the Interested Directors, abstained from voting on the board resolution in respect of the Proposed Renewal and will also refrain from making any recommendation to the Independent Shareholders on the Proposed Renewal.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal other than through their respective shareholdings in the Company (if any) as set out in Section 3.1 of this Annexure.

4. ABSTENTION FROM VOTING

TPH will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution relating to the Proposed Renewal at the 2026 AGM. In addition, TPH will not, and has undertaken to ensure that its associates will not, accept appointment as proxy/proxies or otherwise participate in voting on the aforesaid resolution at the 2026 AGM, unless specific instructions have been given in the proxy instrument as to how the relevant Shareholders wish their votes to be cast.

The Company will disregard any votes cast on the resolution in respect of the Proposed Renewal by TPH and its associates.

5. DIRECTORS' RECOMMENDATION

Having considered, *inter alia*, the rationale and benefits of the IPT Mandate, as proposed to be renewed and set out in **Appendix A** to this Annexure, and the Audit Committee's statement as set out in Section 2.2 of this Annexure, the Non-Interested Directors (comprising Mr. Zhou Hong, Mr. Shang Mingjie, Mr. Yeo Guat Kwang, Mr. Liew Yoke Pheng Joseph, and Mr. Zhong Ming) are of the opinion that the Proposed Renewal is in the best interests of the Company and is not prejudicial to the interests of its minority Shareholders. Therefore, the Non-Interested Directors recommend that the Independent Shareholders **VOTE IN FAVOUR** of Resolution 9 relating to the Proposed Renewal at the 2026 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Annexure and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Annexure constitutes full and true disclosure of all material facts about the Proposed Renewal and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Annexure misleading.

Where information in this Annexure has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Annexure in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 17 Baidi Road, Nankai District, Tianjin, the PRC 300193, during normal business hours from the date of this Annexure up to and including the date of the 2026 AGM:

- (a) the Articles of Association of the Company; and
- (b) the annual report of the Company for FY2025.

Yours faithfully

For and on behalf of the Board of Directors of

Tianjin Pharmaceutical Da Ren Tang Group Corporation Limited

Wang Lei

Chairman of the Board

APPENDIX A – THE IPT MANDATE

1. Requirements of Chapter 9 of Listing Manual

Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) governs transactions in which a listed company or any of its subsidiaries or associated companies, which is considered to be an “entity at risk” within the meaning of Rule 904(2) of the Listing Manual, enters into or proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with them that may adversely affect the interests of the listed company or its shareholders.

For the purpose of Chapter 9 of the Listing Manual:

- (a) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual;
- (b) an “**associate**”:
 - (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (A) his immediate family (i.e. spouse, child, adopted child, step-child, sibling and parent);
 - (B) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (C) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
 - (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
- (c) an “**associated company**” means a company in which at least twenty per cent. (20%) but not more than fifty per cent. (50%) of its shares are held by the listed company or group;
- (d) the term “**control**” refers to the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;
- (e) a “**controlling shareholder**” means a person who:
 - (i) holds directly or indirectly fifteen per cent. (15%) or more of the total voting rights in the listed company (unless the SGX-ST determines that a person who satisfies the foregoing is not a controlling shareholder); or
 - (ii) in fact exercises control over the listed company;
- (f) an “**entity at risk**” means:
 - (i) the issuer;
 - (ii) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or

- (iii) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;
- (g) an “**interested person**” means:
 - (i) a director, chief executive officer or controlling shareholder of the issuer; or
 - (ii) an associate of such director, chief executive officer or controlling shareholder;
- (h) an “**interested person transaction**” means a transaction between an entity at risk and an interested person and a “**transaction**” includes: (i) the provision or receipt of financial assistance, (ii) the acquisition, disposal or leasing of assets, (iii) the provision or receipt of goods or services, (iv) the issuance or subscription of securities, (v) the granting of or being granted options, and (vi) the establishment of joint ventures or joint investments, 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); and
- (i) a “**primary interested person**” means a director, chief executive officer, or controlling shareholder of the issuer.

Under Chapter 9 of the Listing Manual, where an entity at risk proposes to enter into a transaction with interested persons of the issuer, shareholders’ approval and/or an immediate announcement is required in respect of that transaction if its value is equal to or exceeds certain financial thresholds.

In particular, pursuant to Rule 905 of the Listing Manual, an immediate announcement is required where:

- (a) the value of such transaction is equal to or exceeds three per cent. (3%) of the latest audited net tangible assets (“**NTA**”) of the Company and its subsidiaries (the “**Group**”); or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than three per cent. (3%) of the Group’s latest audited NTA. In this instance, an announcement will have to be made immediately in respect of the latest transaction and all future transactions entered into with that same interested person during that financial year.

Pursuant to Rule 906 of the Listing Manual, shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the value of such transaction is equal to or exceeds five per cent. (5%) of the Group’s latest audited NTA; or
- (b) the value of such transaction with interested persons when aggregated with the values of other transactions previously entered into with the same interested person during the same financial year, is equal to or exceeds five per cent. (5%) of the Group’s latest audited NTA, provided that such aggregation need not include any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been previously approved by shareholders.

Interested person transactions below S\$100,000 each are to be excluded. However, the Listing Manual provides that while transactions below S\$100,000 are not normally aggregated under Chapter 9 of the Listing Manual, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction.

In interpreting the term “**same interested person**” for the purpose of aggregation under Rules 905, 906 and 907 of the Listing Manual, the following applies:

- (a) Transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.

Transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person.

- (b) Transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

If an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards on which a majority of the directors are different and are not accustomed to act on the instructions of the other interested person and have audit committees whose members are completely different.

Pursuant to Rule 909 of the Listing Manual, the value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:

- (a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer’s effective interest in that transaction;
- (b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders’ loans and guarantees given by the entity at risk;
- (c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of the lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan; and
- (d) in the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

Notwithstanding the foregoing, Part VIII of Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. For the avoidance of doubt, shareholders of the Company (the “**Shareholders**”) should note that transactions conducted under such a mandate are not subject to Rules 905 and 906 of the Listing Manual. Such a mandate is subject to renewal on an annual basis.

2. Classes of Mandated Interested Persons

The IPT Mandate will apply to the following classes of interested persons (collectively, the “**Mandated Interested Persons**”):

- (a) Tianjin Pharmaceutical Holdings Co., Ltd. (天津市医药集团有限公司) (“**TPH**”) (including its existing and future branches), which is a controlling shareholder of the Company; and

- (b) associates of TPH, which, for the purposes of the IPT Mandate only, comprise (i) TPH's existing and future subsidiaries (including wholly-owned subsidiaries and controlled subsidiaries as determined in accordance with the laws of the PRC (as defined below)), and (ii) any existing and future corporations in which TPH and/or its subsidiaries, taken together, have an interest (directly or indirectly) of thirty per cent. (30%) or more of such corporation's equity interest.

The list of Mandated Interested Persons and the nature of transactions contemplated to be undertaken pursuant to the IPT Mandate are set out in **Schedule 1** to this Appendix.

It should be noted that the TPH group (i.e. TPH and its associates) may from time to time undergo internal restructuring exercises (the "**TPH's Internal Restructuring Exercise**"), which may result in changes to the list of Mandated Interested Persons under the IPT Mandate.

For the avoidance of doubt, no separate Shareholders' approval will be sought for any changes to the list of Mandated Interested Persons arising from the TPH's Internal Restructuring Exercise (particularly those involving the Company and which have been separately approved by Shareholders) and/or other corporate actions undertaken by the Company (the "**Changes**"), unless such changes (for example, the inclusion of a new interested person, whether to replace an existing one or otherwise) would give rise to a material change in the risk profile, in which case Shareholders' approval will be sought and obtained. Any Changes will instead be reflected at the time of the renewal of the IPT Mandate. In addition, the Company will also seek separate Shareholders' approval for the addition of any new entities to the list of Mandated Interested Persons arising from external acquisitions or third-party transactions undertaken by TPH.

Transactions with interested persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

3. Categories of Mandated Interested Person Transactions

- 3.1 The transactions with the Mandated Interested Persons that will be covered by the IPT Mandate (the "**Mandated Interested Person Transactions**") are set out below:

- (a) Supply of Raw Materials to the Mandated Interested Persons

The "Supply of Raw Materials" contracts⁽¹⁾ between the Company, its subsidiaries (excluding subsidiaries listed on the SGX-ST or an approved exchange), and the associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company, has or have control (collectively, the "**EAR Group**" and each, an "**EAR Entity**"), and the relevant Mandated Interested Persons are typically entered into for a period of three (3) years, with the current contracts effective up to 30 June 2028.

The raw materials under these contracts are traditional Chinese medicinal materials. The supply price offered by the EAR Group shall be determined in accordance with the pricing methods prescribed under applicable laws, regulations and rules of the People's Republic of China (the "**PRC**") and Tianjin Municipality. In the absence of such pricing methods, the supply price shall be determined by the contracting parties through arm's length negotiations with reference to prevailing market prices.

The terms of these contracts⁽¹⁾ shall take effect, and continue to remain in effect, only during the periods for which the IPT Mandate, as approved by Shareholders, is valid. The EAR Group shall have no obligation under these contracts if Shareholders' approval is not obtained for the IPT Mandate or any subsequent renewal(s) on an annual basis.

Note:

- (1) These contracts do not set the volume and price of raw materials to be provided to the relevant Mandated Interested Persons. However, it is provided in the respective contracts that the transactions with the respective Mandated Interested Person would be carried out on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders. Further details of the guidelines and review procedures adopted by the Company to ensure that such transactions with the respective Mandated Interested Persons are conducted on normal commercial terms are set out in paragraphs 5 and 7 of this Appendix.

(b) Sale and Purchase of Medicinal Products between the EAR Group and the Mandated Interested Persons

The “Sale and Purchase of Medicinal Products” contracts⁽¹⁾⁽²⁾ between the EAR Group and the relevant Mandated Interested Persons are typically entered into for a period of three (3) years, with the current contracts effective up to 30 June 2028.

The medicinal products under these contracts are registered medicines and medical devices manufactured in accordance with the quality standards prescribed under applicable laws, regulations and rules of the PRC. The transactions between the contracting parties shall be conducted in accordance with the principles of equality, voluntariness, fairness and good faith. The transaction prices shall be determined by the contracting parties through arm’s length negotiations with reference to prevailing market prices.

The terms of these contracts⁽²⁾ shall take effect, and continue to remain in effect, only during the periods for which the IPT Mandate, as approved by Shareholders, is valid. The EAR Group shall have no obligation under these contracts if Shareholders’ approval is not obtained for the IPT Mandate or any subsequent renewal(s) on an annual basis.

Notes:

- (1) The Group’s business operations are separated into two (2) main categories, namely production and retail. Under the production arm, the Group produces medicinal products under its own brand. Under the retail arm, the Group: (a) sells the medicinal products under its own brand to wholesalers (including the relevant Mandated Interested Persons); and (b) purchases medicinal products under other brands from distributors and in turn on-sells these to other wholesalers (including the relevant Mandated Interested Persons).

Accordingly, the Group may produce and sell medicinal products under its own house brand to the relevant Mandated Interested Persons and/or third parties. On the other hand, the Group may also purchase medicinal products from the relevant Mandated Interested Persons and/or third parties. These medicinal products are mainly traditional Chinese medicines and pharmaceutical chemicals (化学药).

- (2) These contracts state that if discounts are given to unrelated third parties by the relevant Mandated Interested Persons for purchases (the “**Unrelated Parties Discount**”), the relevant Mandated Interested Persons will accordingly give discounts (that are not lower than the Unrelated Parties Discount) to the EAR Group for similar transactions.

These contracts do not set the volume and price of products to be provided to and/or purchased from the relevant Mandated Interested Persons. However, it is provided in the respective contracts that the transactions with the respective Mandated Interested Person would be carried out on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders. Further details of the guidelines and review procedures adopted by the Company to ensure that such transactions with the respective Mandated Interested Persons are conducted on normal commercial terms are set out in paragraphs 5 and 7 of this Appendix.

(c) Receipt of Packaging Materials and Printing Services from the Mandated Interested Persons

The contract(s)⁽¹⁾ between the EAR Group and the relevant Mandated Interested Person(s) are typically entered into for a period of three (3) years, with the current contract(s) effective up to 30 June 2028.

The materials and services under these contract(s) are packaging materials and printing services required by the EAR Group for the production of medicines. The prices of such materials and services shall be determined by the contracting parties through arm’s length negotiations with reference to prevailing market prices.

The terms of these contract(s) shall take effect, and continue to remain in effect, only during the periods for which the IPT Mandate, as approved by Shareholders, is valid. The EAR Group shall have no obligation under these contract(s) if Shareholders’ approval is not obtained for the IPT Mandate or any subsequent renewal(s) on an annual basis.

Note:

- (1) The packaging services are for traditional Chinese medicine. These contract(s) do not set the volume and price of products and services to be purchased from the relevant Mandated Interested Person(s). However, it is provided in the contract(s) that the transactions with the respective Mandated Interested Person would be carried out on normal commercial terms and would not be prejudicial to the interests of the Company and its minority Shareholders. Further details of the guidelines and review procedures adopted by the Company to ensure that such transactions with the respective Mandated Interested Persons are conducted on normal commercial terms are set out in paragraphs 5 and 7 of this Appendix.

- 3.2 The above-mentioned contracts for the Mandated Interested Person Transactions (the “**IPT Agreements**”) are typically entered into for a period of three (3) years from the date of signing, in accordance with the Listing Rules of the Shanghai Stock Exchange (the “**SSE**”). However, pursuant to the Listing Manual, a shareholders’ mandate for interested person transactions shall (unless revoked or varied by shareholders in a general meeting) remain in force only until the next annual general meeting of the company. Accordingly, the continued effectiveness of the IPT Agreements is subject to Shareholders’ approval being obtained at or before each anniversary of the date of entry into the IPT Agreements. In the event that such approval is not obtained, the IPT Agreements shall terminate on the relevant anniversary date. The IPT Agreements may be renewed upon mutual agreement of the contracting parties prior to the expiry of the three (3)-year term.

4. Rationale for and Benefits of the IPT Mandate

The IPT Mandate will provide the EAR Group, or any of them, with the flexibility to enter into transactions with the Mandated Interested Persons in the ordinary course of business without the need to seek Shareholders’ approval each time. The EAR Group sources and sells supplies and products from and to the relevant Mandated Interested Persons at favourable prices as compared to prevailing market rates of similar products. By transacting with the relevant Mandated Interested Persons, the EAR Group is able to secure favourable prices for its supplies and manufactured products and optimise other factors such as the quality of goods and delivery schedules. The IPT Mandate is intended to facilitate these recurring transactions in the normal course of business of the EAR Group, which may occur at any time and from time to time with the Mandated Interested Persons, provided that such transactions are carried out at arm’s length and on the EAR Group’s normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate, and its subsequent renewal on an annual basis, will also enhance the EAR Group’s ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders’ prior approval for the entry by the EAR Group (or any of them) into such transactions. This will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficiency, and allow resources and time to be focused on other corporate and business opportunities.

5. Guidelines and Review Procedures for the Mandated Interested Person Transactions

To ensure that the Mandated Interested Person Transactions are carried out at arm’s length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has put in place the following procedures for the review and approval of the Mandated Interested Person Transactions under the IPT Mandate:

- (a) When purchasing products or services from a Mandated Interested Person, quotations or market rates (wherever possible or available) will be obtained from the Mandated Interested Person and at least two (2) other unrelated third parties in respect of substantially similar types of products and/or services. Such purchases shall, within the estimated annual amount of the Mandated Interested Person Transactions of the relevant EAR Entity and the specific category of the Mandated Interested Person Transactions as set out herein below, be approved by the head of the relevant operating department or such other person in the relevant EAR Entity as may be designated for such purpose (who is not a nominee of the Mandated Interested Person and has no interest, direct or indirect, in the transaction), after reviewing these quotations or market rates, taking into account all pertinent factors including, but not limited to, pricing (including discounts, if any, accorded for bulk purchases as well as the credit terms offered), quality of the products or services, terms of delivery and track record, to ensure that the interests of the Company and its minority Shareholders are not disadvantaged.

- (b) When selling products or services to a Mandated Interested Person, the prices and terms of at least two (2) other successful sales of substantially similar products or services to unrelated third parties, or the market rates (wherever possible or available), will be reviewed for comparison. Such sales shall, within the estimated annual amount of the Mandated Interested Person Transactions of the relevant EAR Entity and the specific category of the Mandated Interested Person Transactions as set out herein below, be approved by the head of the relevant operating department or such other person in the relevant EAR Entity as may be designated for such purpose (who is not a nominee of the Mandated Interested Person and has no interest, direct or indirect, in the transaction), after reviewing the comparable prices and terms or market rates, taking into account all pertinent factors including, but not limited to, price, applicable government pricing regulations, quality and quantity of products, terms of delivery and creditworthiness of the customers, to ensure that the interests of the Company and its minority Shareholders are not disadvantaged.
- (c) Mandated Interested Person Transactions will not be approved unless:
- (i) they are in accordance with the usual industry practice and business policies of the EAR Group;
 - (ii) the pricing and terms of the Mandated Interested Person Transactions are not, in transactions where the EAR Group purchases goods and/or obtains services from Mandated Interested Persons, less favourable to the EAR Group than those available in other substantially similar types of transactions between the EAR Group and unrelated third parties. The Company takes into consideration, primarily, pricing, terms of the IPT Agreements, the availability, suitability and quality of the products and services, and promptness of delivery of such products and services; and
 - (iii) the pricing and terms of the Mandated Interested Person Transactions are not, in transactions where the EAR Group sells goods to Mandated Interested Persons, more favourable to the Mandated Interested Persons than those extended to unrelated third parties for substantially similar types of transactions, after taking into consideration factors (where applicable) such as, but not limited to, pricing, terms of the IPT Agreements, the availability, suitability and quality of the products to be sold, terms of delivery, and the creditworthiness of the customers.
- (d) In the event that the EAR Group does not provide the same or substantially similar products and/or services to unrelated third parties, or it is not possible to obtain quotations from unrelated third parties (for example, where there are no suppliers for certain goods or for a specified quantity which the EAR Group requires or if the product or service is proprietary) to determine whether the pricing and terms of the Mandated Interested Person Transactions are:
- (i) no less favourable to the EAR Group than those offered by unrelated third parties (in the case of purchases by the EAR Group from the relevant Mandated Interested Persons); or
 - (ii) no more favourable to the relevant Mandated Interested Persons than those offered to unrelated third parties (in the case of sales by the EAR Group to the relevant Mandated Interested Persons),

the head of the relevant operating department or such other person in the relevant EAR Entity as may be designated for such purpose (who is not a nominee of the Mandated Interested Person and has no interest, direct or indirect, in the transaction) will determine whether the pricing and terms offered by the Mandated Interested Person are fair and reasonable having regard to the costs and benefits of entering into the transactions, as well as factors such as the quality of goods, standard of services, and terms of delivery and, where applicable, discounts accorded for bulk purchases, will be taken into, and given due and proper consideration.

- (e) Where the prevailing market rates or prices are not available due to the nature of the products to be sold (for instance, if there are no other purchasers or customers for similar products, or if the products are proprietary), the terms of supply will, where applicable, be in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin of the EAR Group for the same or substantially similar types of transactions with unrelated third parties.
- (f) For the avoidance of doubt, where the aforementioned approving person has an interest, or is subject to an actual or potential conflict of interest, in relation to any Mandated Interested Person Transaction requiring approval, such transaction shall be submitted to the management meeting of the relevant operating department or the meeting of the general manager's office of the relevant EAR Entity (as the case may be) for approval, with the relevant person abstaining from the review and approval process.

6. Threshold Limits

In accordance with the Listing Rules of the SSE, each relevant EAR Entity may reasonably estimate the aggregate annual amount of the Mandated Interested Person Transactions under each category for each financial year and submit such estimates to the Company for the necessary review and disclosure procedures. Depending on whether the value of the Mandated Interested Person Transaction falls within or exceeds the estimated annual amount, the applicable approval limits and approval authorities are as follows:

Approval Limits		Approval Authority
The transaction value is within the estimated annual amount of the relevant EAR Entity and the specific category of the Mandated Interested Person Transaction		Head of the relevant operating department or such other designated person in the relevant EAR Entity, or, where applicable, the management meeting of the relevant operating department or the meeting of the general manager's office of the relevant EAR Entity, as the case may be
The transaction value exceeds the estimated annual amount of the relevant EAR Entity and/or the specific category of the Mandated Interested Person Transaction	The excess amount: <ul style="list-style-type: none"> • is less than RMB3 million; or • equals to or exceeds RMB3 million but represents less than 0.5% of the absolute value of the Company's latest audited net assets 	Head of the relevant operating department or such other designated person in the relevant EAR Entity, or, where applicable, the management meeting of the relevant operating department or the meeting of the general manager's office of the relevant EAR Entity, as the case may be
	The excess amount: <ul style="list-style-type: none"> • equals to or exceeds RMB3 million; and • represents 0.5% or more of the absolute value of the Company's latest audited net assets 	Board of the Company (subject to the prior approval of a majority of the independent directors of the Company)

Approval Limits		Approval Authority
	The excess amount: <ul style="list-style-type: none"> • is less than RMB30 million; or • equals to or exceeds RMB30 million but represents less than 5% of the absolute value of the Company's latest audited net assets 	Board of the Company (subject to the prior approval of a majority of the independent directors of the Company)
	The excess amount: <ul style="list-style-type: none"> • equals to or exceeds RMB30 million; and • represents 5% or more of the absolute value of the Company's latest audited net assets 	Shareholders of the Company

Notes:

- (1) For the avoidance of doubt, the Company has not adopted any separate approval thresholds for transaction values of the Mandated Interested Person Transactions that are within the estimated annual amount of the relevant EAR Entity and the specific category of the Mandated Interested Person Transaction.
- (2) For Shareholders' information, the estimated aggregate annual amount of the Mandated Interested Person Transactions of the EAR Group under the IPT Mandate for the financial year ending 31 December 2026 is not expected to exceed RMB1,500 million. For comparison, the corresponding estimated aggregate annual amount for the financial year ended 31 December 2025 was RMB1,100 million, and the actual aggregate amount of such transactions for the same financial year was approximately RMB573.92 million.

7. Additional Guidelines and Review Procedures for Interested Person Transactions

The Company will also implement the following additional guidelines and review procedures for interested person transactions:

- (a) The Company will maintain a list of interested persons, which shall be used to verify all interested person transactions, and shall be updated promptly upon the Company becoming aware of any change.
- (b) The Company will maintain a register of all interested person transactions, including the Mandated Interested Person Transactions and any interested person transactions that are below S\$100,000 in value, although such transactions are not required to be aggregated under Chapter 9 of the Listing Manual of the SGX-ST. The basis, including the quotations obtained to support such basis, on which the interested person transactions were entered into, will also be documented.
- (c) All interested person transactions will be summarised and presented to the Audit Committee for review on a quarterly basis. Furthermore, the Company's internal audit department will also conduct quarterly reviews (such as sample checks) of the transactions (including all interested person transactions) entered into during the preceding financial period to ascertain whether such transactions comply with the internal control guidelines and review procedures applicable to all transactions carried out by the Company (including the Mandated Interested Person Transactions under the IPT Mandate), are in accordance with the relevant contractual terms as well as the Company's policies and procedures, are carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The findings of such reviews will be submitted to the Audit Committee at its periodic meetings.

- (d) The Company's annual internal audit plan will incorporate a review of all transactions (including all interested person transactions) and if applicable, the adequacy of the internal control procedures established in respect of interested person transactions. The Company's internal audit department shall carry out such tests as they deem necessary on the Mandated Interested Person Transactions entered into pursuant to the IPT Mandate. The internal audit report will be forwarded to the Audit Committee for review.
- (e) As part of the Group's annual audit, external auditors will review the Mandated Interested Person Transactions on a sampling basis or such other basis based on accepted auditing standards. The external auditors will report to the Audit Committee in the event of any non-compliance based on their audit samples or audit findings.
- (f) The Audit Committee will conduct a review of the established guidelines and review procedures for the Mandated Interested Person Transactions on an annual basis. Such review may include an examination of the relevant transactions, their supporting documents and such other information deemed necessary by the Audit Committee. The Audit Committee may, when it deems fit, obtain additional information from independent sources or seek advice from independent advisers or valuers in relation to the transaction under review.
- (g) If, arising from the Audit Committee's annual reviews, the Audit Committee is of the view that the established guidelines and review procedures for the Mandated Interested Person Transactions have become inappropriate or are insufficient to ensure that the Mandated Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual of the SGX-ST or to the Listing Rules of the SSE (as the case may be), it will consult with the Board of the Company and take such actions as it deems proper, including modifying or implementing such additional policies and procedures as may be necessary. In such circumstances, the Company shall submit the revised policies and procedures to Shareholders for the approval of a fresh mandate. While the approval of a fresh IPT Mandate is being sought from the Shareholders, the Audit Committee or independent directors of the Company shall review and approve all Mandated Interested Person Transactions prior to the entry thereof.
- (h) For the purposes of the review and approval process stated above, any director of the Company who is not considered independent for the purposes of the IPT Mandate and/or any Mandated Interested Person Transactions will abstain from voting on any resolution relating thereof, and/or abstain from participating in the Audit Committee's decision during its review of the established guidelines and review procedures for the Mandated Interested Person Transactions or during its review or approval of any Mandated Interested Person Transaction.

8. Disclosure under the Listing Manual of the SGX-ST

Announcements will be made with regard to the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the IPT Mandate for the financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual of the SGX-ST and within the time required for the announcements of such report.

Disclosures will also be made in the annual report of the Company of the aggregate value of transactions conducted with the Mandated Interested Persons pursuant to the IPT Mandate during the financial year under review, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual of the SGX-ST.

These disclosures will be made in the following format as stipulated under Rule 907 of the Listing Manual:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year 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 under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
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9. Further Compliance

The directors of the Company will ensure that all relevant disclosures, approvals and other requirements on Mandated Interested Person Transactions, including those required by the Listing Manual of the SGX-ST, the Listing Rules of the SSE, and applicable accounting standards are complied with.

SCHEDULE 1

LIST OF MANDATED INTERESTED PERSONS

Changes to the List of Mandated Interested Persons are reflected below, with insertions in underline and bold, and deletions in strikethrough and bold.

The list of Mandated Interested Persons under the IPT Mandate as at the Latest Practicable Date, with which the EAR Group has entered into or expects to enter into transactions, and the nature of transactions contemplated to be undertaken pursuant to the IPT Mandate, are as follows:

S/N	Entity Name	Nature of Transactions
1.	TPH (including its existing TPH Sales and Marketing Branch Office (天津市医药集团有限公司营销分公司)), which is a controlling shareholder of the Company	• Sale and Purchase of Medicinal Products
Associates of TPH (being wholly-owned subsidiaries of TPH)		
2.	Tianjin Pharmaceutical Group Jin Yi Tang Chain Co., Ltd., formerly known as Tianjin Pharmaceutical Group Chain Co., Ltd. (天津医药集团津一堂连锁股份有限公司)	• Supply of Raw Materials • Sale and Purchase of Medicinal Products
3.	Tianjin Pharmaceutical Group Taiping Medicine Co., Ltd. (津药太平医药有限公司, formerly known as 天津医药集团太平医药有限公司)	• Sale and Purchase of Medicinal Products
4.	Tianjin Haoda Medical Device Co., Ltd. (天津市浩达医疗器械有限公司)	
5.	Tianjin Taiping Zhenhua Pharmacy Co., Ltd. (天津太平振华大药房有限公司)	
6.	Tianjin Taiping Jizhou Pharmaceutical Co., Ltd. (天津市蓟州太平医药有限公司)	
7.	Tianjin Taiping Ninghe District Pharmaceutical Co., Ltd. (天津市宁河区太平医药有限公司)	
8.	Tianjin Jincao Pharmaceutical Co., Ltd. (天津市金草药业有限公司)	
9.	Tianjin Pharmaceutical Group Zhongjian Kangda Medical Apparatus and Instruments Co., Ltd. (天津医药集团众健康达医疗器械有限公司)	
10.	Tianjin Kang Dun Bao Medical Polyurethane Technology Co., Ltd. (天津市康盾宝医用聚氨酯技术有限公司)	
11.	Tianjin Yiyao Medicine Co., Ltd. (天津市谊耀药业有限公司)	
12.	Tianjin Traditional Chinese Medicine Machinery Co., Ltd. (天津市中药机械厂有限公司)	
13.	Tianjin Taiping Xinhua Medical Apparatus and Instruments Co., Ltd. (天津太平新华医疗器械有限公司)	
14.	Tianjin Taiping Bai Shi Kang Medical Apparatus and Instruments Co., Ltd. (天津太平百时康医疗器械有限公司)	
15.	Tianjin Jinyao Amino Acid Co., Ltd. (天津金耀氨基酸有限公司)	

S/N	Entity Name	Nature of Transactions
16.	Tianjin Pharmaceutical Biotechnology (Tianjin) Co., Ltd. (津药生物科技(天津)有限公司)	• Sale and Purchase of Medicinal Products
17.	Tianjin Pharmaceutical Group Human Resources Services Co., Ltd. (天津医药集团人力资源服务有限公司)	
18.	Tianjin Pharmaceutical Cultural Development Co., Ltd. (天津津药文化发展有限公司)	
19.	Tianjin Pharmaceutical Group Sales Co., Ltd. (天津市医药集团销售有限公司)	
20.	Tianjin Pharmaceutical Design Institute Co., Ltd. (天津市医药设计院有限公司)	
21.	Tianjin Jin Yi Investment Co., Ltd. (天津金益投资有限公司)	
Associates of TPH (other than wholly-owned subsidiaries, including controlled subsidiaries as determined in accordance with the laws of the PRC, and corporations in which TPH and/or its subsidiaries, taken together, have an interest (directly or indirectly) of thirty per cent. (30%) or more of such corporation's equity interest)		
22.	Tianjin Jinyao Pharmaceutical Co., Ltd. (津药和平(天津)制药有限公司, formerly known as 天津金耀药业有限公司)	• Supply of Raw Materials • Sale and Purchase of Medicinal Products
23.	Tianjin Yiyao Printing Services Co., Ltd., formerly known as Tianjin Medicinal Products Packaging and Printing Company (天津宜药印务有限公司)	• Receipt of Packaging Materials and Printing Services
24.	Tianjin Lisheng Pharmaceutical Co., Ltd. (天津力生制药股份有限公司)	• Sale and Purchase of Medicinal Products
25.	Tianjin Central Pharmaceutical Co., Ltd. (天津市中央药业有限公司)	
26.	Tianjin Taiping Xiangyun Pharmaceutical Co., Ltd. (天津市太平祥云医药有限公司)	
27.	Hebei De Ze Long Pharmaceutical Co., Ltd. (河北德泽龙医药有限公司)	
28.	Tianjin Institute of Pharmaceutical Research Co., Ltd. (天津药物研究院有限公司)	
29.	Tipr Pharmaceutical Co., Ltd. (天津药物研究院药业有限责任公司)	
30.	Tianjin Tianyao Pharmaceutical Co., Ltd. (津药药业股份有限公司, formerly known as 天津天药药业股份有限公司)	
31.	Tianjin Tianyao Pharmaceutical Technology Co., Ltd. (津药药业健康科技(天津)有限公司, formerly known as 天津天药医药科技有限公司)	
32.	Tianjin Jinyao Group Sales Co., Ltd. (天津金耀集团天药销售有限公司)	
33.	Jinyao Logistics (Tianjin) Co., Ltd. Tianjin Jinyao Logistics Co., Ltd. (津药物流(天津)有限公司, formerly known as 天津金耀物流有限公司)	
34.	Tianjin Wanning Health Products Co., Ltd. (天津万宁保健品有限公司)	

S/N	Entity Name	Nature of Transactions
35.	Tianjin Zhongxin Medicine Co., Ltd. (天津中新医药有限公司)	• Sale and Purchase of Medicinal Products
36.	Tianjin Pharmaceutical Group Zhongjian Kangda Medical Technology Co., Ltd. (天津医药集团众健康达医疗科技有限公司)	
37.	TianJin KingYork Group Hubei TianYao Pharmaceutical Co., Ltd. (湖北津药药业股份有限公司)	
38.	Tianjin Yaoye Group Co., Ltd. (天津药业集团有限公司)	
39.	Tianjin Pharmaceutical Environmental Technology Co., Ltd. (天津津药环境科技有限公司)	
40.	Jinyao Puguang Medical Materials (Tianjin) Co., Ltd. Lights Medical Manufacture Co., Ltd. (津药普光医用材料(天津)有限公司, formerly known as 天津市普光医用材料制造有限公司)	
41.	Tianjin Pharmaceutical Research Institute Co., Ltd. (天津药业研究院股份有限公司)	
42.	Tianjin Genetic Biotek Co., Ltd. (天津精耐特基因生物技术有限公司)*	
42. 43.	Tianjin Yumeijing Beauty Co., Ltd. (天津郁美净美容有限公司)	

Notes:

- Entity(ies) marked with "*" have been removed from the List of Mandated Interested Persons as they are no longer interested persons of the Company as at the Latest Practicable Date.
- The English names of the PRC entities set out in the table above are translations of their respective Chinese names. These entities do not have any officially registered English names. In the event of any discrepancy, the Chinese names shall prevail.
- It should be noted that the TPH group (i.e. TPH and its associates) may from time to time undergo internal restructuring exercises (the "TPH's Internal Restructuring Exercise"), which may result in changes to the list of Mandated Interested Persons under the IPT Mandate.

For the avoidance of doubt, no separate Shareholders' approval will be sought for any changes to the list of Mandated Interested Persons arising from the TPH's Internal Restructuring Exercise (particularly those involving the Company and which have been separately approved by Shareholders) and/or other corporate actions undertaken by the Company (the "Changes"), unless such changes (for example, the inclusion of a new interested person, whether to replace an existing one or otherwise) would give rise to a material change in the risk profile, in which case Shareholders' approval will be sought and obtained. Any Changes will instead be reflected at the time of the renewal of the IPT Mandate. In addition, the Company will also seek separate Shareholders' approval for the addition of any new entities to the list of Mandated Interested Persons arising from external acquisitions or third-party transactions undertaken by TPH.

SUSTAINABILITY REPORTING

Da Ren Tang Group upholds the highest possible standards of responsible, sustainable and socially aware business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

As a responsible corporate citizen that takes pride in supplying pharmaceutical products of high quality and safety standards, we have always prioritised product health and safety. We regularly review our quality control policies and manufacturing practices, and strictly comply with industry regulations to ensure that our drugs are safe for patients.

Other than producing and distributing responsibly, we also deliver and market our products ethically. Our business activities strictly comply with national and industry standards on product marketing, labelling and advertising, and we have established stringent marketing guidelines to ensure that we do not transgress important ethical and legal boundaries.

We believe that product research and development is key to the sustainability of our business. We invest significantly in our product development, facilities and equipment to supply efficacious pharmaceutical products to our customers.

The Group has assigned a sustainability task force to oversee sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Indirect Economic Impacts	Energy Water Emissions Effluents and Waste	Customer Health and Safety Marketing and Labelling Occupational Health and Safety Diversity and Equal Opportunity

More information on the Group's efforts on sustainability management in FY2025 can be found in the Company's 2025 Sustainability Report which will be published on the same date as this Annual Report.



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