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Tong Ren Tang Technologies Co. Ltd.
北京同仁堂科技發展股份有限公司

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

(Stock Code: 1666)

ANNOUNCEMENT ON RESULTS OF SUBSIDIARY

Reference is made to the announcement (the “**Announcement**”) dated 10 August 2023 published by Beijing Tong Ren Tang Chinese Medicine Company Limited (“**Tong Ren Tang Chinese Medicine**”), a subsidiary of Tong Ren Tang Technologies Co. Ltd. (the “**Company**”) whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 3613), in relation to the interim results of Tong Ren Tang Chinese Medicine and its subsidiaries for the six months ended 30 June 2023.

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company would like to draw the attention of its shareholders and the public investors to the following unaudited consolidated financial information of Tong Ren Tang Chinese Medicine and its subsidiaries for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as set out in the Announcement.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Revenue	812,807	626,358
Cost of sales	(305,758)	(193,847)
Gross profit	507,049	432,511
Distribution and selling expenses	(103,483)	(84,532)
General and administrative expenses	(83,521)	(60,390)
Net reversal of impairment losses on financial assets	7,050	809
Other gains, net	2,940	3,532
Operating profit	330,035	291,930
Finance income	28,981	3,555
Finance costs	(2,669)	(2,453)
Finance income, net	26,312	1,102
Share of losses of investments accounted for using the equity method	(2,379)	(4,678)
Profit before income tax	353,968	288,354
Income tax expense	(56,097)	(50,231)
Profit for the period	297,871	238,123
Profit attributable to:		
Owners of the Company	266,040	214,638
Non-controlling interests	31,831	23,485
	297,871	238,123
Earnings per share attributable to owners of the Company for the period (expressed in HK\$ per share)		
Basic and diluted earnings per share	0.32	0.26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Profit for the period	297,871	238,123
Other comprehensive income / (losses) :		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(6,896)	(14,557)
<i>Item that will not be reclassified to profit or loss</i>		
Currency translation differences	146	-
Change in fair value of financial asset at fair value through other comprehensive income	750	2,670
Other comprehensive losses for the period	(6,000)	(11,887)
Total comprehensive income for the period	291,871	226,236
Attributable to:		
Owners of the Company	259,894	203,944
Non-controlling interests	31,977	22,292
Total comprehensive income for the period	291,871	226,236

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	204,278	206,681
Right-of-use assets	210,400	186,669
Intangible assets	58,028	59,706
Investments accounted for using the equity method	49,339	52,996
Financial asset at fair value through other comprehensive income	10,368	9,618
Prepayments for purchase of property, plant and equipment and intangible assets	12,437	11,724
Deferred income tax assets, net	18,075	14,814
	562,925	542,208
Current assets		
Inventories	562,994	469,784
Trade receivables and other current assets	532,258	969,324
Short-term bank deposits	621,334	252,997
Cash and cash equivalents	1,826,808	1,990,966
	3,543,394	3,683,071
Total assets	4,106,319	4,225,279
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	938,789	938,789
Reserves		
— Other reserves	(47,212)	(41,066)
— Retained earnings	2,696,560	2,706,763
	3,588,137	3,604,486
Non-controlling interests	151,229	134,307
Total equity	3,739,366	3,738,793

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited 30 June 2023 HK\$'000	Audited 31 December 2022 HK\$'000
LIABILITIES		
Non-current liabilities		
Borrowings	250	333
Lease liabilities	76,254	60,401
Deferred income tax liabilities, net	7,565	7,178
	84,069	67,912
Current liabilities		
Borrowings	166	219
Trade and other payables	169,142	235,415
Lease liabilities	51,787	42,129
Current income tax liabilities	61,789	140,811
	282,884	418,574
Total liabilities	366,953	486,486
Total equity and liabilities	4,106,319	4,225,279

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to owners of the Company								
	Share capita HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Statutory reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2022	938,789	(13,124)	(13,764)	6,229	(4,508)	2,504,551	3,418,173	121,331	3,539,504
Comprehensive income									
Profit for the period	-	-	-	-	-	214,638	214,638	23,485	238,123
Other comprehensive income/(losses)									
Change in fair value of financial asset at fair value through other comprehensive income	-	-	2,670	-	-	-	2,670	-	2,670
Currency translation differences									
- Group	-	-	-	-	(11,495)	-	(11,495)	(1,193)	(12,688)
- Joint ventures and associates	-	-	-	-	(1,869)	-	(1,869)	-	(1,869)
Total comprehensive income	-	-	2,670	-	(13,364)	214,638	203,944	22,292	226,236
Transactions with owners in their capacity as owners									
Dividends relating to 2021	-	-	-	-	-	(234,388)	(234,388)	(11,662)	(246,050)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	198	198
Total transactions with owners in their capacity as owners	-	-	-	-	-	(234,388)	(234,388)	(11,464)	(245,852)
At 30 June 2022	938,789	(13,124)	(11,094)	6,229	(17,872)	2,484,801	3,387,729	132,159	3,519,888
At 1 January 2023	938,789	(13,124)	(9,609)	6,229	(24,562)	2,706,763	3,604,486	134,307	3,738,793
Comprehensive income									
Profit for the period	-	-	-	-	-	266,040	266,040	31,831	297,871
Other comprehensive income/(losses)									
Change in fair value of financial asset at fair value through other comprehensive income	-	-	750	-	-	-	750	-	750
Currency translation differences									
- Group	-	-	-	-	(5,619)	-	(5,619)	146	(5,473)
- Joint ventures and associates	-	-	-	-	(1,277)	-	(1,277)	-	(1,277)
Total comprehensive income	-	-	750	-	(6,896)	266,040	259,894	31,977	291,871
Transactions with owners in their capacity as owners									
Dividends relating to 2022	-	-	-	-	-	(276,243)	(276,243)	(15,055)	(291,298)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(276,243)	(276,243)	(15,055)	(291,298)
At 30 June 2023	938,789	(13,124)	(8,859)	6,229	(31,458)	2,696,560	3,588,137	151,229	3,739,366

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
Net cash generated from operating activities	514,542	355,713
Cash flows from investing activities		
Interest received	24,289	2,099
Increase in short-term bank deposits with original maturities exceeding three months	(368,337)	(1,028,685)
Purchase of property, plant and equipment and intangible assets	(5,919)	(3,614)
Proceeds from disposal of property, plant and equipment	31	1
Prepayments paid for purchase of property, plant and equipment and intangible assets	(1,107)	(418)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	–	91
Acquisition of further interest in a subsidiary	–	(3,063)
Net cash used in investing activities	(351,043)	(1,033,589)
Cash flows from financing activities		
Principal elements of lease payments	(28,894)	(27,589)
Repayment of borrowings	(136)	(328)
Interest paid	(2,669)	(2,453)
Dividends paid to the Company's shareholders	(276,243)	(234,358)
Dividends paid to non-controlling interests	(15,055)	(11,662)
Net cash used in financing activities	(322,997)	(276,390)
Net decrease in cash and cash equivalents	(159,498)	(954,266)
Cash and cash equivalents at beginning of period	1,990,966	1,660,304
Exchange losses on cash and cash equivalents	(4,660)	(9,624)
Cash and cash equivalents at end of period	1,826,808	696,414
Analysis of balances of cash and cash equivalents		
Cash at bank and on hand and deposits with banks with original maturity within three months	1,826,808	696,414

By order of the Board
Tong Ren Tang Technologies Co. Ltd.
Gu Hai Ou
Chairman of the Board

Beijing, the PRC

10 August 2023

As at the date of this announcement, the Board comprises Mr. Gu Hai Ou, Mr. Wang Yu Wei and Ms. Feng Zhi Mei as executive Directors, Mr. Jin Tao, Ms. Wang Chun Rui and Ms. Feng Li as non-executive Directors, Mr. Ting Leung Huel, Stephen, Ms. Chan Ching Har, Eliza and Mr. Zhan Yuan Jing as independent non-executive Directors.