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## **2023 INTERIM RESULTS ANNOUNCEMENT**

The board of directors (the “Board”) of Tianda Pharmaceuticals Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group” or “Tianda Pharmaceuticals”) for the six months ended 30 June 2023 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

		<b>Six months ended</b>	
	<i>Notes</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	<b>30 September 2022 HK\$'000 (Unaudited)</b>
<b>REVENUE</b>	4	<b>303,484</b>	249,856
Cost of sales		<u>(148,387)</u>	<u>(127,668)</u>
Gross profit		<b>155,097</b>	122,188
Other income, gains and losses, net		<b>3,870</b>	7,021
Selling and distribution expenses		<b>(111,374)</b>	(92,715)
Administrative expenses		<b>(41,994)</b>	(41,412)
Research and development expenses		<b>(8,692)</b>	(11,997)
Finance costs		<u><b>(2,476)</b></u>	<u>(3,282)</u>
<b>LOSS BEFORE TAX</b>	5	<b>(5,569)</b>	(20,197)
Income tax credit	6	<u><b>658</b></u>	<u>1,073</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(4,911)</b></u>	<u>(19,124)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity investments designated at fair value through other comprehensive income		<b>770</b>	(527)
Exchange differences on translation of the Company's financial statements		<u><b>(2,556)</b></u>	<u>(25,057)</u>
		<u><b>(1,786)</b></u>	<u>(25,584)</u>
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of subsidiaries' financial statements		<u><b>(15,375)</b></u>	<u>(55,864)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><b>(17,161)</b></u>	<u>(81,448)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u><b>(22,072)</b></u>	<u>(100,572)</u>

	<b>Six months ended</b>	
<i>Note</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	<b>30 September 2022 HK\$'000 (Unaudited)</b>
Loss for the period attributable to:		
Owners of the parent	(4,127)	(16,349)
Non-controlling interests	(784)	(2,775)
	<u>(4,911)</u>	<u>(19,124)</u>
Total comprehensive loss attributable to:		
Owners of the parent	(20,654)	(94,840)
Non-controlling interests	(1,418)	(5,732)
	<u>(22,072)</u>	<u>(100,572)</u>
	<i>HK Cent</i>	<i>HK Cent</i>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
Basic and diluted	<u>(0.19)</u>	<u>(0.76)</u>
	7	

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	<i>Notes</i>	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	367,572	352,442
Right-of-use assets		43,806	48,066
Goodwill		93,159	95,948
Other intangible assets		5,147	6,126
Deposits		42,436	26,972
Financial assets at fair value through profit or loss	10	9,650	–
Equity investments designated at fair value through other comprehensive income		1,511	741
Total non-current assets		<u>563,281</u>	<u>530,295</u>
<b>CURRENT ASSETS</b>			
Inventories		67,172	48,193
Trade and bills receivables	11	109,958	138,752
Prepayments, deposits and other receivables		14,360	26,385
Due from fellow subsidiaries		297	1,399
Structured deposits		22,794	3,167
Cash and cash equivalents		189,654	340,277
Total current assets		<u>404,235</u>	<u>558,173</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	12	104,483	71,340
Other payables and accruals		109,910	207,330
Interest-bearing bank borrowings		70,195	64,674
Lease liabilities		5,713	5,630
Due to fellow subsidiaries		12,612	9,734
Tax payable		3,612	3,717
Total current liabilities		<u>306,525</u>	<u>362,425</u>
<b>NET CURRENT ASSETS</b>		<u>97,710</u>	<u>195,748</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>660,991</u>	<u>726,043</u>

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	27,812	61,972
Lease liabilities	5,796	8,774
Deferred income	36	93
Deferred tax liabilities	767	962
	<hr/>	<hr/>
Total non-current liabilities	<b>34,411</b>	71,801
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>626,580</b>	654,242
	<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>		
Share capital	215,004	215,004
Reserves	386,583	412,827
	<hr/>	<hr/>
	<b>601,587</b>	627,831
Non-controlling interests	24,993	26,411
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>626,580</b>	654,242
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

### 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the nine months ended 31 December 2022.

Pursuant to a resolution of the Board dated 25 November 2022, the financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2022 in order to align the financial year end date with that of the principal operating subsidiaries of the Company, which are statutorily required to fix their financial year end date at 31 December in the People's Republic of China (the "PRC"). Accordingly, the accompanying interim condensed consolidated financial information for the current financial period covers a period of six months from 1 January 2023 to 30 June 2023. The corresponding comparative figures presented for the interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and related notes cover the unaudited figures of the financial period from 1 April 2022 to 30 September 2022 and therefore are not comparable with those shown for the current period.

The interim condensed consolidated financial information are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the nine month ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information Amendments</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The application of the new and revised HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods delivered or services provided, being the Chinese medicine business, pharmaceuticals and medical technologies business and medical and healthcare services. The CODM monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. In addition, the CODM monitors the Group’s assets and liabilities as a whole and, accordingly, no segment assets and liabilities are presented.

Segment performance is evaluated based on segment profit or loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group’s loss before tax except that allocation of central administration costs, certain other income, gains and losses, net are excluded from such measurement.

#### For the six months ended 30 June 2023

	Chinese medicine business <i>HK\$'000</i> (Unaudited)	Pharmaceuticals and medical technologies business <i>HK\$'000</i> (Unaudited)	Medical and healthcare services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Segment revenue (note 4):</b>				
Sales to external customers	27,508	269,690	6,286	303,484
Intersegment sales	2,019	512	–	2,531
	<u>29,527</u>	<u>270,202</u>	<u>6,286</u>	<u>306,015</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(2,531)</u>
Revenue				<u><u>303,484</u></u>
<b>Segment results</b>	<b>(4,028)</b>	<b>13,071</b>	<b>(7,594)</b>	<b>1,449</b>
<i>Reconciliation:</i>				
Other income, gains and losses, net				603
Corporate and other unallocated expenses				<u>(7,621)</u>
Loss before tax				<u><u>(5,569)</u></u>

For the six months ended 30 September 2022

	Chinese medicine business HK\$'000 (Unaudited)	Pharmaceuticals and medical technologies business HK\$'000 (Unaudited)	Medical and healthcare services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Segment revenue (note 4):</b>				
Sales to external customers	32,669	210,769	6,418	249,856
Intersegment sales	1,030	55	–	1,085
	33,699	210,824	6,418	250,941
<i>Reconciliation:</i>				
Elimination of intersegment sales				(1,085)
Revenue				<u>249,856</u>
<b>Segment results</b>	(4,112)	(6,611)	(4,180)	(14,903)
<i>Reconciliation:</i>				
Other income, gains and losses, net				2,824
Corporate and other unallocated expenses				(8,118)
Loss before tax				<u>(20,197)</u>

#### 4. REVENUE

An analysis of revenue is as follows:

	Six months ended	
	30 June 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of pharmaceutical, biotechnology and healthcare products	268,168	210,036
Sale of Chinese medicine products	31,194	36,199
Provision of Chinese medical services	2,600	2,888
Provision of contract development and manufacturing organization ("CDMO") services	1,522	733
	<u>303,484</u>	<u>249,856</u>



## Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments	Pharmaceuticals			Total
	Chinese medicine business	and medical technologies business	Medical and healthcare services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>				
Sale of products	27,508	268,168	3,686	299,362
Chinese medical services	–	–	2,600	2,600
CDMO services	–	1,522	–	1,522
	<u>27,508</u>	<u>268,168</u>	<u>3,686</u>	<u>299,362</u>
Total revenue from contracts with customers	<u>27,508</u>	<u>269,690</u>	<u>6,286</u>	<u>303,484</u>
<b>Geographical markets</b>				
Mainland China	27,508	269,327	2,760	299,595
Hong Kong	–	35	3,143	3,178
Australia	–	328	383	711
	<u>27,508</u>	<u>269,690</u>	<u>6,286</u>	<u>303,484</u>
Total revenue from contracts with customers	<u>27,508</u>	<u>269,690</u>	<u>6,286</u>	<u>303,484</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	27,508	268,168	3,686	299,362
Services rendered over time	–	1,522	2,600	4,122
	<u>27,508</u>	<u>268,168</u>	<u>2,600</u>	<u>4,122</u>
Total revenue from contracts with customers	<u>27,508</u>	<u>269,690</u>	<u>6,286</u>	<u>303,484</u>

For the six months ended 30 September 2022

<b>Segments</b>	Chinese	Pharmaceuticals	Medical and	Total
	medicine	and medical	healthcare	
	business	business	services	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Types of goods or services</b>				
Sale of products	32,669	210,036	3,530	246,235
Chinese medical services	–	–	2,888	2,888
CDMO services	–	733	–	733
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>32,669</u>	<u>210,769</u>	<u>6,418</u>	<u>249,856</u>
<b>Geographical markets</b>				
Mainland China	32,669	210,379	2,489	245,537
Hong Kong	–	252	3,605	3,857
Australia	–	138	324	462
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>32,669</u>	<u>210,769</u>	<u>6,418</u>	<u>249,856</u>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	32,669	210,036	3,530	246,235
Services rendered over time	–	733	2,888	3,621
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue from contracts with customers	<u>32,669</u>	<u>210,769</u>	<u>6,418</u>	<u>249,856</u>

## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended	
	30 June 2023 HK\$'000 (Unaudited)	30 September 2022 HK\$'000 (Unaudited)
Cost of inventories sold	148,387	127,668
Depreciation of property, plant and equipment	13,200	12,773
Depreciation of right-of-use assets	3,220	2,881
Amortisation of other intangible assets	1,218	3,569
(Reversal of)/impairment of financial assets, net:		
(Reversal of)/impairment of trade and bills receivables, net	(153)	85
(Reversal of)/impairment of financial assets included in prepayments, deposits and other receivables, net	(60)	20
	<u>(60)</u>	<u>20</u>

## 6. INCOME TAX

No provision for Hong Kong profits tax, Macau complementary tax and Australia income tax has been made as the Group did not generate any assessable profits arising in Hong Kong, Macau and Australia during the period (six months ended 30 September 2022: nil). Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax ("CIT") rate of 25% (six months ended 30 September 2022: 25%), except for Tianda Pharmaceuticals (Zhuhai) Ltd. ("Tianda Pharmaceuticals (Zhuhai)") and Yunnan Meng Sheng Pharmaceutical Limited ("Meng Sheng Pharmaceutical"), subsidiaries of the Group. Pursuant to relevant laws and regulations in the PRC, Tianda Pharmaceuticals (Zhuhai) is qualified as an advanced technology enterprise and has obtained approvals from the relevant tax authorities for a preferential tax rate of 15% for a period of 3 years up to December 2025. Meng Sheng Pharmaceutical is established in the Kunming Economic and Technological Development Zone. Pursuant to relevant laws and regulations in the PRC, Meng Sheng Pharmaceutical is engaged in the Western China Development and is entitled to a preferential tax rate of 15% during the period (six months ended 30 September 2022: 15%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>Six months ended</b>	
	<b>30 June 2023 HK\$'000 (Unaudited)</b>	<b>30 September 2022 HK\$'000 (Unaudited)</b>
Current – Mainland China		
Charge for the period	273	487
Overprovision in prior periods	(755)	(855)
Deferred tax	(176)	(705)
	<u>          </u>	<u>          </u>
Total tax credit for the period	<u><u>(658)</u></u>	<u><u>(1,073)</u></u>

## 7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss attributable to the owners of the parent, and the weighted average number of ordinary shares of 2,150,041,884 (six months ended 30 September 2022: 2,150,041,884) in issue during the period.

	<b>Six months ended</b>	
	<b>30 June 2023 HK\$'000 (Unaudited)</b>	<b>30 September 2022 HK\$'000 (Unaudited)</b>
Loss attributable to ordinary equity holders of the parent for the purpose of basic and diluted loss per share	<u><u>(4,127)</u></u>	<u><u>(16,349)</u></u>
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	<u><u>2,150,041,884</u></u>	<u><u>2,150,041,884</u></u>

## 8. DIVIDENDS

The directors of the Company resolved not to declare any interim dividend for the period (six months ended 30 September 2022: nil).

During the six months ended 30 June 2023, a final dividend of HK0.26 cent per share, amounting to HK\$5,590,000, for the nine months ended 31 December 2022 was approved by the shareholders of the Company at the annual general meeting held on 27 June 2023. The final dividend was subsequently paid on 14 July 2023.

During the six months ended 30 September 2022, a final dividend of HK0.26 cent per share, amounting to HK\$5,590,000 and special dividend of HK0.56 cent per share, amounting to HK\$12,040,000, for the year ended 31 March 2022 were paid to the shareholders of the Company.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment of HK\$39,385,000 (six months ended 30 September 2022: HK\$19,719,000). In addition, the Group has disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK\$63,000 (six months ended 30 September 2022: HK\$110,000), resulting in a gain on disposal of HK\$171,000 for the current reporting period (six months ended 30 September 2022: a gain on disposal of HK\$668,000).

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Unlisted fund investment, at fair value	<b><u>9,650</u></b>	<u>–</u>

The above unlisted fund investment was mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

On 19 April 2023, the Group entered into an agreement to subscribe for an investment fund in a principal amount of HK\$10,000,000. The principal objective of the fund is to maximize capital appreciation and achieve returns to investors. The fund is managed by Tianda Asset Management Limited, a fellow subsidiary of the Company.

## 11. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance for impairment of trade receivables, is as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 2 months	73,085	105,161
2 to 3 months	9,672	3,275
Over 3 months	27,201	30,316
	<u>109,958</u>	<u>138,752</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where prepayment in advance is normally required. The credit periods range from 60 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

## 12. TRADE PAYABLES

An ageing analysis of trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 HK\$'000 (Unaudited)</b>	31 December 2022 HK\$'000 (Audited)
Within 2 months	91,844	63,757
2 to 3 months	4,729	988
Over 3 months	7,910	6,595
	<u>104,483</u>	<u>71,340</u>

Trade payables are non-interest bearing and are normally settled with credit terms of 30 to 60 days.

### **13. EVENT AFTER THE REPORTING PERIOD**

On 1 August 2023, Yunyu Bio-Pharmaceutical Co., Limited (“Yunyu Bio-Pharmaceutical”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “Agreement”) with Yunnan Li Nuo Biotechnology Co., Limited (“Li Nuo”), the 45% minority shareholder of Meng Sheng Pharmaceutical, which is 55% owned by the Group. Pursuant to the Agreement, Yunyu Bio-Pharmaceutical will acquire this remaining 45% interest in Meng Sheng Pharmaceutical held by Li Nuo at a consideration of RMB23,500,000 (equivalent to approximately HK\$25,600,000). Upon the completion of the transaction, Meng Sheng Pharmaceutical will become an indirect wholly-owned subsidiary of the Company. This transaction does not involve in a change in control over Meng Sheng Pharmaceutical.

Further details of the acquisition can be found in the announcement of the Company dated 1 August 2023.

The acquisition was not yet completed up to the date of issue of this announcement.

### **14. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified and re-presented to conform to the current period’s presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Change of financial year end date

In order to align the financial year end date of the Company with that of the principal operating subsidiaries of the Company, the financial year end date of the Company has been changed from 31 March to 31 December in November last year. In view of this change, the interim consolidated financial statements cover the six-month period from 1 January 2023 to 30 June 2023 (the “Current Interim Period”) and the comparative figures cover the six-month period from 1 April 2022 to 30 September 2022 (the “Previous Interim Period”).

### BUSINESS REVIEW

Starting from 2023, as the negative impacts of the pandemic has significantly receded, the Chinese economy is steadily recovering. Seizing this opportunity, the Group has consolidated its core products, expanded sales channels, advanced the development of the traditional Chinese medicine (“TCM”) businesses, and enriched product pipelines, continuously improving the operation and performance of its three business segments, namely the Pharmaceuticals and medical technologies business, the Chinese medicine business, and the Medical and healthcare services. As a result, the Group has achieved a total revenue of HK\$303.5 million in the Current Interim Period, representing a 21.5% growth compared with the Previous Interim Period. Excluding research and development (“R&D”) expenses, the Group has turned its loss of HK\$7.1 million in the Previous Interim Period into a profit of HK\$3.78 million in the Current Interim Period.

For the Pharmaceuticals and medical technologies business, the Group’s pediatric drug, Tuoen®Ibuprofen, has been benefited from the optimized epidemic prevention and control measures implemented by the Chinese government earlier this year and the inclusion in the reference list of commonly used drugs for home treatment of COVID-19 patients (新冠病毒感染者居家治療常用藥參考表). As a result, the sales of Tuoen®Ibuprofen have grown by 89.5% in the Current Interim Period as compared with the Previous Interim Period, claiming the top three position in market share in Mainland China. To meet the market demand for Tuoen®Ibuprofen and anticipated future growth, the Group adopted an unconventional approach and efficiently completed the construction of a new liquid-finished dosages production line and put it into operation within just three months. The Group’s cardio-cerebrovascular drug, Tuoping®Valsartan capsules, has maintained its position as the best-selling product in its category in the mainland China market in the Current Interim Period, benefitting from attaining first place in the tender results of the third round of national centralized medicines procurement. The Group’s CDMO/CMO business has also experienced steady growth, with over 10 new projects signed in the Current Interim Period.



For the Chinese medicine business, relying on its whole industrial chain build-up of traditional Chinese medicine, the Group has focused on the development of domestic and foreign trading of Chinese medicinal materials, production, sales and distribution of Chinese medicinal decoction pieces, continuing to integrate special resources in the industry's upstream and downstream segments with a focus on variety management. In response to the rising prices of Chinese medicinal materials, the Group actively strategized reserves of Chinese medicinal materials. In July 2023, the Group signed a strategic cooperation framework agreement with the Qiaocheng District Government of Bozhou city, Anhui Province, known as the "City of Chinese Medicine" to actively participate in the construction of a strategic reserve of Chinese medicinal materials and jointly promote projects related to the supply chain finance, plant extraction and preparation of Chinese medicinal materials. The Group is gradually forming a strategy for the R&D of TCM with a view of "stronger R&D, larger markets and enhanced efficacy", fully leveraging the advantages and diverse values of TCM. Through technological advancement, resource growth, and outcomes accumulation, the Group aims to realize the leapfrog development of the Chinese medicine business.

For the medical and healthcare services, the Group has steadily promoted the development of the new type of Chinese medicine clinic "TDMall", with the core positioning of "specialist treatments and specialized services, effectiveness and efficacy, combination of recovery and health-preservation, and harmony between nature and mankind". The Group invested and opened its fifth TDMall in the world and fourth TDMall in the Guangdong-Hong Kong-Macao Greater Bay Area – Shenzhen TDMall, in Shenzhen at the end of March this year. Shenzhen TDMall has launched "TDMall Lifestyle" (天大館·優生活), aiming to provide convenient and high-quality TCM healthcare services and comprehensive wellness experiences. The Group's cloud-based Chinese medicine platform "TDMall on Cloud" empowers its physical clinics to provide patients with all-round and remote Chinese medicine services, while at the same time creating an online channel for sales of its products.

For R&D, the Group is guided by market demand, adheres to the dual focus of generic and innovative drug development, and coordinates the promotion of innovative drugs, generic drugs and secondary development; through independent R&D, R&D cooperation with external institutions, and the introduction of projects, the product pipeline is continuously enriched. At present, the main R&D projects under the Group include one innovative drug of Class 1 traditional Chinese medicine, three new drugs of Class 3 traditional Chinese medicine with classic famous prescriptions, two chemical drugs of Class 3, and six chemical drugs of Class 4, and several health products. Among them, 5 chemical drug varieties have entered the registration stage, which are expected to generate growth for the Group as several new varieties of drugs will be introduced to the market next year or the year after.

## OUTLOOK

The Group is committed to building core product brands including “Tuoen” and “Tuoping”, actively increasing market penetration in the lower-tier markets to expand product market coverage; capitalizing on the advantages brought by TCM policies for high-quality development; and continuously improving the operations and services of TDMalls to establish a group-oriented operating model for TCM chain clinics. With the COVID-19 pandemic being brought under control, the Group will take advantage of the situation to boost domestic businesses while expanding its presence in international markets, establishing a solid foundation and strength for scaled development.

## FINANCIAL REVIEW

During the Current Interim Period, the Group recorded a revenue of HK\$303.5 million (Previous Interim Period: HK\$249.9 million). For the Pharmaceuticals and medical technologies business, revenue for the Current Interim Period was HK\$269.7 million, an increase of 28.0% from HK\$210.8 million in the Previous Interim Period, benefiting from the strong sales growth of 89.5% recorded by its pediatric drug, Tuoen®Ibuprofen, as well as the satisfactory sales performance of other major products. For the Chinese medicine business, revenue for the Current Interim Period decreased to HK\$27.5 million (Previous Interim Period: HK\$32.7 million) due to the adoption of a more stringent credit policy. For the Medical and healthcare services, revenue for the Current Interim Period amounted to HK\$6.3 million (Previous Interim Period: HK\$6.4 million). Gross profit was HK\$155.1 million (Previous Interim Period: HK\$122.2 million), and the gross profit margin increased from 48.9% in the Previous Interim Period to 51.1% in the Current Interim Period, mainly due to the improvement in the quality of the Group’s revenue and the proportion of product sales with higher gross profit increased. At the same time, the Group strictly controlled costs, and the selling and distribution expense ratio decreased by about 0.4 percentage points. The selling and distribution expenses for the Current Interim Period were HK\$111.4 million (Previous Interim Period: HK\$92.7 million).

Administrative expenses were HK\$42.0 million (Previous Interim Period: HK\$41.4 million), which were maintained at a similar level as the Previous Interim Period. R&D expenses decreased from HK\$12.0 million in the Previous Interim Period to HK\$8.7 million in the Current Interim Period. Some R&D projects have entered the registration stage and are expected to start sales next year. For the latest progress of major R&D projects, please refer to the business review section above.

Other income and net income decreased from HK\$7.0 million in the Previous Interim Period to HK\$3.9 million in the Current Interim Period, mainly due to the decrease in government subsidies during the Current Interim Period, including government epidemic subsidies.

In summary, the loss attributable to owners of the parent decreased significantly of 74.8% from HK\$16.3 million in the Previous Interim Period to HK\$4.1 million in the Current Interim Period. The change in profitability was mainly attributable to the Group’s business performance analyzed above.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's financial position remains strong. As at 30 June 2023, the Group had cash and cash equivalents of HK\$189.7 million (31 December 2022: HK\$340.3 million), of which approximately 84.7% were denominated in Renminbi ("RMB") with the remaining in Hong Kong dollar, Australian dollar, Euro, Macau pataca and United States dollar, as well as unutilised bank loan facilities of HK\$145.8 million. As at 30 June 2023, the bank borrowings maturing in one year and maturing within two to five years amounted to HK\$70.2 million and HK\$27.8 million respectively, which were denominated in RMB and bear interest at the rate of China LPR + 1%. Since the borrowings are lesser than the cash and cash equivalents, there is no net debt (total borrowings less cash and cash equivalents) of the Group.

With this strong financial position, the Group has sufficient financial resources to finance its operational and capital expenditures.

## **EXCHANGE RATE EXPOSURE**

The Group's assets, liabilities and transactions are substantially denominated in Hong Kong dollar, RMB, United States dollar and Australian dollar.

The Group has sales and investments in foreign operations which use currencies other than the functional currency of the Company RMB. As such, the Group has some exposures to foreign currency risks. The management from time to time determines suitable measures, such as entering into forward currency contracts, to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than RMB. The Group did not enter into any forward currency contracts to hedge its foreign currency risks as at 30 June 2023.

## **CHARGES ON ASSETS**

As at 30 June 2023, the Group pledged certain right-of-use assets and property, plant and equipment with carrying value HK\$266.9 million (31 December 2022: HK\$253.8 million) in aggregate to secure a bank loan facility granted to the Group.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30 June 2023, the Group employed approximately 820 employees in Hong Kong, the PRC and Australia. The Group remunerates its employees based on market terms the qualifications and experience of the employees concerned.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the Current Interim Period except as mentioned below.

Mr. Fang Wen Quan is the Chairman of the Board and the Managing Director of the Company. Pursuant to code provision of C.2.1 of the CG Code, the roles of the chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Fang Wen Quan has been the key leader of the Group, who has been primarily involved in formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group’s operations as he directly supervises the management team of the Group. Taking into account the continuation of the implementation of the Group’s business plans, the Directors (including the Independent Non-executive Directors) consider that Mr. Fang Wen Quan acting as both the Chairman of the Board and the Managing Director of the Company is acceptable and in the best interest of the Group. The Board will review this situation periodically.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry of all the Directors, they all confirmed that they had complied with the Model Code throughout the Current Interim Period.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Group's condensed consolidated financial information for the Current Interim Period have not been reviewed or audited by the Company's independent auditor, but they have been reviewed by the audit committee of the Company. The audit committee of the Company currently comprises three Independent Non-executive Directors and a Non-executive Director. The audit committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the unaudited condensed consolidated financial information of the Company for the Current Interim Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Current Interim Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **EVENT AFTER THE REPORTING PERIOD**

On 1 August 2023, Yunyu Bio-Pharmaceutical Co., Limited ("Yunyu Bio-Pharmaceutical"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "Agreement") with Yunnan Li Nuo Biotechnology Co., Limited ("Li Nuo"), the 45% minority shareholder of Meng Sheng Pharmaceutical, which is 55% owned by the Group. Pursuant to the Agreement, Yunyu Bio-Pharmaceutical will acquire this remaining 45% interest in Meng Sheng Pharmaceutical held by Li Nuo at a consideration of RMB23,500,000 (equivalent to approximately HK\$25,600,000). Upon the completion of the transaction, Meng Sheng Pharmaceutical will become an indirect wholly-owned subsidiary of the Company. The acquisition was not yet completed up to the announcement date.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the Company's website ([www.tiandapharma.com](http://www.tiandapharma.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express my sincere appreciation to the shareholders of the Company for their continued support and sincerely thank the Directors and staffs for their dedication and diligence. I also wish to take this opportunity to express my gratitude to the Group's customers, suppliers and bankers for their ongoing support.

By order of the Board  
**Tianda Pharmaceuticals Limited**  
**FANG Wen Quan**  
*Chairman and Managing Director*

Hong Kong, 28 August 2023

*As at the date of this announcement, the Executive Directors are Mr. FANG Wen Quan (Chairman and Managing Director) and Mr. LUI Man Sang; the Non-executive Directors are Mr. SHEN Bo and Mr. FENG Quanming; and the Independent Non-executive Directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Dr. XIAN Yanfang.*