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天大藥業有限公司

TIANDA PHARMACEUTICALS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00455)

2024 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 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
REVENUE	4	156,073	303,484
Cost of sales		<u>(80,228)</u>	<u>(148,387)</u>
Gross profit		75,845	155,097
Other income, gains and losses, net		3,699	3,870
Selling and distribution expenses		(52,717)	(111,374)
Administrative expenses		(42,506)	(41,994)
Research and development expenses		(7,088)	(8,692)
Finance costs		<u>(2,433)</u>	<u>(2,476)</u>
LOSS BEFORE TAX	5	(25,200)	(5,569)
Income tax (expenses)/credit	6	<u>(2,025)</u>	<u>658</u>
LOSS FOR THE PERIOD		<u><u>(27,225)</u></u>	<u><u>(4,911)</u></u>
OTHER COMPREHENSIVE (LOSS)/INCOME			
<i>Other comprehensive (loss)/income 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		(92)	770
Exchange differences on translation of the Company's financial statements		<u>(1,522)</u>	<u>(2,556)</u>
		<u>(1,614)</u>	<u>(1,786)</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>(13,085)</u>	<u>(15,375)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		<u>(14,699)</u>	<u>(17,161)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u><u>(41,924)</u></u>	<u><u>(22,072)</u></u>

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to:			
Shareholders of the Company		(27,236)	(4,127)
Non-controlling interests		11	(784)
		<u>(27,225)</u>	<u>(4,911)</u>
Total comprehensive (loss)/income attributable to:			
Shareholders of the Company		(41,935)	(20,654)
Non-controlling interests		11	(1,418)
		<u>(41,924)</u>	<u>(22,072)</u>
		HK Cent	HK Cent
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	7	<u>(1.27)</u>	<u>(0.19)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	354,299	371,346
Right-of-use assets		38,434	41,392
Goodwill		92,642	95,230
Other intangible assets		34,876	20,677
Deposits		30,827	35,222
Financial asset at fair value through profit or loss		9,530	9,000
Equity investments designated at fair value through other comprehensive income		124	216
Total non-current assets		560,732	573,083
CURRENT ASSETS			
Inventories		73,240	65,148
Trade and bills receivables	10	62,384	104,801
Prepayments, deposits and other receivables		10,065	11,505
Due from fellow subsidiaries		343	312
Structured deposits		5,495	–
Cash and cash equivalents		92,511	162,442
Total current assets		244,038	344,208
CURRENT LIABILITIES			
Trade payables	11	85,082	106,018
Other payables and accruals		59,712	88,923
Due to fellow subsidiaries		12,686	12,458
Bank borrowings		91,896	96,492
Lease liabilities		3,658	5,678
Income tax payables		63	3,743
Total current liabilities		253,097	313,312
NET CURRENT (LIABILITIES)/ASSETS		(9,059)	30,896
TOTAL ASSETS LESS CURRENT LIABILITIES		551,673	603,979

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Bank borrowings	–	8,358
Lease liabilities	3,261	3,069
Deferred tax liabilities	3,985	611
	<hr/>	<hr/>
Total non-current liabilities	7,246	12,038
	<hr/>	<hr/>
NET ASSETS	544,427	591,941
	<hr/>	<hr/>
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	215,004	215,004
Reserves	329,542	377,067
	<hr/>	<hr/>
	544,546	592,071
Non-controlling interests	(119)	(130)
	<hr/>	<hr/>
TOTAL EQUITY	544,427	591,941
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 year ended 31 December 2023.

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

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets as at 30 June 2024. Taking into account the historical operating performance of the Group and sufficient unutilised banking facilities amount and cash on hand, the directors of the Company considered that the Group will be able to operate as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

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 year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the revised HKFRSs in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this interim 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 information is presented.

Segment performance is evaluated based on segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that corporate and other unallocated expenses, certain other income, gains and losses are excluded from such measurement.

For the six months ended 30 June 2024

	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)
Segment revenue (note 4):				
Sales to external customers	12,423	136,696	6,954	156,073
Intersegment sales	628	52	–	680
	<u>13,051</u>	<u>136,748</u>	<u>6,954</u>	<u>156,753</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(680)</u>
Revenue				<u>156,073</u>
Segment results	<u>(6,376)</u>	<u>(4,916)</u>	<u>(7,541)</u>	<u>(18,833)</u>
<i>Reconciliation:</i>				
Unallocated other income, gains and losses, net				1,135
Corporate and other unallocated expenses				<u>(7,502)</u>
Loss before tax				<u>(25,200)</u>

For the six months ended 30 June 2023

	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)
Segment revenue (note 4):				
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>
<u>Reconciliation:</u>				
Elimination of intersegment sales				<u>(2,531)</u>
Revenue				<u>303,484</u>
Segment results	<u>(4,028)</u>	<u>13,071</u>	<u>(7,594)</u>	1,449
<u>Reconciliation:</u>				
Unallocated other income, gains and losses, net				603
Corporate and other unallocated expenses				<u>(7,621)</u>
Loss before tax				<u>(5,569)</u>

4. REVENUE

Revenue of the Group for each of the six months ended 30 June 2024 and 2023 was all revenue from contracts with customers and the following tables set out the disaggregated revenue information for revenue from contracts with customers:

For the six months ended 30 June 2024

Segments	Pharmaceuticals			Total
	Chinese medicine business	and medical technologies business	Medical and healthcare services	
	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	
Types of goods or services				
Sale of pharmaceutical, biotechnology and healthcare products	–	132,411	–	132,411
Sale of Chinese medicine products	12,423	–	3,987	16,410
Chinese medical services	–	–	2,967	2,967
Provision of contract development and manufacturing organisation (“CDMO”) services	–	4,285	–	4,285
Total revenue from contracts with customers	<u>12,423</u>	<u>136,696</u>	<u>6,954</u>	<u>156,073</u>
Geographical markets				
Chinese Mainland	12,423	136,604	3,140	152,167
Hong Kong	–	16	3,364	3,380
Australia	–	76	450	526
Total revenue from contracts with customers	<u>12,423</u>	<u>136,696</u>	<u>6,954</u>	<u>156,073</u>
Timing of revenue recognition				
Goods transferred at a point in time	12,423	132,411	3,987	148,821
Services rendered over time	–	4,285	2,967	7,252
Total revenue from contracts with customers	<u>12,423</u>	<u>136,696</u>	<u>6,954</u>	<u>156,073</u>

For the six months ended 30 June 2023

Segments	Pharmaceuticals and medical technologies			Total
	Chinese medicine business	business	Medical and healthcare services	
	HK\$'000	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services				
Sale of pharmaceutical, biotechnology and healthcare products	–	268,168	–	268,168
Sale of Chinese medicine products	27,508	–	3,686	31,194
Chinese medical services	–	–	2,600	2,600
CDMO services	–	1,522	–	1,522
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	27,508	269,690	6,286	303,484
	<hr/>	<hr/>	<hr/>	<hr/>
Geographical markets				
Chinese Mainland	27,508	269,327	2,760	299,595
Hong Kong	–	35	3,143	3,178
Australia	–	328	383	711
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	27,508	269,690	6,286	303,484
	<hr/>	<hr/>	<hr/>	<hr/>
Timing of revenue recognition				
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	27,508	269,690	6,286	303,484
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5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	80,228	148,387
Depreciation of property, plant and equipment	14,152	13,200
Depreciation of right-of-use assets	3,184	3,220
Amortisation of other intangible assets	1,234	1,218
Reversal of impairment of financial assets, net:		
Trade receivables, net	(580)	(153)
Deposits and other receivables, net	(996)	(60)

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 (2023: Nil). Tax on profits assessable in Chinese Mainland has been calculated at the applicable Chinese Mainland corporate income tax ("CIT") rate of 25% (2023: 25%), except for Tianda Pharmaceuticals (Zhuhai) Ltd. ("Tianda Pharmaceuticals (Zhuhai)") and Tianda Pharmaceuticals (Yunnan) Ltd. ("Tianda Pharmaceuticals (Yunnan)"), subsidiaries of the Group. Pursuant to relevant laws and regulations in the People's Republic of China (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. Tianda Pharmaceuticals (Yunnan) is established in the Kunming Economic and Technological Development Zone which is part of the Western China Development and it is entitled to a preferential tax rate of 15% during the period (2023: 15%) pursuant to relevant laws and regulations in the PRC.

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Chinese Mainland		
Charge for the period	–	273
Overprovision in prior periods	(1,401)	(755)
Deferred tax	3,426	(176)
Total tax expenses/(credit) for the period	2,025	(658)

7. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss attributable to the shareholders of the Company, and the weighted average number of ordinary shares of 2,150,041,884 (2023: 2,150,041,884) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for each of the six months ended 30 June 2024 and 2023 for a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

8. DIVIDENDS

The directors of the Company resolved not to declare any interim dividend for the period (2023: Nil).

During the six months ended 30 June 2024, a final dividend for the year ended 31 December 2023 of HK0.26 cent per share, amounting to HK\$5,590,000 in total, was approved by the shareholders of the Company at the annual general meeting held on 7 June 2024. The final dividend was paid on 28 June 2024.

During the six months ended 30 June 2023, a final dividend for the nine months ended 31 December 2022 of HK0.26 cent per share, amounting to HK\$5,590,000 in total, 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.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment of HK\$7,080,000 (2023: HK\$39,385,000). In addition, the Group has disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK\$10,000 (2023: HK\$63,000), resulting in a loss on disposal of HK\$9,000 for the current reporting period (2023: a gain on disposal of HK\$171,000).

10. TRADE AND BILLS RECEIVABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 2 months	42,566	77,582
2 to 3 months	1,949	6,071
Over 3 months	17,869	21,148
	<u>62,384</u>	<u>104,801</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.

11. TRADE PAYABLES

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within 2 months	39,660	80,762
2 to 3 months	6,330	1,368
Over 3 months	39,092	23,888
	<u>85,082</u>	<u>106,018</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's business engages in three major segments, namely the Pharmaceuticals and medical technologies business, the Chinese medicine business, and the Medical and healthcare services. 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 of its three business segments.

For the Pharmaceuticals and medical technologies business, after the aftershocks of the pandemic subsided and the demand for medicines returned to normal, the demand for the "Four Types of Medicines" (antipyretic, cough suppressant, antibiotic and antiviral) dropped sharply, and there was a significant drop in the demand for the Group's pediatric drugs, Tuoen®Ibuprofen. Nonetheless, the Tuoen still ranked among the top three in Mainland China in terms of market share. During the renewal of the bidding of the centralized procurement of the Group's cardio-cerebrovascular drug, Tuoping®Valsartan capsules, in Jiangsu Province of the PRC, due to the adoption of the strategy of lower pricing by competing bidders, the sales volume of Tuoping for the Current Interim Period was affected. However, Tuoping was able to maintain its position as the best-selling product of similar products in the hospital market in the PRC during the Current Interim Period. Meanwhile, the Group's Tuoping was selected in the renewal of the bidding of the centralized procurement of the 13-province alliance led by Henan Province in the Current Interim Period, which opened up new provincial markets and is expected to see a certain recovery in sales volume in 2025.

For the Chinese medicine business, relying on its whole industrial chain build-up of traditional Chinese medicine, the Group has focused on the trading of Chinese medicinal materials, Chinese medicinal decoction pieces and innovative Chinese medicines R&D, continuing to integrate high-quality resources in the industry chain's upstream and downstream segments with a focus on variety management. In July last year, we signed a strategic cooperation framework agreement with the Qiaocheng District Government of Bozhou city, Anhui Province, known as the "City of Chinese Medicine" and established a joint venture company, namely Tianda Chinese Medicine (Bozhou) Ltd.. During the Current Interim Period, we used the joint venture company as a platform to actively examine and explore the business of Chinese herbal medicines varieties, and continued to pay attention to the construction of a strategic reserve of Chinese herbal medicines in Bozhou and other development opportunities.

For the medical and healthcare services, the Group has set up a 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’s sixth TDMall in the world and fifth TDMall in the Guangdong-Hong Kong-Macao Greater Bay Area – Jordan TDMall, with the introduction of a renowned medical expert as shareholder, is scheduled to open in Hong Kong in mid-October this year, and is planning to establish itself as the Group’s oncology treatment center to promote the growth of its medical and healthcare services business, with the aim to build up a chain of conglomerate Chinese medicine clinics.

Through the combination of independent R&D, cooperation with external R&D institutions, and the introduction of new projects, the Group has formed a rich R&D pipeline to create new quality productivity. During the Current Interim Period, the Group obtained the drug registration approvals for Nicorandil for injection and Ibuprofen suspension issued by the National Medical Products Administration of the PRC. The Group’s major ongoing R&D projects include one TCM innovative drug of Class 1, three TCM new drugs of Class 3 originated from ancient TCM prescriptions, two chemical drugs of Class 3, eight chemical drugs of Class 4, four listed proprietary Chinese medicines with secondary technology upgrading and development, and several health products. Among them, five chemical drugs have entered the registration stage, and it is 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. The Group’s pharmaceutical CDMO/CMO business also made significant progress, with the marketing authorization for one variety successfully approved in the Current Interim Period and applications for marketing authorization for five varieties in the evaluation and approval stage, and more than 20 projects have been signed.

OUTLOOK

The Group is committed to building core chemical drug brands including “Tuoan” and “Tuoping”, accelerating the capture of market share of health product series such as “Tuokang”, actively deepening market penetration to expand market coverage; and also capitalizing on the advantages brought by TCM policies for high-quality development of the Chinese medicine business. Empowered by R&D, the Group will continue to develop a series of products and constantly improve its product portfolio. Meanwhile, the Group will continuously improve the operations and services of TDMalls to establish a group-oriented operating model for TCM chain clinics. 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\$156.1 million (Previous Interim Period: HK\$303.5 million).

For the Pharmaceuticals and medical technologies business, revenue for the Current Interim Period was HK\$136.7 million, a decrease of 49.3% from HK\$269.7 million in the Previous Interim Period. Sales revenue of Tuoan®Ibuprofen, a pediatric drug, decreased by 78.9% compared with the Previous Interim Period due to lower demand as a result of the subside of the COVID-19 pandemic. Sales revenue of Tuoping®Valsartan capsules, another major cardio-cerebrovascular drug, declined by 25.9% compared with the Previous Interim Period, primarily due to the fact that the adoption of the strategy of lower pricing by competing bidders during the renewal of the bidding of the centralized procurement in Jiangsu Province of China, the sales volume of “Tuoping” for the Current Interim Period was affected. For the Chinese medicine business, due to intense competition in the market, the Group adopted a more conservative strategy by timely selecting promising and potential varieties for operation, resulting in a decrease in revenue for the Current Interim Period, recording HK\$12.4 million (Previous Interim Period: HK\$27.5 million). For the Medical and healthcare services, revenue improved steadily and amounted to HK\$6.95 million for the Current Interim Period (Previous Interim Period: HK\$6.3 million).

Gross profit was HK\$75.8 million (Previous Interim Period: HK\$155.1 million), and the gross profit margin decreased from 51.1% in the Previous Interim Period to 48.6% in the Current Interim Period. Fixed costs such as depreciation of fixed assets did not decrease in line with the decrease in production volume, which led to the increase in average production costs, however, the Group has strengthened its stringent control over its costs, and the selling and distribution expenses decreased from HK\$111.4 million in the Previous Interim Period to HK\$52.7 million in the Current Interim Period, representing a decrease of approximately 2.9 percentage points in the selling and distribution expense ratio, which partially offset the impact of the decrease in gross profit margin.

Administrative expenses were HK\$42.5 million (Previous Interim Period: HK\$42.0 million), which were maintained at a similar level as the Previous Interim Period. R&D expenses decreased from HK\$8.7 million in the Previous Interim Period to HK\$7.1 million in the Current Interim Period. For the latest progress of major R&D projects, please refer to the business review section above. Other income and net income for the Current Interim Period amounted to HK\$3.7 million (Previous Interim Period: HK\$3.9 million), which was largely unchanged from the Previous Interim Period.

In summary, the loss attributable to shareholders of the Company increased from HK\$4.1 million in the Previous Interim Period to HK\$27.2 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

As at 30 June 2024, the Group had structured deposits, cash and cash equivalents of HK\$98.0 million (31 December 2023: HK\$162.4 million), of which approximately 86.8% 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\$49.0 million. As at 30 June 2024, the bank borrowings maturing in one year amounted to HK\$91.9 million, which were denominated in RMB and bear interest at the rate ranging from China LPR + 0% to China LPR + 1%. Since the borrowings are lesser than the structured deposits, cash and cash equivalents, there is no net debt (total borrowings less structured deposits, cash and cash equivalents) of the Group. The Group has sufficient financial resources to finance its operational and capital expenditures.

As at 30 June 2024, the Group recorded net current liabilities of HK\$9.1 million. The Group has been discussing with certain banks on new long-term financing arrangements to improve its liquidity position, but the financing options have yet to be finalized. The Group’s financial position remains strong.

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 2024.

CHARGES ON ASSETS

As at 30 June 2024, the Group pledged certain right-of-use assets, and property, plant and equipment with carrying value HK\$241.8 million (31 December 2023: HK\$254.0 million) in aggregate to secure a bank loan facility granted to the Group.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2024, the Group employed approximately 695 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 C1 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 C3 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 interim condensed consolidated financial information for the Current Interim Period has not been reviewed or audited by the Company’s independent auditor, but it has 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.tiandapharma.com) and the Stock Exchange's website (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.

For and on behalf of the Board
Tianda Pharmaceuticals Limited
FANG Wen Quan
Chairman and Managing Director

Hong Kong, 28 August 2024

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. ZHONG Tao and Mr. FENG Quanming; and the Independent Non-executive Directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Dr. XIAN Yanfang.