天大藥業有限公司

TIANDA PHARMACEUTICALS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00455)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the Board) of Tianda Pharmaceuticals Limited (the Company) announces the consolidated results of the Company and its subsidiaries (the Group) for the year ended 31 December 2024 (the Year).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	3	**329,937**	532,089
Cost of sales		**(177,913)**	(276,557)
Gross profit		**152,024**	255,532
Other income, gains and losses, net		**4,663**	8,275
Selling and distribution expenses		**(107,851)**	(186,458)
Administrative expenses		**(85,039)**	(84,992)
Research and development expenses		**(13,283)**	(13,105)
Finance costs		**(4,854)**	(4,946)
LOSS BEFORE TAX		**(54,340)**	(25,694)
Income tax	4	**(7,074)**	689
LOSS FOR THE YEAR		**(61,414)**	(25,005)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments designated at fair value through other comprehensive income		**(216)**	(525)
Exchange differences on translation of the Company's financial statements		**(1,932)**	(1,477)
		(2,148)	(2,002)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of subsidiaries' financial statements		**(17,124)**	(4,476)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(19,272)**	(6,478)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(80,686)**	(31,483)

	Note	2024	2023
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Shareholders of the Company		**(61,371)**	(24,155)
Non-controlling interests		**(43)**	(850)
		(61,414)	(25,005)
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(80,643)**	(29,834)
Non-controlling interests		**(43)**	(1,649)
		(80,686)	(31,483)
		HK cents	*HK cents*
LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY			
Basic and diluted	6	**(2.85)**	(1.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**349,759**	371,346
Right-of-use assets		**36,328**	41,392
Goodwill		**90,391**	95,230
Other intangible assets		**60,530**	20,677
Deposits paid for acquisition of property, plant and equipment and other intangible assets		**12,138**	35,222
Financial assets at fair value through profit or loss		**–**	9,000
Equity investments designated at fair value through other comprehensive income		**–**	216
Total non-current assets		**549,146**	573,083
CURRENT ASSETS			
Inventories		**40,209**	65,148
Trade and bills receivables	7	**77,423**	104,801
Prepayments, deposits and other receivables		**11,894**	11,505
Due from a fellow subsidiary		**87**	312
Income tax recoverable		**575**	–
Cash and bank balances		**85,688**	162,442
Total current assets		**215,876**	344,208
CURRENT LIABILITIES			
Trade payables	8	**67,438**	106,018
Other payables and accruals		**46,885**	88,923
Due to fellow subsidiaries		**11,659**	12,458
Income tax payables		**750**	3,743
Bank borrowings	9	**122,074**	96,492
Lease liabilities		**2,192**	5,678
Total current liabilities		**250,998**	313,312
NET CURRENT ASSETS/(LIABILITIES)		**(35,122)**	30,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**514,024**	603,979

	Note	**2024**	2023
	Note	***HK$'000***	*HK$'000*
NON-CURRENT LIABILITIES			
Bank borrowings	9	**–**	8,358
Lease liabilities		**3,179**	3,069
Deferred tax liabilities		**5,180**	611
Total non-current liabilities		**8,359**	12,038
NET ASSETS		**505,665**	591,941
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital		**215,004**	215,004
Reserves		**290,834**	377,067
		505,838	592,071
Non-controlling interests		**(173)**	(130)
TOTAL EQUITY		**505,665**	591,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1.1 BASIS OF PRESENTATION

The consolidated financial statements for the year ended 31 December 2024 have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of approximately HK$35.1 million as at 31 December 2024 and reported a net loss of approximately HK$61.4 million for the year then ended, as the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern for the twelve months from the end of the reporting period, based on the Group's cash flow projection which, took into account, inter alia, the following:

(a) as at the end of the reporting period, the Group had unutilised credit facilities of HK$13,663,000 from banks. The total facility amount is HK$135,737,000, of which an amount of HK$122,074,000 was drawn down during the year and outstanding as at the end of the reporting period; and

(b) the Group has good track records and relationship with banks which would enhance the Group's ability on restructuring its borrowing facilities. The Group is confident that sufficient financing can be arranged from the refinancing or renewal of bank borrowings upon or before the maturity date.

1.2 BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and structured deposits which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16 *Leases*, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Save as disclosed above, the accounting policies used in preparing the consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023.

3. REVENUE

Revenue of the Group for each of the years ended 31 December 2024 and 2023 wholly represented revenue from contracts with customers.

(a) Disaggregated revenue information

Year ended 31 December 2024

Segments	**Chinese medicine business** *HK$'000*	**Pharmaceuticals and medical technologies business** *HK$'000*	**Medical and healthcare services** *HK$'000*	**Total** *HK$'000*
Types of goods or services				
Sale of pharmaceuticals and biotechnology products	–	267,977	–	267,977
Sale of healthcare products	–	4,766	3,510	8,276
Sale of Chinese medicine products	27,084	–	8,589	35,673
Chinese medical services	–	–	6,837	6,837
Contract development and manufacturing organization ("CDMO") services	–	11,174	–	11,174
Total	27,084	283,917	18,936	329,937
Geographical markets				
Chinese Mainland	27,084	283,605	10,303	320,992
Hong Kong	–	79	7,664	7,743
Australia	–	233	969	1,202
Total	27,084	283,917	18,936	329,937
Timing of revenue recognition				
Goods transferred at a point in time	27,084	272,743	12,099	311,926
Services rendered over time	–	11,174	6,837	18,011
Total	27,084	283,917	18,936	329,937

Year ended 31 December 2023

Segments	Chinese medicine business *HK$'000*	Pharmaceuticals and medical technologies business *HK$'000*	Medical and healthcare services *HK$'000*	Total *HK$'000*
Types of goods or services				
Sale of pharmaceutical and biotechnology products	–	453,965	–	453,965
Sale of healthcare products	–	11,704	–	11,704
Sale of Chinese medicine products	48,367	–	7,564	55,931
Chinese medical services	–	–	5,473	5,473
CDMO services	–	5,016	–	5,016
Total	48,367	470,685	13,037	532,089
Geographical markets				
Chinese Mainland	48,367	470,009	5,750	524,126
Hong Kong	–	53	6,420	6,473
Australia	–	623	867	1,490
Total	48,367	470,685	13,037	532,089
Timing of revenue recognition				
Goods transferred at a point in time	48,367	465,669	7,564	521,600
Services rendered over time	–	5,016	5,473	10,489
Total	48,367	470,685	13,037	532,089

(b) The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 ***HK$'000***	2023 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products and medical services	**6,559**	78,241

(c) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of pharmaceuticals, biotechnology, healthcare and Chinese medicine products

The performance obligation is satisfied upon delivery of pharmaceuticals, biotechnology, healthcare and Chinese medicine products. Payment from customers from Chinese medicine business and pharmaceuticals and medical technologies business is generally due within 60 to 180 days from delivery, except for new customers, where payment in advance is normally required, while the payment for sales of products in medical and healthcare services is generally due upon the delivery of products.

Provision of Chinese medical services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon customer acceptance.

Provision of CDMO services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

4. INCOME TAX

No provision for Hong Kong profits tax, Macau complementary tax and Australia income tax have been made as the Group did not generate any assessable profits arising in Hong Kong, Macau and Australia during the year (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 the 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. Tianda Pharmaceuticals (Yunnan) is established in the Kunming Economic and Technological Development Zone. Pursuant to relevant laws and regulations in the PRC, Tianda Pharmaceuticals (Yunnan) is engaged in the Western China Development Strategy and is entitled to a preferential tax rate of 15% during the year (2023: 15%).

	2024	2023
	HK$'000	*HK$'000*
Current – Chinese Mainland		
Charge for the year	**222**	394
Underprovision/(overprovision) in prior years	**2,171**	(738)
Deferred tax	**4,681**	(345)
Total tax expenses/(credit) for the year	**7,074**	(689)

5. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: HK0.26 cent per share amounting to HK$5,590,000).

6. LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to shareholders of the Company of HK$61,371,000 (2023: HK$24,155,000), and the weighted average number of ordinary shares of 2,150,041,884 (2023: 2,150,041,884) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for each of the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no dilutive potential ordinary shares outstanding during these years.

7. TRADE AND BILLS RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**59,743**	72,586
Impairment	**(1,153)**	(1,748)
	58,590	70,838
Bills receivable	**18,833**	33,963
	77,423	104,801

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods range from 30 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. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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:

	2024	2023
	HK$'000	*HK$'000*
Within 2 months	**52,849**	77,582
2 to 3 months	**10,609**	6,071
Over 3 months	**13,965**	21,148
	77,423	104,801

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	HK$'000	*HK$'000*
At beginning of year	**1,748**	963
Impairment losses/(reversal of impairment losses), net	**(595)**	785
At end of year	**1,153**	1,748

8. TRADE PAYABLES

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

	2024	2023
	HK$'000	*HK$'000*
Within 2 months	**36,783**	80,762
2 to 3 months	**3,738**	1,368
Over 3 months	**26,917**	23,888
	67,438	106,018

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

9. BANK BORROWINGS

	2024			2023		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Current:						
Bank loans – secured	**China Loan Prime Rate ("LPR") +1%**	**2025**	**54,741**	LPR+1%	2024	53,170
Bank loans – unsecured	**LPR +0.45%**	**2025**	**67,333**	LPR +0.45%	2024	43,322
			122,074			96,492
Non-current:						
Bank loans – secured			**–**	LPR+1%	2025	8,358
			122,074			104,850

	2024	2023
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**122,074**	96,492
In the second year	**–**	8,358
	122,074	104,850

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, through a series of measures such as consolidating core products, enriching product pipeline, expanding sales channels and further developing the TCM industrial chain, the Group continued to improve the operation management in its three major business segments: pharmaceuticals and medical technologies, Chinese medicine and medical and healthcare services.

As 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 the second 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 Year was affected. The Group's revenue declined significantly for the Year, resulting in a remarkable increase in losses. Overall revenue for the Year amounted to HK$329.9 million (year ended 31 December 2023 (the "Previous Financial Year"): HK$532.1 million). Loss attributable to shareholders of the Company increased from HK$24.2 million in the Previous Financial Year to HK$61.4 million in the Year.

The pharmaceuticals and medical technologies business remaining stable, and the CDMO/CMO business growing rapidly

The pharmaceuticals and medical technologies business reported a weaker-than-expected revenue of HK$283.9 million for the Year (Previous Financial Year: HK$470.7 million), due to the impact of the fading of aftershocks of the pandemic, shrinking demand and overcapacity in the industry as well as the policies on centralized procurement. The Group is deeply engaged in the fields of cardiovascular, cerebrovascular and pediatric diseases with two leading products being launched: Tuoping®Valsartan capsules for cardio-cerebrovascular disease and pediatric drugs Tuoen®Ibuprofen series. In 2024, the incidence of respiratory diseases, including influenza, was lower than that in previous years, and there were overcapacity and pipeline backlogs in the industry for pandemic-related Four Types of Medicines, leading to a prolonged destocking cycle. As a result, the pediatric drug Tuoen®Ibuprofen recorded a sales revenue of HK$52.7 million for the Year (Previous Financial Year: HK$170.4 million), however, it remained the second position in market share in Mainland China. As the cardio-cerebrovascular drug Tuoping®Valsartan capsules was in the process of the renewal of the bidding for the provincial centralized procurement, the sales volume decreased as compared to previous years. However, it has maintained its position as the best-selling product of the similar variety in the Mainland China market in the Year, recording a sales revenue of HK$140.0 million for the Year (Previous Financial Year: HK$186.8 million).

Since three fully automated production lines in the new liquid-finished dosages workshop of Zhuhai Jinwan R&D and production base were put into operation in 2024, the production capacity of chemical pharmaceutical liquid preparations has been increased by three times, with a reduction of packaging personnel by two-thirds, and a significant improvement in production efficiency, thus effectively mitigating quality issues caused by human errors, which has totally resolved the problem on capacity shortage of the Group's chemical pharmaceutical liquid products, and has greatly shortened the trial production period for new liquid preparations R&D. In the meantime, we are also negotiating to utilize our surplus production capacity to undertake the production of some CDMO/CMO products.

The Group's CDMO/CMO business also recorded a rapid growth, with the revenue more than doubling as compared to that in the Previous Financial Year. By the end of 2024, the number of the Group's CDMO projects for pharmaceuticals and health products on hand was 23 (as at the end of 2023: 15).

Further development of the Chinese medicine segment with cooperation among industries, universities, research institutes and medical practitioners

For the Chinese medicine business, leveraging its comprehensive industrial chain for traditional Chinese medicine, the Group has focused on the development of domestic and foreign trading of Chinese medicinal materials, Chinese medicinal decoction pieces and innovative Chinese medicines R&D, continuing to integrate special resources in the industry's upstream and downstream segments with a focus on variety management. During the Year, as business partners in the Chinese medicine segment were under the pressure in the business environment, the Group adopted a more stringent and prudent credit policy in the trading business. Revenue of this segment decreased during the Year, amounting to HK$27.1 million (Previous Financial Year: HK$48.4 million).

The Group has focused on the build-up of varieties management business of Chinese medicinal materials. With the official operation of Tianda Chinese Medicine (Bozhou) Ltd., we have actively promoted the varieties management business of Chinese medicinal materials using this company as a platform.

During the Year, the Group comprehensively promoted in-depth exchanges and collaborations among industries, universities, research institutes and medical practitioners, and systematically progressed the innovation of Chinese medicines, the secondary development of existing proprietary Chinese medicines and the introduction of phased results and new products, enriching the product R&D pipeline, to enhance the core competitiveness of the Group. 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", harnessing the unique strengths and multifaceted value of TCM. Through technological advancement, resource growth, and outcomes accumulation, the Group aims to realize the leapfrog development of the Chinese medicine business.

TDMall growing with innovative business model to promote TCM culture

The Group created the new type Chinese medicine clinic brand "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". TDMall continuously improved its medical system, operation system, marketing and sales system, and product system, creating a comprehensive model integrating or medical services, operations, marketing, and products. The Group's sixth TDMall in the world and fifth TDMall in the Guangdong-Hong Kong-Macao Greater Bay Area – Jordan TDMall was opened in Hong Kong in October 2024, with the introduction of a renowned medical expert as shareholder. The Group is planning to establish it as the Group's oncology treatment center to promote the growth of its medical and healthcare services business, with the aim to build up an operating model of a chain of conglomerate Chinese medicine clinics.

Adhering to the principles of promoting the inheritance of TCM culture and giving back to the community, TDMall organized dozens of "Little Chinese physician" parent-child activities in the Greater Bay Area. TDMall also reached out to communities and conducted over 40 charity clinic sessions during the Year. Furthermore, TDMall regularly hosted TCM-themed lectures and activities for various institutions, chambers of commerce, schools, and other organizations to popularize TCM-related knowledge.

Expanding sales channels to strengthen its penetration in lower-tier markets

The Group will always adhere to its market-oriented approach, focusing on customers and patients, and will continue to enhance and upgrade its marketing system. The Group will fully leverage the advantages of centralized procurement varieties and advantages in terms of product concentration in chronic disease, expanding its reach to achieve economies of scale and drive profitability.

The Group has established a three-tier comprehensive marketing network nationwide, covering all regions, all channels, and all terminals. It continuously strengthens its first terminal marketing team centered on urban public medical institutions and grassroots public medical institutions, rapidly establishes the second terminal OTC elite team focused on the top 100 nationwide chain drugstores, and continues expanding its third terminal promotion team aimed at small chain drugstores, individual drugstores and private hospitals and clinics. The Group is committed to developing a highly agile and resilient marketing team in line with the nation's push for the construction of county-level medical community systems and the supportive policies for chronic disease management, so to accelerate the development process of the third terminal and strengthen the penetration into lower-tier markets, diversified marketing and promotion modes, enhanced customer management and standardized the market order, to advance the systematic and efficient growth of county-level markets thereby expanding its market coverage.

Tianda will bolster its e-commerce operations, expanding internally the Group's online product sales and diagnostic service platform, and externally building an international marketing network for pharmaceutical and health products, continuously enhancing the promotion of cross-border e-commerce channels.

R&D entering harvest period with intensive new product launches

Driven by a three-pronged strategy of independent R&D, cooperation with external R&D institutions, and the introduction of new projects, Tianda has continuously strengthened its innovative drug R&D system. The Group's R&D capabilities have been significantly enhanced, forming a rich R&D pipeline. At present, R&D projects include one TCM innovative drug of Class 1, three TCM new drugs of Class 3 originated from ancient TCM prescriptions, twelve chemical generic drugs, and several health products. After years of R&D investment with accumulated know-how, several R&D projects have entered the registration stage during the Year. As at the date of this announcement, 4 new varieties have obtained drug registration approvals in 2024, and there are a total of 4 new varieties that have entered the registration stage, which will bring new growth momentum to the Group.

In the next two years, the Group will have an impressive lineup of new varieties set to be launched. Among the four new products approved to be launched in 2024, the pediatric drugs include Ibuprofen suspension, Ibuprofen drops (deemed to have passed the consistency assessment, and to prepare for further expansion into the hospital market and future centralized procurement of Ibuprofen); the cardiocerebrovascular drug includes Nicorandil for injection. Other new variety is Metformin Hydrochloride Empagliflozin tablets for diabetes treatment. Furthermore, there are also three new varieties that have entered the registration stage, i.e. Ambroxol Hydrochloride and Clenbuterol Hydrochloride oral solution for pediatric expectorant, Montelukast sodium granules for pediatric asthma and Bisoprolol Amlodipine tablets for hypertension in the cardiovascular category, which are expected to be launched in 2025.

During the Year, the Group has accelerated the progress of the Phase II clinical trials of the Class 1 TCM innovative drug, which is a clinical unmet cardiovascular drug used for the treatment of chronic heart failure. In terms of the R&D on TCM, the Group will continue to advance the R&D of TCM innovative medicine candidates, classic ancient prescriptions and improved new drugs with several new drug varieties in reserve, as well as the R&D of multi-category functional health products. The ongoing secondary technology upgrading and development of existing proprietary Chinese medicines and major variety incubation projects will foster the adoption and advancement of cutting-edge pharmaceutical technologies in the Group.

The Group will continue to be market oriented and adhere to the dual focus of generic and innovative drug development, aligning efforts in innovative drug promotion, generic drug development, and secondary advancements. The Group will focus on advantageous areas such as cardiovascular and pediatric fields while actively expanding into other sectors, to keep enriching its R&D pipeline.

OUTLOOK

The Group will continue to focus on solidifying the core market positions of "Tuoen" and "Tuoping" in the treatment of cardiovascular and cerebrovascular diseases, pediatrics and respiratory system, and accelerate the capture of the consumer healthcare market share with health product series such as "Tuokang". Meanwhile, it will increase the R&D and introduction of specialized varieties, focusing on expanding multi-terminal markets, especially the out-of-hospital markets. It will also leverage TCM-related policy advantages to accelerate the high-quality development of the Chinese medicine business, and promote a collaborative development model of "drugs + medical services". The Group will optimize the operation and management system of TDMalls and improve their operations and services, to establish a group-oriented operating model for TCM chain clinics. The Group will also monitor investment and merger opportunities, constantly boost its domestic businesses, and expand its presence in international markets leveraging its geographical advantages.

FINANCIAL REVIEW

During the Year, the Group recorded a revenue of HK$329.9 million (Previous Financial Year: HK$532.1 million).

For the Pharmaceuticals and medical technologies business, revenue for the Year was HK$283.9 million, a decrease of 39.7% from HK$470.7 million in the Previous Financial Year. During the COVID-19 pandemic, end-users stockpiled large quantities of Tuoen®Ibuprofen, a pediatric drug. Demand for the product decreased as a result of destocking in the market during the Year. Sales volume of Tuoping®Valsartan capsules, another major cardiocerebrovascular drug, was also affected due to the adoption of the strategy of lower pricing by a new competing bidder during the bidding for the centralized procurement in Jiangsu Province in 2024.

For the Chinese medicine business, due to intense competition in the market, the Group adopted a more conservative strategy by selecting promising and potential varieties for operation and consolidated its sales team, resulting in a decrease in revenue for the Year, recording HK$27.1 million (Previous Financial Year: HK$48.4 million). Given the continuous loss-making position of the Chinese medicine business, an impairment provision of HK$1.3 million was made on the goodwill of Tianda Chinese Medicine (China) during the Year. For the Medical and healthcare services, the business grew steadily and, with the opening of the Jordan TDMall in Hong Kong in October 2024, the revenue amounted to HK$19.0 million for the Year (Previous Financial Year: HK$13.0 million).

Gross profit was HK$152.0 million (Previous Financial Year: HK$255.5 million), and the gross profit margin decreased from 48.0% in the Previous Financial Year to 46.1% in the Year, mainly due to the fact that 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$186.5 million in the Previous Financial Year to HK$107.9 million in the Year, representing a decrease of approximately 2.4 percentage points in the selling and distribution expense to revenue ratio, which partially offset the impact of the decrease in gross profit margin.

Administrative expenses and R&D expenses were HK$85.0 million and HK$13.3 million (Previous Financial Year: HK$85.0 million and HK$13.1 million) respectively, which were maintained at a similar level as the Previous Financial Year. For the latest progress of major R&D projects, please refer to the business review section above. Other income and net income for the Year amounted to HK$4.7 million (Previous Financial Year: HK$8.3 million), mainly due to the decrease in bank deposit interest rates, resulting in the decrease in interest income from bank deposits and an impairment of goodwill was made in the Year.

In summary, the loss attributable to shareholders of the Company increased from HK$24.2 million in the Previous Financial Year to HK$61.4 million in the Year. The change in profitability was mainly attributable to the Group's business performance analyzed above.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and cash equivalents of HK$85.7 million (31 December 2023: HK$162.4 million), of which approximately 83.3% were denominated in Renminbi ("RMB") with the remaining in Hong Kong dollar, Australian dollar, Euro, Macau pataca and United States dollar. As at 31 December 2024, the bank borrowings maturing in one year amounted to HK$122.1 million, which were denominated in RMB and bear interest at the rate ranging from China LPR + 0% to China LPR + 1%.

As at 31 December 2024, the Group recorded net current liabilities of HK$35.1 million. At the beginning of 2025, the Group has been granted new banking facilities of RMB50.0 million by a bank. In addition, 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 healthy.

FOREIGN EXCHANGE 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 its functional currency 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 31 December 2024.

CHARGES ON ASSETS

As at 31 December 2024, the Group pledged certain right-of-use assets and property, plant and equipment with carrying value HK$259.6 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 31 December 2024, the Group employed approximately 701 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.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance, emphasizing transparency and accountability to the shareholders.

The Company has complied with the code provisions of the Corporate Governance Code (the CG Code) in Appendix C1 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the Listing Rules) during the Year 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 has reviewed 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 for the year ended 31 December 2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR – ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditor on the preliminary announcement.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors and a non-executive Director of the Company. The audit committee has reviewed together with the management and auditor of the Company the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the financial results and interim report of the Group for the year ended 31 December 2024.

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 March 2025

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.