天大藥業有限公司
TIANDA PHARMACEUTICALS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00455)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

– Revenue from continuing operations for the year amounted to HK$247.2 million, representing an increase of 37.2% from HK$180.2 million in FYE2013. There was no revenue from discontinued operations during the year.

– Profit for the year attributable to owners of the Company from continuing operations amounted approximately to HK$22.0 million (FYE2013: HK$24.4 million). There was no profit attributable to owners of the Company from discontinued operations during the year (FYE2013: HK$13.4 million including HK$9.1 million from one-off items).

– The Board of Directors has recommended the payment of a final dividend of HK 0.24 cent per share.

The board of directors of Tianda Pharmaceuticals Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014, together with comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2014

	NOTES	**2014** **HK$**	2013 HK$
Continuing operations			
Revenue	4	**247,173,069**	180,213,975
Cost of sales		**(88,692,492)**	(56,181,034)
Gross profit		**158,480,577**	124,032,941
Other income		**11,413,870**	6,857,835
Other gains and losses		**(4,734,931)**	2,683,303
Distribution and selling expenses		**(46,094,182)**	(28,258,018)
Administrative expenses		**(53,011,614)**	(39,969,473)
Research and development costs		**(1,627,104)**	(2,489,689)
Profit before tax		**64,426,616**	62,856,899
Income tax expense	5	**(15,477,270)**	(12,097,888)
Profit for the year from continuing operations		**48,949,346**	50,759,011
Discontinued operations			
Profit for the year from discontinued operations		**–**	16,936,760
Profit for the year		**48,949,346**	67,695,771
Other comprehensive (expense) income			
Items that may be reclassified to profit or loss:			
Exchange difference arising on translation		**(1,420,208)**	7,915,721
Reclassification of exchange differences upon disposal of subsidiaries and an associate		**–**	(5,036,086)
Other comprehensive (expense) income for the year		**(1,420,208)**	2,879,635
Total comprehensive income for the year		**47,529,138**	70,575,406

	NOTES	2014 HK$	2013 HK$
Profit for the year attributable to:			
Profit for the year attributable to the owners of the Company			
– Profit for the year from continuing operations		**22,049,566**	24,375,141
– Profit for the year from discontinued operations		**–**	13,364,921
Profit for the year attributable to the owners of the Company		**22,049,566**	37,740,062
Profit for the year attributable to non-controlling interests			
– Profit for the year from continuing operations		**26,899,780**	26,383,870
– Profit for the year from discontinued operations		**–**	3,571,839
Profit for the year attributable to non-controlling interests		**26,899,780**	29,955,709
		48,949,346	67,695,771
Total comprehensive income for the year attributable to:			
Owners of the Company		**20,818,406**	39,345,859
Non-controlling interests		**26,710,732**	31,229,547
		47,529,138	70,575,406
		HK cents	*HK cents*
Basic earnings per share	6		
From continuing and discontinued operations		**1.18**	2.02
From continuing operations		**1.18**	1.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK$	2013 HK$ (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**141,227,045**	117,967,780
Prepaid lease payments		**87,608,473**	90,761,957
Goodwill		**111,618,198**	111,948,900
Intangible assets		**86,161,275**	98,765,832
Rental deposit		**–**	1,378,684
Deposit for acquisition of property, plant and equipment		**2,056,465**	7,202,187
		428,671,456	428,025,340
CURRENT ASSETS			
Inventories		**28,811,783**	33,309,688
Trade and bills receivables and other receivables	7	**44,588,701**	27,130,041
Prepaid lease payments		**3,153,484**	3,153,484
Bank deposits		**252,216,102**	243,456,573
Bank balances and cash		**175,048,174**	182,682,184
		503,818,244	489,731,970
CURRENT LIABILITIES			
Trade and other payables	8	**62,641,149**	55,025,764
Government grants – current portion		**208,534**	370,696
Amount due to a related company	9	**1,463,087**	926,236
Dividend payable to non-controlling shareholders		**–**	28,016,609
Tax payable		**7,880,164**	11,363,415
		72,192,934	95,702,720
NET CURRENT ASSETS		**431,625,310**	394,029,250
TOTAL ASSETS LESS CURRENT LIABILITIES		**860,296,766**	822,054,590

	2014	2013
	HK$	*HK$*
		(Restated)
NON-CURRENT LIABILITIES		
Government grants – non-current portion	**–**	926,740
Deferred tax liabilities	**45,235,422**	45,928,160
	45,235,422	46,854,900
NET ASSETS	**815,061,344**	775,199,690
CAPITAL AND RESERVES		
Share capital	**187,011,816**	187,011,816
Reserves	**564,134,379**	550,983,457
Equity attributable to owners of the Company	**751,146,195**	737,995,273
Non-controlling interests	**63,915,149**	37,204,417
TOTAL EQUITY	**815,061,344**	775,199,690

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). Its ultimate holding company is Tianda Group Limited ("Tianda Group"), a private limited company incorporated in Hong Kong, which is ultimately controlled by Mr. Fang Wen Quan.

The functional currency of the Company is Renminbi ("RMB"). As the shares of the Company are listed in the SEHK, for the convenience of the financial statements users, the results and financial position of the Group are expressed in Hong Kong Dollar ("HK$"), the presentation currency for the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised standards, interpretation and amendments applied in the current year

In the current year, the Group has applied the following new and revised amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) Int – 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The directors assess the application of HKFRS 10 and conclude that the Group has had control over the investee which are consolidated into the consolidated financial statements before the application of HKFRS 10. Accordingly, the application of the adoption of HKFRS 10 has had no material impact on the amounts reported in these consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. The application of the adoption of HKFRS 12 has additional disclosure in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The directors assess the application of HKFRS 13 and conclude that no additional disclosure is required in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised standards, interpretations and amendments issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2016

Except as described below, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and assessment of segment performance focuses on the types of goods delivered. On 30 March 2012, the Company entered into five sale and purchase agreements with Tianda Group to dispose of its mineral resources business and packaging and printing business in exchange for business relating to manufacture and sales of pharmaceutical and biotechnology products ("Asset Swap"), so as to realign the Group's business focus and resources in the pharmaceutical and biotechnology business in line with the Group's latest business strategy. The transaction was approved by independent shareholders of the Company on 22 June 2012 and the transaction has been completed on 31 August 2012. Before the completion of the Asset Swap, the Group had three operating and reportable segments: pharmaceutical and biotechnology business, mineral resources business as well as packaging and printing business.

As explained above, the mineral resources business and packaging and printing business were classified as discontinued operations during the year ended 31 March 2012. Upon completion of the Asset Swap in 2013, the Group focuses on pharmaceutical and biotechnology business and the CODM reviews the financial performance of this business as a whole for allocating resources and assessing performance. Since then, the Group has only one operating segment. In addition, the CODM is of the opinion that the presentation of assets and liabilities in accordance with the operating segments is not meaningful as the CODM monitors the Group's assets and liabilities as a whole which is more efficient and effective. Accordingly, no segment assets and liabilities are presented. The segment information reported below does not include any amounts for those discontinued operations.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations.

	2014	2013
	HK$	*HK$*
REVENUE – EXTERNAL	**247,173,069**	180,213,975
SEGMENT PROFIT	**59,794,405**	59,018,735
Other income	**5,992,416**	3,529,762
Other gains and losses	**(4,033,335)**	3,163,155
Unallocated expenses	**(12,804,140)**	(14,952,641)
Profit for the year from continuing operations	**48,949,346**	50,759,011

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit represents the profit after taxation earned by the segment without allocation of central administration costs, directors' salaries, certain other income, and other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) Geographical information

The Group principally operates in the People's Republic of China (the "PRC") (country of domicile), Hong Kong and Australia.

The following table provides an analysis of the Group's sales from continuing operations by geographical market based on the location of operations irrespective of the origin of goods/services.

The Group's revenue from external customers from continuing operations and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
The PRC (country of domicile)	**244,494,845**	180,141,982	**413,932,410**	410,332,781
Hong Kong	**317,056**	71,993	**3,139,655**	5,039,169
Australia	**2,361,168**	–	**11,599,391**	12,653,390
	247,173,069	180,213,975	**428,671,456**	428,025,340

(c) Information about major customer

Revenue from a major customer which accounts for 10% or more of the Group's revenue from continuing operations are as follows:

	2014	2013
	HK$	*HK$*
Revenue from customer attributable to pharmaceutical and biotechnology products:		
Company A[1]	**N/A**	20,606,868

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group.

5. INCOME TAX EXPENSE

	2014	2013
	HK$	*HK$*
Continuing operations		
Current tax:		
PRC enterprise income tax	**16,085,665**	12,213,646
Withholding tax	**–**	3,424,252
Overprovision in prior years:		
PRC enterprise income tax	**(234,194)**	(1,292,617)
Deferred tax:		
Current year	**(374,201)**	(2,247,393)
	15,477,270	12,097,888

The Company was incorporated in the Cayman Islands and is not subject to any income tax.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in, or derived from, Hong Kong for both years.

The tax rate of the PRC subsidiaries of the Group is 25%, except Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical") and Tianda Pharmaceuticals (Zhuhai) Limited ("Tianda Pharmaceuticals (Zhuhai)"), subsidiaries of the Group.

Meng Sheng Pharmaceutical is established in the Kunming economic open zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng Pharmaceutical is engaged in Western China Development and was entitled to a preferential tax rate of 15% for both years. Tianda Pharmaceuticals (Zhuhai) are qualified as advanced technology enterprises and have obtained approvals from the relevant tax authorities for the applicable tax rate reduced to 15% for a period of 3 years up to 2015.

The corporate tax rate applicable to the subsidiary of the Company established and operating in Australia is 30% for both years. No provision for the Australian income tax has been provided as the Group had no taxable profit arising in Australia for both years.

6. BASIC EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$	*HK$*
Earnings		
Earnings for the purpose of basic earnings per share	**22,049,566**	37,740,062
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings per share	**1,870,118,160**	1,870,118,160

From continuing operations

The calculation of basic earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2014	2013
	HK$	*HK$*
Profit for the year attributable to the owners of the Company	**22,049,566**	37,740,062
Less: profit for the year from discontinued operations	**–**	13,364,921
Profit for the purpose of basic earnings per share from continuing operations	**22,049,566**	24,375,141

No diluted earnings per share is presented as the Company did not have any dilutive shares in issue during both years.

7. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES

	2014	2013
	HK$	*HK$*
Trade and bills receivables	**36,863,437**	23,158,958
Prepayments to suppliers	**2,001,474**	1,823,666
Other receivables, deposits and prepayments	**5,723,790**	2,147,417
Total trade and bills receivables and other receivables	**44,588,701**	27,130,041

The Group allows an average credit period of 60 days to its trade customers.

Included in the carrying value of trade and bills receivables as at 31 March 2014 is bills receivables of HK$23,873,948 (2013: HK$9,840,880).

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits of each customer. Limits attributed to customers are reviewed once a year. All of the trade receivables that are neither past due nor impaired have good credit quality assessed by the Group.

Included in the Group's trade and bills receivables balance are debtors with an aggregate carrying amount of HK$3,389,634 (2013: HK$4,062,308) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience.

The Group does not hold any collateral over these balances. The average age of these receivables is as follow:

Aging of trade receivables which are past due but not impaired

	2014	2013
	HK$	*HK$*
61–90 days	**713,922**	2,242,320
Over 90 days	**2,675,712**	1,819,988
	3,389,634	4,062,308

The Group's trade and bills receivables and other receivables denominated in currencies other than the functional currency of the respective group entities are set out below:

	2014	2013
	HK$	*HK$*
HK$	**80,283**	84,214

8. TRADE AND OTHER PAYABLES

	2014	2013
	HK$	*HK$*
Trade payables	**14,246,389**	14,768,032
Deposits received from customers	**11,863,159**	12,466,497
Value added tax payables	**2,042,657**	2,941,604
Other payables and accrued staff cost	**34,488,944**	24,849,631
Total trade and other payables	**62,641,149**	55,025,764

The following is an analysis of the Group's trade payables at the end of the reporting period:

	2014	2013
	HK$	*HK$*
Trade payables *(note)*		
Within 60 days	**6,984,691**	12,717,119
61–90 days	**1,372,904**	448,915
Over 90 days	**5,888,794**	1,601,998
Total trade payables	**14,246,389**	14,768,032

Note: The aging analysis of trade payables presented is based on the invoice date at the end of the reporting period.

Included in the trade payables at 31 March 2014, HK$6,858,885 (2013: HK$6,232,435) has been paid by endorsed bills for which the maturity date has not yet fallen due as at 31 March 2014.

9. AMOUNT DUE TO A RELATED COMPANY

	2014	2013
	HK$	*HK$*
Trade balances	**1,463,087**	926,236

As at 31 March 2014, the Group's amount due to a related company, which is a fellow subsidiary of the Company, is trading in nature, arising from purchase of packaging materials for pharmaceuticals and biotechnological products. The whole amount as at 31 March 2014 and 2013 are aged within 90 days. The amount is unsecured and non-interest bearing.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 March 2014 as set out in the preliminary announcement of results have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement of results.

FINANCIAL REVIEW

For the year ended 31 March 2014 ("FYE2014" or the "Current Financial Year"), revenue of the Group increased to HK$247.2 million, an increase of approximately 37.2% when compared to HK$180.2 million for the year ended 31 March 2013 ("FYE2013" or the "Last Financial Year").

Gross profit increased by approximately 27.8% to HK$158.5 million. The overall gross margin of the Group was 64.1%, representing a decrease of 4.7% compared to last year (FYE2013: the overall gross margin was 68.8%), which was partly due to the higher amortisation expenses of HK$12.1 million (FYE2013: HK$6.9 million) incurred for those medical licenses and permits, which acquired through the acquisition of the entire equity interest in a group of companies that engaged in research and development, manufacturing and sales of pharmaceutical products (collectively as "Tianda Pharmaceuticals Group"). The adjusted gross profit margin for FYE2014 would be 69.2% (FYE2013: 72.5%) if such effect was excluded. Tianda Pharmaceuticals Group account for the Group's overall sales, increased from 31.6% in FYE2013 to 42.9% in FYE2014.

Other income mainly represented interest and investment income of approximately HK$8.2 million for FYE2014 and the corresponding amount for FYE2013 was HK$5.9 million. Interest and investment income was earned mostly from bank deposits with the remaining from debt instruments.

In line with the increases in sales and operation scales after the acquisition of Tianda Pharmaceuticals Group, distribution and selling expenses and administrative expenses of this year were approximately HK$46.1 million and HK$53.0 million respectively, which were increased from HK$28.3 million and HK$40.0 million respectively in FYE2013.

Profit for the year from continuing operations decreased slightly from HK$50.8 million in FYE2013 to HK$48.9 million in FYE2014.

The profit attributable to the owners of the Company from continuing and discontinued operations for FYE2014 was HK$22.0 million while it was HK$37.7 million in FYE2013. The earnings per share of the Company for FYE2014 were HK1.18 cents compared to HK2.02 cents in FYE2013.

The profit attributable to the owners of the Company from continuing operations, i.e. pharmaceutical and biotechnology business, was HK$22.0 million (1.18 cents per share) for FYE2014, representing a decrease of 9.8% as compared to HK$24.4 million (1.30 cents per share) in FYE2013.

BUSINESS REVIEW

The Group focuses on pharmaceutical and biotechnology business, which is carried out through Tianda Pharmaceuticals Group, where the production base and research and development centre is located in Zhuhai, Guangdong Province and Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical"), which is located in Kunming, Yunnan Province.

The Group recorded revenue of HK$247.2 million during FYE2014, representing an increase of 37.2% from HK$180.2 million in FYE2013. Revenue contribution by Tianda Pharmaceuticals Group and Meng Sheng Pharmaceutical was 42.9% and 57.1% respectively.

Tianda Pharmaceuticals Group

The Group started to consolidate the results of Tianda Pharmaceuticals Group from 1 September 2012. Tianda Pharmaceuticals Group is principally engaged in research, development, production and sales of pharmaceutical and healthcare products in the People's Republic of China (the "PRC"), Hong Kong and Australia. During FYE2014, revenue has significantly increased by 86.3% from HK$57.0 million in FYE2013 to HK$106.2 million. Compared to Last Financial Year, gross profit has increased by HK$16.9 million, or 58.3%. The significant growth was partially contributed by the twelve-month results being consolidated in FYE2014 comparing to seven-month results included in Last Financial Year. Robust sales volume growth of 13.6% was noted, from 11.1 million units in FYE2013 to 12.6 million units in FYE2014 on an annualized basis.

The gross profit margin, nevertheless, has dropped from 50.7% in Last Financial Year to 43.1% in Current Financial Year, as a result of the keen market competition, national price control on certain key products of Tianda Pharmaceuticals Group and the inflationary pressure on manufacturing cost. The contribution from the major products, Tuoping (Valsartan capsules) and Tuoen (Ibuprofen suspension and drops) has maintained at around 70%.

In the Current Financial Year, net profit of Tianda Pharmaceuticals Group has reduced by HK$1.2 million, primarily attributable by the operating losses of HK$6.4 million incurred by its business in Australia. On 12 March 2013, the Group has acquired an Australia-based healthcare product business through its wholly owned subsidiary Tianda Pharmaceuticals (Australia) Pty Limited. Despite the business has contributed on-shore revenue amounted to HK$2.4 million, we have been heavily investing in overheads to revamp the new business model, including inventories clearance, products re-branding and setting up export distribution channels to the PRC. The management expects such a vigorous change in the business model will bring in sustainable profits and cash flow to the Group in the near future.

Meng Sheng Pharmaceutical

The Group currently owned 55% of equity interest in Meng Sheng Pharmaceutical. During FYE2014, revenue of Meng Sheng Pharmaceutical was HK$141.0 million, representing an increase by 14.4% from HK$123.2million in FYE2013. Gross profit margin improved from 77.2% in FYE2013 to 79.9%. The robust sales growth was primarily driven by the increase in revenue generated from the flagship product, Cerebroprotein Hydrolysate Injection, which has increased by 14.1% from HK$112.5 million in FYE2013 to HK$128.4 million in FYE2014. Gross profit margin of this flagship product improved from 81.5% to 84.3%. The contribution has accounted for 91.1% of Meng Sheng Pharmaceutical's revenue in FYE2014, which maintained as the same level of 91.3% as last year.

Net profit increased from HK$58.5 million in FYE2013 to HK$59.8 million in FYE2014, despite the net profit margin declined from 47.5% to 42.3%. The decline in margin was partially attributable by the rise in distribution costs. Also, a one-off expenditure of HK$4.1 million has incurred for the plant and machinery written-off arising from Meng Sheng Pharmaceutical plant expansion plan. Had the one-off charge was excluded, the net profit margin for Current Financial Year would have been adjusted to 45.3%.

In Current Financial Year, Meng Sheng Pharmaceutical continued to share Tianda Pharmaceuticals Group's professional marketing team and distribution network across major provinces and cities in China. This new distribution arrangement has raised the servicing charges and sales commissions but proved to boost sales volume via expanded geographic markets and sales channels. Management has substantially factored the rising distribution costs in the product pricing, as reflected on the enhanced gross profit margin.

The new distribution arrangements also mitigated potential operational risks due to over reliance on its previous agent. The Group's revenue contributed from the largest customer of Meng Sheng Pharmaceutical has further diluted from 11.4% in FYE2013 to 9.3% in FYE2014.

OUTLOOK

Last year, China continued to deepen reform the medical and pharmaceutical system and to promulgate policies on the management and control of pharmaceutical distribution, medicine tendering, price adjustment, medical insurance, and essential medicines, etc. Those policies increased the operating cost of the industry and exerted certain pressure and uncertainties on those enterprises engaging in the pharmaceutical business. In response to all these policies, the Group has adjusted business strategies and models, and adopted various flexible measures to cope with those challenges, in order to be well equipped for a rapid growth in the forthcoming years and to maximize profitability on large scale.

Tianda Pharmaceuticals (Zhuhai) Limited ("Tianda Pharmaceuticals (Zhuhai)")

Established in Zhuhai City, it is the pharmaceutical research and development and production base of the Group. Benefiting from the health-related policies such as "Notice on Issues Concerning Improving Price Control of Low-Price Drugs" (《關於改進低價藥品價格管理有關問題的通知》) and "Recommendations on Ensuring the Supply of Pediatric Drugs" (《關於保障兒童用藥的若干意見》) which were newly issued by the National Development and Reform Commission and the National Health and Family Planning Commission respectively, the pediatric drug series of the company, including Ibuprofen Suspension (布洛芬混懸液), Ibuprofen Suspension Drops (布洛芬混懸滴劑), Dex-pseud-Chlorpeniramine Syrup (美敏偽麻溶液), Ambroxol HCI Syrup (鹽酸氨溴索糖漿) and Ribavirin Effervescent Granules (利巴韋林泡騰顆粒), etc., have seen a brighter market outlook. Grasping this unique opportunity, the company will put greater efforts on sales development of pediatric product series for both hospitals and OTC markets, and put more efforts on R&D of pediatric products. By focusing on both research and development and sales,Tianda Pharmaceuticals is developing a strong pediatric brand. Meanwhile, we will continue to grow our market share in products that reduce blood pressure and improve the serum lipid profile, such as Tuoping (托平) and ZhiKang (脂康), to build Tianda Pharmaceuticals' own brand of cardiovascular system drugs. In addition, we will redraft our marketing proposal of YiAn Decoction (益安回生口服液), a Chinese detoxification medicine, to help Tianda Pharmaceuticals build a favorite brand of Chinese detoxification drugs.

To further promote marketing and expand the scale, the company will comprehensively adjust the research and development strategy and management, set up incentive mechanism, strengthen projects establishment, increase the investment in resources, accelerate the introduction of products to launch to market and enrich the company's product portfolio as soon as possible. The company has successfully passed the certification examination of Therapeutic Goods Administration in Australia ("TGA") and was granted the longest validation period, which is 3 years. Its application for the new version of Good Manufacturing Practice for Pharmaceutical Products (2010 Revision) (the "New GMP Version") certification of PRC to Guangdong Food and Drug Administration is also in progress and is expected to be approved by the end of 2015. To satisfy the development demands, Tianda Pharmaceuticals (Zhuhai) has planned to relocate and the preliminary work has started. The company endeavors to establish a research and development and pharmaceutical production base with greater production scale, better quality control system and better cost-efficiency with an aim to become a crucial growth driver for the Group.

Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical")

It is the pharmaceutical research and development and production base of the Group in Kunming City. Having been perplexed by the market demand for Cerebroprotein Hydrolysate Injection (注射用腦蛋白水解物), the company's flagship product, in the past, Meng Sheng Pharmaceutical started the expansion project of constructing a new plant and installing a new production line in year 2012. These can enhance the quality control, increase the production capacity (approximately to 150%), satisfy the demand of the market, reduce the cost and increase the efficiency. Infrastructure project is of vital and lasting importance. New plant and production line are designed and constructed in accordance with high standard to ensure that the New GMP Version and the certification requirements of the pharmaceutical supervisory authorities of the targeted overseas markets are complied. The completion date may be slightly prolonged and the first batch of its products is expected to be rolled out into the market in the third quarter of 2014.

The sales income of Meng Sheng Pharmaceutical has been mainly attributed to its competitive product, Cerebroprotein Hydrolysate Injection. This situation will be changed shortly. "Old products are budding"! The company focuses on developing the market for Aceglutamide (乙酰谷酰胺). The sales of such product in FYE2014 significantly increased by approximately 39% as compared with the previous corresponding period and presented a good growth momentum. It is believed that Aceglutamide Injection and Cerebroprotein Hydrolysate Injection together will form a new combination of growth products of Meng Sheng Pharmaceutical. To fully display the efficiency of the new plant and the new lyophilized production line, the company has focused on the development of related products and strived to launch new products in two years.

Tianda Pharmaceuticals (China) Co. Ltd. ("Tianda Pharmaceuticals (China)")

It is the PRC sales and marketing center established by the Group in Shenzhen. It is mainly responsible for the sales of the Group's products in the domestic market, including the products of the above-mentioned two pharmaceutical production bases and the healthcare product series of Tianda Pharmaceuticals (Australia) Pty Limited. To further increase the sales, the company adjusted the sales strategy and marketing model comprehensively to implement sales cooperation mode of contracting costs under standardised management, which promptly expands the sales and marketing team, markets and the products coverage areas to capture a greater market share.

Tianda Pharmaceuticals (China) will utilise the domestic sales network to introduce and act as sales agent for quality marketable overseas products, in order to expand products range to cater for the market demand. The Group will continue to seize the merger and acquisition opportunities, expand investment on domestic pharmaceuticals distributors, pharmacy chains and other innovative pharmaceuticals sales channels.

Tianda Pharmaceuticals (Australia) Pty Limited ("Tianda Pharmaceuticals (Australia)")

It is the South Pacific Region sales and marketing center established by the Group in Sydney, Australia. The company is mainly responsible for the sales of the Group's products in Australia and other South Pacific Region countries and focuses on the operation of the series of healthcare products acquired in Australia last year. The company positions Herb Valley as the main brand. Following the "Pink Ribbon" launch in collaboration with Australian National Breast Cancer Foundation (澳大利亞全國防乳癌基金會) in the domestic market early in this year, three sub-brands of Wild Colors, namely Wild Pink, Wild Blue and Wild Green, will soon be launched. By better market segmentation, we aim to win a leading position in the healthcare market and pave the way for expanding the Herb Valley healthcare products series and personal care products series.

Tianda Pharmaceuticals (Australia) will soon launch the medical device products we acquired earlier in order to add a new income source for the company. With our business network in Australia, the company will continue to explore right investment opportunities for the Group.

Tianda Pharmaceuticals (Hong Kong) Limited ("Tianda Pharmaceuticals (Hong Kong)")

It is the international sales and marketing center established by the Group in Hong Kong headquarters. The company is mainly responsible for coordinating sales of the Group's products in Hong Kong, Macau, Taiwan and overseas markets. In May 2014, the company entered into a cooperation agreement with Berringa, a famous honey products manufacturer in Australia to obtain the agency right of its products in the Asia Pacific Region. We will launch the first series of natural honey healthcare products of "Super Manuka" in Hong Kong and Macau and further promote the products in the domestic market and other countries in the Asia Pacific Region. The online shopping platform (www.stayhealthyhub.com.au), which the company put in abundant resources to establish, has officially launched. With the aid of e-commerce, it is believed that "Super Manuka" will become a sales pioneer of the healthcare product of the company and become a brilliant brand of Tianda Pharmaceuticals' healthcare products.

In short, Tianda Pharmaceuticals has laid a better foundation and a stronger strategic setup through a decade of development. Undergoing some drastic business reforms this year, we are so empowered and confident over our development in the upcoming year, long-term performance and the return to our shareholders; we are determined to create a new outlook.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remained healthy. As at 31 March 2014, the Group had cash and bank balances of approximately HK$427.3 million (31 March 2013: HK$426.2 million), of which approximately 4.4%, 3.8% and 91.6% were denominated in Hong Kong dollar, United States dollar and Renminbi respectively with the remaining in Australian dollar and Euro. The Group has no external borrowings during the year. Therefore, the Group has sufficient financial resources to meet its obligations and daily operational needs.

EXCHANGE RATE EXPOSURE

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

The Group has sales and investments in foreign operations which use currencies other than its functional currency Renminbi. As such, the Group has some exposures to foreign currency risk. 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 Renminbi. The Group did not enter into any forward currency contracts to hedge its foreign currency risks as at 31 March 2014.

CHARGES ON ASSETS

The Group did not have any charge on assets as at 31 March 2014 and 31 March 2013.

EMPLOYEES

The Group employed approximately 485 employees in Hong Kong, China and Australia as at 31 March 2014. The Group remunerates its employees based on market terms and the qualifications and experiences of the employees concerned.

PURCHASE, SALE AND 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 has complied with the code provisions of the Corporate Governance Code (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 March 2014 except as mentioned below.

Mr. Fang Wen Quan is the Managing Director and the Chairman of the Company. Pursuant to paragraph A.2.1 of the CG Code, the roles of 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 of Directors (the "Board") is of the view that Mr. Fang Wen Quan acting as both the Chairman of the Board and as the Managing Director of the Company is acceptable and in the best interest of the Group. The Board will review this situation periodically.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors of the Company. Terms of reference of the audit committee have been updated in compliance with the CG Code. The audit committee has reviewed together with the management 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 of the Group for the year ended 31 March 2014.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors has recommended the payment of a final dividend of HK0.24 cent (2013: final dividend of HK0.41 cent) per share for FYE2014, subject to shareholders' approval at the forthcoming 2014 annual general meeting. The dates of closure of register of members of the Company for the purpose of determining the identity of shareholders entitled to attend the 2014 annual general meeting and to receive the proposed final dividend and the payment date of the said final dividend will be announced later.

By order of the Board
Tianda Pharmaceuticals Limited
FANG Wen Quan
Chairman

Hong Kong, 27 June 2014

As at the date of this announcement, the executive Directors are Mr. FANG Wen Quan (the Chairman and Managing Director), Mr. LIU Huijiang and Mr. LUI Man Sang and the independent non-executive Directors are Mr. CHIU Sung Hong, Mr. CHIU Fan Wa and Mr. LAM Yat Fai.