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 2015

HIGHLIGHTS

– Revenue for the Current Financial Year amounted to approximately HK$139.4 million, which compares to HK$247.2 million for the Last Financial Year representing a decrease of 43.6%.

– The revenue, gross profit and profit of Tianda Pharmaceuticals (Zhuhai) increased by 16.6%, 27.1% and 36.7% respectively compared with those for the Last Financial Year. Meng Sheng Pharmaceutical took longer time than expected for its construction works for expansion of the previous production line and the New GMP authentication, resulting that the New GMP Version certificate was only successfully obtained in late January 2015 which affected its sales and earnings. As a result, both sales and earnings of the Group declined when compared to those of the Last Financial Year.

– Loss attributable to owners of the Company for the Current Financial Year amounted to approximately HK$17.9 million, while profit attributable to owners of the Company of HK$22.0 million was recorded for the Last Financial Year.

– The Board of Directors does not recommend the payment of any final dividend.

The Board of Directors of Tianda Pharmaceuticals Limited (the Company) announces the audited consolidated results of the Company and its subsidiaries (the Group) for the year ended 31 March 2015, 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 2015

	NOTES	**2015** ***HK$***	2014 *HK$*
Revenue	*4*	**139,366,849**	247,173,069
Cost of sales		**(69,596,419)**	(88,692,492)
Gross profit		**69,770,430**	158,480,577
Other income		**13,288,592**	11,413,870
Other gains and losses		**(2,475,031)**	(4,734,931)
Distribution and selling expenses		**(43,676,337)**	(46,094,182)
Administrative expenses		**(59,378,934)**	(53,011,614)
Research and development costs		**(1,757,830)**	(1,627,104)
Interest expenses on bank borrowing wholly repayable within five years		**(32,565)**	–
(Loss) profit before tax		**(24,261,675)**	64,426,616
Income tax credit (expense)	*5*	**1,245,389**	(15,477,270)
(Loss) profit for the year		**(23,016,286)**	48,949,346
Other comprehensive income (expense) for the year			
Item that may be reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,610,844)**	(1,478,657)
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**3,462,006**	58,449
Total comprehensive (expense) income for the year		**(22,165,124)**	47,529,138
(Loss) profit for the year attributable to:			
Owners of the Company		**(17,941,969)**	22,049,566
Non-controlling interests		**(5,074,317)**	26,899,780
		(23,016,286)	48,949,346
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(17,314,163)**	20,818,406
Non-controlling interests		**(4,850,961)**	26,710,732
		(22,165,124)	47,529,138
		HK cent	*HK cents*
Basic (loss) earnings per share	*6*	**(0.96)**	1.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	NOTES	2015 HK$	2014 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**168,057,695**	141,227,045
Prepaid lease payments		**84,763,880**	87,608,473
Goodwill		**111,615,489**	111,618,198
Intangible assets		**73,039,524**	86,161,275
Deposit for acquisition of property, plant and equipment		**1,250,347**	2,056,465
		438,726,935	428,671,456
CURRENT ASSETS			
Inventories		**38,584,028**	28,811,783
Trade and bills receivables and other receivables	7	**55,274,130**	44,588,701
Prepaid lease payments		**3,165,017**	3,153,484
Tax recoverable		**1,081,837**	–
Bank deposits		**225,818,701**	252,216,102
Bank balances and cash		**158,366,450**	175,048,174
		482,290,163	503,818,244
CURRENT LIABILITIES			
Trade and other payables	8	**82,754,970**	62,641,149
Government grants – current portion		**126,119**	208,534
Amount due to a related company	9	**1,355,935**	1,463,087
Tax payable		**6,673,647**	7,880,164
		90,910,671	72,192,934
NET CURRENT ASSETS		**391,379,492**	431,625,310
TOTAL ASSETS LESS CURRENT LIABILITIES		**830,106,427**	860,296,766

	2015	2014
	HK$	*HK$*
NON-CURRENT LIABILITIES		
Government grants – non-current portion	**1,082,524**	–
Deferred tax liabilities	**40,615,967**	45,235,422
	41,698,491	45,235,422
NET ASSETS	**788,407,936**	815,061,344
CAPITAL AND RESERVES		
Share capital	**187,011,816**	187,011,816
Reserves	**542,331,932**	564,134,379
Equity attributable to owners of the Company	**729,343,748**	751,146,195
Non-controlling interests	**59,064,188**	63,915,149
TOTAL EQUITY	**788,407,936**	815,061,344

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 ("SEHK"). Its parent company and 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")

(a) Application of new and revised HKFRSs

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above amendments to HKFRSs and a new interpretation in the current year has had no material effect 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.

(b) New and revised HKFRSs in issue 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:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 July 2014.
4 Effective for annual periods beginning on or after 1 January 2016.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company ("the Directors") anticipate that the adoption of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except as described above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material 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 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 ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on the types of goods delivered. The Group focuses on pharmaceutical and biotechnology business and the CODM has chosen to review the financial performance of this business as a whole for allocating resources and assessing performance. 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.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results:

	2015	2014
	HK$	*HK$*
REVENUE – EXTERNAL	**139,366,849**	247,173,069
SEGMENT (LOSS) PROFIT	**(16,632,368)**	59,794,405
Other income	**6,263,348**	5,992,416
Other gains and losses	**(2,877,805)**	(4,033,335)
Unallocated expenses	**(9,769,461)**	(12,804,140)
(Loss) profit for the year	**(23,016,286)**	48,949,346

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit after tax 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 by geographical market based on the location of operations irrespective of the origin of goods/services.

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

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	HK$	*HK$*	***HK$***	*HK$*
The PRC (country of domicile)	**137,128,345**	244,494,845	**427,057,375**	413,932,410
Hong Kong	**491,754**	317,056	**2,592,107**	3,139,655
Australia	**1,746,750**	2,361,168	**9,077,453**	11,599,391
	139,366,849	247,173,069	**438,726,935**	428,671,456

(c) **Information about major customer**

No major customer has been accounted for 10% or more of the Group's revenue for both reporting periods.

(d) Revenue from major products

	2015	2014
	HK$	*HK$*
Pharmaceutical and biotechnology products		
– Cerebroprotein hydrolysate injection	**5,241,790**	128,401,169
– Tuoping (Valsartan capsules)	**57,657,997**	49,051,746
– Tuoen (Ibuprofen suspension and drops)	**32,258,193**	26,212,905
– Others	**44,208,869**	43,507,249
	139,366,849	247,173,069

5. INCOME TAX (CREDIT) EXPENSE

	2015	2014
	HK$	*HK$*
Current tax:		
PRC enterprise income tax	**4,058,788**	16,085,665
Overprovision in prior years:		
PRC enterprise income tax	**(932,058)**	(234,194)
Deferred tax:		
Current year	**(4,372,119)**	(374,201)
	(1,245,389)	15,477,270

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 development 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) is qualified as advanced technology enterprises and has 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 Tianda Pharmaceuticals (Australia) Pty Ltd ("Tianda Pharmaceuticals (Australia)"), a 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. (LOSS) EARNINGS PER SHARE

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

	2015	2014
	HK$	*HK$*
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(17,941,969)**	22,049,566
Number of shares		
Number of ordinary shares in issue for the purpose of basic (loss) earnings per share	**1,870,118,160**	1,870,118,160

No diluted (loss) 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

	2015	2014
	HK$	*HK$*
Trade and bills receivables	**47,562,508**	36,863,437
Prepayments to suppliers	**509,273**	2,001,474
Other receivables, deposits and prepayments	**7,202,349**	5,723,790
	55,274,130	44,588,701

The Group allows average credit periods ranging from 60 to 180 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2015	2014
	HK$	*HK$*
Within 60 days	**19,670,279**	15,792,066
61 – 90 days	**7,463,637**	3,956,488
Over 90 days	**20,428,592**	17,114,883
	47,562,508	36,863,437

Included in the carrying value of trade and bills receivables as at 31 March 2015 is bills receivables of HK$33,768,397 (2014: HK$23,873,948).

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$3,457,995 (2014: HK$3,389,634) 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 follows:

Aging of trade receivables which are past due but not impaired

	2015	2014
	HK$	*HK$*
61 – 90 days	**1,532,768**	713,922
Over 90 days	**1,925,227**	2,675,712
	3,457,995	3,389,634

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:

	2015	2014
	HK$	*HK$*
HK$	**270,264**	80,283

8. TRADE AND OTHER PAYABLES

	2015	2014
	HK$	*HK$*
Trade payables	**19,904,712**	14,246,389
Deposits received from customers	**12,739,631**	11,863,159
Value added tax payables	**2,129,939**	2,042,657
Other payables and accrued staff costs	**47,980,688**	34,488,944
	82,754,970	62,641,149

The average credit period on purchases of goods is 60 to 90 days. The aging analysis of trade payables presented is based on the invoice date at the end of the reporting period. The following is an analysis of the Group's trade payables at the end of the reporting period:

	2015	2014
	HK$	*HK$*
Within 60 days	**7,688,100**	6,984,691
61 – 90 days	**3,192,095**	1,372,904
Over 90 days	**9,024,517**	5,888,794
	19,904,712	14,246,389

Included in the trade payables at 31 March 2015, HK$8,508,436 (2014: HK$6,858,885) has been paid by endorsed bills for which the maturity date has not yet fallen due as at 31 March 2015.

9. AMOUNT DUE TO A RELATED COMPANY

	2015	2014
	HK$	*HK$*
Trade balances	**1,355,935**	1,463,087

As at 31 March 2015, 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 2015 and 2014 is aged within 90 days. The amount is unsecured, non-interest bearing and with credit term within 90 days.

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 2015 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

Yunnan Meng Sheng Pharmaceutical Co., Limited (Meng Sheng Pharmaceutical), a subsidiary of the Company, has obtained the New GMP certificate and resumed production in January 2015. However, as Meng Sheng Pharmaceutical suspended its production for a substantial part of the financial year ended 31 March 2015 (FYE2015 or the Current Financial Year), the sales performance of its major products, Cerebroprotein Hydrolysate Injection（注射用腦蛋白水解物）was affected. Therefore, the Group's revenue and operating results recorded a significant drop as compared to the financial year ended 31 March 2014 (FYE2014 or the Last Financial Year).

In FYE2015, the consolidated revenue of the Group amounted to HK$139.4 million, represented a decrease of 43.6% as compared with HK$247.2 million in FYE2014. Gross profit of the Group dropped from HK$158.5 million in the Last Financial Year to HK$69.8 million in the Current Financial Year, which represented a drop of 56.0%. As the contribution from Cerebroprotein Hydralysate Injection, a product with high gross profit margin, shrank, overall gross profit margin decreased from 64.1% in the Last Financial Year to 50.1% in the Current Financial Year.

Distribution and selling expenses decreased by approximately HK$2.4 million from HK$46.1 million in FYE2014 to HK$43.7 million in FYE2015. Despite drop in sales revenue and the corresponding decrease in distribution and selling expenses of Meng Sheng Pharmaceutical, it could not compensate the increase in distribution and selling expenses of Tianda Pharmaceuticals (Zhuhai) Limited (Tianda Pharmaceuticals (Zhuhai)), a wholly-owned subsidiary of the Company, as a result of its enhanced sales effort.

Administrative expenses increased from HK$53.0 million in FYE2014 to HK$59.4 million in the Current Financial Year. The major reason was that Meng Sheng Pharmaceutical recorded certain indirect manufacturing costs as administrative expenses during the period of production suspension. Hence, it led to more administrative expenses for Meng Sheng Pharmaceutical, increasing from HK$11.5 million in FYE2014 to HK$18.1 million in FYE2015.

Other income mainly comprises government grants, bank interest income and investment income. Meng Sheng Pharmaceutical is in the leading position for its production technique of Cerebroprotein Hydrolysate Injection. It has received a government grant of HK$1.4 million in support of its research and development. In addition, Meng Sheng also received another grant of HK$1.3 million from the government to subsidise its factory expansions and improvements. This grant will be recognised as income according to the useful lives of the relevant fixed assets. For the bank interest and investment incomes, the Group has strengthened its fund management during FYE2015 to seek higher interest return. Interest and investment incomes increased from HK$8.2 million in FYE2014 to HK$10.6 million in FYE2015.

Overall, as Meng Sheng Pharmaceutical suspended its previous production line, a loss attributable to shareholders of the Company amounted to HK$17.9 million was recorded for the Current Financial Year, representing a loss per share of HK0.96 cent. A profit attributable to shareholders of the Company amounted to HK$22.0 million, equivalent to earnings per share of HK1.18 cents was recorded in the Last Financial Year.

BUSINESS REVIEW

The Group focuses on pharmaceutical, biotechnology and healthcare product business activities, which are carried out through Tianda Pharmaceuticals (Zhuhai), Tianda Pharmaceuticals (China) Co., Ltd. (Tianda Pharmaceuticals (China)), Tianda Pharmaceuticals (Australia) Pty Limited (Tianda Pharmaceuticals (Australia)) and Tianda Pharmaceuticals (Hong Kong) Limited (Tianda Pharmaceuticals (Hong Kong)) (hereinafter referred to as the Wholly-owned Subsidiaries) and Meng Sheng Pharmaceutical. The Group currently owns 55% of equity interest in Meng Sheng Pharmaceutical. The Wholly-owned Subsidiaries and Meng Sheng Pharmaceutical contributed 88.2% and 11.8%, respectively, of the Group's revenue.

The Wholly-owned Subsidiaries principally engage in research and development, production and sales of pharmaceutical and healthcare products in China, Hong Kong and Australia. During the Current Financial Year, revenue of the Wholly-owned Subsidiaries increased by 15.7% from HK$106.2 million for the Last Financial Year to HK$122.9 million. Gross profit increased by 33.7% compared to the Last Financial Year. Gross profit margin increased from 43.1% for the Last Financial Year to 49.8% for the Current Financial Year. This was mainly due to the lowering of production and operating costs, which was a result of the success of Tianda Pharmaceuticals (Zhuhai) in adjusting its marketing strategies and models based on an innovative management approach. The steadily improved performance of Tianda Pharmaceuticals (Zhuhai) has proven that the company is now on a right track of development.

For the Current Financial Year, revenue of Meng Sheng Pharmaceutical was HK$16.4 million, representing a decrease of 88.4% from HK$141 million for the Last Financial Year. Gross profit margin declined from 79.9% for the Last Financial Year to 52.1%. Revenue dropped primarily because the previous production line of major products underwent expansions and improvements during the Current Financial Year and it took longer time than expected to pass the new GMP authentication, both of which had an impact on sales and earnings. As a result, a net loss of HK$11.3 million was recorded for the Current Financial Year, compared to a net profit of HK$59.8 million for the Last Financial Year. As Meng Sheng Pharmaceutical retained its production staff during the suspension of production, it was able to maintain the integrity of the technical team and was well-prepared for the resumption of normal production. Immediately after the completion of the expansions and improvements of its production base and upon obtaining the new GMP certificate, Meng Sheng Pharmaceutical resumed the production and sales of its products in early February 2015, and it is expected that the sales for the next financial year will exhibit an exponential growth.

In terms of sales revenue and gross profit margin of the key products, "Tuoping" (Valsartan capsules) and "Tuoen" (Ibuprofen suspension and drops) accounted for approximately 73.1% of the revenue of the Wholly-owned Subsidiaries for the Current Financial Year, and their gross profit margins recorded a growth as compared with the Last Financial Year. Such figures demonstrated competitive strengths of the Wholly-owned Subsidiaries' key products, as well as high market recognition of these quality products. Tianda Pharmaceuticals (China) will continue market expansion through its professional marketing teams and distribution network across major provinces and cities in China, and will further enhance its sales management with an aim of enhancing sales efficiency and sales profit, and achieving better results in the next financial year.

Net profit of the Wholly-owned Subsidiaries for the Current Financial Year decreased by HK$8.7 million as compared to the Last Financial Year, which was mainly due to the operating losses of approximately HK$7.3 million from its Australian business and HK$2.7 million from its Hong Kong business. Striving for better sales performance, Tianda Pharmaceuticals (Australia) has enhanced its market expansion effort by focusing on healthcare products and modifying its brand and sales strategies. Tianda Pharmaceuticals (Hong Kong) will develop new distribution channels for, speed up maintenance of end-customer base of, and increase the range of, its products. It will also launch an online shopping platform in due course for promoting quality healthcare products of "Herb Valley", including natural honey "Super Manuka", in Greater China to take advantage of the region's huge market potential. It is expected that such modifications of marketing strategies and market expansion will lay a solid foundation for improving future operating results, profit and cash flow of the Wholly-owned Subsidiaries. The Wholly-owned Subsidiaries will keep on collecting quality healthcare products all over the world so as to satisfy needs from different market segments, and study the possibility of setting up healthcare chain stores in order to establish an online-to-offline (O2O) marketing model.

OUTLOOK

As the reform of the Chinese pharmaceutical industry continues, the ongoing industry consolidation and pharmaceutical products pricing adjustment will create invaluable opportunities for the Group's development. The Group will strive to grasp opportunities, be well-prepared for challenges, strengthen professional management with an innovative approach, boost organic growth and seek merger and acquisition opportunities, in an effort to attain the operating objective proposed during the Current Financial Year: to become a long established enterprise with an annual revenue of HK$10 billion. To pave the way for future growth, the Group will carry on comprehensive and systematic training, enhance the creativity and calibre of its staff, and improve innovation and management.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remained healthy. As at 31 March 2015, the Group had cash and bank balances of approximately HK$384.2 million (31 March 2014: HK$427.3 million), of which approximately 2.4% and 97.1% were denominated in Hong Kong dollar and Renminbi respectively with remaining in Australian dollar, Euro and United States dollar. The Group has no external borrowing as at 31 March 2015. 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 2015.

CHARGES ON ASSETS

The Group did not have any charge on assets as at 31 March 2015 and 31 March 2014.

EMPLOYEES

The Group employed approximately 450 employees in Hong Kong, China and Australia as at 31 March 2015. 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 (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 2015 except as mentioned below.

Mr. Fang Wen Quan is the Managing Director and the Chairman of the Company. Pursuant to Code Provision 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. 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 2015.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors does not recommend the payment of any final dividend for FYE 2015 (FYE2014: final dividend of HK0.24 cent per share). The dates of 2015 annual general meeting and closure of register of members of the Company for the purpose of determining the identity of shareholders entitled to attend the 2015 annual general meeting will be announced later.

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

Hong Kong, 25 June 2015

As at the date of this announcement, the executive Directors are Mr. FANG Wen Quan (the Chairman and Managing Director), Mr. LIU Huijiang, Mr. SHI Shaobin 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.