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 2016

HIGHLIGHTS

– Revenue for the year amounted to HK$192,800,000, representing an increase of 38.3% from HK$139,400,000 in FYE2015.

– Tianda Pharmaceuticals has made a profit for the year attributable to owners of the Company amounted of HK$6,600,000, while a loss attributable to owners of the Company of HK$17,900,000 was recorded for the FYE2015.

– The Board of Directors has recommended the payment of a final dividend of HK0.27 cent per share. (FYE2015: Nil)

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 2016, 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 2016

	NOTES	2016 HK$	2015 HK$
Revenue	4	**192,784,764**	139,366,849
Cost of sales		**(82,055,628)**	(69,596,419)
Gross profit		**110,729,136**	69,770,430
Other income		**7,181,771**	12,435,363
Other gains and losses		**2,916,026**	(1,621,802)
Distribution and selling expenses		**(51,084,727)**	(43,676,337)
Administrative expenses		**(50,103,851)**	(59,378,934)
Research and development costs		**(1,213,485)**	(1,757,830)
Interest expense on bank borrowing		**–**	(32,565)
Profit (loss) before tax		**18,424,870**	(24,261,675)
Income tax (expense) credit	5	**(5,057,622)**	1,245,389
Profit (loss) for the year		**13,367,248**	(23,016,286)
Other comprehensive income (expense) for the year			
Item that may be reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**332,148**	(2,610,844)
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation to presentation currency		**(33,830,429)**	3,462,006
Total comprehensive expense for the year		**(20,131,033)**	(22,165,124)
Profit (loss) for the year attributable to:			
Owners of the Company		**6,568,591**	(17,941,969)
Non-controlling interests		**6,798,657**	(5,074,317)
		13,367,248	(23,016,286)
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(24,874,283)**	(17,314,163)
Non-controlling interests		**4,743,250**	(4,850,961)
		(20,131,033)	(22,165,124)
		HK cent	*HK cent*
Basic earnings (loss) per share	6	**0.32**	(0.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	NOTES	2016 HK$	2015 HK$
NON-CURRENT ASSETS			
Property, plant and equipment		**155,195,155**	168,057,695
Prepaid lease payments		**117,379,136**	84,763,880
Goodwill		**106,926,467**	111,615,489
Intangible assets		**59,136,629**	73,039,524
Deposit for acquisition of property, plant and equipment		**423,517**	1,250,347
Investment in redeemable convertible preference shares	7	**30,072,784**	–
		469,133,688	438,726,935
CURRENT ASSETS			
Inventories		**41,681,095**	38,584,028
Trade and bills receivables and other receivables	8	**47,213,504**	55,274,130
Prepaid lease payments		**3,839,469**	3,165,017
Tax recoverable		**–**	1,081,837
Bank deposits, bank balances and cash		**394,301,141**	384,185,151
		487,035,209	482,290,163
CURRENT LIABILITIES			
Trade and other payables	9	**65,126,923**	82,754,970
Government grants – current portion		**120,904**	126,119
Amount due to a related company	10	**1,323,935**	1,355,935
Tax payable		**6,896,286**	6,673,647
Dividend payable to non-controlling shareholders		**2,808,639**	–
		76,276,687	90,910,671
NET CURRENT ASSETS		**410,758,522**	391,379,492
TOTAL ASSETS LESS CURRENT LIABILITIES		**879,892,210**	830,106,427

	NOTES	2016 HK$	2015 HK$
NON-CURRENT LIABILITIES			
Government grants – non-current portion		**916,858**	1,082,524
Deferred tax liabilities		**32,241,599**	40,615,967
		33,158,457	41,698,491
NET ASSETS		**846,733,753**	788,407,936
CAPITAL AND RESERVES			
Share capital		**215,063,588**	187,011,816
Reserves		**598,684,697**	542,331,932
Equity attributable to owners of the Company		**813,748,285**	729,343,748
Non-controlling interests		**32,985,468**	59,064,188
TOTAL EQUITY		**846,733,753**	788,407,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 amendments to HKFRSs

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above amendments to HKFRSs 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[1]
HKFRS 16	Leases[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKFRS 15	Clarification of Revenue from Contracts with Customers[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2019

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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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) are in the process of making an assessment on other impact of this standard to the Group's financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of the aggregate effect of HKFRS 9 until the Group performs a detailed assessment.

HKFRS 15 Revenue from Contracts with Customers

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 are in the process of making an assessment on the impact of this standard to the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed assessment.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease arrangements and commitments of the Group in respect of office premises as at 31 March 2016 amounted to approximately HK$6,304,000, the Directors do not expect the adoption of HKFRS 16 would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as lease liabilities.

Except as described above, the Directors anticipate that the application of the other new and revised standards and amendments issued but not yet effective will have no material impact on the results and the financial position of the Group.

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 Hong Kong Stock Exchange (the Listing Rules) and by the Hong Kong Companies Ordinance (CO).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules is not disclosed in these consolidated financial statements.

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. Other than the revenue analysis as set out in note 4(d), no operating results and other discrete financial information relating to major products is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment. The CODM reviews the financial performance of pharmaceutical and biotechnology business as a whole for allocating resources and assessing performance. In addition, the CODM monitors the Group's assets and liabilities as a whole, 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.

	2016	2015
	HK$	*HK$*
REVENUE – EXTERNAL	**192,784,764**	139,366,849
SEGMENT PROFIT (LOSS)	**21,172,470**	(16,632,368)
Other income	**5,110,938**	6,172,014
Other gains and losses	**2,537,681**	1,256,003
Unallocated expenses	**(15,453,841)**	(13,811,935)
Profit (loss) for the year	**13,367,248**	(23,016,286)

The accounting policies of the operating segment are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) 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	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
The PRC (country of domicile)	**189,725,333**	137,128,345	**428,068,831**	427,057,375
Hong Kong	**1,079,635**	491,754	**32,566,163**	2,592,107
Australia	**1,979,796**	1,746,750	**8,498,694**	9,077,453
	192,784,764	139,366,849	**469,133,688**	438,726,935

(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

	2016	2015
	HK$	*HK$*
Pharmaceutical, biotechnology and healthcare products		
– Cerebroprotein hydrolysate injection	**57,602,903**	5,241,790
– Tuoping (Valsartan capsules)	**57,543,419**	57,657,997
– Tuoen (Ibuprofen suspension and drops)	**39,204,960**	32,258,193
– Others	**38,433,482**	44,208,869
	192,784,764	139,366,849

5. INCOME TAX EXPENSE (CREDIT)

	2016	2015
	HK$	*HK$*
Current tax:		
PRC enterprise income tax	**7,271,362**	4,058,788
Withholding tax	**3,755,082**	–
	11,026,444	4,058,788
Underprovision (overprovision) in prior years:		
PRC enterprise income tax	**1,017,764**	(932,058)
Deferred tax:		
Current year	**(6,986,586)**	(4,372,119)
	5,057,622	(1,245,389)

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 2016.

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. EARNINGS (LOSS) PER SHARE

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

	2016	2015
	HK$	*HK$*
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share	**6,568,591**	(17,941,969)
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings (loss) per share	**2,050,231,999**	1,870,118,160

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

7. INVESTMENTS IN REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	2016	2015
	HK$	*HK$*
Series C Preference Shares in ASLAN Pharmaceuticals Limited (ASLAN)	**30,072,784**	–

On 1 December 2015, a wholly-owned subsidiary of the Company entered into an investment agreement to subscribe for 2,058,942 Series C Convertible Preference Shares of ASLAN Pharmaceuticals Limited (the ASLAN Preference Shares), a company incorporated in Singapore, with an aggregate investment cost of US$3,870,811, equivalent to HK$30,072,784 (2015: nil). The investee is principally engaged in an oncology focused biotechnology and developing a portfolio of immunotherapies and targeted drugs, focusing on Asia prevalent tumour types. It has developed several oncology focused drugs and one of the major drugs is currently under new drug application process Phase 2a which governed by the Food and Drug Administration in the United States.

The ASLAN Preference Shares are convertible into ordinary shares of ASLAN either (i) at the option of the Company, subject to the approval by the directors of ASLAN and (ii) and will be automatically converted into ordinary shares of ASLAN upon listing of ASLAN on a recognised stock exchange which values ASLAN with a market capitalisation of at least a certain specified amount. The ASLAN Preference Shares are redeemable by the Company after 27 November 2021 at 100% repayable and will bear interest at 8% per annum from 1 December 2015 to the date of redemption.

The fair value estimates of the conversion option component is correlated with the unquoted equity instrument of which the fair value cannot be reliably measured, thus, such conversion option cannot be reliably measured and the entire investment is treated as held for trading. Further, the Directors are of the opinion that the equity component of the investment is significant and accordingly, such held for trading investment is measured at cost less impairment, if any.

The Directors are of the opinion that carrying amount of the investment is approximate to the amount on initial recognition date as considering no significant transactions or activities conducted by the investee during the period. Accordingly, no impairment indicators has been identified on the investment, and no impairment loss has been recognised.

Pursuant to a resolution passed in an extraordinary shareholders' meeting of ASLAN held on 27 May 2016, all the ASLAN Preference Shares held by the Group have been converted into ordinary shares of ASLAN.

8. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES

	2016	2015
	HK$	*HK$*
Trade and bills receivables	**42,331,007**	47,562,508
Prepayments to suppliers	**472,776**	509,273
Other receivables, deposits and prepayments	**4,409,721**	7,202,349
	47,213,504	55,274,130

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:

	2016	2015
	HK$	*HK$*
Within 60 days	**21,286,957**	19,670,279
61 – 90 days	**5,995,274**	7,463,637
Over 90 days	**15,048,776**	20,428,592
	42,331,007	47,562,508

Included in the carrying value of trade and bills receivables as at 31 March 2016 is bills receivables of HK$27,264,979 (2015: HK$33,768,397).

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$202,926 (2015: HK$3,457,995) 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

	2016	2015
	HK$	*HK$*
61 – 90 days	**69,333**	1,532,768
Over 90 days	**133,593**	1,925,227
	202,926	3,457,995

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:

	2016	2015
	HK$	*HK$*
HK$	**413,906**	270,264

9. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Trade payables	**16,359,909**	19,904,712
Deposits received from customers	**4,158,463**	12,739,631
Value added tax and other tax payables	**3,030,103**	2,129,939
Other payables and accrued staff costs	**41,578,448**	47,980,688
	65,126,923	82,754,970

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:

	2016	2015
	HK$	*HK$*
Within 60 days	**6,448,290**	7,688,100
61 – 90 days	**3,947,367**	3,192,095
Over 90 days	**5,964,252**	9,024,517
	16,359,909	19,904,712

Included in the trade payables at 31 March 2016, HK$7,201,064 (2015: HK$8,508,436) has been paid by endorsed bills for which the maturity date has not yet fallen due as at 31 March 2016.

10. AMOUNT DUE TO A RELATED COMPANY

	2016	2015
	HK$	*HK$*
Trade balances	**1,323,935**	1,355,935

As at 31 March 2016, 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 2016 and 2015 are 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 2016 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

During the FYE 2016, a consolidated revenue of approximately HK$192,800,000 was recorded by the Group, representing an annual growth rate of 38.3% as compared to approximately HK$139,400,000 for FYE 2015. Gross profit increased from HK$69,800,000 for FYE 2015 by around 58.7% to HK$110,700,000. The Group recorded a profit attributable to owners of the Company of HK$6,600,000 for FYE 2016 as compared to a loss attributable to owners of the Company of HK$17,900,000 for FYE 2015.

Although a minority part of the increase in revenue was offset by the depreciation of Renminbi, Tianda Pharmaceuticals (Zhuhai) Ltd (Tianda Pharmaceuticals (Zhuhai)) and Yunnan Meng Sheng Pharmaceutical Co., Ltd (Meng Sheng Pharmaceutical), both of which are subsidiaries of the Group, recorded growth in results. Further business expansion of Tianda Pharmaceuticals (Zhuhai) led to an increase in sales revenue of 2.6% from HK$120,800,000 for FYE 2015 to HK$123,900,000. Due to effective cost control measures, the gross profit margin of Tianda Pharmaceuticals (Zhuhai) increased from 61.9% for FYE 2015 to 65.5% for FYE 2016.

After completing the expansion and upgrade project, Meng Sheng Pharmaceutical resumed production and restored its sales revenue to HK$65,500,000 for FYE 2016 from HK$16,400,000 for FYE 2015. Sales revenue from its flagship product, namely Cerebroprotein Hydrolysate Injection, rose to HK$57,600,000 for FYE 2016 from HK$5,200,000 for FYE 2015. Benefiting from the relatively high gross profit margin of Cerebroprotein Hydrolysate Injection, the gross profit margin of Meng Sheng Pharmaceutical increased from 52.2% for FYE 2015 to 65.5% for FYE 2016.

At the same time, the Group also stepped up its effort in expanding ***Herb Valley*** series of healthcare products by introducing ***Super Manuka*** series of natural honey products to the market of mainland China. Revenue from healthcare products increased from HK$2,100,000 for FYE 2015 to HK$3,200,000 for FYE 2016.

Selling and distribution expenses increased basically in line with sales revenue from HK$43,700,000 for FYE 2015 to HK$51,100,000 for FYE 2016. However, administrative expenses decreased by 15.6% from HK$59,400,000 for FYE 2015 to HK$50,100,000 for FYE 2016, which was mainly attributable to the fact that certain indirect production costs were reclassified to administrative expenses during the production suspension period in FYE 2015.

The Group maintained a stable and strong financial position by restoring a positive cash inflow of HK$13,400,000 for FYE 2016 as compared to the operational cash outflow of HK$16,300,000 for FYE 2015. With the placement of new shares to Shanghai Pharmaceuticals Holding Co., Ltd. (SPHL) in August 2015, the Group further advanced its financial capabilities. As at 31 March 2016, the Group's bank deposit, bank balance and cash amounted to approximately HK$394,300,000 without record of external borrowing. Current ratio and quick ratio improved from 5.31 and 4.88 as at 31 March 2015 to 6.39 and 5.84 as at 31 March 2016 respectively.

The Group's sufficiency in cash provided a strong support for business expansion, development and investment in the future. In FYE 2016, the Group purchased a land parcel in Sanzao Medicine Park in Zhuhai City at a consideration of HK$40,900,000 for the construction of a new research and development and production base. As at 31 March 2016, the Group had no material capital commitment in respect of the project. In addition, the Group invested approximately HK$30,100,000 in ASLAN Pharmaceuticals Limited (ASLAN), a Singapore-based pharmaceutical R&D company focusing on oncology therapies.

BUSINESS REVIEW

During the preceding financial year, the Group stated a well-defined direction for operation and development under the guidance of the annual theme of "Innovation and Professionalism". On one hand, the Group aimed to achieve the goal of continuous cost reduction and efficiency improvement in various respects by exerting greater efforts in market development, speeding up the research and development projects and the introduction of new products, implementing strict quality control measures and thus enhancing the overall productivity. On the other hand, the Group strived to identify investment, merger and acquisition opportunities and cooperate with third parties so as to build stronger capabilities for further development on a continuous basis. Sound corporate development was therefore achieved through the combined effects of these two major measures, namely endogenious development and external expansion.

- The Group further consolidated its position in the hospital sector and explored the markets of chain pharmacies and clinics to boost its sales.

- In order to further facilitate the combined application of paediatric drug series, a databank of paediatric experts was built to support the academic promotion activities of paediatric drugs. Nearly 600 academic promotion events were held throughout the year and satisfactory results were achieved.

- We made great efforts in exploring the overseas market for Cerebroprotein Hydrolysate Injection and speeded up product registration procedures in Eastern European countries and Southeast Asian countries to capitalize on the tremendous market potential in the future.

- ***Herb Valley*** series healthcare products have been introduced to over 400 branded chain stores covering Australia, Hong Kong, Macau and mainland China. It is expected that there will be over 1,000 chain stores under this cooperative arrangement in 2016. The online selling platform (www.herbvalley.com) of ***Herb Valley*** has been launched officially. More quality healthcare products will be introduced and more effort on developing e-commerce channels will be made.

- The preparation technique of Valsatan Capsules was granted an invention patent right in China with a term of 20 years, which offers the Group a consistent growth momentum.

- A clinical test approval for a chemical drug, namely Type Six glucose-lowering Acarbose, was granted by the State Food and Drug Administration of China, marking a breakthrough for the Group in the research and development of diabetic drugs, which will bring about positive impact on our product mix in the future.

- SPHL became our second largest shareholder and strategic partner through strategic investment in the Group. Leveraging strengths of each other, both sides will cooperate in various aspects, including research and development, production, sales and marketing and funding, in pursuit of mutual benefits and a win-win situation.

- The Group invested in, and became a shareholder of, ASLAN, a Singapore-based pharmaceutical R&D Company focusing on oncology therapies, marking its first step in the high-end and innovative pharmaceutical research and development area and the accumulation of experience in collaborating with international pharmaceutical companies. ASLAN is dedicated to the research and development of targeted drugs and immunotherapies, with the expectation to secure a foothold in the huge anti-cancer medicine market in China.

- A number of task groups were set up to identify merger and acquisition opportunities in respect of research, analysis and screening of pharmaceutical investment projects in countries and regions including China, Europe, America, Israel, Australia, etc.. Certain projects, including those related to pharmaceutical devices and medical services, have gained meaningful progress.

- The construction plan of the new R&D and production base for Tianda Pharmaceuticals (Zhuhai) is underway. A land parcel in Sanzao Medicine Park in Zhuhai City was purchased and the title deed of real property and the permit for construction land have been granted. Preparation works in all aspects have been in progress. Construction of the new base will definitely help take the Group to the next level in terms of product cooperation, productivity consolidation, investment, merger and acquisition and professional standard. Upon completion of the new base, the Group's overall competitiveness, ability in sustainable development and economy of scale will be enhanced definitely.

OUTLOOK

The annual management theme in 2016 is "Efficiency and Effectiveness". According to the stated theme, the Group will continue to strengthen its research and development activities and its production and marketing management while stepping up its effort on staff training and team building as well as improving the management of financial affairs and investment and financing activities. The Group will further develop the existing pharmaceutical and healthcare product business, and will also introduce internationally leading pharmaceutical products and medical devices via various means and facilitate timely investment in medical services and other healthcare industries, so as to improve our profitability and business scale, and speed up to realise the phased business objective of "Ten Billion with Centennial Growth" in near future.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remained healthy. As at 31 March 2016, the Group had cash and bank balances of approximately HK$394,300,000, (31 March 2015: HK$384,200,000), of which approximately 31.4% and 68.3% were denominated in Hong Kong dollars and Renminbi respectively with remaining in Australian dollars, Euros and United States dollars. The Group has no external borrowing as at 31 March 2016. Therefore, the Group has sufficient financial resources to meet its obligation and daily operational needs.

EXCHANGE RATE EXPOSURE

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

The Group has sales and investments in foreign operations which use currencies other than its functional currency Renminbi. As such, the Group had some exposure 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 fluctuation in material transactions denominated in currencies other than Renminbi. The Group did not enter into any forward currency contracts to hedge its foreign currency risk as at 31 March 2016 and 31 March 2015.

CHARGES ON ASSETS

As at 31 March 2016, the Company had pledged certain bank deposits (31 March 2015: Nil) in favour of a bank to secure bank facilities granted to the Company. The bank facilities were undrawn during the year ended 31 March 2016.

EMPLOYEES

The Group employed approximately 425 employees in Hong Kong, China and Australia as at 31 March 2016. 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 Hong Kong Stock Exchange (the Listing Rules) during the year ended 31 March 2016 except as mentioned below.

Pursuant to code provision of A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate. Prior to 3 August 2015, Mr. Fang Wen Quan was the Chairman and the Managing Director. The Board was of the view that Mr. Fang Wen Quan acting as both the Chairman of the Board and the Managing Director was acceptable and in the best interest of the Group because of the business operation and the size of the Group. However, in order to enhance the level of corporate governance, Mr. Fang Wen Quan ceased to act as the Managing Director, and Mr. Shi Shaobin, an executive Director, was appointed as the Managing Director with effect from 3 August 2015. Subsequent to the cessation of Mr. Fang Wen Quan and appointment of Mr. Shi Shaobin as Managing Director, the Company has complied with all the applicable code provisions of the CG Code.

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 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 2016.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board of Directors has recommended the payment of a final dividend of HK0.27 cent (2015: Nil) per share for FYE2016. Subject to shareholders' approval at the forthcoming 2016 annual general meeting, the said final dividend is expected to be paid in September 2016. The dates of closure of register of members of the Company for the purpose of determining the identity of shareholders entitled to attend the 2016 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, 24 June 2016

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