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**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

The board of directors (the Board) of Tianda Pharmaceuticals Limited (the Company) announces the consolidated results of the Company and its subsidiaries (the Group) for the year ended 31 March 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2022

	Notes	2022 HK\$	2021 HK\$
REVENUE	3	509,955,045	474,332,111
Cost of sales		<u>(268,732,420)</u>	<u>(215,344,576)</u>
Gross profit		241,222,625	258,987,535
Other income, gains and losses, net	4	16,805,059	7,490,554
Selling and distribution expenses		(198,002,833)	(211,732,717)
Administrative expenses		(71,458,278)	(69,791,661)
Research and development expenses		(15,858,862)	(11,825,920)
Finance costs		(725,235)	(569,351)
LOSS BEFORE TAX		(28,017,524)	(27,441,560)
Income tax credit	5	6,342,756	1,523,754
LOSS FOR THE YEAR		<u>(21,674,768)</u>	<u>(25,917,806)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Changes in fair value of equity investments designated at fair value through other comprehensive income		(5,105,423)	5,463,369
Exchange differences on translation of the Company's financial statements		5,908,467	12,115,901
		<u>803,044</u>	<u>17,579,270</u>
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Release of exchange reserve upon disposal of a subsidiary		(103,967)	–
Exchange differences on translation of subsidiaries' financial statements		26,033,318	48,807,837
		<u>25,929,351</u>	<u>48,807,837</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>26,732,395</u>	<u>66,387,107</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>5,057,627</u></u>	<u><u>40,469,301</u></u>

	<i>Note</i>	2022 HK\$	2021 <i>HK\$</i>
(Loss)/profit for the year attributable to:			
Owners of the parent		(19,771,106)	(27,142,070)
Non-controlling interests		(1,903,662)	1,224,264
		<u>(21,674,768)</u>	<u>(25,917,806)</u>
Total comprehensive income/(loss) attributable to:			
Owners of the parent		5,635,846	36,727,015
Non-controlling interests		(578,219)	3,742,286
		<u>5,057,627</u>	<u>40,469,301</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		<i>HK cent</i>	<i>HK cent</i>
Basic and diluted	7	<u>(0.92)</u>	<u>(1.26)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Note	2022 HK\$	2021 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment		382,492,278	324,350,054
Right-of-use assets		50,592,779	53,428,596
Goodwill		106,213,773	103,269,153
Other intangible assets		21,937,188	27,784,868
Deposits		23,702,454	11,345,519
Equity investments designated at fair value through other comprehensive income		1,766,962	6,872,385
Total non-current assets		586,705,434	527,050,575
CURRENT ASSETS			
Inventories		74,894,274	64,392,952
Trade and bills receivables	8	141,743,768	145,208,965
Prepayments, deposits and other receivables		12,223,015	14,049,661
Structured deposits		14,583,400	–
Cash and cash equivalents		334,001,475	234,984,677
Assets of a disposal group classified as held for sale		577,445,932	458,636,255
		–	147,774,161
Total current assets		577,445,932	606,410,416

	<i>Notes</i>	2022 HK\$	2021 <i>HK\$</i>
CURRENT LIABILITIES			
Trade payables	9	105,174,107	87,911,627
Other payables and accruals		95,443,695	81,127,855
Interest-bearing bank borrowings	10	57,258,840	18,894,201
Lease liabilities		4,602,712	4,177,767
Due to a fellow subsidiary		4,935,990	3,628,289
Tax payable		4,243,309	3,731,131
		<u>271,658,653</u>	<u>199,470,870</u>
Liabilities directly associated with the assets classified as held for sale		–	14,763,580
		<u>271,658,653</u>	<u>214,234,450</u>
NET CURRENT ASSETS		<u>305,787,279</u>	<u>392,175,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>892,492,713</u>	<u>919,226,541</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	10	90,634,555	110,804,078
Lease liabilities		7,936,798	11,653,956
Deferred income		194,037	303,734
Deferred tax liabilities		4,652,084	5,970,009
		<u>103,417,474</u>	<u>128,731,777</u>
NET ASSETS		<u>789,075,239</u>	<u>790,494,764</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		215,004,188	215,004,188
Reserves		541,750,065	541,704,328
		<u>756,754,253</u>	<u>756,708,516</u>
Non-controlling interests		32,320,986	33,786,248
TOTAL EQUITY		<u>789,075,239</u>	<u>790,494,764</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and structured deposits which have been measured at fair value. The disposal group held for sale is stated at the lower of its carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (“HK\$”).

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

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

- (a) The amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Renminbi (“RMB”) based on the China Loan Prime Rate (“China LPR”) as at 31 March 2022. Since the interest rates of these borrowings were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. The Group has not received Covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. REVENUE

An analysis of revenue is as follows:

	2022	2021
	HK\$	HK\$
<i>Revenue from contracts with customers</i>		
Sale of pharmaceuticals, biotechnology and healthcare products	396,112,892	357,654,044
Sale of Chinese medicine products	110,189,203	114,461,086
Provision of Chinese medical services	3,652,950	2,216,981
	<u>509,955,045</u>	<u>474,332,111</u>

Revenue from contracts with customers
(i) *Disaggregated revenue information*

For the year ended 31 March 2022

Segments	Chinese medicine business <i>HK\$</i>	Pharmaceuticals and medical technologies business <i>HK\$</i>	Medical and healthcare services <i>HK\$</i>	Total <i>HK\$</i>
Types of goods or services				
Sale of products	106,491,421	396,112,892	3,697,782	506,302,095
Chinese medical services	–	–	3,652,950	3,652,950
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>106,491,421</u>	<u>396,112,892</u>	<u>7,350,732</u>	<u>509,955,045</u>
Geographical markets				
Mainland China	106,491,421	395,449,777	4,012,058	505,953,256
Hong Kong	–	507,997	3,127,845	3,635,842
Australia	–	155,118	210,829	365,947
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>106,491,421</u>	<u>396,112,892</u>	<u>7,350,732</u>	<u>509,955,045</u>
Timing of revenue recognition				
Goods transferred at a point in time	106,491,421	396,112,892	3,697,782	506,302,095
Services rendered over time	–	–	3,652,950	3,652,950
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>106,491,421</u>	<u>396,112,892</u>	<u>7,350,732</u>	<u>509,955,045</u>

For the year ended 31 March 2021

Segments	Chinese medicine business <i>HK\$</i>	Pharmaceuticals and medical technologies business <i>HK\$</i>	Medical and healthcare services <i>HK\$</i>	Total <i>HK\$</i>
Types of goods or services				
Sale of products	111,996,548	357,654,044	2,464,538	472,115,130
Chinese medical services	–	–	2,216,981	2,216,981
	<u>111,996,548</u>	<u>357,654,044</u>	<u>4,681,519</u>	<u>474,332,111</u>
Geographical markets				
Mainland China	111,996,548	356,814,612	3,577,016	472,388,176
Hong Kong	–	503,348	1,066,271	1,569,619
Australia	–	336,084	38,232	374,316
	<u>111,996,548</u>	<u>357,654,044</u>	<u>4,681,519</u>	<u>474,332,111</u>
Timing of revenue recognition				
Goods transferred at a point in time	111,996,548	357,654,044	2,464,538	472,115,130
Services rendered over time	–	–	2,216,981	2,216,981
	<u>111,996,548</u>	<u>357,654,044</u>	<u>4,681,519</u>	<u>474,332,111</u>

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products and medical services	<u>11,720,193</u>	<u>6,311,847</u>

(ii) **Performance obligations**

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

Sale of pharmaceuticals, biotechnology, healthcare and Chinese medicine products

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

Provision of Chinese medical services

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

4. OTHER INCOME, GAINS AND LOSSES, NET

Amongst other things, the Group recorded a gain on disposal of a subsidiary of HK\$12,101,308 during the year (2021: Nil) and an impairment of goodwill of HK\$1,576,811 during the year (2021: Nil).

5. INCOME TAX

Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax rate of 25% (2021: 25%), except for Tianda Pharmaceuticals (Zhuhai) Ltd. ("Tianda Pharmaceuticals (Zhuhai)"), a subsidiary of the Group. Pursuant to the relevant laws and regulations in the PRC, Tianda Pharmaceuticals (Zhuhai) is qualified as an advanced technology enterprise and has obtained approvals from the relevant tax authorities for a preferential tax rate of 15% for a period of 3 years up to December 2022. No provision for Hong Kong profits tax and Australia income tax has been made as the Group did not generate any assessable profits arising in Hong Kong and Australia during the year (2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022	2021
	HK\$	HK\$
Current		
Charge for the year	1,361,339	2,050,463
Overprovision in prior years	(6,212,609)	(1,739,182)
Withholding tax		
Charge for the year	60,319	424,250
Deferred tax	(1,551,805)	(2,259,285)
Total tax credit for the year	<u>(6,342,756)</u>	<u>(1,523,754)</u>

6. DIVIDENDS

	2022 HK\$	2021 HK\$
Final – HK0.26 cent (2021: HK0.26 cent) per share	5,590,109	5,590,109
Special – HK0.56 cent (2021: Nil) per share	12,040,235	–
	<u>17,630,344</u>	<u>5,590,109</u>

A final dividend of HK0.26 cent per share amounting to HK\$5,590,109 and a special dividend of HK0.56 cent per share amounting to HK\$12,040,235 in respect of the year ended 31 March 2022 have been proposed by the Board and are subject to approval by the shareholders at the forthcoming annual general meeting.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the loss per share amount is based on the loss for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,150,041,884 (2021: 2,150,041,884) in issue during the year.

	2022 HK\$	2021 HK\$
Loss attributable to owners of the parent, used in basic loss per share calculation	<u>(19,771,106)</u>	<u>(27,142,070)</u>
	Number of shares	
	2022	2021
Weighted average number of ordinary shares in issue during the year for the purposes of basic loss per share calculation	<u>2,150,041,884</u>	<u>2,150,041,884</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2022 and 2021.

8. TRADE AND BILLS RECEIVABLES

	2022 HK\$	2021 HK\$
Trade receivables	96,190,967	101,426,571
Impairment	(559,896)	(119,680)
	<u>95,631,071</u>	<u>101,306,891</u>
Bills receivable	46,112,697	43,902,074
	<u>141,743,768</u>	<u>145,208,965</u>

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit periods range from 60 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

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

	2022 HK\$	2021 HK\$
Within 2 months	118,341,170	119,388,389
2 to 3 months	3,020,742	9,855,152
Over 3 months	20,381,856	15,965,424
	<u>141,743,768</u>	<u>145,208,965</u>

9. TRADE PAYABLES

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

	2022 HK\$	2021 HK\$
Within 2 months	91,728,581	80,631,010
2 to 3 months	1,013,020	1,660,465
Over 3 months	12,432,506	5,620,152
	<u>105,174,107</u>	<u>87,911,627</u>

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

10. INTEREST-BEARING BANK BORROWINGS

	31 March 2022			31 March 2021		
	Effective interest rate (%)	Maturity	HK\$	Effective interest rate (%)	Maturity	HK\$
Current:						
Bank loans – secured	China LPR + 1%	2023	<u>57,258,840</u>	China LPR + 1%	2022	<u>18,894,201</u>
Non-current:						
Bank loans – secured	China LPR + 1%	2023 - 2025	<u>90,634,555</u>	China LPR + 1%	2022 - 2025	<u>110,804,078</u>
			<u>147,893,395</u>			<u>129,698,279</u>
				2022	2021	
				HK\$	HK\$	
Analysed into:						
Bank loans repayable:						
Within one year or on demand				57,258,840		18,894,201
In the second year				68,067,713		47,500,046
In the third to fifth years, inclusive				22,566,842		63,304,032
				<u>147,893,395</u>		<u>129,698,279</u>

REPORT OF THE CHAIRMAN

The continued COVID-19 pandemic, increasing global inflation and the interest rate hiking cycle in Europe and the United States have increased the risk of an economic downturn, triggering the complexity and uncertainty in domestic and international economic development. Nevertheless, the Healthy China Initiative and the introduction of medical policies by the Chinese Government have brought a favorable macro environment for the medical and healthcare industry in the long run.

Facing the challenges and opportunities, the Group's business made steady progress and high-quality development, achieving revenue of HK\$510.0 million for the Current Financial Year, an increase of HK\$35.7 million over last year. To celebrate the 10th anniversary of the change of the Group's name to "Tianda Pharmaceuticals Limited", the Board recommended the payment of a final dividend of HK0.26 cent per share and a special dividend of HK0.56 cent per share to reward its shareholders for their support and trust over the years.

Looking forward, the Group will continue to execute the strategy of "development of Chinese medicine business as foundation, development of innovative drugs and medical technologies, as well as development of quality medical and healthcare services", implementing the "3D+1S" initiatives (business development (BD), research and development (R&D), investment and development (ID), and marketing & sales (S)) working in tandem to continuously enrich product lines and improve the quality and quantity of R&D projects in the pipeline through external introduction, research and development, and mergers and acquisitions, as well as to identify cutting-edge technologies and products and quality projects worldwide in an effort to achieve high-quality leapfrog development.

For the Chinese medicine business, in the "Outline of the 14th Five-Year Plan and the Vision 2035", China has proposed to promote the inheritance and innovation of Chinese medicine, insist on the equal importance and complementary advantages of Chinese and Western medicine, vigorously develop the Chinese medicine industry and give full play to the unique advantages of Chinese medicine in the prevention, treatment and rehabilitation of diseases. The Group has established a complete traditional Chinese medicine (TCM) industrial chain layout, adopting a variety-centric approach, to focus on domestic and overseas trading of Chinese medicinal materials, production and sales, and distribution of TCM decoction pieces and formula granules, integrating quality resources from upstream to downstream for the industry.

For the Pharmaceuticals and medical technologies business, the Group focuses on products and technology, actively introducing, developing and acquiring innovative drugs, generic drugs, healthcare products, and medical devices for cardiovascular and cerebrovascular, women and children, and respiratory system diseases, oncology and rehabilitation. The new R&D and production base in Jinwan, Zhuhai successfully commenced operations, which is poised to become a pharmaceutical and health industry base with high standard, quality and efficiency through innovation, product lines enrichment and production capacity expansion.

For the Medical and healthcare services, the Group has steadily advanced the development of the modern Chinese medical clinic “TDMall”. Through self-construction, franchising and mergers and acquisitions, the Group’s priority is to expand in the Guangdong-Hong Kong-Macao Greater Bay Area, while making plans for a national and global rollout. In early 2022, amid the fifth wave of the COVID-19 pandemic in Hong Kong, the Group launched the “TDMall Cloud-based Global Anti-epidemic Chinese Medicine Platform” to support the Group’s “Free Consultation and Medicine” charity campaign in Hong Kong, joining hands with charitable organizations and using TDMalls’ exclusive TCM Anti-Epidemic Formulas to provide the public with comprehensive remote Chinese medicine services from prevention, treatment to rehabilitation, as well as launched Chinese medicine services for mitigating long-COVID.

China’s “14th Five-Year Plan” proposes to comprehensively promote the construction of a healthy China, placing the protection of people’s health as a strategic priority for development and providing people with comprehensive life-cycle health services. Adhering to the corporate vision of “Tianda for Health!”, the Group will continue to execute the “Three Developments” strategy, implementating the “3D+1S” initiatives, to inherit and innovate, seize the opportunities, and endeavour to become a leading pharmaceutical enterprise that sets its footholds in China while expanding its presence worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall, the Group's businesses made steady progress and achieved high-quality development, with total revenue of HK\$510.0 million for the year ended 31 March 2022 (the Current Financial Year), representing an increase of HK\$35.7 million or 7.5% year-on-year (yoy).

For the Pharmaceuticals and medical technologies business segment, revenue for the Current Financial Year was HK\$396.1 million, an increase of HK\$38.4 million or 10.7% yoy. The Group's major product, Tuoping@Valsartan capsules, a medicine for cardio-cerebrovascular disease, became the No. 1 product in its category in China by sales quantity as it seized the opportunity of the success in securing first place in the nation's Third Round of Centralized Drug Procurement with Target Quantity to supply nationwide, which increased both sales and brand awareness. Through the integration of sales teams and channels, the Group's medicines, especially the pediatric drugs, Tuoen@Ibuprofen oral suspension and Ibuprofen suspension drops, also achieved satisfactory sales growth. The Group's new R&D and production base in Jinwan, Zhuhai commenced operations and 5 CDMO/CMO contracts were successfully signed.

For the Chinese medicine business segment, the Group continued to perfect its TCM whole-industry-chain layout, including the trading of Chinese medicinal materials, production and sales of TCM decoction pieces and the R&D of TCM. By covering the main production areas in China and utilizing various feasible methods to form mutually beneficial cooperation with partners such as medicinal materials farmers, cooperatives, distributors and pharmaceutical companies, the Group built a nationwide and global business network for the Chinese medicinal materials business. In the first nine months of the Current Financial Year, the Chinese medicine business achieved faster growth. However, the rapidly changing pandemic situation from January through March in 2022 in China affected the transportation, acceptance and testing of Chinese medicinal materials trading business while the productions of some customers had to be temporarily shut down due to the pandemic prevention and control measures. As a result, this segment recorded a decrease in revenue of HK\$5.5 million or 4.9% to HK\$106.5 million for the Current Financial Year compared to last year.

For the Medical and healthcare services segment, revenue for the Current Financial Year was HK\$7.4 million, an increase of HK\$2.7 million or 57.4% yoy. The modern Chinese medical clinic TDMalls have been opened in Zhuhai, Hong Kong and Sydney successively since 2019 with the aim to build the chain operation model under three different local laws and regulations for Chinese medicine. An equity investment cooperation model was adopted for the first time when the Group and a renowned Chinese medicine expert invested in and opened a TDMall together. This model and other ways, including franchising and M&A, will serve as a means of rapid expansion for TDMall. The "TDMall on Cloud", a cloud technology based Chinese medicine platform, played an important role in the "Free Consultation and Medicine" charity campaign held during the Current Financial Year, providing comprehensive remote Chinese medicine service to the public.

Innovation and R&D work continued to progress steadily with R&D expenses of HK\$15.9 million for the Current Financial Year, representing an increase of HK\$4.1 million or 34.7% yoy. Recent developments included: (1) completed the conformity assessment of Ibuprofen suspension projects; (2) completed the study on the material benchmark of three Classic Ancient Prescriptions of Chinese medicines research projects; (3) accelerated the R&D of innovative Chinese medicine projects and started the R&D of products derived from the clinical prescriptions of famous veteran Chinese medicine practitioners; (4) completed the pilot study and pre-BE study for the project of montelukast sodium granules; (5) completed the pharmacological trial study and pre-pilot test of the Nicorandil for injection project; (6) progressed R&D of healthcare products, with three small-molecule food peptide products developed, mass produced and launched, and the development of cosmetics peptide series accelerated.

BD and ID efforts were also stepped up. In the Current Financial Year, the Group strengthened its BD and ID teams with a focus on international perspectives to collect, analyze and screen information on potential domestic and overseas M&A targets in the fields of proprietary Chinese medicines, innovative Chinese medicines, chemical medicines and medical devices, with an aim to acquire hundred-million-dollar enterprises, purchase ten-million-dollar potential products, and bring in innovative scientific research results of Chinese medicines that follow the theory of Chinese medicine and show good clinical value. The Group is in a strong financial position and has sufficient financial resources to support the capital expenditure of BD and ID projects.

OUTLOOK

With China's "14th Five-Year Plan" to comprehensively promote the construction of Healthy China, the medical industry has been presented with both challenges and development opportunities. The Group remains optimistic about the long-term development of the medical industry, especially the Chinese medicine industry. In line with the policy and the development trend of the industry, the Group will follow the "Three Developments" strategy to deepen the layout of the three business segments, comprehensively improve the operational management efficiency, accelerate product introduction and R&D, strengthen business expansion and investment development, and develop multiple business model for high-quality development, so as to strive to become a leading pharmaceutical enterprise that sets its footholds in China while expanding its presence worldwide to make greater contribution to safeguarding the health of mankind.

FINANCIAL REVIEW

For the Current Financial Year, the Group recorded overall business growth, with revenue increasing from HK\$474.3 million last year to HK\$510.0 million in the Current Financial Year. The revenue analysis by business segments is shown in the Business Review section above. Gross profit decreased from HK\$259.0 million last year to HK\$241.2 million in the Current Financial Year, mainly due to the decrease in unit price and gross profit of Tuoping@Valsartan capsules after entering centralized drug procurement program. The decrease in gross profit was offset by the decrease in selling and distribution expenses due to the change in sales model arising from centralized drug procurement program. Selling and distribution expenses decreased from HK\$211.7 million last year to HK\$198.0 million for the Current Financial Year.

Administrative expenses increased from HK\$69.8 million last year to HK\$71.5 million in the Current Financial Year, mainly due to the increase in staff remuneration expenses as the Group expanded its workforce for the development of its three business segments. R&D expenses increased from HK\$11.8 million last year to HK\$15.9 million in the Current Financial Year, with steady progress in innovation and R&D. The latest progress of major R&D projects is shown in the Business Review section above.

Other income and net gains increased from HK\$7.5 million last year to HK\$16.8 million in the Current Financial Year, mainly due to a one-off gain of HK\$12.1 million on disposal of a subsidiary in the Current Financial Year, partially reduced by a one-off goodwill impairment loss of HK\$1.6 million and decrease in the government subsidy income and interest income. Income tax credit increased from HK\$1.5 million last year to HK\$6.3 million in the Current Financial Year mainly due to the overprovision in prior years.

In summary, loss attributable to owners of the parent decreased from HK\$27.1 million last year to HK\$19.8 million for the Current Financial Year. The change in the profitability was mainly attributable to the operating performance of the Group as analysed above.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity continued to stay in a healthy position. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK\$334.0 million (31 March 2021: HK\$235.0 million), of which approximately 97.8% were denominated in Renminbi (RMB) with the remaining in Hong Kong dollar, Australian dollar, Euro and Macau pataca, as well as unutilised bank loan facilities of approximately HK\$16.1 million. As at 31 March 2022, the bank borrowings maturing in one year and maturing within two to five years amounted to HK\$57.3 million and HK\$90.6 million respectively, which were denominated in RMB and bear interest at the rate of China LPR + 1%. Since the borrowings are lesser than the cash and cash equivalents, there is no net debt (total borrowings less cash and cash equivalents) of the Group.

With this strong financial position, the Group has sufficient financial resources to finance its operational and capital expenditures.

EXCHANGE RATE EXPOSURE

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

The Group has sales which use currencies other than its functional currency RMB. As such, the Group has some exposures to foreign currency risks. The management from time to time determines suitable measures, such as entering into forward currency contracts, to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than RMB. The Group did not enter into any forward currency contracts to hedge its foreign currency risks as at 31 March 2022.

CHARGES ON ASSETS

As at 31 March 2022, the Group has pledged certain right-of-use assets and property, plant and equipment with carrying value approximately HK\$274.8 million in aggregate to secure a bank loan facility granted to the Group.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2022, the Group employed approximately 675 employees in Hong Kong, the PRC and Australia. The Group remunerates its employees based on market terms and the qualifications and experience of the employees concerned.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as the disposal of Zhuhai Tianda Realty Limited which was completed on 29 March 2022, there was no material acquisition and disposal of subsidiaries and associated companies during the year ended 31 March 2022.

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

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

CORPORATE GOVERNANCE

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

The Company has complied with the code provisions of the Corporate Governance Code (the CG Code) in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the Listing Rules) during the Current Financial Year except as mentioned below.

Mr. Fang Wen Quan is the Chairman of the Board and the Managing Director of the Company. Pursuant to code provision of A.2.1 of the CG Code, the roles of the chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. Fang Wen Quan has been the key leader of the Group, who has been primarily involved in formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group's operations as he directly supervises the management team of the Group. Taking into account the continuation of the implementation of the Group's business plans, the Directors (including the Independent Non-executive Directors) consider that Mr. Fang Wen Quan acting as both the Chairman of the Board and the Managing Director of the Company is acceptable and in the best interest of the Group. The Board has reviewed this situation periodically.

Since 1 January 2022, certain amendments to the CG Code has come into effect and the requirements under the revised CG Code will apply to all listed issuers for financial years commencing on or after 1 January 2022. The Board will continue to review and enhance the corporate governance practice of the Company to ensure compliance with the revised CG Code and align itself with the latest developments.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all the Directors, they all confirmed that they had complied with the Model Code throughout the year ended 31 March 2022.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on the preliminary announcement.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors and a non-executive Director of the Company. The audit committee has reviewed together with the management and auditors 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 2022.

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

To celebrate the 10th anniversary of the change of the Group's name to "Tianda Pharmaceuticals Limited" and to reward the shareholders for their long term support and trust, the Board has recommended the payment of a final dividend of HK0.26 cent per share (2021: HK0.26 cent) and a special dividend of HK0.56 cent per share (2021: Nil) per share for the year ended 31 March 2022 for the approval of the shareholders at the forthcoming 2022 annual general meeting (AGM). The dates of closure of register of members of the Company for the purpose of determining the identity of shareholders entitled to attend the 2022 AGM and to receive the proposed final dividend and special dividend and the payment date of the said final dividend and special dividend will be announced later.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to the shareholders of the Company for their continued support and sincerely thank the Directors and staffs for their dedication and diligence. I also wish to take this opportunity to express my gratitude to the Group's customers, suppliers and bankers for their ongoing support.

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

Hong Kong, 29 June 2022

As at the date of this announcement, the executive directors are Mr. FANG Wen Quan (Chairman and Managing Director) and Mr. LUI Man Sang; the non-executive directors are Mr. 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.