天大藥業有限公司
TIANDA PHARMACEUTICALS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00455)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

HIGHLIGHTS

– Revenue from continuing operations for the six months ended 30 September 2012 amounted to approximately HK$67.3 million (1H-FY2012: HK$51.6 million). During the same period, revenue from discontinued operations, which were disposed of on 31 August 2012, amounted to approximately HK$101.8 million (1H-FY2012: HK$137.0 million).

– Profit for the period from continuing and discontinued operations attributable to owners of the Company, amounted to HK$24.6 million (1H-FY2012: HK$23.8 million).

– The Group's financial position remains strong with bank balances and cash of approximately HK$407.0 million at 30 September 2012 (31 March 2012: HK$412.1 million).

The board of directors (the "Board") of Tianda Pharmaceuticals Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012, together with the restated comparative figures for the corresponding period in 2011. The results have been reviewed by the Company's audit committee.

The Group's unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of financial position and explanatory notes as presented below are extracted from the Group's unaudited condensed consolidated interim financial information for the six months ended 30 September 2012, which has been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Notes	Six months ended 30 September 2012 HK$ (Unaudited)	2011 HK$ (Unaudited) (Restated)
Continuing operations			
Revenue	3	**67,307,603**	51,643,979
Cost of sales		**(17,467,402)**	(12,940,649)
Gross profit		**49,840,201**	38,703,330
Other income, gains and losses		**2,108,529**	3,987,459
Distribution and selling expenses		**(8,985,516)**	(853,331)
Administrative expenses		**(13,143,283)**	(8,350,747)
Research and development costs		**(783,524)**	(676,422)
Change in fair value of derivative financial instruments		**914,046**	–
Profit before tax	4	**29,950,453**	32,810,289
Income tax expense	5	**(4,666,127)**	(6,831,663)
Profit for the period from continuing operations		**25,284,326**	25,978,626
Discontinued operations			
Profit for the period from discontinued operations, net of tax		**16,936,760**	18,476,556
Profit for the period		**42,221,086**	44,455,182
Other comprehensive income			
Exchange difference arising on translation		**(1,471,214)**	10,740,088
Reclassification upon disposal of subsidiaries and an associate		**(5,036,086)**	–
Fair value gain on available-for-sale investments		**209**	–
Other comprehensive (expense) income for the period		**(6,507,091)**	10,740,088
Total comprehensive income for the period		**35,713,995**	55,195,270

	Notes	Six months ended 30 September **2012** **HK$** **(Unaudited)**	2011 *HK$* (Unaudited) (Restated)
Profit for the period attributable to the owners of the Company			
– Profit for the period from continuing operations		**11,193,445**	12,640,996
– Profit for the period from discontinued operations		**13,364,921**	11,199,777
		24,558,366	23,840,773
Profit for the period attributable to non-controlling interests			
– Profit for the period from continuing operations		**14,090,881**	13,337,630
– Profit for the period from discontinued operations		**3,571,839**	7,276,779
		17,662,720	20,614,409
Total comprehensive income for the period attributable to:			
Owners of the Company		**18,339,788**	31,516,071
Non-controlling interests		**17,374,207**	23,679,199
		35,713,995	55,195,270
		HK cents	*HK cents*
Basic earnings per share	7		
From continuing and discontinued operations		**1.31**	1.27
From continuing operations		**0.60**	0.68

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2012

	Notes	**30 September 2012** ***HK$*** **(Unaudited)**	31 March 2012 *HK$* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**116,311,658**	21,998,297
Prepaid lease payments		**90,783,205**	3,922,633
Goodwill	*9*	**107,353,280**	6,587,152
Intangible assets	*10*	**93,036,020**	–
Rental deposit		**1,378,684**	1,378,684
		408,862,847	33,886,766
CURRENT ASSETS			
Inventories		**32,147,227**	7,846,402
Trade and other receivables	*11*	**15,831,014**	4,469,252
Prepaid lease payments		**3,100,880**	97,530
Available-for-sale investments		**2,486,532**	–
Other financial assets		**914,046**	–
Bank deposits	*12*	**263,337,611**	322,548,263
Bank balances and cash	*12*	**143,639,666**	89,594,058
		461,456,976	424,555,505
Disposal groups classified as held-for-sale		**–**	549,402,661
		461,456,976	973,958,166

	Notes	30 September 2012 HK$ (Unaudited)	31 March 2012 HK$ (Audited)
CURRENT LIABILITIES			
Trade and other payables	*13*	**45,336,871**	12,787,102
Government grants – current portion		**364,513**	365,823
Amount due to ultimate holding company	*15(a)*	**2,321,880**	–
Amounts due to a related company	*15(b)*	**1,056,220**	–
Tax payable		**5,999,084**	7,222,354
		55,078,568	20,375,279
Liabilities associated with disposal groups classified as held-for-sale		**–**	114,602,492
		55,078,568	134,977,771
NET CURRENT ASSETS		**406,378,408**	838,980,395
TOTAL ASSETS LESS CURRENT LIABILITIES		**815,241,255**	872,867,161
NON-CURRENT LIABILITIES			
Government grants – non-current portion		**1,093,537**	1,280,382
Deferred tax liabilities		**45,792,830**	1,641,120
		46,886,367	2,921,502
		768,354,888	869,945,659
CAPITAL AND RESERVES			
Share capital	*14*	**187,011,816**	187,011,816
Reserves		**529,977,386**	497,255,269
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale		**–**	18,690,228
Equity attributable to owners of the Company		**716,989,202**	702,957,313
Non-controlling interests		**51,365,686**	166,988,346
Total equity		**768,354,888**	869,945,659

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Upon the shareholders' approval at extraordinary general meeting of the Company held on 22 June 2012, the name of the Company was changed from "Tianda Holdings Limited 天大控股有限公司" to "Tianda Pharmaceuticals Limited 天大藥業有限公司" with effect from 3 September 2012.

On 30 March 2012, the Group entered into five sale and purchase agreements ("Asset Swap Agreement") with Tianda Group Limited ("Tianda Group"), the ultimate holding company of the Company, to dispose of its mineral resources business and packaging and printing business in exchange for business relating to manufacture and sales of pharmaceutical and biotechnology products ("Asset Swap"), so as to realign the Group's business focus and resources in the pharmaceutical and biotechnology business in line with the Group's latest business strategy. The transaction was approved by independent shareholders of the Company on 22 June 2012 and the transaction has been completed on 31 August 2012.

In preparing the Group's annual financial statements for the year ended 31 March 2012, the assets and liabilities attributable to the mineral resources business and packaging and printing business had been classified as disposal groups held-for-sale and were presented separately in the consolidated statement of financial position as at 31 March 2012. Profit for the year from the mineral resources business and packaging and printing business had been presented as profit for the year from discontinued operations and were presented separately in the consolidated statement of comprehensive income. Accordingly, in preparing the condensed consolidated financial statements for the six months ended 30 September 2012, the comparative figures of the condensed consolidated statement of comprehensive income have been restated to reflect the presentation of the mineral resources business and packaging and printing business as discontinued operations.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012. In addition, the Group has applied for the first time, the following accounting policy relating to the foreign currency forward contracts entered into by the Group in the current interim period:

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

In the current interim period, the Group has also applied, for the first time, certain amendments to Hong Kong Financial Reporting Standard ("HKFRS") issued by the HKICPA which are effective to the Group's accounting periods beginning on or after 1 April 2012.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following amendments have been issued after the date the consolidated financial statements for the year ended 31 March 2012 were authorised for issuance and are not yet effective.

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

[1] Effective for annual periods beginning on or after 1 January 2013

Other than as disclosed in the Group's annual financial statements for the year ended 31 March 2012, the Directors anticipate that the application of other new or revised standards will have no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. 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. Before the completion of the Asset Swap, the Group had three operating and reportable segments: pharmaceutical and biotechnology business, mineral resources business as well as packaging and printing business.

As explained in note 1, the mineral resources business and packaging and printing business have been classified as discontinued operations in the financial year ended 31 March 2012. Upon completion of the Asset Swap, in current interim period, the Group focuses on pharmaceutical and biotechnology business and the CODM reviews the financial performance of this business as a whole for allocating resources and assessing performance. Since then, the Group has only one operating segment. In addition, the CODM no longer reviews the segment assets and segment liabilities. The segment information reported below does not include any amounts for those discontinued operations.

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

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited) (Restated)
REVENUE – EXTERNAL	**67,307,603**	51,643,979
SEGMENT PROFIT	**30,663,335**	29,945,100
Other income and gains	**2,784,945**	1,521,102
Unallocated expenses	**(8,163,954)**	(5,487,576)
Profit for the period from continuing operations	**25,284,326**	25,978,626

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

4. PROFIT BEFORE TAX

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**296,549**	48,031
Amortisation of intangible assets (included in cost of sales)	**972,858**	–
Depreciation of property, plant and equipment	**1,351,901**	1,282,581
Bank interest income	**(2,069,345)**	(1,518,572)
Net foreign exchange loss(gain)	**1,393,573**	(543,852)

5. INCOME TAX EXPENSE

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

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 periods.

Pursuant to the relevant laws and regulations in the PRC, Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng"), a subsidiary of the Company, is engaged in Western China Development and is entitled to a preferential tax rate of 15% for both periods. The tax rate of the other PRC subsidiaries is 25%.

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited)
		(Restated)
Continuing operations		
Current tax:		
PRC enterprise income tax	**3,412,751**	5,288,118
Deferred tax:		
Current year	**1,253,376**	1,543,545
	4,666,127	6,831,663

6. DIVIDENDS

During the current interim period, a final dividend of HK0.47 cent per share in respect of the year ended 31 March 2012 (a final dividend of HK0.72 cent per share and special dividend of HK0.66 cent per share in respect of the year ended 31 March 2011) was paid to the owners of the Company. The aggregate amount of the final dividend paid in the current interim period amounted to approximately HK$8,790,000 (six months ended 30 September 2011: HK$25,808,000).

The directors of the Company do not recommend the payment of an interim dividend in current period (2011: Nil).

7. BASIC EARNINGS PER SHARE

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

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to the owners of the Company	**24,558,366**	23,840,773
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings per share	**1,870,118,160**	1,870,118,160

From continuing operations

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

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**24,558,366**	23,840,773
Less: profit for the period from discontinued operations attributable to the owners of the Company	**13,364,921**	11,199,777
Profit for the purpose of basic earnings per share from continuing operations	**11,193,445**	12,640,996

The denominators used are the same as those detailed above for the basic earnings per share from continuing and discontinued operations.

From discontinued operations

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

	Six months ended 30 September	
	2012	2011
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit for the purpose of basic earnings per share from discontinued operations	**13,364,921**	11,199,777
Basic earnings per share from discontinued operations	**0.71 cent**	0.59 cent

The denominators used are the same as those detailed above for the basic earnings per share from continuing and discontinued operations.

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

8. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment in the current interim period amounted to HK$3,625,621 (six months ended 30 September 2011: HK$4,680,462).

Included in property, plant and equipment at 30 September 2012 is an amount of HK$91,547,605 which was acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012, comprising mainly a factory building located on a piece of land in PRC with medium term lease of 40 years.

9. GOODWILL

	Meng Sheng	**Cheng Cheng**	**Tianda Zhuhai**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
COST				
At 1 April 2011, restated	6,363,819	43,039,908	–	49,403,727
Exchange realignment	223,333	1,510,455	–	1,733,788
Transfer to disposal group classified as held-for-sale	–	(44,550,363)	–	(44,550,363)
At 31 March 2012 and 1 April 2012	6,587,152	–	–	6,587,152
Exchange realignment	(23,604)	–	698,734	675,130
Arising on acquisition of subsidiaries	–	–	100,090,998	100,090,998
At 30 September 2012	6,563,548	–	100,789,732	107,353,280

For the purposes of impairment testing, the goodwill and intangible assets at 30 September 2012 has been allocated to two cash generating units (the "CGU") representing two PRC subsidiaries, (1) Meng Sheng, and (2) Tianda Pharmaceuticals (Zhuhai) Limited ("Tianda Zhuhai"), both engaged in the sales of pharmaceuticals and biotechnology products. The management of the Group determines that there is no impairment of the CGUs containing goodwill and intangible assets.

10. INTANGIBLE ASSETS

	Licenses and permits *HK$* (Unaudited)
COST	
Arising on acquisition on subsidiaries	93,342,909
Exchange adjustments	674,744
At 30 September 2012	94,017,653
AMORTISATION	
Provided for the period	972,858
Exchange adjustments	8,775
At 30 September 2012	981,633
CARRYING VALUE	
At 30 September 2012	93,036,020

Intangible assets represent various licenses and permits acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012.

Tianda Zhuhai has obtained medicine production licences and permits that used to manufactured and sale the medicine and drugs. The licenses and permits are granted by Guangdong Food and Medicine Supervision and Administration Bureau and subject to be renewal every 5 years.

Amortisation is provided to write off the cost of the licenses and permits using the straight-line method over the estimated useful life of the licenses and permits. In the opinion of the directors of the Company, the licenses and permits can be renewed by the Group without significant cost.

11. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 30 to 60 days to certain trade customers. The aging analysis of trade and bill receivables, including those classified as held-for-sale as at 31 March 2012, is presented based on the invoice date at the end of the reporting date:

	30 September 2012 *HK$* **(Unaudited)**	31 March 2012 *HK$* (Audited)
Trade receivables		
0–60 days	**9,342,368**	10,840,158
Over 60 days	**1,693,216**	12,246,604
	11,035,584	23,086,762
Bill receivables		
0–60 days	**833,086**	–
Total trade and bill receivables	**11,868,670**	23,086,762

12. BANK DEPOSITS, BANK BALANCES AND CASH

The bank deposits, which comprise short-term fixed deposits with original maturity of 0.5–3 months (31 March 2012: 1–6 months), carry market interest rates ranging from 0.5% to 2.9% (31 March 2012: 0.1% to 3.3%) per annum.

Bank balances carry variable interest at market rates which range from 0.01% to 0.5% per annum for both periods.

The Group's bank deposits, bank balances and cash excluding those classified as held-for-sale as at 31 March 2012 that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	30 September 2012 *HK$* **(Unaudited)**	31 March 2012 *HK$* (Audited)
Hong Kong Dollars	**132,009,589**	226,048,392
United States Dollars	**133,260,919**	34,236,526
Euro	**9,439**	–
Australian Dollars	**1,023,917**	–

13. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade and note payables, including those classified as held-for-sale as at 31 March 2012, based on the invoice date at the end of the reporting date:

	30 September 2012 *HK$* **(Unaudited)**	31 March 2012 *HK$* (Audited)
Trade payables		
Within 60 days	**8,234,096**	20,255,230
61–90 days	**920,569**	1,234,199
Over 90 days	**1,846,719**	4,529,381
	11,001,384	26,018,810
Note payables		
Within 60 days	**–**	18,354,058
61–90 days	**–**	7,644,392
	–	25,998,450
Total trade and note payables	**11,001,384**	52,017,260

14. SHARE CAPITAL

	Number of shares	**Amount** *HK$*
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2012 and at 30 September 2012	4,000,000,000	400,000,000
Issued and fully paid:		
At 1 April 2012 and at 30 September 2012	1,870,118,160	187,011,816

15. RELATED PARTY TRANSACTIONS

(a) Amount due to ultimate holding company

	30 September 2012 *HK$* **(Unaudited)**	31 March 2012 *HK$* (Audited)
Non-trade balances	**2,321,880**	–

Amounts represent balances with the ultimate holding company of the Company, Tianda Group. The amount is unsecured, non-interest bearing and repayable on demand.

(b) Amount due from (to) related companies

Due from related companies:

	30 September 2012	31 March 2012
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade balances	**–**	43,582,841

As at 31 March 2012, the Group's amounts due from related companies, which are either subsidiary or jointly controlled entity of the non-controlling shareholder with significant influence over a subsidiary of the Company, were trading in nature, unsecured, non-interest bearing and with an average credit term of 60 days. The amount arose from sales of packaging and printing products and had been classified as held-for-sale. The following is an aged analysis of the amount due from related parties presented based on the invoice date at the end of the reporting period:

	30 September 2012	31 March 2012
	HK$	*HK$*
	(Unaudited)	(Audited)
0–60 days	**–**	43,214,751
Over 60 days	**–**	368,090
	–	43,582,841

Due to related companies:

	30 September 2012	31 March 2012
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade balances	**(1,056,220)**	(790,755)

As at 30 September 2012, the Group's amounts due to a related company, which is a subsidiary of the ultimate holding company of the Company, are trading in nature, and arose from purchase of materials for pharmaceuticals and biotechnology products (31 March 2012: purchase of materials for packaging and printing products). The amount at 31 March 2012 had been classified as held-for-sale. The whole amount as at 30 September 2012 and 31 March 2012 are aged within 90 days. The amounts are unsecured, non-interest bearing and with credit term ranged from 30 days to 120 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 31 August 2012, the Company completed a set of transactions with Tianda Group Limited, the ultimate holding company of the Company, for the restructuring and refinement of the Group's core business to focus on pharmaceutical and biotechnology business (the "Business Restructuring"). Upon completion of the Business Restructuring, the Company acquired the entire equity in Tianda Pharmaceuticals Limited ("Tianda Pharmaceuticals (BVI)"), which in turn holds Tianda Pharmaceuticals (HK) Group and Tianda Biotech Group (collectively as "Tianda Pharmaceuticals Group" hereafter), while the Company disposed of its interests in the packaging and printing business and the mining and energy business. More details of the Business Restructuring are set out in the circular of the Company dated 30 May 2012. Accordingly, the results of the packaging and printing business and the mining and energy business have been accounted for as discontinued operations for the six months ended 30 September 2012 ("1H-FY2013") with the comparative figures for the six months ended 30 September 2011 ("1H-FY2012") restated. The results of the continuing operations for 1H-FY2013 consisted of those of the pharmaceutical and biotechnology business.

For 1H-FY2013, the Group recorded revenue of HK$67.3 million, representing an increase of approximately 30.4% as compared to HK$51.6 million for 1H-FY2012. The significant increase in revenue was mainly attributable to the inclusion of sales of Tianda Pharmaceuticals Group from 1 September 2012 onward, which contributed approximately HK$9.4 million for 1H-FY2013, upon completion of the Business Restructuring. In addition, Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical") recorded revenue of HK$57.9 million for 1H-FY2013, representing an increase of approximately 12.2% as compared to HK$51.6 million for 1H-FY2012.

Gross profit for 1H-FY2013 amounted to HK$49.8 million, representing an increase of approximately 28.7% from HK$38.7 million for 1H-FY2012. Gross profit margin for 1H-FY2013 was approximately 74.0%. If the amortisation of medical licenses and permits, which were acquired under the Business Restructuring, of approximately HK$973,000 was excluded, the gross profit margin would have increased from 74.9% for 1H-FY2012 to 75.5% for 1H-FY2013. As compared to 1H-FY2012, distribution and selling expenses and administrative expenses increased upon consolidation of Tianda Pharmaceuticals Group as well as increases in various expenses by Meng Sheng Pharmaceutical and at the corporate level for 1H-FY2013.

Profit attributable to owners of the Company from continuing operations for 1H-FY2013 amounted HK$11.2 million while for 1H-FY2012 was HK$12.6 million.

The results of discontinued operations for 1H-FY2013 consisted of those of the packaging and printing business as well as the mining and energy business. For 1H-FY2013, profit from the packaging and printing business was HK$8.0 million while for 1H-FY2012, profit from the packaging and printing business was HK$19.3 million. The gross profit margin of printing and packaging business dropped from 27.8% in 1H-FY2012 to 20.0% in 1H-FY2013. Besides, only five-month results were accounted for in the Group's consolidated accounts for 1H-FY2013 compared with six-month results were recorded for 1H-FY2012. These resulted in a decrease in profit for the period from the packaging and printing business. For mining and energy business, it recorded a profit of HK$1.1 million for 1H-FY2013 while there was a loss of HK$0.8 million in 1H-FY2012. During 1H-FY2013, the Group disposed of one of the exploration rights in Yunnan Province and recorded a gain of disposal of approximately HK$2.4 million. For 1H-FY2013, the Group recognized a gain on disposal of subsidiaries of HK$7.9 million for the discontinued operations. Overall, the profit from discontinued operations decreased from HK$18.5 million to HK$16.9 million. If the above one-off disposals in 1H-FY2013 were excluded, the profit from discontinued operations would have been decreased by 64.3% from HK$18.5 million in 1H-FY2012 to HK$6.6 million in 1H-FY2013.

Profit attributable to owners of the Company for 1H-FY2013 amounted to HK$24.6 million. This compares to that for 1H-FY2012 of HK$23.8 million and representing an increase of 3.4%. Earnings per share for 1H-FY2013 was HK1.31 cents while for 1H-FY2012 was HK1.27 cents.

Business Review

Pharmaceutical and Biotechnology

On 31 August 2012, the Company completed the Business Restructuring. Upon completion of the Business Restructuring, the Company acquired the entire equity in Tianda Pharmaceuticals Group. Since then, the Group's pharmaceutical and biotechnology business was carried out through Tianda Pharmaceuticals Group, where the production base and research and development centre is located in Zhuhai, Guangdong Province, and Meng Sheng Pharmaceutical, which is located in Kunming, Yunnan Province.

Tianda Pharmaceuticals Group

The Group started to consolidate the results of Tianda Pharmaceuticals Group from 1 September 2012. Tianda Pharmaceuticals Group is principally engaged in research, development, production and sales of pharmaceutical and healthcare products in Hong Kong, the PRC and Australia. Revenue and profit for the period included in the Group's consolidated statement of comprehensive income amounted to approximately HK$9.4 million and HK$1.2 million respectively.

Meng Sheng Pharmaceutical

The Group owned 55% of equity interest in Meng Sheng Pharmaceutical. During 1H-FY2013, Meng Sheng Pharmaceutical recorded a revenue of approximately HK$57.9 million, representing an increase of 12.2% over that for 1H-FY-2012. Gross profit margin and net profit of Meng Sheng Pharmaceutical were 77.3% and HK$29.5 million for 1H-FY2013 while for 1H-FY2012 were 74.9% and HK$29.9 million.

During 1H-FY2013, the revenue contributed by the flagship product, Cerebroprotein Hydrolysate for Injection, amounted to HK$53.3 million, representing an increase of 16.6% from HK$45.7 million in 1H-FY2012. Despite the inflationary pressure and the notably rise in cost of sales, Meng Sheng Pharmaceutical was able to relief the pressure through increase in the selling prices almost among all the products.

Packaging and Printing

During 1H-FY2013, the Group had three investments in packaging and printing business, namely, Cheng Cheng Printing Group (which mainly consisted of 60% equity interest in Zhuhai S.E.Z. Cheng Cheng Printing Co., Ltd.), 25% equity interest in Yunnan Huaning Xingning Colour Material Printing Co.,Ltd. ("Xingning Printing") and 18.75% equity interest in Yuxi Globe Colour Printing Carton Co., Ltd. ("Globe Printing"). All these companies are principally engaged in the printing of cigarette boxes and packs, and Cheng Cheng Printing Group is also engaged in the printing of instruction leaflets and packaging boxes for pharmaceuticals and other consumer products.

All these three investments were disposed of on 31 August 2012 and the results of the packaging and printing business ceased to be consolidated into the Group's account since then. The disposal of the packaging and printing business resulted in a gain of approximately HK$5.3 million.

Cheng Cheng Printing Group

For 1H-FY2013, revenue and profit for the period of Cheng Cheng Printing Group included in the Group's accounts amounted to approximately HK$101.8 million and HK$7.1 million respectively. For 1H-FY2012, the corresponding amounts were approximately HK$137.0 million and HK$18.1 million respectively. The revenue and profit of 1H-FY2013 only comprised of five-month results till 31 August 2012 when the disposal of Cheng Cheng Printing Group was completed. As a result of keen competition and rise in the costs of sales like material costs, the gross profit margin decreased from 27.8% in 1H-FY2012 to 20.0% in 1H-FY2013.

Xingning Printing

Xingning Printing reported the share of its results for 1H-FY2013 amounted to HK$946,000. The corresponding contribution from Xingning Printing for 1H-FY2012 was HK$847,000.

Globe Printing

The Group has an equity interest of 18.75% in Globe Printing and accounted it as an investment in an investee company. Globe Printing usually distributed dividends in the first quarter of a year and no dividend income was received during 1H-FY2013 (1H-FY2012: nil).

Mining and Energy

During 1H-FY2013, the Group operated its mining and energy business through its two non-wholly owned subsidiaries, namely, Yunnan Tianda Mining Ltd. and Gansu Tianda Mining Ltd., in both of which the Group has an effective equity interest of 51%. The relevant tenements were still under various phases of general geological survey and no revenue had yet been generated. The mining and energy business was disposed of on 31 August 2012 and no longer consolidated into the Group's account from 31 August 2012 onward. Upon disposal, the Group recognized a gain of approximately HK$2.6 million.

Profit for 1H-FY2013 from this business segment amounted to approximately HK$1.1 million while that for 1H-FY2012 a loss of HK$0.8 million was recorded. The profit was mainly contributed by disposal of an exploration right of a tenement in Dongchuan District, Yunnan Province.

OUTLOOK

Subsequent to the Business Restructuring, the Company has changed its name to "Tianda Pharmaceuticals Limited" to reflect its focused core activities on pharmaceutical and biotechnology business. The management firmly believes that the Group can leverage its years of experience and extensive network to further develop the pharmaceutical and biotechnology business. Moreover, it is anticipated that the injection of Tianda Pharmaceuticals Group will bring in a great deal of synergies and increase the competitiveness of the Group on a number of aspects. With a clear and focused direction, the management has developed a series of strategies to capitalize on the opportunities ahead.

Products Development

The Business Restructuring has enriched the Group's product variety covering cardio and cerebrovascular drugs, pediatric drugs, cold and respiratory system drugs, anti-infective drugs, detoxification drugs and other products. The Group will continue to expand the product portfolio by researching and developing both Chinese and Western medicines. With a market-driven approach, the research and development team will continuously enhance existing products' production craftsmanship and efficacy, such as Cerebroprotein Hydrolysate for Injection, Zhikang Granules etc and at the same time develop medicines with prospective market potentials, such as anti-diabetic and anti-neoplastic drugs etc, by collaborating with reputable institutes and scientists. To cope with the increase in demand for the Group's pharmaceutical products, newly purchased equipment has been added to existing production lines and plan to install a new production line for the production of Cerebroprotein Hydrolysate for Injection is underway.

Sales & Marketing

With the injection of Tianda Pharmaceuticals Group, Meng Sheng Pharmaceutical can share the national sales force of Tianda Pharmaceuticals Group, enabling the Group to eliminate the reliance on external distributors and thereby increasing the overall profitability. At the same time, the Group will take a more aggressive approach to penetrate into some targeted overseas markets, such as India, Australia, Thailand, Russia and Dominican Republic.

Strategic Partners and Acquisition Opportunities

To fully utilize its competitive edge, the Group will proactively seek collaboration opportunities with leading industry players in the healthcare industry. Other than organic growth, the Group will also pursue acquisition opportunities to further expand the business.

The management firmly believes that the recent Business Restructuring has laid a solid foundation for the development of the Group. The Company will further reinforce its management in order to grow stronger and bigger quickly and to maximize the returns for shareholders.

Liquidity and financial resources

The Group's liquidity continued to stay in a healthy position. As at 30 September 2012, the Group had cash and bank balances of approximately HK$407.0 million (31 March 2012: HK$412.1 million), of which approximately 32.4%, 32.7% and 34.6% were denominated in Hong Kong dollar, United States dollar and Renminbi respectively with the remaining in Australian dollar and Euro. As in the past, the Group has no external borrowings during the period under review. With this strong financial position, 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, which it mitigates by entering into forward currency contracts designed to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than the Renminbi.

Charges on assets

The Group did not have any charges on assets as at 30 September 2012.

Employment and remuneration policy

As at 30 September 2012, the Group employed approximately 511 employees in Hong Kong, the Mainland China and Australia. The Group remunerates its employees based on market terms, and the qualifications and experience of the employees concerned.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has met the code provisions of the Code on Corporate Governance Practices note ("the Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") during the six months period ended 30 September 2012 except the following deviations.

Pursuant to Code provision A.2.1, 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 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.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors ("the Model Code") of Listed Issuers 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 of the Company, they all confirm that they have compiled with the Model Code throughout the six months ended 30 September 2012.

Audit Committee

The audit committee of the Company comprises three independent non-executive directors. The audit committee has reviewed, together with the management of the Company and the Company's independent auditor, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the unaudited interim results for the six months ended 30 September 2012.

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

Hong Kong, 26 November 2012

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