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 2013

HIGHLIGHTS

– Revenue from continuing operations for the Period Under Review amounted approximately to HK$124.3 million, which compares to HK$67.3 million for Last Corresponding Period and HK$112.9 million for the 6 Months Preceding Period Under Review representing an increase of 84.7% and 10.1% respectively. There was no revenue from Discontinued Operations during the Period Under Review (Last Corresponding Period: HK$101.8 million).

– Profit for the period attributable to owners of the Company from continuing operations amounted approximately to HK$15.8 million, representing an increase of 41.1% from HK$11.2 million for Last Corresponding Period and an increase of 19.9% from HK$13.2 million for 6 Months Preceding Period Under Review. There was no profit attributable to owners of the Company from Discontinued Operations during the Period Under Review (Last Corresponding Period: HK$13.4 million including HK$9.1 million from one-off items).

– The Group's bank balances and cash slightly increased to HK$433.4 million (31 March 2013: HK$426.1 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 2013, together with the comparative figures for the corresponding period in 2012. The results have been reviewed by the Company's audit committee.

The Group's unaudited condensed consolidated statement of profit or loss and other 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 statements for the six months ended 30 September 2013, 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 september 2013

	NOTES	Six months ended 30 September 2013 HK$ (Unaudited)	2012 HK$ (Unaudited)
Continuing operations			
Revenue	3	**124,329,645**	67,307,603
Cost of sales		**(43,755,701)**	(17,467,402)
Gross profit		**80,573,944**	49,840,201
Other income		**3,842,188**	3,502,094
Other gains and losses		**(849,282)**	(1,393,565)
Distribution and selling expenses		**(20,101,218)**	(8,985,516)
Administrative expenses		**(22,861,167)**	(13,143,283)
Research and development costs		**(798,041)**	(783,524)
Change in fair value of derivative financial instruments		**–**	914,046
Profit before tax		**39,806,424**	29,950,453
Income tax expense	4	**(8,040,798)**	(4,666,127)
Profit for the period from continuing operations	5	**31,765,626**	25,284,326
Discontinued operations			
Profit for the period from discontinued operations, net of tax		**–**	16,936,760
Profit for the period		**31,765,626**	42,221,086
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation		**9,616,396**	(1,471,214)
Reclassification upon disposal of subsidiaries and an associate		**–**	(5,036,086)
Fair value gain on available-for-sale investments		**–**	209
Other comprehensive income (expense) for the period		**9,616,396**	(6,507,091)
Total comprehensive income for the period		**41,382,022**	35,713,995

	NOTES	Six months ended 30 September **2013** **HK$** **(Unaudited)**	2012 HK$ (Unaudited)
Profit for the period attributable to the owners of the Company			
– Profit for the period from continuing operations		**15,799,443**	11,193,445
– Profit for the period from discontinued operations		**–**	13,364,921
		15,799,443	24,558,366
Profit for the period attributable to non-controlling interests			
– Profit for the period from continuing operations		**15,966,183**	14,090,881
– Profit for the period from discontinued operations		**–**	3,571,839
		15,966,183	17,662,720
		31,765,626	42,221,086
Total comprehensive income for the period attributable to:			
Owners of the Company		**24,427,517**	18,339,788
Non-controlling interests		**16,954,505**	17,374,207
		41,382,022	35,713,995
		HK cent	*HK cents*
Basic earnings per share	7		
From continuing and discontinued operations		**0.84**	1.31
From continuing operations		**0.84**	0.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 september 2013

	NOTES	30 September 2013 HK$ (Unaudited)	31 March 2013 HK$ (Audited) (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**119,310,319**	117,967,780
Prepaid lease payments		**90,423,742**	90,761,957
Goodwill	9	**113,202,437**	111,948,900
Intangible assets	10	**93,434,859**	98,765,832
Rental deposit		**1,378,684**	1,378,684
Deposit for acquisition of property, plant and equipment		**9,113,666**	7,202,187
		426,863,707	428,025,340
CURRENT ASSETS			
Inventories		**31,239,702**	33,309,688
Trade and bills receivables and other receivables	11	**28,479,131**	27,130,041
Prepaid lease payments		**3,197,277**	3,153,484
Bank deposits	12	**260,552,369**	243,456,573
Bank balances and cash	12	**172,816,088**	182,682,184
		496,284,567	489,731,970
CURRENT LIABILITIES			
Trade and other payables	13	**51,595,317**	55,025,764
Dividend payable		**5,769,180**	–
Government grants - current portion		**375,844**	370,696
Amount due to a related company	15	**837,462**	926,236
Dividend payable to non-controlling shareholders		**–**	28,016,609
Tax payable		**8,612,637**	11,363,415
		67,190,440	95,702,720
NET CURRENT ASSETS		**429,094,127**	394,029,250
TOTAL ASSETS LESS CURRENT LIABILITIES		**855,957,834**	822,054,590

	NOTES	30 September 2013 HK$ (Unaudited)	31 March 2013 HK$ (Audited) (Restated)
NON-CURRENT LIABILITIES			
Government grants - non-current portion		**751,688**	926,740
Deferred tax liabilities		**46,291,918**	45,928,160
		47,043,606	46,854,900
		808,914,228	775,199,690
CAPITAL AND RESERVES			
Share capital	*14*	**187,011,816**	187,011,816
Reserves		**567,743,490**	550,983,457
Equity attributable to owners of the Company		**754,755,306**	737,995,273
Non-controlling interests		**54,158,922**	37,204,417
Total equity		**808,914,228**	775,199,690

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").

On 30 March 2012, the Company entered into five sale and purchase agreements ("Asset Swap Agreement") with Tianda Group Limited to dispose of its mineral resources business and packaging and printing business in exchange for pharmaceutical and biotechnology business ("Asset Swap"). The transaction was completed on 31 August 2012. Profit for the period ended 30 September 2012 from the mineral resources business and packaging and printing business have been, therefore, presented as profit for the period from discontinued operations and are presented separately in the condensed consolidated statement of profit or loss and other comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has also applied, for the first time, certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in this 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. 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. The Group has only one operating segment. In addition, the CODM is of opinion that the presentation of assets and liabilities in accordance with the operating segments is not meaningful as the CODM monitored the Group's assets and liabilities as a whole which is more efficient and effective. Accordingly, no segment assets and liabilities are presented.

The operating segments regarding the mineral resources business and packaging and printing business were discontinued last year. The segment information reported below does not include any amounts for these discontinued operations.

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

	Six months ended 30 September	
	2013	2012
	HK$	*HK$*
	(Unaudited)	(Unaudited)
REVENUE - EXTERNAL	**124,329,645**	67,307,603
SEGMENT PROFIT	**38,016,670**	30,663,335
Other income	**1,638,273**	2,784,945
Other gains and losses	**(824,658)**	(1,393,573)
Unallocated expenses	**(7,064,659)**	(6,770,381)
Profit for the period from continuing operations	**31,765,626**	25,284,326

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 other gains and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

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 periods. 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.

The tax rate of the People's Republic of China ("PRC") subsidiaries of the Group is 25%, except Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng"), a subsidiary of the Group, which is established in the Kunming economic open zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng is engaged in Western China Development and is entitled to a preferential tax rate of 15% for both periods.

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

	Six months ended 30 September	
	2013	2012
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax:		
PRC enterprise income tax	**7,912,779**	3,412,751
Deferred tax:		
Current period	**128,019**	1,253,376
	8,040,798	4,666,127

5. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Continuing operations		
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**3,262,013**	1,351,901
Amortisation		
– intangible assets	**6,041,778**	972,858
– prepaid lease payments	**1,565,694**	296,549
Bank interest income	**(2,279,544)**	(2,069,345)
Net foreign exchange loss	**824,721**	1,393,573

6. DIVIDENDS

During the current interim period, a final dividend of HK0.41 cent per share in respect of the year ended 31 March 2013 (a final dividend of HK0.47 cent per share in respect of the year ended 31 March 2012) was approved at the annual general meeting of the Company. The aggregate amount of the final dividend paid/payable to the owners of the Company in the current interim period amounted to HK$7,667,484 (six months ended 30 September 2012: HK$8,789,555).

The directors of the Company resolved not to declare an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: 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	
	2013	2012
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to the owners of the Company	**15,799,443**	24,558,366

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	
	2013	2012
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	**15,799,443**	24,558,366
Less: profit for the period from discontinued operations	**–**	13,364,921
Profit for the purpose of basic earnings per share from continuing operations	**15,799,443**	11,193,445
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

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$3,064,335 (six months ended 30 September 2012: HK$3,625,621).

9. GOODWILL

	Meng Sheng HK$	Tianda Pharmaceuticals (Zhuhai) HK$	Tianda Pharmaceuticals (Australia) HK$	Total HK$
COST				
At 1 April 2012 (audited)	6,587,152	–	–	6,587,152
Exchange realignment	87,741	2,493,073	–	2,580,814
Arising on acquisition of subsidiaries	–	99,894,629	–	99,894,629
Arising on acquisition of business, as restated	–	–	2,886,305	2,886,305
At 31 March 2013 and 1 April 2013, as restated (audited)	6,674,893	102,387,702	2,886,305	111,948,900
Exchange realignment	92,695	1,476,704	(315,862)	1,253,537
At 30 September 2013 (unaudited)	6,767,588	103,864,406	2,570,443	113,202,437

For the purposes of impairment testing, the goodwill and intangible assets at 30 September 2013 have been allocated to three cash generating units (the "CGUs"), namely Meng Sheng, Tianda Pharmaceuticals (Zhuhai) Limited ("Tianda Pharmaceuticals (Zhuhai)") and Tianda Pharmaceuticals (Australia) Pty Limited ("Tianda Pharmaceuticals (Australia)"). All of which are engaged in the sales of pharmaceuticals and biotechnology products and healthcare products. In current period, the management has compared the actual financial performance of the three CGUs to the cash flows projections and forecasts made for the annual assessment for the year ended 31 March 2013.

The management of the Group determines that there is no impairment of the three CGUs containing goodwill and intangible assets.

10. INTANGIBLE ASSETS

	Trademark *HK$*	Licenses and permits *HK$*	Total *HK$*
COST			
At 1 April 2012 (audited)	–	–	–
Exchange realignment	186	2,246,322	2,246,508
Arising of acquisition of subsidiaries	11,887	93,592,847	93,604,734
Arising of acquisition of business	7,414,161	2,206,854	9,621,015
Additions	2,416	–	2,416
At 31 March 2013 (audited)	7,428,650	98,046,023	105,474,673
Exchange realignment	(814,200)	1,076,515	262,315
Additions	68,432	570,161	638,593
Write-off of intangible asset	(13,205)	–	(13,205)
At 30 September 2013 (unaudited)	6,669,677	99,692,699	106,362,376
ACCUMULATED AMORTISATION			
At 1 April 2012 (audited)	–	–	–
Exchange realignment	1	131,414	131,415
Provided for the year	99	6,577,327	6,577,426
At 31 March 2013 (audited)	100	6,708,741	6,708,841
Exchange realignment	(9)	176,998	176,989
Write-off of intangible asset	(91)	–	(91)
Provided for the period	–	6,041,778	6,041,778
At 30 September 2013 (unaudited)	–	12,927,517	12,927,517
CARRYING VALUE			
At 30 September 2013 (unaudited)	6,669,677	86,765,182	93,434,859
At 31 March 2013 (audited)	7,428,550	91,337,282	98,765,832

Intangible assets mainly represent various licenses and permits and trademark acquired by the Group through the acquisition of Tianda Pharmaceuticals (Zhuhai) and acquired by Tianda Pharmaceuticals (Australia) in the acquisition of business from Cynergy Group, respectively.

Tianda Pharmaceuticals (Zhuhai) has obtained medicine production licenses and permits that used to manufacture and sell the medicine and drugs. The licenses and permits are granted by Guangdong Food and Medicine Supervision and Administration Bureau and subject to renewal every 5 years. In the opinion of the directors of the Company, the licenses and permits can be renewed by the Group without significant cost. 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 of 8 years.

Tianda Pharmaceuticals (Australia) has obtained permits that used to manufacture and sell the healthcare products. The permits are granted by Therapeutic Goods Administration, Australia and subject to renewal every year. In the opinion of the directors of the Company, the permits can be renewed by the Group without significant cost. Amortisation is provided to write off the cost of permits using the straight line method over the estimated useful life of permits of 5 years.

The trademark included several brand names acquired from Cynergy Group which allow the Group to produce products under those brand names. The trademark with cost amounting to HK$7,414,161 (31 March 2013: HK$7,414,161) is treated as having indefinite useful life because it is expected to contribute to net cash inflows to the Group indefinitely. Therefore, it is not amortised until its useful life is determined to be finite. It would be tested for impairment annually and whenever there is an indication that it may be impaired.

For the impairment testing of the intangible assets held by Tianda Pharmaceuticals (Zhuhai) and Tianda Pharmaceuticals (Australia), they have been allocated to the respective CGUs. Details are set out in note 9.

11. TRADE AND BILLS RECEIVABLES 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 bills receivable is presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period:

	30 September 2013	31 March 2013
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade receivables		
Within 60 days	**8,401,041**	9,255,770
Over 60 days	**2,247,905**	4,062,308
	10,648,946	13,318,078
Bills receivable		
Within 60 days	**9,843,494**	1,432,498
Over 60 days	**3,764,077**	8,408,382
	13,607,571	9,840,880
Total trade and bills receivable	**24,256,517**	23,158,958

12. BANK DEPOSITS, BANK BALANCES AND CASH

The bank deposits, which comprise short-term fixed deposits with original maturity of 1-6 months (31 March 2013: 1-6 months), carry market interest rates ranging from 0.43% to 3.0% (31 March 2013: 0.18% to 2.6%) per annum.

Bank balances carry variable interest at market rates which range from 0.01% to 0.5% (31 March 2013: 0.01% to 0.35%) per annum.

The Group's bank deposits, bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	30 September 2013	31 March 2013
	HK$	*HK$*
	(Unaudited)	(Audited)
Hong Kong Dollars	**94,376,033**	108,096,007
United States Dollars	**16,060,944**	16,008,386
Euro	**8,190**	9,196

13. TRADE AND OTHER PAYABLES

The following is an analysis of the Group's trade payables as based on the invoice date at the end of the reporting period:

	30 September 2013	31 March 2013
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade payables		
Within 60 days	**10,714,367**	12,717,119
61 - 90 days	**354,367**	448,915
Over 90 days	**1,341,734**	1,601,998
	12,410,468	14,768,032

14. SHARE CAPITAL

	Number of shares	**Amount**
		HK$
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2013 (Audited) and at 30 September 2013 (Unaudited)	**4,000,000,000**	400,000,000
Issued and fully paid:		
At 1 April 2013 (Audited) and at 30 September 2013 (Unaudited)	**1,870,118,160**	187,011,816

15. RELATED PARTY TRANSACTIONS

Amount due to a related company

	30 September 2013	31 March 2013
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade balances	**837,462**	926,236

The Group's amount due to a related company, which is a fellow subsidiary of the Company, are trading in nature and arose from purchase of packaging materials for pharmaceuticals and biotechnology products. The whole amount as at 30 September 2013 and 31 March 2013 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

For the six months ended 30 September 2013 ("Period Under Review"), the Group recorded revenue of approximately HK$124.3 million and the profit attributable to owners of the Company amounted to HK$15.8 million.

For the six months ended 30 September 2012 ("Last Corresponding Period"), the Group went through a series of business restructure ("Business Restructure"), that the Group acquired a group of companies which engaged in research and development, manufacturing and sales of pharmaceutical products (collectively as "Tianda Pharmaceuticals Group") and disposed those companies engaged in the printing and packaging business and the mining and energy business ("Discontinued Operations"). Since September 2012, the Group started to consolidate the results of Tianda Pharmaceuticals Group and ceased to recognize the results of the Discontinued Operations. In Last Corresponding Period, there were additional factors such as results of Discontinued Operations and one-off items included in the consolidated statements of profit or loss and other comprehensive income. Therefore, comparing with the six months ended 31 March 2013 ("6 Months Preceding Period Under Review") results together in this report can better reflect the actual operations of pharmaceutical and biotechnology business of the Group and increase the value for reference.

Comparing to Last Corresponding Period and 6 Months Preceding Period Under Review, the revenue of the Group for Period Under Review increased 84.7% and 10.1% from HK$67.3 million and HK$112.9 million respectively to HK$124.3 million. Gross profit increased from HK$49.8 million and HK$74.2 million in Last Corresponding Period and 6 Months Preceding Period Under Review to HK$80.6 million in Period Under Review.

Distribution and selling expenses increased from HK$9.0 million and HK$19.3 million in Last Corresponding Period and 6 Months Preceding Period Under Review to HK$20.1 million in Period Under Review, while the administrative expenses amounted to HK$13.1 million, HK$26.8 million and HK$22.9 million in Last Corresponding Period, 6 Months Preceding Period Under Review and Period Under Review respectively.

Overall, the profit attributable to owners from continuing operations, ie. pharmaceutical and biotechnology business, recorded a significant growth from HK$11.2 million and HK$13.2 million in Last Corresponding Period and 6 Months Preceding Period Under Review to approximately HK$15.8 million in Period Under Review, representing an increase of 41.1% and 19.9% respectively. The earnings per share increased from HK0.60 cent and HK0.70 cent in respective period to HK0.84 cent for Period Under Review.

Total profit attributable to owners, ie. total profit attributable to owners from continuing operations and Discontinued Operations, decreased from HK$24.6 million (HK1.31 cents per share) in Last Corresponding Period to approximately HK$15.8 million (HK0.84 cent per share) for Period Under Review. Excluding the profit of one-off items in Last Corresponding Period, approximately HK$9.1 million of profit attributable to owners, the operating profit attributable to owners would be approximately HK$15.5 million. Comparing the results in Period Under Review, operating profit attributable to owners recorded a slightly increase.

Business Review

Pharmaceutical and Biotechnology

For the Period Under Review, the Group focuses on the pharmaceutical and biotechnology business, which is carried out through Tianda Pharmaceuticals Group and Yunnan Meng Sheng Pharmaceuticals Co., Limited ("Meng Sheng Pharmaceuticals"). Tianda Pharmaceuticals Group's production base and research and development centre are located in Zhuhai, Guangdong Province and Meng Sheng Pharmaceuticals is located in Kunming, Yunnan Province of the P.R. China.

Revenue included in the Group's consolidated statements of profit or loss and other comprehensive income amounted to approximately HK$124.3 million for the Period Under Review, showing a big surge from about HK$67.3 million in the Last Corresponding Period. Such increase was stemmed mainly from the additional revenue due to the Business Restructure in last year. When compared to a more aligned period in the 6 Months Preceding Period Under Review, revenue in the Period Under Review was up by 10.1% from approximately HK$112.9 million.

The gross profit of the Group amounted to approximately HK$80.6 million in the Period Under Review, while it was approximately HK$49.8 million during Last Corresponding Period. The corresponding gross profit margin decreased from 74.0% in Last Corresponding Period to 64.8% in the Period Under Review resulted mainly from the amortization of the medical licenses and permits arising from Business Restructure. When compared with the 6 Months Preceding Period Under Review, gross profit in the Period Under Review rose 8.6% from HK$74.2 million. The gross profit margin in the Period Under Review was close to 65.7% in the 6 Months Preceding Period Under Review.

The net profit for the Period Under Review decreased by 24.8% from HK$42.2 million in the Last Corresponding Period to HK$31.8 million. Excluding the one-off gain, the net profit (including continuing operations and Discontinued Operations) of the Group would have been approximately HK$32.0 million in the Last Corresponding Period consistent with the results for the Period Under Review after Business Restructure. When compared to the 6 Months Preceding Period Under Review, the net profit for the Period Under Review rose 24.7% from HK$25.5 million.

Tianda Pharmaceuticals Group

Tianda Pharmaceuticals Group is primarily engaged in research, development, production and sales of pharmaceutical and healthcare products in Hong Kong, the PRC and Australia. Revenue increased to HK$49.5 million for the Period Under Review from HK$9.4 million in the Last Corresponding Period and $47.6 million in the 6 Months Preceding Period Under Review, caused mainly by business reshuffling. Gross profit and gross profit margin in the Period Under Review were affected by the PRC national policy of price limitation on pharmaceutical products, amounting to HK$20.9 million and 42.2% as compared to approximately HK$5.1 million and HK$23.8 million with margins of 54.4% and 50.0% in the Last Corresponding Period and the 6 Months Preceding Period Under Review, respectively. Excluding the fair value adjustment resulted from Business Restructure, profit contributed to the Group from Tianda Pharmaceuticals Group soared to HK$9.7 million surpassing HK$2.1 million for the Last Corresponding Period and HK$7.9 million for the 6 Months Preceding Period Under Review. Such improvement was resulted mainly from the synergy effect of Business Restructure and cost control during the Period Under Review.

At the end of 6 Months Preceding Period Under Review, Tianda Pharmaceuticals Group acquired an Australia-based healthcare product business, which operates with relatively lower gross profit margin and higher sales volume, through its wholly owned subsidiary Tianda Pharmaceuticals (Australia). Since the Period Under Review, the Group has started to recognize the result of the healthcare product business with revenue amounted to about HK$1.3 million. The gross profit margin was adjusted to 44.2% after excluding the amortization of patent arising from the acquisition. This business has yet to contribute any profit to the Group in the Period Under Review as expenses incurred to establish sales network and for products promotion.

Meng Sheng Pharmaceuticals

The Company owned 55% of equity interest in Meng Sheng Pharmaceuticals. During the Period Under Review, Meng Sheng Pharmaceuticals recorded revenue approximately HK$74.8 million, representing 29.3% and 14.5% increase from revenue of HK$57.9 million in the Last Corresponding Period and HK$65.3 million in the 6 Months Preceding Period Under Review respectively.

Benefiting from the arrangement of change in the distribution since the 6 Months Preceding Period Under Review, the demand for the flagship product of Meng Sheng Pharmaceuticals, Cerebroprotein Hydrolysate Injection, recorded a strong growth. Compared to the Last Corresponding Period and the 6 Months Preceding Period Under Review, the sales volume in the Period Under Review increased about 14.0% and 11.6% respectively. Together with the increase in selling price, the revenue from Cerebroprotein Hydrolysate Injection rose to HK$68.4 million in the Period Under Review, compared with HK$53.3 million in the Last Corresponding Period and HK$59.1 million in the 6 Months Preceding Period Under Review. Despite the distribution and selling expenses increased from HK$7.2 million in the Last Corresponding Period and HK$12.4 million in the 6 Months Preceding Period Under Review to HK$15.0 million in the Period Under Review because of the arrangement of change in the distribution, the profit attributable to owners of Meng Sheng Pharmaceuticals still rose to HK$17.7 million in the Period Under Review, representing a 14.8% and 32.5% increase from HK$15.4 million and HK$13.3 million in the Last Corresponding Period and the 6 Months Preceding Period Under Review respectively.

Outlook

The Group positions itself in the Chinese pharmaceutical market which has great potential. The Group will further establish an innovative marketing model to explore the markets, promote brand awareness, enhance quality control, and advance in projects for quality pharmaceuticals acquisition in order to meet the operation targets of achieving higher growth and better return.

Exploring markets with an innovation marketing model

The Group completely demonstrated the synergy effect in sales operations after the Business Restructure. The sales team of Tianda Pharmaceuticals (Zhuhai) merged with the one at Tianda Pharmaceuticals (China) Co. Ltd., and at the same time they are responsible for selling pharmaceutical products of Meng Sheng Pharmaceuticals, lowering the cost and increasing the effectiveness, and boosting sales capacity significantly. In response to national policy and market changes, the Group will establish an innovative marketing model, ie. a sales model that bear expenses in contracts are standardized under management, which promptly increases the market development strength, controls sales expenses effectively, expands the sales and marketing team from less than 200 to over 600 salespersons.

The sales of flagship product of the Group, Cerebroprotein Hydrolysate Injection, have been steadily increasing in the Indian market. The registration in South Korea, the Philippines, Dominican Republic, Kazakhstan and Russia has been progressing smoothly. The Group continues to find the right partners for other product categories, including pediatric drugs and anti-infection drugs, in the ASEAN countries, the Middle East, etc. We are about to sell the healthcare products from Australia in Hong Kong, and planning to enter the Chinese market. It has always been the Group’s ambition to explore the international markets, selling more and more Tianda products around the world.

Promoting brand of Tianda

After acquiring the healthcare product business in Australia about the end of the financial year ended 31 March 2013, Tianda Pharmacueticals (Australia) has implemented the overall marketing plan in marketing promotion and sales expansion, etc. Recently, Tianda Pharmacueticals (Australia) has entered into a Platinum Partnership agreement with the Australian National Breast Cancer Foundation ("NBCF"). The personal care and healthcare products of Herb Valley are expected to be labeled with the famous "Pink Ribbon" of NBCF and launched to market next March. We will work together with the common goal to "Help achieve zero death from Breast Cancer by 2030". The Herb Valley Deodorant and Antiperspirant products etc. are Aluminium and Paraben free and other healthcare products of the same series also contain naturally healthy ingredients; these are exactly in line with NBCF'S philosophy. The partnership has been marketing our personal care and healthcare products through and will bring to us absolute advantages in the Australian marketplace. Furthermore, Tianda Pharmacueticals (Australia) has scheduled to launch the online shopping platform (Stay Healthy Hub) in the fourth quarter of 2013, which will provide an excellent opportunity for the Group to develop a brand-new sales channel and source of revenue.

Enhancing quality control

Two pharmaceutical factories of the Group have attained the GMP certificates from China Food and Drug Administration (SFDA) and Tianda Pharmaceuticals (Zhuhai) even attained the GMP certificate issued by Therapeutic Goods Administration in Australia (TGA). As required by SFDA, Meng Sheng Pharmaceutical started to prepare for the new version of GMP last year. The existing factory is now undergoing expansion and a brand-new plant and production line for the flagship product, Cerebroprotein Hydrolysate Injection, will be installed. The new version of GMP is expected to be attained in the second quarter of next year. Then the new production line can be put in place and its production capacity will be 1.5 times of the existing one, which will ensure product quality and become one of the Group's growth points. On the other hand, the Group is conducting a comprehensive in-depth discussion and research on the relocation of Tianda Pharmaceuticals (Zhuhai), aiming at creating a better production base with nice environment, more sophisticated quality control system of lower production and management cost, which fulfills the requirement of the new version of GMP, and finally becoming another accelerator for the Group's development.

Looking into the future, the Group will further research on the development model of the pharmaceutical industry and capture the opportunity for growth. Driven by the market, based on the research and development and guided by international standards, the Group will create more solid financial results in return for the support of our shareholders, through better management, stronger industrial advantages, more mergers and acquisitions, more talents, quicker development and larger business scale.

Liquidity and financial resources

The Group's liquidity continued to stay in a healthy position. As at 30 September 2013, the Group had cash and bank balances of approximately HK$433.4 million (31 March 2013: HK$426.1 million), of which approximately 21.8%, 3.7% and 74.1% were denominated in Hong Kong dollar, United States dollar and Renminbi respectively with the remaining in Australian dollar and Euro. The Group has no external borrowings during the 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. The management from time to time determines suitable measures, such as entering into forward currency contracts, to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than Renminbi. The Group did not enter into any forward currency contracts to hedge its foreign currency risks as at 30 September 2013.

Charges on assets

The Group did not have any charges on assets as at 30 September 2013.

Employment and remuneration policy

As at 30 September 2013, the Group employed approximately 516 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 2013, 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 2013 except the following deviation.

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.

Resignation and Appointment of Executive Directors

With effect from 30 September 2013, Mr. Li Suiming resigned as executive director of the Company; and Mr. Lui Man Sang was appointed as executive director of the Company on the said date.

For details, please refer to the Company's announcement dated 30 September 2013 in relation to the resignation and appointment of the directors.

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 2013.

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 2013.

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

Hong Kong, 26 November 2013

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