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 2018

HIGHLIGHTS

Revenue was approximately HK$265,900,000 (Last Corresponding Period: approximately HK$126,500,000), representing an increase of 110.2%.

Gross profit margin was at 81.3% (Last Corresponding Period: 68.3%), representing an increment of 13.0 percentage points.

Profit for the period and profit attributable to owners of the parent amounted to HK$9,800,000 and HK$2,500,000 respectively.

The Group's financial position remained strong with bank balances and cash of approximately HK$460,700,000 (31 March 2018: HK$493,200,000).

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 or Tianda Pharmaceuticals) for the six months ended 30 September 2018 (the First Half of the Year or Reporting Period), together with comparative figures for the corresponding period in 2017 (the Last Corresponding Period). 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 Reporting Period, which has been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
REVENUE	4	**265,921,858**	126,498,062
Cost of sales		**(49,656,328)**	(40,081,738)
Gross profit		**216,265,530**	86,416,324
Other income, gains and losses	4	**8,159,682**	2,423,673
Selling and distribution expenses		**(178,012,481)**	(49,668,128)
Administrative expenses		**(31,351,232)**	(26,017,247)
PROFIT BEFORE TAX		**15,061,499**	13,154,622
Income tax expense	6	**(5,301,618)**	(3,311,617)
PROFIT FOR THE PERIOD		**9,759,881**	9,843,005
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value on available-for-sale investments		**–**	9,982,800
Other comprehensive (loss)/income may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**(76,691,118)**	22,940,062
Other comprehensive loss not be reclassified to profit or loss in subsequent periods:			
Changes in fair value on financial assets at fair value through other comprehensive income		**(3,688,470)**	–
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(80,379,588)**	32,922,862
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(70,619,707)**	42,765,867

	Notes	Six months ended 30 September 2018 HK$ (Unaudited)	2017 HK$ (Unaudited)
Profit attributable to:			
Owners of the parent		**2,501,615**	2,636,232
Non-controlling interests		**7,258,266**	7,206,773
		9,759,881	9,843,005
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(73,736,403)**	34,308,193
Non-controlling interests		**3,116,696**	8,457,674
		(70,619,707)	42,765,867
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted	7	**HK0.12 cents**	HK0.12 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	30 September 2018 HK$ (Unaudited)	31 March 2018 HK$ (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**136,993,917**	151,064,566
Prepaid land lease payments	10	**100,968,653**	113,643,582
Goodwill	11	**104,007,381**	112,148,013
Other intangible assets	12	**24,806,045**	33,343,979
Deposits for acquisition of property, plant and equipment		**27,183**	217,936
Financial assets at fair value through other comprehensive income		**14,090,629**	–
Available-for-sale investments		**–**	17,779,099
Total non-current assets		**380,893,808**	428,197,175
CURRENT ASSETS			
Inventories		**50,446,563**	36,324,377
Trade and bills receivables	13	**63,760,104**	74,797,171
Prepayments, deposits and other receivables	14	**11,222,413**	8,857,547
Prepaid land lease payments	10	**3,596,811**	3,977,486
Cash and cash equivalents		**460,708,547**	493,153,768
Total current assets		**589,734,438**	617,110,349
CURRENT LIABILITIES			
Trade payables	15	**23,523,391**	17,196,713
Other payables and accruals	16	**106,161,004**	106,747,564
Amount due to a related company		**1,464,815**	427,133
Dividend payable		**2,508,389**	1,771,345
Tax payable		**7,831,012**	8,470,839
Total current liabilities		**141,488,611**	134,613,594
NET CURRENT ASSETS		**448,245,827**	482,496,755
TOTAL ASSETS LESS CURRENT LIABILITIES		**829,139,635**	910,693,930
NON-CURRENT LIABILITIES			
Deferred income		**575,754**	699,315
Deferred tax liabilities		**21,236,939**	24,409,730
Total non-current liabilities		**21,812,693**	25,109,045
NET ASSETS		**807,326,942**	885,584,885
EQUITY			
Share capital	17	**215,004,188**	215,047,588
Reserves		**551,348,706**	632,679,945
Equity attributable to owners of the parent		**766,352,894**	847,727,533
Non-controlling interests		**40,974,048**	37,857,352
TOTAL EQUITY		**807,326,942**	885,584,885

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2018.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2018, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (HKFRSs) issued by the HKICPA for the first time for the current period's condensed consolidated financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Except for HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments*, of which the nature and effect of the adoption are disclosed below, the adoption of the above new and revised HKFRSs has had no significant financial effect on this unaudited condensed interim financial information.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings as at 1 April 2018. The Group has elected to apply the practical expedient for completed contracts and has not restated the contracts completed before 1 April 2018, and thus the comparative figures have not been restated.

Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15, the entity recognises revenue from the sales of that good at a single point in time, being when control has passed. The transfer of risks and rewards of ownership is only one of the indicators that are considered in determining when the transfer of control occurs.

Sales of goods

The Group's contracts with customers for the sale generally include one performance obligation. The Group has concluded that revenue from the sale of products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Therefore, the adoption of HKFRS 15 has not had an impact on the timing of revenue recognition. In addition, there are no contracts for the sale of products that provide customers with a right of return and volume rebates, and the amount of revenue to be recognised has not been affected.

The directors of the Company has assessed that the above adoption of HKFRS 15 did not have material impact on the timing and measurement of revenue recognised for the period.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied HKFRS 9 prospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39. The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Except for certain trade receivables and other receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the SPPI criterion).

The new classification and measurement of the Group's debt financial assets are as follows:

– Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables.

– Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition.

The Group classified certain of its listed equity instruments as financial assets at FVOCI. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's listed equity instruments were classified as available-for-sale investments.

The assessment of the Group's business models was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from the reclassification are as follows:

	Available-for-sale investments *HK$*	Financial assets at FVOCI *HK$*
At 31 March 2018	17,779,099	–
Reclassify listed equity investments from available-for-sale investments to financial assets at FVOCI	(17,779,099)	17,779,099
At 1 April 2018	–	17,779,099

The impact of the above changes on the Group's equity is as follows:

	Available-for-sale investment revaluation reserve *HK$*	Fair value reserve *HK$*
At 31 March 2018	6,156,977	–
Reclassify listed equity investments from available-for-sale investments to financial assets at FVOCI	(6,156,977)	6,156,977
At 1 April 2018	–	6,156,977

(b) Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

For trade receivables, the Group has applied the standard's simplified approached and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when the contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. The adoption of the ECL requirements of HKFRS 9 has not had a significant impact in impairment allowances for the Group's debt financial assets.

3. OPERATING SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker (CODM), for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. Other than the revenue analysis as set out below, no operating results and other discrete financial information relating to major products is prepared regularly for internal reporting to the CODM for resources allocation and performance assessment. The CODM reviews the financial performance of the pharmaceutical and biotechnology business as a whole for allocating resource and assessing performance. In addition, the CODM monitors the Group's assets and liabilities as a whole, and accordingly, no segment assets and liabilities are presented.

For the six months ended 30 September 2018

	Pharmaceutical and biotechnology business	**Unallocated**	**Total**
	HK$	***HK$***	***HK$***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Segment revenue:			
Sales to external customers	**265,921,858**	**–**	**265,921,858**
Revenue	**265,921,858**	**–**	**265,921,858**
Segment results	**20,213,754**	**(5,152,255)**	**15,061,499**
Profit before tax			**15,061,499**

For the six months ended 30 September 2017

	Pharmaceutical and biotechnology business	Unallocated	Total
	HK$	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:			
Sales to external customers	126,498,062	–	126,498,062
Revenue	126,498,062	–	126,498,062
Segment results	22,059,981	(8,905,359)	13,154,622
Profit before tax			13,154,622

4. REVENUE, OTHER INCOME, GAINS AND LOSSES

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income, gains and losses is as follows:

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Revenue		
Sales of pharmaceutical, biotechnology and healthcare products	**265,921,858**	126,498,062

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**3,104,088**	3,732,893
Government subsidies	**59,481**	57,637
Others	**1,903,502**	1,367,964
	5,067,071	5,158,494
Gains and losses		
Fair value (loss)/gain on derivative financial instruments, net	**(884,323)**	5,457,815
Foreign exchange gain/(loss), net	**4,179,523**	(8,172,571)
Loss on disposal of items of property, plant and equipment, net	**(202,589)**	(20,065)
	8,159,682	2,423,673

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 September 2018	2017
	HK\$	*HK\$*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**49,656,328**	40,081,738
Depreciation	**5,979,847**	5,219,811
Amortisation of land lease payments	**1,888,903**	1,830,331
Amortisation of other intangible assets	**5,622,346**	5,506,121
Loss on disposal of items of property, plant and equipment, net	**202,589**	20,065
Fair value loss/(gain) on derivative financial instruments, net	**884,323**	(5,457,815)
Bank interest income	**(3,104,088)**	(3,732,893)
Foreign exchange differences, net	**(4,179,523)**	8,172,571

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 September 2017: Nil). Tax on profits assessable in Mainland China has been calculated at the applicable Mainland China corporate income tax ("CIT") rate of 25% (six months ended 30 September 2017: 25%), except for Yunnan Meng Sheng Pharmaceutical Co., Ltd. ("Meng Sheng Pharmaceutical") and Tianda Pharmaceuticals (Zhuhai) Ltd. ("Tianda Pharmaceuticals (Zhuhai)"), which are the subsidiaries of the Group. Meng Sheng Pharmaceutical is established in the Kunming economic development zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng Pharmaceutical is engaged in Western China Development and was entitled to a preferential tax rate of 15% during the period (six months ended 30 September 2017: 15%). 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 2018. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 September 2018	2017
	HK\$	*HK\$*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**6,268,495**	4,674,926
Deferred tax	**(966,877)**	(1,363,309)
Total tax charge for the period	**5,301,618**	3,311,617

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

Basic earnings per share is calculated by dividing the profit attributable to the ordinary equity holders of the parent by the weighted average number of shares in issue, during the six months ended 30 September 2018 and 2017.

	Six months ended 30 September	
	2018	2017
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent, used in basic and diluted earnings per share	**2,501,615**	2,636,232
	Number of shares	*Number of shares*
Weighted average number of ordinary shares in issue during the period used in the basic and diluted and earnings per share calculation	**2,150,341,185**	2,150,635,884

8. DIVIDENDS

The directors of the Company resolved not to declare any interim dividend for the period (six months ended 30 September 2017: nil).

During the six months ended 30 September 2018, a final dividend of HK0.35 cents per share, amounting to HK$7,525,146 in aggregate, for the year ended 31 March 2018 was paid/payable to the shareholders of the Company.

During the six months ended 30 September 2017, a final dividend of HK0.57 cents per share, amounting to HK$12,258,625 in aggregate, for the year ended 31 March 2017 was paid/payable to the shareholders of the Company.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of HK$6,301,451 (six months ended 30 September 2017: HK$3,865,337). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK$370,248 (six months ended 30 September 2017: HK$46,090) for cash proceeds of HK$167,659 (six months ended 30 September 2017: HK$26,025), resulting in a loss on disposal of HK$202,589 (six months ended 30 September 2017: HK$20,065).

10. PREPAID LAND LEASE PAYMENTS

	30 September 2018	31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Carrying amount at 1 April 2018/2017	**117,621,068**	110,826,809
Recognised during the period/year	**(1,888,903)**	(3,743,075)
Exchange realignment	**(11,166,701)**	10,537,334
	104,565,464	117,621,068
Current portion	**(3,596,811)**	(3,977,486)
Non-current portion	**100,968,653**	113,643,582

11. GOODWILL

	HK$
30 September 2018 (Unaudited)	
At 31 March 2018 and 1 April 2018	
Cost	**114,289,724**
Accumulated impairment	**(2,141,711)**
Net carrying amount	**112,148,013**
Cost at 1 April 2018, net of accumulated impairment	**112,148,013**
Acquisition of a subsidiary *(note 18)*	**2,999,655**
Exchange realignment	**(11,140,287)**
At 30 September 2018	**104,007,381**
At 30 September 2018	
Cost	**106,149,092**
Accumulated impairment	**(2,141,711)**
Net carrying amount	**104,007,381**
31 March 2018 (Audited)	
At 1 April 2017	
Cost	100,856,176
Accumulated impairment	(2,141,711)
Net carrying amount	98,714,465
Cost at 1 April 2017, net of accumulated impairment	98,714,465
Acquisition of a subsidiary	3,295,777
Exchange realignment	10,137,771
At 31 March 2018	112,148,013
At 31 March 2018	
Cost	114,289,724
Accumulated impairment	(2,141,711)
Net carrying amount	112,148,013

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Pharmaceutical products cash-generating unit for Meng Sheng Pharmaceutical

- Pharmaceutical products cash-generating unit for Tianda Pharmaceuticals (Zhuhai)

- Pharmaceutical products cash-generating unit for Tianda Chinese Medicine (China) Ltd. ("TCM (China)")

- Pharmaceutical products cash-generating unit for Zhuhai Tianda Processed Chinese Herbal Medicine Ltd. ("Zhuhai TPCHM")

Pharmaceutical products cash-generating unit for Meng Sheng Pharmaceutical

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13.96% (31 March 2018: 13.96%). The growth rate used to extrapolate the cash flows of the pharmaceutical products unit beyond the five-year period is 3% (31 March 2018: 3%).

Pharmaceutical products cash-generating unit for Tianda Pharmaceuticals (Zhuhai)

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a ten-year period approved by senior management. The discount rate applied to the cash flow projections is 13.96% (31 March 2018: 13.96%). The growth rate used to extrapolate the cash flows of the pharmaceutical products unit beyond the ten-year period is 3% (31 March 2018: 3%).

Pharmaceutical products cash-generating unit for TCM (China)

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.34% (31 March 2018: 14.34%). The growth rate used to extrapolate the cash flows of the pharmaceutical products unit beyond the five-year period is 3% (31 March 2018: 3%), which is the same as the long term average growth rate of the pharmaceutical industry.

Pharmaceutical products cash-generating unit for Zhuhai TPCHM

The recoverable amount of the pharmaceutical products cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.34%. The growth rate used to extrapolate the cash flows of the pharmaceutical products unit beyond the five-year period is 3%, which is the same as the long term average growth rate of the pharmaceutical industry.

Impairment testing of goodwill

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Zhuhai TPCHM	TCM (China)	Meng Sheng Pharmaceutical	Tianda Pharmaceuticals (Zhuhai)	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Carrying amount of goodwill as at 30 September 2018 (unaudited)	**2,972,475**	**3,122,915**	**6,016,400**	**91,895,591**	**104,007,381**
Carrying amount of goodwill as at 31 March 2018 (audited)	–	3,453,434	6,653,157	102,041,422	112,148,013

12. OTHER INTANGIBLE ASSETS

	Trademark *HK$*	Licences and permits *HK$*	Total *HK$*
30 September 2018 (Unaudited)			
At 1 April 2018:			
Cost	**5,554,207**	**89,651,943**	**95,206,150**
Accumulated amortisation and impairment	**(5,554,207)**	**(56,307,964)**	**(61,862,171)**
Net carrying amount	**–**	**33,343,979**	**33,343,979**
Cost at 1 April 2018, net of accumulated amortisation and impairment	**–**	**33,343,979**	**33,343,979**
Amortisation provided for the period	**–**	**(5,622,346)**	**(5,622,346)**
Exchange realignment	**–**	**(2,915,588)**	**(2,915,588)**
At 30 September 2018	**–**	**24,806,045**	**24,806,045**
At 30 September 2018:			
Cost	**5,554,207**	**89,651,943**	**95,206,150**
Accumulated amortisation and impairment	**(5,554,207)**	**(64,845,898)**	**(70,400,105)**
Net carrying amount	**–**	**24,806,045**	**24,806,045**
31 March 2018 (Audited)			
At 1 April 2017:			
Cost	5,554,207	89,651,943	95,206,150
Accumulated amortisation and impairment	(4,255,947)	(49,914,485)	(54,170,432)
Net carrying amount	1,298,260	39,737,458	41,035,718
Cost at 1 April 2017, net of accumulated amortisation and impairment	1,298,260	39,737,458	41,035,718
Additions	5,168	–	5,168
Amortisation provided for the year	–	(11,039,985)	(11,039,985)
Acquisition of a subsidiary	–	1,702,650	1,702,650
Impairment during the year	(1,307,629)	–	(1,307,629)
Exchange realignment	4,201	2,943,856	2,948,057
At 31 March 2018	–	33,343,979	33,343,979
At 31 March 2018:			
Cost	5,554,207	89,651,943	95,206,150
Accumulated amortisation and impairment	(5,554,207)	(56,307,964)	(61,862,171)
Net carrying amount	–	33,343,979	33,343,979

13. TRADE AND BILLS RECEIVABLES

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 provision, is as follows:

	30 September 2018	31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade and bills receivables:		
Within 1 month	**39,894,267**	48,684,132
1 to 2 months	**7,918,200**	9,372,744
2 to 3 months	**4,931,340**	6,810,351
Over 3 months	**11,016,297**	9,929,944
	63,760,104	74,797,171

The Group's trading terms with its customers are mainly on credit. The credit periods are ranging 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. Trade receivables are non-interest-bearing.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2018	31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Prepayments	**3,803,654**	1,516,865
Deposits and other receivables	**7,418,759**	7,340,682
	11,222,413	8,857,547

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

15. TRADE PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 September 2018	31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade payables:		
Within 2 months	**22,090,096**	15,451,209
2 to 3 months	**244,438**	472,263
Over 3 months	**1,188,857**	1,273,241
	23,523,391	17,196,713

Trade payables are non-interest bearing and are normally settled on a term of 60 to 90 days.

16. OTHER PAYABLES AND ACCRUALS

	30 September 2018	31 March 2018
	HK$	*HK$*
	(Unaudited)	(Audited)
Other payables	**17,401,973**	9,221,187
Accruals	**74,544,099**	79,711,302
Receipts in advance	**14,214,932**	17,815,075
	106,161,004	106,747,564

Other payables are non-interest bearing and have an average term of three months.

17. SHARE CAPITAL

	Number of shares	Nominal value
		HK$
Authorised:		
At 31 March 2018 and 30 September 2018	4,000,000,000	400,000,000
Issued and fully paid:		
At 31 March 2018	2,150,475,884	215,047,588
Shares repurchased	(434,000)	(43,400)
At 30 September 2018	2,150,041,884	215,004,188

During the period, the Company repurchased 434,000 of its shares on the Stock Exchange of Hong Kong Limited for a total consideration of HK$113,090 which was paid wholly out of share premium in accordance with the Cayman Islands Companies Law. The repurchased shares were cancelled during the period and HK$43,400 and HK$69,690 have been charged to the share capital and share premium of the Company respectively.

18. BUSINESS COMBINATION

On 31 July 2018, the Group acquired a 100% interest in Zhuhai TPCHM from an independent third party, Mr. Zhang Junhui. Zhuhai TPCHM is principally engaged in the production and sale of Traditional Chinese Medicine (TCM) decoction pieces and trading of agricultural by-products.

The purposes of the acquisition was for the Group's on-going development of its fully-integrated TCM industry value chain and it made as part of the Group's strategy to promote the development of TCM, TCM decoction pieces and Chinese patient medicine businesses in both domestic and foreign markets. The purchase consideration for the acquisition was in the form of cash, with RMB2,428,000 (equivalent to approximately HK$2,783,000) paid in full at the acquisition date.

The provisional fair values of the identifiable assets and liabilities of Zhuhai TPCHM as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition HK$
Property, plant and equipment		263,130
Inventories		1,113,788
Other receivables and prepayments		11,164
Cash and bank balances		752,105
Tax recoverable		99,994
Trade payables		(909,547)
Other payables and accruals		(1,546,995)
Total identifiable net liabilities at fair value		(216,361)
Provisional goodwill on acquisition	11	2,999,655
Satisfied by cash		2,783,294

No transaction cost was incurred for this acquisition.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$
Cash consideration	(2,783,294)
Cash and bank balances acquired	752,105
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,031,189)

Since the acquisition, no revenue was contributed by Zhuhai TPCHM to the Group's revenue and a loss of HK$203,626 to the consolidated profit for the period ended 30 September 2018.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the period would have been HK$266,805,369 and HK$8,818,510, respectively.

The provisional goodwill arising from the above acquisition is determined on a provisional basis as the Group is in the process of completing the identification of separable intangible assets and the independent valuation to assess the fair value identifiable assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the acquisition date.

19. COMMITMENTS

	30 September 2018 *HK$* (Unaudited)	31 March 2018 *HK$* (Audited)
Contracted but not provided for:		
Property, plant and equipment	**17,964,357**	1,671,169

20. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the periods:

	Notes	Six months ended 30 September 2018 *HK$* (Unaudited)	2017 HK$ (Unaudited)
Purchases of package and printing materials:			
Zhuhai S.E.Z. Cheng Cheng Printing Co. Ltd.	(i)(ii)	**2,889,050**	1,368,113
Office rental expenses:			
Tianda (China) Ltd.	(i)(iii)	**288,552**	278,900

Notes:

(i) The transactions were conducted in accordance with the terms and conditions mutually agreed by both parties.

(ii) Zhuhai S.E.Z. Cheng Cheng Printing Co. Ltd. is a fellow subsidiary of the Company.

(iii) Tianda (China) Ltd. is a fellow subsidiary of the Company.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 September 2018 *HK$* (Unaudited)	2017 HK$ (Unaudited)
Short term employee benefits	**2,309,260**	2,339,975
Post-employment benefits	**40,500**	27,000
Total compensation paid to key management personnel	**2,349,760**	2,366,975

(c) Outstanding balances with a related party:

The Group had a trade balance due to its fellow subsidiary, Zhuhai S.E.Z. Cheng Cheng Printing Co. Ltd., of HK$1,464,815 (31 March 2018: HK$427,133) as at the end of the reporting period. This balance is unsecured, non-interest bearing and with a credit term within 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 September 2018 (the First Half of the Year/Reporting Period), the Group recorded a consolidated revenue of approximately HK$265,900,000 from its core business, representing an increase of 110.2% as compared with approximately HK$126,500,000 for the six months ended 30 September 2017 (the Last Corresponding Period). Gross profit increased by 150.3% from approximately HK$86,400,000 for the Last Corresponding Period to approximately HK$216,300,000 for the First Half of the Year. Gross profit margin increased by 13.0 percentage points from 68.3% for the Last Corresponding Period to 81.3% for the First Half of the Year. Profit for the period remained stable at HK$9,760,000, representing a slight decrease of less than 1% as compared to approximately HK$9,840,000 for the Last Corresponding Period.

During the Reporting Period, the Group enhanced sales performance by exploring sales potential of the bid-winning products, strengthening the primary hospitals coverage of its pediatric series products, and continuously developing the third terminal market. Sales revenue of Tianda Pharmaceuticals (Zhuhai) Ltd. (Tianda Pharmaceuticals (Zhuhai)), a wholly-owned subsidiary of the Company, increased by 19.4% from approximately HK$66,500,000 for the Last Corresponding Period to approximately HK$79,400,000 for the Reporting Period, with the sales of its main product Tuoen (Ibuprofen suspension) remained steady while the sales volume and sales revenue of Tuoping (Valsartan capsules) increased by 19.1% and 27.4% respectively as compared to the Last Corresponding Period. Tianda Pharmaceuticals (Zhuhai) contributed approximately HK$9,100,000 to the profit for the First Half of the Year, representing an increase of approximately 28.7% from HK$7,100,000 for the Last Corresponding Period.

Sales revenue of Yunnan Meng Sheng Pharmaceutical Co., Ltd. (Meng Sheng Pharmaceutical) increased from approximately HK$59,200,000 for the Last Corresponding Period to approximately HK$180,300,000 for the Reporting Period. Such significant increase in sales revenue was primarily due to the timely adjustment of sales models by Meng Sheng Pharmaceutical in response to the market change under the implementation of Two-Invoice System and causing both product selling price and operating costs increased simultaneously. Domestic sales volume of the flagship product, Cerebroprotein Hydrolysate Injection, maintained its growth momentum and recorded an increase of approximately 4.6%, while the sales revenue and sales volume of Qi-Shangzhen oral solution, a healthcare product using notoginseng stalks (sanqi, a local medicine in Yunnan) as base ingredient, increased significantly by 177.4% and 166.8% respectively for the Reporting Period as compared to the Last Corresponding Period. Profit contribution from Meng Sheng Pharmaceutical, after netting off non-controlling interests' share, increased from approximately HK$8,800,000 for the Last Corresponding Period to approximately HK$8,900,000 for the Reporting Period.

For the First Half of the Year, Traditional Chinese Medicine (TCM) business recorded sales revenue of approximately HK$2,000,000 and saw steady development of each business segment. However, a loss of approximately HK$4,200,000 was recorded by Tianda Chinese Medicine (China) Ltd. during the Reporting Period as the TCM business was in the early stage of consolidation following mergers and acquisitions. The Group actively expanded sales channels for "Herb Valley" series healthcare products business in Mainland China, Hong Kong and Australia, leading to an increase in sales revenue from approximately HK$700,000 for the Last Corresponding Period to approximately HK$1,100,000 for the Reporting Period.

Selling and distribution expenses increased from approximately HK$49,700,000 for the Last Corresponding Period to approximately HK$178,000,000 for the First Half of the Year. As explained above, Meng Sheng Pharmaceutical significantly increased its marketing expenses from approximately HK$7,200,000 for the Last Corresponding Period to approximately HK$130,600,000 for the Reporting Period, in response to the full implementation of the Two-Invoice System of the State during the Reporting Period. Moreover, administrative expenses increased from approximately HK$26,000,000 for the Last Corresponding Period to approximately HK$31,000,000 for the Reporting Period, which was attributable to the consolidation of the administrative expenses of the acquirees into the financial statement of the Group during the Reporting Period after the acquisitions of Tianda Chinese Medicine (China) Ltd. and Zhuhai Tianda Processed Chinese Herbal Medicine Ltd. by the Group were completed in December 2017 and July 2018 respectively. The increase in administrative expenses was also attributable to recruiting talents for team building after the completion of acquisitions.

The Group recorded other income and other net gains of approximately HK$8,200,000, representing an increase of approximately HK$5,800,000 as compared to approximately HK$2,400,000 for the last year, offsetting the loss from TCM business and healthcare products business. The increase in other income and other net gains for the Reporting Period was mainly due to the followings: 1) the interest income from bank deposits and investment income from wealth management products amounting to approximately HK$6,600,000, representing an increase by approximately HK$2,900,000 or 78.0% as compared to approximately HK$3,700,000 for the Last Corresponding Period, which was driven by the rise of deposit interest rates and increase in deposit balance; 2) the significant decrease in net foreign exchange losses (after deducting gains or losses from foreign currency forward contracts) from HK$2,700,000 for the Last Corresponding Period to HK$200,000; 3) the aggregate government subsidy income of approximately HK$1,300,000 received by Meng Sheng Pharmaceutical and Tianda Pharmaceuticals (Zhuhai) during the Reporting Period, representing an increase of 20.8% from approximately HK$1,100,000 for the Last Corresponding Period.

Based on the foregoing, profit attributable to shareholders of the Group for the First Half of the Year was HK$2,500,000, representing a slight decrease from HK$2,600,000 in the Last Corresponding Period, while basic and diluted earnings per share remained at HK0.12 cents (Last Corresponding Period: HK0.12 cents). The Group's financial position remained strong. As at 30 September 2018, the Group's bank deposits, bank balances and cash amounted to approximately HK$460,700,000 with no external borrowing, representing a net cash value per share equivalent to approximately HK21.4 cents.

BUSINESS REVIEW

During the Reporting Period, the Group endeavored to integrate its R&D resources, marketing resources and management resources, and made every effort to achieve a rapid growth of revenue from traditional business. Meanwhile, it focused on nine components in three major aspects, namely "Chinese Medical Practice, Chinese Medicines and Smart TCM" in order to steadily develop the fully-integrated TCM industry value chain.

– Against the unfavorable factors such as rising raw material prices, contaminated valsartan drugs of certain pharmaceutical factories in the market and provincial bidding price link mechanism, the marketing team maintained a steady growth in the sales of pharmaceutical products through exploring sales potential of the bid-winning products, strengthening the primary hospitals coverage of its pediatric series products and adhering to sales control model for third terminal sales.

– Zhuhai production base continued to push ahead with various research and development work. 1) Project declaration procedures are accelerated for the research on the conformity assessment of Valsartan capsule; 2) Clinical research of Glucose-lowering Acarbose project is ready for commencement; 3) The R&D of food products, healthcare products and drug series that feature dried tangerine peel, a Chinese herb in Guangdong Province, has been commenced orderly; 4) Development of healthcare products series based on ZhiKang Granules and R&D of enzymes was in progress.

– Cerebroprotein Hydrolysate Injection project has completed the inspection work of "Re-development and Commercialization of the Cerebroprotein hydrolysate Injection Chemical Drug" under the Science and Technology Program for Wellbeing and obtained the final acceptance certificate from Yunnan Provincial Science and Technology Department. Meanwhile, project research for conformity assessment and re-evaluation was commenced.

– Capitalizing on the patented technology of Cerebroprotein Hydrolysate to develop related products, the Group has completed the pre-research of the pharmaceutical formula of small-molecule peptide for sleep assisting and memory enhancing oral solution, small-molecule peptide for sport energy supplement and small-molecule peptide gel candy.

– Qi-Shangzhen Oral Solution gained popularity in the PRC market and the Group further expanded to Sanqi healthcare series products. The Group has completed the pre-research for the pharmaceutical formula of various series of products which are targeted at improving micro-circulation, strengthening the immune system, slowing ageing, reinvigorating, calming and soothing the nervous system, preventing cardio-cerebrovascular disease and removing blood stasis. Meanwhile, it captured cooperation opportunities in relation to Sanqi plantation.

– In the previous financial year, the Group has commenced Chinese herbal medicines sales business and the business of selling and delivering pharmaceutical products of third-party pharmaceutical factories through acquisitions and consolidations. During the Reporting Period, the Chinese herbal medicines business gradually secured stable customer base and revenue by market exploration and resources integration, streamline of upstream supplier channel and continuous development of downstream customers.

– “Herb Valley” series healthcare products utilized various media to strengthen brand promotion and attract the attention of consumers in Mainland China, Hong Kong and Australia, while planning for brand integration, product portfolio optimization and active sales promotion.

– After the acquisition of Tianda Chinese Medicine (China) Limited was completed on 4 December 2017, the Group completed the acquisition of the entire equity interests of Zhuhai Tianda Processed Chinese Herbal Medicine Ltd. on 31 July 2018. As a result of the acquisition, the Group obtained the Good Manufacturing Practice for Pharmaceutical Products Certification (GMP certification) and became an enterprise engaging in manufacturing and sales of TCM decoction pieces. This is an important chapter in the development of the Group towards the fully-integrated TCM industry value chain.

– The Group has carried out preparatory works for the brand new “TDMall” project. Having established resources pool for Chinese medicine practitioners, the project has been fully promoted and heading to the final preparation stage which also emboldening the capabilities of “TDMall” for the future development and opening new shops. During the Reporting Period, TDMall (Hong Kong) cooperated with catering service providers to first launch the medical diet catering services, which received encouraging market response and this business opportunity will be further explored.

– The new R&D and pharmaceutical production base project in Jinwan District, Zhuhai City was constructed in two phases. The first phase covers the construction of ancillary facilities for various existing pharmaceutical products of Tianda Pharmaceuticals (Zhuhai) and newly-developed TCM decoction pieces and TCM preparation operations and ancillary facilities required for R&D. During the Reporting Period, the cost, quality control and safety management as well as other aspects of the base construction have all been effectively monitored and all works have been progressing well and developing in full swing. It will be completed by the end of 2019 and is expected to commence formal operation in mid-2020.

OUTLOOK

The Group will continue to enhance resources integration, R&D and marketing while sparing no efforts in developing TCM business to further establish a solid foundation. It will also ensure the successful opening of the first "TDMall", which sets to serve the society and provide new visions and new impetus to the Group's business, thereby unswervingly developing Tianda Pharmaceuticals into an integrated medic-pharmaceuticals enterprise.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity continued to stay in a healthy position. As at 30 September 2018, the Group had cash and bank balances of approximately HK$460,700,000 (31 March 2018: HK$493,200,000), of which approximately 13.7% and 86.0% were denominated in Hong Kong dollar and Renminbi (RMB) respectively with the remaining in Australian dollar, Euro, Macau pataca, New Taiwanese dollar and United States dollar. 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, RMB, United States dollar and Australian dollar.

The Group has sales and investments in foreign operations 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 30 September 2018.

CHARGES ON ASSETS

The Group did not have any charges on assets as at 30 September 2018.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2018, the Group employed approximately 512 employees in Hong Kong, the PRC and Australia. The Group remunerates its employees based on market terms the qualifications and experience of the employees concerned.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the CG Code) as set out in 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 ended 30 September 2018 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 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 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 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 six months ended 30 September 2018.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors and a non-executive Director. The audit committee has reviewed, together with the management and independent auditor of the Company, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the unaudited interim results of the Company for the six months ended 30 September 2018.

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

During the six months ended 30 September 2018, the Company repurchased a total of 434,000 ordinary shares of HK$0.1 each on the Stock Exchange of Hong Kong at a total consideration of HK$111,570 (excluding the transaction cost). All the repurchased shares were subsequently cancelled. Details of the shares repurchased during the six months ended 30 September 2018 are set out as follows:

Month of repurchase	**Number of shares**	**Repurchase price per share**		**Total consideration** (excluding transaction cost)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
April 2018	20,000	0.305	0.305	6,100
May 2018	50,000	0.305	0.295	15,000
August 2018	364,000	0.255	0.243	90,470
	434,000			**111,570**

The Directors believe that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchases of shares would benefit shareholders as a whole by enhancing the earnings per share of the Company. Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2018 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.tiandapharma.com) and the Stock Exchange's website (www.hkexnews.hk). The interim report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course.

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, 30 November 2018

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, Mr. FENG Quanming and Dr. LAM Lee G.; and the independent non-executive Directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Mr. CHIU Fan Wa.