Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2019

HIGHLIGHTS

Revenue was approximately HK$262,300,000 (Last Corresponding Period: approximately HK$265,900,000), representing a slight decrease of 1.4%.

Gross profit margin was at 78.6% (Last Corresponding Period: 81.3%), representing a slight decrease of 2.7 percentage points.

Profit attributable to owners of the parent amounted to approximately HK$2,600,000 (Last Corresponding Period: approximately HK$2,500,000), representing an increase of 4.2%.

The Group's financial position remained strong with bank balances and cash of approximately HK$352,800,000 (31 March 2019: approximately HK$393,200,000).

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 2019 (the First Half of the Year or Reporting Period), together with comparative figures for the corresponding period in 2018 (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 2019

	Notes	**Six months ended 30 September 2019 HK$ (Unaudited)**	2018 HK$ (Unaudited)
REVENUE	4	**262,252,077**	265,921,858
Cost of sales		**(56,247,646)**	(49,656,328)
Gross profit		**206,004,431**	216,265,530
Other income, gains and losses		**5,757,110**	8,159,682
Selling and distribution expenses		**(163,372,722)**	(178,012,481)
Administrative expenses		**(36,503,395)**	(31,351,232)
Finance costs		**(172,299)**	–
PROFIT BEFORE TAX	5	**11,713,125**	15,061,499
Income tax expense	6	**(4,396,270)**	(5,301,618)
PROFIT FOR THE PERIOD		**7,316,855**	9,759,881
OTHER COMPREHENSIVE INCOME			
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		**(5,487,959)**	(3,688,470)
Other comprehensive loss may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		**(43,002,298)**	(76,691,118)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(48,490,257)**	(80,379,588)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(41,173,402)**	(70,619,707)

	Note	Six months ended 30 September 2019 HK$ (Unaudited)	2018 HK$ (Unaudited)
Profit attributable to:			
Owners of the parent		**2,605,704**	2,501,615
Non-controlling interests		**4,711,151**	7,258,266
		7,316,855	9,759,881
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(43,768,382)**	(73,736,403)
Non-controlling interests		**2,594,980**	3,116,696
		(41,173,402)	(70,619,707)
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 2019

	Notes	**30 September 2019 *HK$* (Unaudited)**	31 March 2019 *HK$* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**117,157,854**	95,560,915
Right-of-use assets		**42,944,561**	–
Prepaid land lease payments		**–**	38,248,463
Goodwill		**98,769,857**	104,827,352
Other intangible assets		**24,745,974**	28,486,293
Deposit for acquisition of property, plant and equipment		**1,762,769**	160,260
Financial assets at fair value through other comprehensive income		**3,502,688**	8,990,647
Total non-current assets		**288,883,703**	276,273,930
CURRENT ASSETS			
Inventories		**55,665,046**	48,776,986
Trade and bills receivables	10	**93,042,840**	78,289,710
Prepayments and other assets		**21,331,158**	8,836,915
Prepaid land lease payments		**–**	863,203
Structured deposits		**–**	57,954,216
Cash and cash equivalents		**343,477,749**	384,908,930
		513,516,793	579,629,960
Assets of a disposal group classified as held for sale		**134,556,566**	140,864,684
Total current assets		**648,073,359**	720,494,644

	Note	30 September 2019 HK$ (Unaudited)	31 March 2019 HK$ (Audited)
CURRENT LIABILITIES			
Trade payables	11	**31,889,367**	31,801,584
Other payables and accruals		**99,956,406**	106,352,836
Lease liabilities		**5,073,977**	–
Amount due to a related company		**820,423**	690,501
Dividend payable		**2,734,883**	17,009,531
Tax payable		**5,141,252**	7,757,339
		145,616,308	163,611,791
Liabilities directly associated with the assets classified as held for sale		**14,139,440**	14,551,017
Total current liabilities		**159,755,748**	178,162,808
NET CURRENT ASSETS		**488,317,611**	542,331,836
TOTAL ASSETS LESS CURRENT LIABILITIES		**777,201,314**	818,605,766

	30 September 2019	31 March 2019
	HK$	*HK$*
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	**1,394,042**	–
Deferred income	**446,940**	531,247
Deferred tax liabilities	**7,932,850**	7,108,589
Total non-current liabilities	**9,773,832**	7,639,836
NET ASSETS	**767,427,482**	810,965,930
EQUITY		
Equity attributable to owners of the parent		
Share capital	**215,004,188**	215,004,188
Reserves	**516,064,969**	562,198,397
	731,069,157	777,202,585
Non-controlling interests	**36,358,325**	33,763,345
TOTAL EQUITY	**767,427,482**	810,965,930

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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 2019.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019, 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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balances of the statements of financial position at 1 April 2019, and the comparative information for 31 March 2019 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and presented separately in the statement of financial position.

The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under operating leases of HK$39,111,666 that were reclassified from prepaid land lease payments.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/ (decrease) *HK$* (Unaudited)
Assets	
Increase in right-of-use assets	48,063,196
Decrease in prepaid land lease payments	(39,111,666)
Increase in total assets	8,951,530
Liabilities	
Increase in lease liabilities	8,951,530
Increase in total liabilities	8,951,530

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	HK$
	(Unaudited)
Operating lease commitments as at 31 March 2019	9,634,086
Weighted average incremental borrowing rate as at 1 April 2019	4.35%
Discounted operating lease commitments as at 1 April 2019	9,254,051
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(302,521)
Lease liabilities as at 1 April 2019	8,951,530

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets			
	Land *HK$*	Office and warehouse *HK$*	Total *HK$*	Lease liabilities *HK$*
As at 1 April 2019	39,111,666	8,951,530	48,063,196	(8,951,530)
Depreciation charge	(421,604)	(2,526,578)	(2,948,182)	–
Interest expense	–	–	–	(172,299)
Payments	–	–	–	2,629,571
Exchange realignment	(2,163,535)	(6,918)	(2,170,453)	26,239
As at 30 September 2019	36,526,527	6,418,034	42,944,561	(6,468,019)

The Group recognised rental expenses from short-term leases of HK$503,867 for the six months ended 30 September 2019.

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

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 resource allocation and performance assessment.

In prior years, the CODM reviews the financial performance of the pharmaceutical and biotechnology business as a whole for allocating resources and assessing performance. In addition, the CODM monitors the Group's assets and liabilities as a whole, and accordingly, no segment assets and liabilities are presented.

During the six months ended 30 September 2019, the financial results of Chinese medical business, which were included in pharmaceutical and biotechnology business in prior years' financial statements, is reported in separate "Chinese medical business" segment. Comparative figures of the segment information have been reclassified to conform with the current period's presentation.

For the six months ended 30 September 2019

	Pharmaceutical and biotechnology business	**Chinese medical business**	**Unallocated**	**Total**
	HK$	***HK$***	***HK$***	***HK$***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Segment revenue *(Note 4)*:				
Sales to external customers	**248,894,252**	**13,357,825**	**–**	**262,252,077**
Intersegment sales	**257,989**	**–**	**–**	**257,989**
	249,152,241	**13,357,825**	**–**	**262,510,066**
Reconciliation:				
Elimination of intersegment sales				**(257,989)**
Revenue				**262,252,077**
Segment results	**29,897,705**	**(10,189,373)**	**(7,995,207)**	**11,713,125**
Profit before tax				**11,713,125**

For the six months ended 30 September 2018

	Pharmaceutical and biotechnology business	Chinese medical business	Unallocated	Total
	HK$	*HK$*	*HK$*	*HK$*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:				
Sales to external customers	260,844,487	5,077,371	–	265,921,858
Intersegment sales	–	528,497	–	528,497
	260,844,487	5,605,868	–	266,450,355
Reconciliation:				
Elimination of intersegment sales				(528,497)
Revenue				265,921,858
Segment results	24,580,402	(4,366,648)	(5,152,255)	15,061,499
Profit before tax				15,061,499

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 is as follows:

	Six months ended 30 September	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of pharmaceutical, biotechnology and healthcare products and Chinese medical products	**261,639,297**	265,921,858
Provision of Chinese medical services	**612,780**	–
	262,252,077	265,921,858

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 September 2019 (unaudited)

Segments	Pharmaceutical, biotechnology and healthcare products *HK$*	Chinese medical products and services *HK$*	Total *HK$*
Type of goods or services			
Sale of goods	248,894,252	12,745,045	261,639,297
Chinese medical services	–	612,780	612,780
Total revenue from contracts with customers	248,894,252	13,357,825	262,252,077
Geographic markets			
Mainland China	247,937,743	13,309,990	261,247,733
Hong Kong	532,698	47,835	580,533
Australia	423,811	–	423,811
Total revenue from contracts with customers	248,894,252	13,357,825	262,252,077
Timing of revenue recognition			
Goods transferred at a point in time	248,894,252	12,745,045	261,639,297
Services rendered over time	–	612,780	612,780
Total revenue from contracts with customers	248,894,252	13,357,825	262,252,077

For the six months ended 30 September 2018 (unaudited)

Segments	Pharmaceutical, biotechnology and healthcare products *HK$*	Chinese medical products and services *HK$*	Total *HK$*
Type of goods or services			
Sale of goods	260,844,487	5,077,371	265,921,858
Total revenue from contracts with customers	260,844,487	5,077,371	265,921,858
Geographic markets			
Mainland China	259,831,981	5,039,774	264,871,755
Hong Kong	493,380	37,597	530,977
Australia	519,126	–	519,126
Total revenue from contracts with customers	260,844,487	5,077,371	265,921,858
Timing of revenue recognition			
Goods transferred at a point in time	260,844,487	5,077,371	265,921,858
Total revenue from contracts with customers	260,844,487	5,077,371	265,921,858

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

	Six months ended 30 September	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**2,836,959**	3,104,088
Government subsidies	**56,612**	59,481
Interest income from structured deposit	**2,237,031**	3,541,241
Others	**357,162**	1,903,502
	5,487,764	8,608,312
Gains and losses		
Fair value loss, net:		
Derivative financial instruments – transactions not qualifying as hedges	**–**	(4,425,564)
Foreign exchange gain, net	**290,295**	4,179,523
Loss on disposal of items of property, plant and equipment, net	**(20,949)**	(202,589)
	5,757,110	8,159,682

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Finance costs:		
Interest on lease liabilities	**172,299**	–
Cost of inventories sold	**56,247,646**	49,656,328
Research and development expenses	**454,586**	570,773
Depreciation of property, plant and equipment	**4,606,255**	5,979,847
Depreciation of right-of-use assets	**2,948,182**	–
Amortisation of land lease payments	**–**	1,888,903
Amortisation of other intangible assets	**2,228,413**	5,622,346
Loss on disposal of items of property, plant and equipment, net	**20,949**	202,589
Provision of impairment losses on financial assets, net:		
Trade and bills receivables	**108,749**	–
Financial assets included in prepayments and other assets, net	**18,747**	–

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 2018: 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 2018: 25%), except for Yunnan Meng Sheng Pharmaceutical Co., Ltd. ("Meng Sheng Pharmaceutical") and Tianda Pharmaceuticals (Zhuhai) Ltd. ("Tianda Pharmaceuticals (Zhuhai)"), subsidiaries of the Group. Meng Sheng Pharmaceutical is established in the Kunming economic development zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng Pharmaceutical is engaged in Western China Development and was entitled to a preferential tax rate of 15% during the period (six months ended 30 September 2018: 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 2019. 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	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Current – Mainland China		
Charge for the period	**1,805,132**	6,268,495
Underprovision in prior periods	**1,349,717**	–
Deferred tax	**1,241,421**	(966,877)
Total tax charge for the period	**4,396,270**	5,301,618

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 2019 and 2018.

	Six months ended 30 September	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the parent for the purpose of basic and diluted earnings per share	**2,605,704**	2,501,615
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	**2,150,041,884**	2,150,341,185

8. DIVIDENDS

The directors of the Company resolved not to declare any interim dividend for the period (six months ended 30 September 2018: nil).

During the six months ended 30 September 2019, a final dividend of HK0.11 cents per share, amounting to HK$2,365,046 in aggregate, for the year ended 31 March 2019 was paid/payable to the shareholders of the Company.

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.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of HK$32,390,415 (six months ended 30 September 2018: HK$6,301,451). In addition, the Group disposed of certain items of property, plant and equipment with an aggregate carrying amount of HK$23,918 (six months ended 30 September 2018: HK$370,248) for cash proceeds of HK$2,969 (six months ended 30 September 2018: HK$167,659), resulting in a loss on disposal of HK$20,949 (six months ended 30 September 2018: HK$202,589).

10. 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 loss allowance, is as follows:

	30 September 2019	31 March 2019
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade and bills receivables:		
Within 1 month	**61,487,352**	58,448,762
1 to 2 months	**12,400,262**	10,278,397
2 to 3 months	**5,116,445**	5,083,244
Over 3 months	**14,038,781**	4,479,307
	93,042,840	78,289,710

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.

11. TRADE PAYABLES

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

	30 September 2019	31 March 2019
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade payables:		
Within 2 months	**29,815,960**	29,974,310
2 to 3 months	**166,976**	351,249
Over 3 months	**1,906,431**	1,476,025
	31,889,367	31,801,584

Trade payables are non-interest bearing and are normally settled on a term of 30 to 60 days.

12. RELATED PARTY TRANSACTIONS

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

		Six months ended 30 September	
	Notes	**2019**	2018
		HK$	*HK$*
		(Unaudited)	(Unaudited)
Purchases of package and printing materials:			
Zhuhai S.E.Z. Cheng Cheng Printing Co. Ltd.	(i)(ii)	**4,097,193**	2,889,050
Office rental expenses:			
Tianda (China) Ltd.	(i)(iii)	**278,966**	288,552
Design fee expenses:			
Shenzhen Tianda Creative Ltd.	(i)(iv)	**101,561**	–

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.

(iv) Shenzhen Tianda Creative Ltd. is a fellow subsidiary of the Company.

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

	Six months ended 30 September	
	2019	2018
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Short term employee benefits	**1,084,005**	2,309,260
Post-employment benefits	**51,000**	40,500
Total compensation paid to key management personnel	**1,135,005**	2,349,760

(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$820,423 (31 March 2019: HK$690,501) as at the end of the reporting period. This balance is unsecured, non-interest bearing and with a credit term within 90 days. The balance is aged within 2 months based on invoice date.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 September 2019 (the First Half of the Year/Reporting Period), the Group recorded a consolidated revenue of approximately HK$262,300,000 from its core business, representing a slight decrease of 1.4% as compared with approximately HK$265,900,000 for the six months ended 30 September 2018 (the Last Corresponding Period). Gross profit decreased by 4.7% from approximately HK$216,300,000 for the Last Corresponding Period to approximately HK$206,000,000 for the First Half of the Year. Gross profit margin slightly declined from 81.3% for the Last Corresponding Period to 78.6% for the Reporting Period. The Group recorded profit for the Reporting Period of HK$7,300,000, representing a decrease of 25.0% as compared to approximately HK$9,800,000 for the Last Corresponding Period.

During the Reporting Period, sales revenue of Tianda Pharmaceuticals (Zhuhai) Ltd. (Tianda Pharmaceuticals (Zhuhai)), a wholly-owned subsidiary of the Company, increased by 39.5% from approximately HK$79,400,000 for the Last Corresponding Period to approximately HK$110,800,000 for the Reporting Period, with the sales of its main product Tuoping (Valsartan capsules) and Tuoen (Ibuprofen suspension and drops) increased by 52.3% and 41.1% respectively as compared to the Last Corresponding Period. Profit contribution from Tianda Pharmaceuticals (Zhuhai) increased by 55.4% from approximately HK$9,100,000 for the Last Corresponding Period to approximately HK$14,100,000 for the Reporting Period.

Sales revenue of Yunnan Meng Sheng Pharmaceutical Co., Ltd. (Meng Sheng Pharmaceutical) decreased by 23.7% from approximately HK$180,300,000 for the Last Corresponding Period to approximately HK$137,500,000 for the Reporting Period. Such decrease in sales revenue was primarily due to the impact of national policies and lowering of selling prices in certain regions. Sales volume of its flagship product, Cerebroprotein Hydrolysate Injection, decreased by almost 16.6% as compared to that of the Last Corresponding Period, while sales revenue of Cerebroprotein hydrolysate injection decreased from approximately HK$150,100,000 for the Last Corresponding Period to approximately HK$105,900,000 for the Reporting Period, resulting in the profit of Meng Sheng Pharmaceutical decreased by 35.1% from approximately HK$16,100,000 for the Last Corresponding Period to approximately HK$10,400,000 for the Reporting Period. However, the Group has successfully applied deduction of withholding tax for the dividends distributed by Meng Sheng Pharmaceutical and led to a reversal of dividend withholding tax of approximately HK$1,600,000 by the Group during the Reporting Period (Last Corresponding Period: dividend withholding tax expense of approximately HK$700,000). Profit contribution from Meng Sheng Pharmaceutical, after netting off non-controlling interests' share, decreased by 10.8% from approximately HK$8,200,000 for the Last Corresponding Period to approximately HK$7,300,000 for the Reporting Period.

The Group continued to expand its Traditional Chinese Medicine (TCM) business during the Reporting Period. Following the merger and acquisition of Tianda Chinese Medicine (China) Ltd. (TCM (China)) and Zhuhai Tianda Processed Chinese Herbal Medicine Ltd. (TPCHM) in the preceding two financial years, the Group's first innovative TCM clinic, Zhuhai TDMall, was officially opened for operation during the Reporting Period. As the TCM business is still in its initial investment development stage, all aspects of work need to be strengthened. Despite the increase of sales revenue by 163.1% from approximately HK$5,100,000 for the Last Corresponding Period to approximately HK$13,400,000 for the Reporting Period, the overall loss widened from approximately HK$4,400,000 to approximately HK$10,200,000 for the Reporting Period.

In response to national medical reform policies, the Group strengthened its cost control measures, which contributed to a more significant reduction in selling and distribution expenses than the decline in sales revenue. Selling and distribution expenses decreased by 8.2% from approximately HK$178,000,000 for the Last Corresponding Period to approximately HK$163,400,000 for the First Half of the Year. As for administrative expenses, such expenditures increased from approximately HK$31,400,000 for the Last Corresponding Period to approximately HK$36,500,000 for the First Half of the Year, which was mainly due to the pre-opening expenses incurred for TDMall and professional services fees arising from the entering into an agreement with its controlling shareholder for the conditional sale of the Group's entire interest in Zhuhai Tianda Realty Ltd. which constituted a connected transaction.

The Group recorded other income and net gains of approximately HK$5,800,000, representing a decrease of approximately HK$2,400,000 from approximately HK$8,200,000 for the Last Corresponding Period. The decrease of other income and net gains for the Reporting Period is mainly due to: 1) during the Reporting Period, the Group's bank balances decreased as a result of the funds deployed for the construction of new R&D and production base project, together with decrease in interest rate of bank deposits, resulting in a decrease in interest income from bank deposits and interest income from structured deposits from approximately HK$6,600,000 for the Last Corresponding Period to approximately HK$5,100,000 for the Reporting Period; 2) government subsidies received by Tianda Pharmaceuticals (Zhuhai) and Meng Sheng Pharmaceutical decreased by 84.6% from approximately HK$1,300,000 for the Last Corresponding Period to approximately HK$200,000 for the Reporting Period.

During the First Half of the Year, the Group fully promoted the new R&D and production base project of Tianda Pharmaceuticals (Zhuhai). In June 2019, Tianda Pharmaceuticals (Zhuhai) entered into a main contracting contract of approximately RMB106,600,000 (equivalent to approximately HK$121,000,000) with the main contractor. For details, please refer to the announcement of the Company dated 13 June 2019. During the Reporting Period, the total investment by Tianda Pharmaceuticals (Zhuhai) for the new R&D and production base project amounted to approximately RMB25,500,000 (equivalent to approximately HK$28,800,000). As at 30 September 2019, the cumulative investment by Tianda Pharmaceuticals (Zhuhai) for the new R&D and production base project amounted to approximately RMB54,500,000 (equivalent to approximately HK$59,700,000). As at 30 September 2019, the Group has made a total capital commitment of approximately HK$144,900,000 for the new R&D and production base project.

Based on the foregoing, profit attributable to owners of the parent for the First Half of the Year was HK$2,600,000, representing an increase of 4.2% from HK$2,500,000 in the Last Corresponding Period, while basic and diluted earnings per share remained at HK0.12 cents (Last Corresponding Period: HK0.12 cents).

As at 30 September 2019, the Group's financial position remained strong. The Group's bank deposits, bank balances and cash amounted to a total of approximately HK$352,800,000 with no external borrowing, representing a net cash value per share equivalent to approximately HK16.4 cents.

BUSINESS REVIEW

During the Reporting Period, the Group has further forged ahead with the "three integrations" strategy, i.e. pursuing integration in the areas of R&D resources, marketing resources and management resources. Together with the market oriented R&D and efficient management, the Group has comprehensively enriched its chemical product reserves and pushed itself forward in the further development in the TCM industry.

During the Reporting Period, the marketing team grasped the opportunity of medical organizations increasing their purchase volume of basic medicine and unleashed the advantage of value for money in the Group's products in the national bidding and price linkage mechanism, which have facilitated the sales volume of the hospital segment to keep on improving and increasing. Most of Tianda Pharmaceuticals (Zhuhai) products are in the new version of the medical insurance catalogue, and sales has continued its steady growth momentum at a rate of 30%. Through team restructuring and chain segregation, the Group has optimized the hospital, third terminal and chain store sales teams, not only pushing the steady increase of sales, but also establishing a foundation for the launch of the Company's strategic reserve products. "Herb Valley" series healthcare product business has continued to establish Manuka Honey as its flagship product and utilized its online and offline sales network to expand its consumer group and the impact of brand marketing. Positive reviews and attention have been received from consumers in Mainland China, Hong Kong, and Australia.

During the Reporting Period, the R&D team has been relentless in implementing company strategies and satisfying market demands, 1) the clinical research of Valsartan capsule including conformity pharmaceutics and bioequivalence trials has been completed and application for registration will soon be submitted; 2) evidence work for the conformity assessment of Ibuprofen suspension has been completed; 3) the development project for paediatric asthma medicine of the fourth category of chemical medicine has been established to enrich the product line of paediatric drugs; 4) the R&D project for the single and compound prescriptions for sartan series products has been planned and established to enrich the product line of cardiovascular drugs; 5) healthcare products of sanqi aboveground have initially fulfilled product listing conditions; 6) small-molecule peptide chemical healthcare products are about to undergo collaborated R&D production with leaders in the industry, ensuring high-quality products for the market; 7) the design and development of the self-developed products series of TDMall has been completed, and the R&D and trial production of over 100 products such as TCM "Gao" nourishing paste, health-preserving teas, health-preserving soups and Chinese Medicinal Liquors have commenced; 8) the technological analysis and follow-up of the new medicine of brain damage Lesheng granules have been completed; 9) the research into the specialty active ingredients of dried Xinhui tangerine peel, a Chinese herb in Guangdong Province, has started and two types of dried tangerine peel series healthcare products have been developed for commercial promotion; 10) the development and research of classic renowned TCM prescription products have comprehensively commenced, with the first three prescriptions for the clinical application on three different diseases respectively. The localization study of species resources, informative inspection of cultivation bases and specimen collection, as well as research into feature fingerprinting for partial herbal medicines have been completed, striving for completion and release to market in batches in three years; 11) the development and packaging design of new Manuka products, such as healthcare drinks, have been completed, further enriching the Manuka honey product line.

For TCM business, 1) TCM (China) has devoted to the cultivation, harvesting, production and sales of herbal medicine, establishing a one-stop traceability system and quality standards for local varieties and exploring operation modes suitable to the business itself, thus aspiring to create its own brand of "Tianda Chinese Medicine"; 2) since TPCHM resumed production in April this year, the Group has organized almost a hundred batches of production in accordance with the GMP requirements. All products passed inspection in one trial, and are of high quality. Moreover, our products have a price advantage over competitive products with similar quality, and have been supplied to large corporations such as "Leiyunshang" and "Huayuan Pharmaceuticals". Currently almost 400 types of TCM decoction pieces in total have been filed for record, covering all ginseng and fine and precious products; 3) TDMall (China) Limited partnered with Zhuhai TDMall Ltd. in May this year to open the first flagship clinic of Guangdong-Hong Kong-Macau Greater Bay Area, Zhuhai TDMall, which is offering "Chinese Medicine Services of ten specialties", namely, TCM Gynecology, TCM Spleen-Stomach-Liver Disease, TCM Ophthalmology, TCM Orthopaedics, TCM Bone Traumatology, TCM Pain Management, TCM Paediatrics, providing TCM specialty services to create a three-level specialist practitioner team. TDMall (Hong Kong) Limited is actively preparing for TDMall (Causeway Bay), the second flagship clinic in the Guangdong-Hong Kong-Macau Greater Bay Area, and the clinic is expected to commence operation in early 2020; 4) Tianda Chinese Medicine Institute strictly establishes and oversees the "Tianda Standard" for regulating Chinese medicine quality, and has completed 22 standard drafts for TCM decoction pieces. In line with the State's resounding support for promoting innovative development in TCM, the business will comprehensively implement research and development in classic renowned TCM prescriptions, and at the same time develop TCM types such as collagen and probiotics to enrich the TCM healthcare product series with modern scientific technology.

The construction of the new R&D and production base of Tianda Pharmaceuticals (Zhuhai) is progressing smoothly, and is expected to be completed in early 2020 and start production in the third quarter of 2020. Meng Sheng Pharmaceutical has completed the construction of Qi-Shangzhen oral solution production line, sanqi aboveground healthcare products has initially fulfilled product listing conditions, and Qi-Shangzhen and Qi-Shangyin is undergoing registration of trademark.

During the Reporting Period, the Group entered into a conditional sale agreement with its controlling shareholder, Tianda Group Limited. The connected transaction was approved by the independent shareholders unanimously at the extraordinary general meeting held on 7 May 2019 by way of poll. The Group will be able to exercise the disposal right to sell the existing R&D and production base in Xiangzhou District, Zhuhai to Tianda Group Limited upon the completion of the first phase of the new R&D and production base project in Jinwan District, Zhuhai and the satisfaction of prerequisite conditions for completion of the transaction as stated in the agreement.

OUTLOOK

Quality guarantee and expenses control and guidance in rational drug use are unchanging themes on the road of medical reform. Facing challenges and opportunities never before seen in the pharmaceutical industry, the Group must continuously shape and enhance its comprehensive strengths, creating combinations of various strategies in areas such as products R&D, marketing and operational management in order to sustain stable growth in its traditional business. At the same time, the Group must keep innovating in the area of TCM, delivering its promises and commitment for high quality, high standards, and high value for money in products and services; leveraging on the strategic opportunities brought by the Guangdong-Hong Kong-Macau Greater Bay Area and the advantages offered by the state's policies, the Group strives to improve its strategic layout and operation strategies of the TCM business. The Group will forge ahead with TCM to better serve human health and steadily develop into an outstanding comprehensive medical enterprise.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity continued to stay in a healthy position. As at 30 September 2019, the Group had bank deposits, bank balances and cash totalling approximately HK$352,800,000 (31 March 2019: HK$393,200,000), of which approximately 11.2% and 88.4% were denominated in Hong Kong dollar and RMB respectively with the remaining in Australian dollar, Euro, Macau pataca, New Taiwan 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 2019.

CHARGES ON ASSETS

The Group did not have any charges on assets as at 30 September 2019.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2019, the Group employed approximately 562 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 2019 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 2019.

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 2019.

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

During the six months ended 30 September 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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, 28 November 2019

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.