TIANDA HOLDINGS

Interim Report 2011

天大控股有限公司
TIANDA HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability. Stock Code: 00455)

CONTENTS

2	Corporate Information
3	Highlights
4	Management Discussion and Analysis
8	Corporate Governance
9	Disclosure of Interests and Other Information
12	Report on Review of Interim Financial Information
14	Condensed Consolidated Statement of Comprehensive Income
16	Condensed Consolidated Statement of Financial Position
18	Condensed Consolidated Statement of Changes In Equity
19	Condensed Consolidated Statement of Cash Flows
20	Notes to the Condensed Consolidated Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fang Wen Quan
(Chairman and Managing Director)
Mr. Li Suiming
Mr. Liu Huijiang

Independent Non-Executive Directors

Mr. Chiu Sung Hong
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

HONG KONG LEGAL ADVISERS

Woo, Kwan, Lee & Lo
25th Floor, Jardine House
1 Connaught Place
Hong Kong

COMPANY SECRETARY

Mr. Lo Tai On

AUDIT COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

REMUNERATION COMMITTEE

Mr. Fang Wen Quan *(Chairman)*
Mr. Chiu Sung Hong
Mr. Chiu Fan Wa
Mr. Lam Yat Fai

NOMINATION COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Fang Wen Quan
Mr. Lam Yat Fai

RISK MANAGEMENT COMMITTEE

Mr. Chiu Sung Hong *(Chairman)*
Mr. Fang Wen Quan
Mr. Lam Yat Fai

PRINCIPAL BANKERS

Bank of Communications
The Hongkong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Windward 1
Regatta Office Park
West Bay Road
Grand Cayman
Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 2405-2410, 24th Floor
CITIC Tower
No. 1 Tim Mei Avenue
Central
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
(stock code: 00455)

CORPORATE WEBSITE

www.tiandaholdings.com

HIGHLIGHTS

— Revenue for the six months ended 30 September 2011 amounted to approximately HK$188.7 million, an increase of 267.0% over HK$51.4 million for the corresponding period in 2010.

— Profit attributable to owners of the Company amounted to approximately HK$23.8 million, an increase of 22.3% as compared to HK$19.5 million for the corresponding period in 2010. Excluding the after-tax effect of a revaluation gain on an investment property of HK$8.0 million in the corresponding period, the profit attributable to owners of the Company would have increased by 107.4%.

— The Group's financial position remains strong with cash balances of approximately HK$572.4 million at 30 September 2011.

The board of directors (the "Board") of Tianda Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011, together with comparative figures for the corresponding period in 2010. The results have been reviewed by the Company's audit committee and the Company's independent auditor.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 September 2011 ("1H-FY2012"), the Group recorded a revenue of approximately HK$188.7 million, representing an increase of 267.0% as compared to HK$51.4 million for the six months ended 30 September 2010 ("1H-FY2011"). The significant increase in revenue was mainly attributable to the inclusion of sales of Zhuhai Special Economic Zone Cheng Cheng Printing Co., Ltd. ("Cheng Cheng Printing") from 1 October 2010 onward, which contributed approximately HK$137.0 million for 1H-FY2012, upon completion of the Group's acquisition of 60% interest in Cheng Cheng Printing. Revenue from Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng Pharmaceutical") remained stable and amounted to HK$51.6 million for 1H-FY2012, an increase of approximately 0.5% as compared to HK$51.4 million for 1H-FY2011.

Gross profit for 1H-FY2012 amounted to HK$76.8 million, representing an increase of approximately 87.5% from HK$41.0 million for 1H-FY2011. As compared to 1H-FY2011, distribution and selling expenses, administrative expenses and research and development costs increased upon consolidation of the operation of Cheng Cheng Printing for 1H-FY2012.

Profit attributable to owners of the Company for 1H-FY2012 amounted to approximately HK$23.8 million, an increase of 22.3% as compared to that of HK$19.5 million for 1H-FY2011. Excluding the after-tax effect of a revaluation gain on an investment property of HK$8.0 million for 1H-FY2011, the profit attributable to owners of the Company for 1H-FY2012 would have increased by 107.4%. Earnings per share for 1H-FY2012 was HK1.27 cents while that for 1H-FY2011 was HK1.57 cents.

Business Review

Pharmaceutical and Biotechnology

The Group's pharmaceutical and biotechnology business is carried out through its 55% owned subsidiary, Meng Sheng Pharmaceutical, located in Kunming, Yunnan Province. During 1H-FY2012, Meng Sheng Pharmaceutical recorded a turnover of approximately HK$51.6 million, representing an increase of 0.5% over that for 1H-FY2011. Gross profit margin of Meng Sheng Pharmaceutical and net profit for the business segment decreased from 79.7% and HK$31.5 million for 1H-FY2011 to 74.9% and HK$29.9 million respectively for 1H-FY2012.

During 1H-FY2012, the revenue contributed by the flagship product, Cerebroprotein Hydrolysate for Injection, remained approximately at the same level as that during 1H-FY2011. The second best selling product, Aceglutimide for Injection, had both the revenue and gross profit increased by approximately 19.0% and 16.0% respectively. This encouraging performance counter-acted the adverse effects brought about by the increase in cost of sales across all product lines and the slight decrease in sales of other minor products.

Mining and Energy

The Group's mining and energy business is operated by Yunnan Tianda Mining Ltd. ("Yunnan Tianda Mining") and Gansu Tianda Mining Ltd. ("Gansu Tianda Mining") where the Group has an effective equity interest of 51% in both companies.

Yunnan Tianda Mining is engaged in four exploration projects and below is a summary of information on these projects.

Tenement	**Site Area (sq km)**	**Potential Ore Deposits**	**Stage in Progress**
Dongchuan District	7.7	Copper, Lead, Zinc, Iron, Phosphorus	General geological survey
Huize County	45.5	Copper, Lead, Zinc	Application for renewal of exploration rights in progress
Weixi County	10.3	Lead, Zinc	General geological survey
Deqin County	36.6	Lead, Zinc	Application for exploration rights in progress

Gansu Tianda Mining has established a joint venture, Gansu Maqu Tianda Gold Mining Ltd., in which it has 60% equity interest. The joint venture will undertake a project for gold mine exploration in Maqu County, Gansu Province. The project covers an area of around 23 sq. km. and is adjacent to Dashui Gold Mine, the fourth largest gold mine in China.

The Group's mining and energy projects have not yet been generating revenue. For 1H-FY2012, this business sector incurred net expenses of approximately HK$0.7 million, compared to an amount of approximately HK$1.3 million for 1H-FY2011. The Group will continue to develop these projects actively and cautiously.

Packaging and Printing

The Group has three investments for its packaging and printing business, namely 60% equity interest in Cheng Cheng Printing, 25% equity interest in Yunnan Huaning Xingning Colour Material Printing Co., Ltd. ("Xingning Printing") and 18.75% equity interest in Yuxi Globe Colour Printing Carton Co., Ltd. ("Globe Printing"). All these companies are principally engaged in the printing of cigarette boxes and packs while Cheng Cheng Printing is also engaged in the printing of instruction leaflets and packaging boxes for pharmaceutical and other consumer products.

Cheng Cheng Printing

The Group completed the acquisition of 60% equity interest in Cheng Cheng Printing on 1 October 2010. Therefore, no contribution of results from Cheng Cheng Printing was accounted for during 1H-FY2011. For 1H-2012, revenue and gross profit attributable to Cheng Cheng Printing amounted to approximately HK$137.0 million and HK$38.1 million respectively, representing a gross profit margin of 27.8%. The profit after tax of this business segment for 1H-FY2012 was approximately HK$18.1 million.

Xingning Printing

The Group has an equity interest of 25% in Xingning Printing and share of its results for 1HFY2012 amounted to HK$847,000. The corresponding contribution from Xingning Printing for 1HFY2011 was HK$958,000.

Globe Printing

The Group has an equity interest of 18.75% in Globe Printing and accounted it as an investment in an investee company. Globe Printing usually distributed dividends in the first quarter of a year and no dividend income was received during 1H-FY2012 (1H-FY2011: nil).

Outlook

Amidst unfavourable factors such as the austerity measures introduced to curb the inflationary economy in China, price controls over certain drugs and fierce competitions within the pharmaceutical industry, the Group has full confidence in the future of its pharmaceutical and biotechnology business. Externally, China economy is still growing at a faster pace than those Western developed countries, which have been laden with problems of economic recession and national debt crisis, and with an increase in individuals' income, increased life expectancy and health awareness, and the support of governmental policies, there will certainly be further growth of the pharmaceutical sector in China. Internally, the selling prices of major products of Meng Sheng Pharmaceutical, including Cerebroprotein Hydrolysate for Injection, have not been affected by the price controls. The market leading position of Meng Sheng Pharmaceutical in Cerebroprotein Hydrolysate for Injection and its state-of-art production help to increase the competitive edge of Meng Sheng Pharmaceutical. Moreover, Cerebroprotein Hydrolysate for Injection has started to record sales in India in 2H-FY2012 while the preparation for its application for registration in Russia has been progressing steadily.

Apart from organic growth of Meng Sheng Pharmaceutical, the Group has also been looking for promising acquisition opportunities in the pharmaceutical industry. With a strong financial position and general trend of consolidation of the pharmaceutical sector, the Group believes it is at an advantageous moment to screen and pick attractive targets for further expanding its pharmaceutical and biotechnology business.

The robust growth of the economy in China, with trend of shifting from exports to domestic demands, will benefit the packaging and printing business while rising costs in materials used in production, such as papers and ink, will be the challenges to its profitability. The Group is cautiously optimistic that Cheng Cheng Printing and the Group's two other investments in the packaging and printing business will continue to provide a stable source of income for its own development as well as the further expansion of the Group's pharmaceutical and biotechnology business.

While the mining and energy business has not yet generating any income, the Group will continue to adopt its active and cautious approach in developing the projects on hand.

Looking forward, the Group and its management are confident in the prospects of its lines of businesses and will continue to strive hard for a promising return for its shareholders.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011 (2010: Nil).

Liquidity and financial resources

The Group's liquidity continued to stay in a healthy position. As at 30 September 2011, the Group had cash and bank balances of approximately HK$572.4 million (31 March 2011: HK$557.0 million), of which approximately 6.0%, 52.5% and 0.5% were denominated in United States dollar, Renminbi and Euro respectively with the remaining in Hong Kong dollar. As in the past, the Group has no external borrowings during the period under review. With this strong financial position, the Group has sufficient financial resources to meet its obligations and daily operational needs.

Exchange rate exposure

The Group's assets, liabilities and transactions are substantially denominated in Hong Kong dollar, Renminbi or United States dollar. The Group considers that there is no material exchange rate risk currently and no hedging measures are necessary at current stage.

Charges on assets

The Group did not have any charges on assets as at 30 September 2011.

Employment and remuneration policy

As at 30 September 2011, the Group employed approximately 480 employees in Hong Kong and Mainland China. The Group remunerates its employees based on market terms, and the qualifications and experience of the employees concerned.

CORPORATE GOVERNANCE

The Company has met the code provisions of the Code on Corporate Governance Practices ("the Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") during the six months period ended 30 September 2011 except deviations as set out below. Code provision E.1.2 of the Code which provides that the Chairman of the Board shall attend the annual general meeting of the Company. As Mr. FANG Wen Quan was in overseas for another important business commitment, he was unable to attend the annual general meeting of the Company held on 26 August 2011 in Hong Kong. This constitutes a deviation from the code provision E.1.2 of the Code.

Mr. FANG Wen Quan is the Managing Director and the Chairman of the Board of the Company. Pursuant to Code provision A.2.1, the roles of chairman and chief executive officer of an issuer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Having considered the current business operation and the size of the Group, the Board is of the view that Mr. FANG Wen Quan acting as both the Chairman of the Board and as the Managing Director of the Group is acceptable and in the best interest of the Group. The Board will review this situation periodically.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' Interests in Shares and Underlying Shares

As at 30 September 2011, the interests of the Company's directors, chief executives and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(A) Shares of the Company

Name of Director	Capacity	Number of shares held	%
Mr. FANG Wen Quan	Held by controlled corporation	1,187,594,704 (Note 1)	63.50

(B) Shares of Associated Corporations

Name of Director	Name of subsidiary	Number of shares held	%
Mr. FANG Wen Quan	Tianda Mining (Gansu) Limited	49	49
	Tianda Mining (Yunnan) Limited	49	49

Notes:

(1) All the above shares are beneficially owned by Tianda Group Limited. Mr. FANG Wen Quan has 100% equity interests in Tianda Group Limited and, accordingly, is deemed to have a corporate interest in the above shares owned by Tianda Group Limited.

(2) All the interests stated above represent long positions.

Substantial Shareholders

As at 30 September 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests in 5% or more of the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares held	%
Tianda Group Limited	Beneficial owner	1,187,594,704 (Note 1)	63.50
Mr. FANG Wen Quan	Held by controlled corporation	1,187,594,704 (Note 1)	63.50
South Hong Investment Limited	Beneficial owner	214,992,930 (Note 2)	11.50
Hongta Tobacco (Group) Limited	Held by controlled corporation	214,992,930 (Note 2)	11.50

Notes:

(1) These 1,187,594,704 shares are beneficially owned by Tianda Group Limited. Mr. FANG Wen Quan has 100% equity interests in Tianda Group Limited and, accordingly, is deemed to have a corporate interest in the 1,187,594,704 shares owned by Tianda Group Limited.

(2) These 214,992,930 shares are beneficially owned by South Hong Investment Limited ("South Hong"). South Hong was beneficially owned as to approximately 92.28% by Hongta Tobacco (Group) Limited. Accordingly, Hongta Tobacco (Group) Limited is deemed to be interested in the 214,992,930 shares owned by South Hong.

All the interests stated above represent long positions. As at 30 September 2011, no short position was recorded in the register kept by the Company under section 336 of the SFO.

Save as disclosed above, the Company has not been notified of any other interest representing 5% or more in the Company's issued share capital as at 30 September 2011.

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

During the six months ended 30 September 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Share Option Scheme

At an extraordinary general meeting held on 13 July 2010, the Company approved the adoption of a share option scheme ("the Scheme").

No share option has been granted since the adoption of the Scheme.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors ("the Model Code") of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all the Directors of the Company, they all confirm that they have compiled with the Model Code throughout the six months ended 30 September 2011.

Audit Committee

The audit committee of the Company comprises three independent non-executive directors. The audit committee has reviewed, together with the management of the Company and the Company's independent auditor, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including review of the unaudited interim results for the six months ended 30 September 2011.

By order of the Board
Tianda Holdings Limited
FANG Wen Quan
Chairman

Hong Kong, 24 November 2011

Deloitte.
德勤

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE BOARD OF DIRECTORS OF TIANDA HOLDINGS LIMITED
天大控股有限公司
(FORMERLY KNOWN AS YUNNAN ENTERPRISES HOLDINGS LIMITED
雲南實業控股有限公司)
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 30, which comprises the condensed consolidated statement of financial position of Tianda Holdings Limited (the "Company") and its subsidiaries as of 30 September 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("HKSRE 2410") issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 September 2010 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September 2011 HK$ (Unaudited)	2010 HK$ (Unaudited)
Revenue	4	**188,677,234**	51,411,290
Cost of sales		**(111,872,997)**	(10,438,430)
Gross profit		**76,804,237**	40,972,860
Other income and gains		**6,982,575**	1,505,604
Distribution and selling expenses		**(8,586,529)**	(360,786)
Administrative expenses		**(14,331,133)**	(11,524,420)
Research and development costs		**(6,280,616)**	(542,718)
Gain arising from change in fair value of an investment property		**–**	8,000,000
Share of results of an associate/associates		**847,353**	1,231,684
Profit before tax	5	**55,435,887**	39,282,224
Income tax expense	6	**(10,980,705)**	(6,217,348)
Profit for the period		**44,455,182**	33,064,876

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Notes	Six months ended 30 September 2011 HK$ (Unaudited)	2010 HK$ (Unaudited)
Other comprehensive income			
Gain on fair value changes of available-for-sale investment		–	497,588
Reclassification to profit and loss upon disposal of available-for-sale investment		–	(497,588)
Exchange difference arising on translation		**10,740,088**	6,035,104
Other comprehensive income for the period		**10,740,088**	6,035,104
Total comprehensive income for the period		**55,195,270**	39,099,980
Profit for the period attributable to:			
Owners of the Company		**23,840,773**	19,494,525
Non-controlling interests		**20,614,409**	13,570,351
		44,455,182	33,064,876
Total comprehensive income for the period attributable to:			
Owners of the Company		**31,516,071**	24,990,042
Non-controlling interests		**23,679,199**	14,109,938
		55,195,270	39,099,980
		HK cents	HK cents
Basic earnings per share	8	**1.27**	1.57

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2011

	Notes	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**89,319,270**	88,637,443
Prepaid lease payments		**11,277,431**	11,169,904
Goodwill	10	**50,684,971**	49,403,727
Intangible assets	11	**81,247,383**	84,444,065
Exploration and evaluation assets	12	**5,356,817**	3,961,891
Interests in an associate		**16,784,283**	15,518,244
Deposit for the acquisition of property, plant and equipment		**7,183,257**	3,030,586
Available-for-sale investments – investment in an investee company		**32,465,141**	32,465,141
		294,318,553	288,631,001
CURRENT ASSETS			
Inventories		**107,425,011**	87,351,019
Trade and other receivables	13	**26,937,746**	17,506,589
Prepaid lease payments		**160,590**	146,231
Available-for-sale investments – debt instruments		**–**	1,138,133
Amounts due from related companies	14	**16,019,857**	48,413,064
Bank deposits	15	**394,125,677**	414,209,717
Bank balances and cash	15	**178,235,916**	142,808,417
		722,904,797	711,573,170

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2011

	Notes	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Restated)
CURRENT LIABILITIES			
Trade and other payables	16	**90,497,040**	65,069,579
Government grants – current portion		**362,586**	353,420
Amounts due to related companies	17	**5,010,146**	4,746,690
Amount due to ultimate holding company	19(a)	**–**	11,228,445
Loans from ultimate holding company	19(a)	**6,182,026**	6,059,788
Dividend payable to non-controlling shareholders		**27,147,253**	28,889,133
Tax payable		**6,092,300**	8,071,024
		135,291,351	124,418,079
NET CURRENT ASSETS		**587,613,446**	587,155,091
TOTAL ASSETS LESS CURRENT LIABILITIES		**881,931,999**	875,786,092
NON-CURRENT LIABILITIES			
Government grants – non-current portion		**1,450,344**	1,590,392
Deferred tax liabilities		**29,230,770**	26,858,286
		30,681,114	28,448,678
		851,250,885	847,337,414
CAPITAL AND RESERVES			
Share capital	18	**187,011,816**	187,011,816
Reserves		**494,993,068**	489,284,628
Equity attributable to owners of the Company		**682,004,884**	676,296,444
Non-controlling interests		**169,246,001**	171,040,970
Total equity		**851,250,885**	847,337,414

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Attributable to owners of the Company												
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Capital contribution reserve HK$	Goodwill reserve HK$ Note (i)	Special reserve HK$ Note (ii)	Exchange reserve HK$	Statutory reserves HK$ Note (iii)	Change in fair value of available-for-sale investment HK$	Retained profits HK$	Sub-total HK$	Non-controlling Interests HK$	Total HK$
At 1 April 2010 (Audited)	93,505,908	173,077,599	8,000	–	(6,427,865)	3,460,016	24,092,135	14,776,438	–	107,387,695	409,879,926	29,020,825	438,900,751
Profit for the period	–	–	–	–	–	–	–	–	–	19,494,525	19,494,525	13,570,351	33,064,876
Gain on fair value changes of available- for-sale investments - debt instruments	–	–	–	–	–	–	–	–	497,588	–	497,588	–	497,588
Transfer to profit or loss on disposal of available-for-sale investments - debt instruments	–	–	–	–	–	–	–	–	(497,588)	–	(497,588)	–	(497,588)
Exchange difference arising on translation	–	–	–	–	–	–	5,495,517	–	–	–	5,495,517	539,587	6,035,104
Total comprehensive income for the period	–	–	–	–	–	–	5,495,517	–	–	19,494,525	24,990,042	14,109,938	39,099,980
Share issued	93,505,908	102,856,499	–	–	–	–	–	–	–	–	196,362,407	–	196,362,407
Transaction costs attributable to issue of shares	–	(1,295,905)	–	–	–	–	–	–	–	–	(1,295,905)	–	(1,295,905)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,394,000	1,394,000
Dividends recognised on distribution (note 7)	–	–	–	–	–	–	–	–	–	(4,207,766)	(4,207,766)	–	(4,207,766)
At 30 September 2010 (Unaudited)	187,011,816	274,638,193	8,000	–	(6,427,865)	3,460,016	29,587,652	14,776,438	–	122,674,454	625,728,704	44,524,763	670,253,467
At 1 April 2011 as previously stated (Audited)	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**–**	**3,460,016**	**23,018,452**	**25,378,584**	**–**	**158,303,732**	**676,296,444**	**165,935,835**	**842,232,279**
Restatement (note 2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,105,135**	**5,105,135**
As restated	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**–**	**3,460,016**	**23,018,452**	**25,378,584**	**–**	**158,303,732**	**676,296,444**	**171,040,970**	**847,337,414**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,840,773**	**23,840,773**	**20,614,409**	**44,455,182**
Exchange difference arising on translation	**–**	**–**	**–**	**–**	**–**	**–**	**7,675,298**	**–**	**–**	**–**	**7,675,298**	**3,064,790**	**10,740,088**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**7,675,298**	**–**	**–**	**23,840,773**	**31,516,071**	**23,679,199**	**55,195,270**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,474,168)**	**(25,474,168)**
Dividends recognised on distributions (note 7)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(25,807,631)**	**(25,807,631)**	**–**	**(25,807,631)**
At 30 September 2011 (Unaudited)	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**–**	**3,460,016**	**30,693,750**	**25,378,584**	**–**	**156,336,874**	**682,004,884**	**169,246,001**	**851,250,885**

Notes:

(i) The goodwill reserve of the Group arose on the acquisition of an associate in prior years which was engaged in the sale of pharmaceutical and biotechnology products. The amount was released and transferred upon disposal of the associate during the year ended 31 March 2011.

(ii) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of a subsidiary acquired by the Company pursuant to a corporate reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 1992.

(iii) The statutory reserves represent the appropriation of certain percentages of profit after taxation of the subsidiaries established in the Mainland of the People's Republic of China (the "PRC") as recommended by the directors of those subsidiaries based on the PRC statutory financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Six months ended 30 September	
	2011	2010
	HK$	HK$
	(Unaudited)	(Unaudited)
Net cash from operating activities	**48,072,927**	30,106,427
INVESTING ACTIVITIES		
Net decrease (increase) in bank deposits	**20,084,040**	(205,214,288)
Other investing cash flows	**1,186,756**	(897,957)
Net cash from (used in) investing activities	**21,270,796**	(206,112,245)
FINANCING ACTIVITIES		
Dividend paid to shareholders	**(25,782,413)**	(4,207,766)
Repayment of amount due to ultimate holding company	**(11,228,445)**	–
Proceeds from issue of shares, net of share issue expenses	**–**	195,066,502
In proportion capital contribution from a non-controlling shareholder of a subsidiary	**–**	1,394,400
Other financing cash flows	**(146,530)**	2,233,788
Net cash (used in) from financing activities	**(37,157,388)**	194,486,924
Net increase in cash and cash equivalents	**32,186,335**	18,481,106
Cash and cash equivalents at beginning of the period	**142,808,417**	102,792,689
Effect of foreign exchange rate changes	**3,241,164**	1,744,676
Cash and cash equivalents at end of the period, represented by bank balances and cash	**178,235,916**	123,018,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

1. BASIS OF PREPARATION

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

Upon the shareholders' approval at extraordinary general meeting of the Company held on 4 July 2011, the name of the Company was changed from "Yunnan Enterprises Holdings Limited 雲南實業控股有限公司" to "Tianda Holdings Limited 天大控股有限公司" with effect from 5 July 2011.

2. RESTATEMENT OF COMPARATIVE INFORMATION

As disclosed in note 34 of the Group's annual financial statements for the year ended 31 March 2011, the provisionally estimated fair values were used for recognising the intangible assets acquired on the acquisition of 100% equity interest in Cheng Cheng Printing Limited (the "Acquisition") in October 2010. The fair value assessment was completed during the current period, and pursuant to Hong Kong Financial Reporting Standard 3, the comparative condensed consolidated statement of financial position as at 31 March 2011 has been restated to reflect the finalised fair value of assets acquired and liabilities assumed from the Acquisition. As the consequential impact on profit or loss in prior period as a result of increase in amortisation of intangible assets and tax effect thereon is not significant, the accumulated profits at 1 April 2011 has not been restated.

The effect of the finalised fair value described above is summarised below:

	31 March 2011 HK$ **(originally stated)**	**Restatements** HK$	**31 March and 1 April 2011** HK$ **(as restated)**
Goodwill	57,061,430	(7,657,703)	49,403,727
Intangible assets	67,426,947	17,017,118	84,444,065
Deferred tax liabilities	(22,604,006)	(4,254,280)	(26,858,286)
Total effect on net assets	101,884,371	5,105,135	106,989,506
Non-controlling interests	(165,935,835)	(5,105,135)	(171,040,970)
Total effect on equity	(165,935,835)	(5,105,135)	(171,040,970)

The finalised fair value of the intangible assets at 1 October 2010 has been arrived on the basis of a valuation using income approach by Asset Appraisal Limited, an independent qualified professional valuer, not connected to the Group.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective to the Group's accounting periods beginning on or after 1 April 2011.

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

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective.

HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

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

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 March 2014 and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment.

The Group is currently evaluating the impact of the adoption of HKFRS 10 on its financial statements.

In addition, as disclosed in the Group's consolidated financial statements for the year ended 31 March 2011, the application of Hong Kong Financial Reporting Standard 9 "Financial Instruments" would mainly affect the classification and measurement of the Group's available-for-sale investment.

Other than disclosed above, the Directors anticipate that the application of other new or revised standards will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

During the year ended 31 March 2011, the Group has completed the Acquisition. Consequently, a new segment, packaging and printing business, has been included in the segment reporting.

The operating and reportable segments of the Group are as follows:

1. Pharmaceutical and biotechnology business – manufacture and sale of pharmaceutical products including flagship products "Cerebroprotein Hydrolysate for injection" and other medicine.

2. Mineral resources business – exploration of copper, lead, zinc and non-ferrous mineral resources.

3. Packaging and printing business – sales of packaging and printing products, including cigarette and non-cigarette related products.

Information regarding the above segments is reported below.

Six months ended 30 September 2011 (unaudited)

	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Packaging and printing business HK$	Consolidated HK$
REVENUE - EXTERNAL	51,643,979	–	137,033,255	188,677,234
SEGMENT RESULTS	29,945,100	(709,778)	18,084,091	47,319,413
Other income and gains				1,804,627
Unallocated expenses				(5,516,211)
Share of results of an associate				847,353
Profit for the period				44,455,182

Six months ended 30 September 2010 (unaudited)

	Pharmaceutical and biotechnology business HK$	Mineral resources business HK$	Consolidated HK$
REVENUE – EXTERNAL	51,411,290	–	51,411,290
SEGMENT RESULTS	31,490,181	(1,296,439)	30,193,742
Other income and gains			703,656
Gain arising from change in fair value of an investment property			8,000,000
Unallocated expenses			(7,064,206)
Share of results of associates			1,231,684
Profit for the period			33,064,876

The accounting policies of operating segments are the same as the Group's accounting policies. Segment results represent the profit after taxation earned by/loss after taxation from each segment without allocation of certain income, unallocated head office expenses and share of results of an associate/associates. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Six months ended 30 September	
	2011 HK$ (Unaudited)	2010 HK$ (Unaudited)
Depreciation of property, plant and equipment	**6,730,434**	1,546,482
Amortisation of intangible assets (included in cost of sales)	**5,285,405**	–
Amortisation of prepaid lease payments	**154,846**	45,751
Bank interest income	**(4,113,525)**	(692,663)
Net foreign exchange gain	**(938,568)**	–
Profit on disposal of available-for-sale investment	**–**	(497,588)

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in or derived from, Hong Kong for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is unified to 25% from 1 January 2008 onwards.

Yunnan Meng Sheng Pharmaceutical Co., Limited ("Meng Sheng"), a subsidiary of the Group, is established in the Kunming economic open zone. Pursuant to the relevant laws and regulations in the PRC, Meng Sheng was entitled to a preferential Enterprise Income Tax rate of 15% on an annual basis. The tax rate applicable is 15% for both periods.

Zhuhai Special Economic Zone Cheng Cheng Printing Co., Ltd. ("Cheng Cheng"), a subsidiary of the Group, was recognised as a High-Tech Enterprise and is subject to preferential tax rate of 15% from November 2009 to November 2012.

	Six months ended 30 September	
	2011	2010
	HK$	HK$
	(Unaudited)	(Unaudited)
Current tax		
PRC enterprise income tax	**9,581,897**	5,628,493
Withholding tax	**29,648**	–
Deferred tax	**1,369,160**	588,855
	10,980,705	6,217,348

7. DIVIDENDS

During the current interim period, a final dividend of HK0.72 cent per share and special dividend of HK0.66 cent per share in respect of the year ended 31 March 2011 (HK0.45 cent per share in respect of the year ended 31 March 2010) were paid to the owners of the Company. The aggregate amount of the final dividend paid in the current interim period amounted to approximately HK$25,808,000 (six months ended 30 September 2010: HK$4,208,000).

The directors of the Company (the "Directors") do not recommend the payment of an interim dividend (2010: Nil).

8. BASIC EARNINGS PER SHARE

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

	Six months ended 30 September	
	2011	2010
	HK$	HK$
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the period attributable to the owners of the Company	**23,840,773**	19,494,525
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,870,118,160**	1,241,635,828

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

9. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment for the period amounted to a total of HK$4,680,462 (Six months ended 30 September 2010: HK$515,636).

10. GOODWILL

For the purposes of impairment testing, the goodwill has been allocated to two cash generating units (the "CGU") representing two PRC subsidiaries, (1) the sale of pharmaceutical and biotechnology products segment for Meng Sheng, and (2) sale of packaging and printing products segment for Cheng Cheng. The management of the Group determines that there is no impairment of the CGUs containing goodwill.

11. INTANGIBLE ASSETS

Intangible assets represent customers relationship in Cheng Cheng which was acquired in October 2010.

Amortisation is provided to write off the cost of the customer relationship using the straight-line method over the estimated life of the customers relationship of 10 years.

12. EXPLORATION AND EVALUATION ASSETS

The amount represents expenditures, mainly inspection fee and design fee on concession area, incurred for carrying out activities in relation to geological research over four (31 March 2011: three) concession areas to evaluate the technical feasibility of exploration and extraction of mineral resources and acquisition of rights to explore nonferrous metal resources in the Yunnan Province of the PRC.

Two of them have been expired during the current period. The renewal of one of the rights with two-year extension was completed in August 2011 and the renewal of the remaining right is still in progress up to the date of these condensed consolidated financial statements were authorised for issuance. The Directors believe that the right can be eventually renewed without significant cost. During the current period, the Directors determined that there was no fact and circumstance suggesting the carrying amount of exploration and evaluation assets exceeded its recoverable amount and no impairment is recognised in profit or loss.

13. TRADE AND OTHER RECEIVABLES

The Group has a policy of allowing a credit period of 30 to 60 days to its trade customers.

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

	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Audited)
Trade receivables		
0 – 60 days	**17,264,618**	3,410,093
61 – 180 days	**1,263,365**	1,351,074
Over 180 days	**2,556,303**	357,392
	21,084,286	5,118,559
Dividends receivable from available-for-sale investments	**–**	6,869,417
Other receivables, deposits and prepayments	**5,853,460**	5,518,613
Total trade and other receivables	**26,937,746**	17,506,589

14. AMOUNTS DUE FROM RELATED COMPANIES

For trade related amounts due from related companies, the amounts are unsecured, non-interest bearing and with an average credit period of 60 days. Amounts represent balances with related companies, which are either subsidiaries or jointly controlled entity of the non-controlling shareholder of a subsidiary of the Company. Amounts are arisen from sales of packaging and printing products.

The following is an aged analysis of the Group's amounts due from related companies based on invoice date at the end of the reporting period:

	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Audited)
0 – 60 days	**15,684,581**	23,221,900
Over 60 days	**335,276**	152,228
	16,019,857	23,374,128

For non-trade related amounts due from related companies of HK$25,038,936 at 31 March 2011, the amounts were unsecured, non-interest bearing and repayable on demand. The amounts have been offset against the dividend payable to a non-controlling shareholder of a subsidiary of the same amount in the current period.

15. BANK DEPOSITS, BANK BALANCES AND CASH

The bank deposits, which comprise short-term fixed deposits with original maturity of 1-3 months (31 March 2011: 1-6 months), carry market interest rates ranging from 0.84% to 3.1% (31 March 2011: 0.05% to 2.8%) per annum.

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

	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Audited)
Hong Kong dollar	**234,540,069**	269,174,552
United States dollar	**34,553,162**	33,969,788
Euro	**2,712,356**	1,788,938

16. TRADE AND OTHER PAYABLES

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

	30 September 2011 HK$ (Unaudited)	31 March 2011 HK$ (Audited)
Trade payables		
0 – 60 days	**48,096,897**	27,088,378
61 – 90 days	**1,638,121**	2,012,524
Over 90 days	**3,353,322**	4,183,287
	53,088,340	33,284,189
Note payables		
0 – 60 days	**21,718,900**	10,007,598
61 – 90 days	**6,464,415**	14,331,246
	28,183,315	24,338,844
Deposits received from customers	**101,040**	1,472,872
Other payables and accruals	**9,124,345**	5,973,674
Total trade and other payables	**90,497,040**	65,069,579

17. AMOUNTS DUE TO RELATED COMPANIES

Amounts represent balances with related companies, which are either subsidiaries or a jointly controlled entity of the non-controlling shareholder of a subsidiary of the Company. As at 30 September 2011, the Group's amounts due to related companies of HK$4,363,276 (31 March 2011: HK$4,746,690) are trading in nature, arising from purchase of materials for packaging and printing products. The whole amount is aged within 60 days. The amounts are unsecured, non-interest bearing and with credit term ranged from 30 days to 120 days.

For non-trade related amounts due to related companies of HK$646,870 at 30 September 2011 (31 March 2011: nil), the amounts are unsecured, non-interest bearing and repayable on demand.

18. SHARE CAPITAL

	Number of shares	Amount HK$
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2011 and at 30 September 2011	4,000,000,000	400,000,000
Issued and fully paid:		
At 1 April 2011 and at 30 September 2011	1,870,118,160	187,011,816

19. RELATED PARTY TRANSACTIONS

(a) Details of balances of the Group with related parties are set out in the condensed consolidated statement of financial position and notes 14 and 17.

The amount due to ultimate holding company and loans from ultimate holding company are unsecured, interest-free and repayable on demand. The current account with ultimate holding company was fully settled during the current period.

(b) During the period, the Group entered into the following transactions with related companies:

Name of related company	Notes	Nature of transactions	Six months ended 30 September 2011 HK$ (Unaudited)	2010 HK$ (Unaudited)
雲南中煙物資(集團)有限責任公司	(i)	Sales	**81,910,021**	–
香港紅塔國際煙草有限公司	(i)	Sales	**8,333,512**	–
天大藥業(珠海)有限公司	(ii)	Sales	**1,121,323**	–
紅塔煙草(集團)有限責任公司	(i)	Sales	**1,488,509**	–
雲南荷樂賓防偽技術有限公司	(i)	Purchases	**9,035,275**	–

Notes:

(i) The related companies are either subsidiaries or a joint-controlled entity of a non-controlling shareholder with significant influence over a subsidiary of the Company.

(ii) The related company is a subsidiary of the ultimate holding company of the Company.

(c) Compensation of key management personnel

The remunerations of Directors and other members of key management in respect of the period are as follows:

	Six months ended 30 September	
	2011	2010
	HK$	HK$
	(Unaudited)	(Unaudited)
Short-term benefits	**1,076,971**	1,080,500
Post-employment benefits	**14,000**	12,000
	1,090,971	1,092,500

20. NON-CASH TRANSACTION

Amounts due from related companies of HK$25,038,936 have been offset against the dividend payable to a non-controlling shareholder of a subsidiary of the same amount in the current period.