TIANDA PHARMACEUTICALS

Interim Report 2012

天大藥業有限公司

TIANDA PHARMACEUTICALS LIMITED

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

CONTENTS

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

NOMINATION COMMITTEE

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

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

00455

CORPORATE WEBSITE

www.tiandapharma.com

HIGHLIGHTS

- Revenue from continuing operations for the six months ended 30 September 2012 amounted to approximately HK$67.3 million (1H-FY2012: HK$51.6 million). During the same period, revenue from discontinued operations, which were disposed of on 31 August 2012, amounted to approximately HK$101.8 million (1H-FY2012: HK$137.0 million).
- Profit for the period from continuing and discontinued operations attributable to owners of the Company, amounted to HK$24.6 million (1H-FY2012: HK$23.8 million).
- The Group's financial position remains strong with bank balances and cash of approximately HK$407.0 million at 30 September 2012 (31 March 2012: HK$412.1 million).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

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

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

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

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

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

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

Business Review

Pharmaceutical and Biotechnology

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

Tianda Pharmaceuticals Group

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

Meng Sheng Pharmaceutical

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

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

Packaging and Printing

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

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

Cheng Cheng Printing Group

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

Xingning Printing

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

Globe Printing

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

Mining and Energy

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

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

Outlook

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

Products Development

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

Sales & Marketing

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

Strategic Partners and Acquisition Opportunities

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

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

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2012 (2011: Nil).

Liquidity and Financial Resources

The Group's liquidity continued to stay in a healthy position. As at 30 September 2012, the Group had cash and bank balances of approximately HK$407.0 million (31 March 2012: HK$412.1 million), of which approximately 32.4%, 32.7% and 34.6% were denominated in Hong Kong dollar, United States dollar and Renminbi respectively with the remaining in Australian dollar and Euro. As in the past, the Group has no external borrowings during the period under review. With this strong financial position, the Group has sufficient financial resources to meet its obligations and daily operational needs.

Exchange Rate Exposure

The Group's assets, liabilities and transactions are substantially denominated in Hong Kong dollar, Renminbi, United States dollar and Australian dollar.

The Group has sales and investments in foreign operations which use currencies other than its functional currency, Renminbi. As such, the Group has some exposures to foreign currency risk, which it mitigates by entering into forward currency contracts designed to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than the Renminbi.

Charges on Assets

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

Employment and Remuneration Policy

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

CORPORATE GOVERNANCE

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

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

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' Interests in Shares and Underlying Shares

At 30 September 2012, the interests of the Company's directors, chief executives and their associates in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), were as follows:

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

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

At 30 September 2012, 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 said 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 2012, 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 2012.

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

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

Share Option Scheme

No share option has been granted since the adoption of a share option scheme at an extraordinary general meeting held on 13 July 2010.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors ("the Model Code") of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all the Directors of the Company, they all confirm that they have compiled with the Model Code throughout the six months ended 30 September 2012.

Audit Committee

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

By Order of the Board
Tianda Pharmaceuticals Limited

FANG Wen Quan
Chairman

Hong Kong, 26 November 2012

Deloitte.
德勤

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

TO THE BOARD OF DIRECTORS OF TIANDA PHARMACEUTICALS LIMITED
天大藥業有限公司
(FORMERLY KNOWN AS TIANDA HOLDINGS LIMITED
天大控股有限公司)
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial information of Tianda Pharmaceuticals Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 42, which comprises the condensed consolidated statement of financial position as of 30 September 2012 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 condensed consolidated 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 condensed consolidated interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this condensed consolidated 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 this condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

26 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Notes	Six months ended 30 September 2012 HK$ (Unaudited)	2011 HK$ (Unaudited) (Restated)
Profit for the period attributable to the owners of the Company			
– Profit for the period from continuing operations		**11,193,445**	12,640,996
– Profit for the period from discontinued operations		**13,364,921**	11,199,777
		24,558,366	23,840,773
Profit for the period attributable to non-controlling interests			
– Profit for the period from continuing operations		**14,090,881**	13,337,630
– Profit for the period from discontinued operations		**3,571,839**	7,276,779
		17,662,720	20,614,409
Total comprehensive income for the period attributable to:			
Owners of the Company		**18,339,788**	31,516,071
Non-controlling interests		**17,374,207**	23,679,199
		35,713,995	55,195,270
		HK cents	HK cents
Basic earnings per share	8		
From continuing and discontinued operations		**1.31**	1.27
From continuing operations		**0.60**	0.68

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2012

	Notes	30 September 2012 HK$ (Unaudited)	31 March 2012 HK$ (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**116,311,658**	21,998,297
Prepaid lease payments	10	**90,783,205**	3,922,633
Goodwill	11	**107,353,280**	6,587,152
Intangible assets	12	**93,036,020**	–
Rental deposit		**1,378,684**	1,378,684
		408,862,847	33,886,766
CURRENT ASSETS			
Inventories	13	**32,147,227**	7,846,402
Trade and other receivables	14	**15,831,014**	4,469,252
Prepaid lease payments	10	**3,100,880**	97,530
Available-for-sale investments	15	**2,486,532**	–
Other financial assets	16	**914,046**	–
Bank deposits	17	**263,337,611**	322,548,263
Bank balances and cash	17	**143,639,666**	89,594,058
		461,456,976	424,555,505
Disposal groups classified as held-for-sale	6	**–**	549,402,661
		461,456,976	973,958,166
CURRENT LIABILITIES			
Trade and other payables	18	**45,336,871**	12,787,102
Government grants – current portion		**364,513**	365,823
Amount due to ultimate holding company	20(a)	**2,321,880**	–
Amounts due to a related company	20(b)	**1,056,220**	–
Tax payable		**5,999,084**	7,222,354
		55,078,568	20,375,279
Liabilities associated with disposal groups classified as held-for-sale	6	**–**	114,602,492
		55,078,568	134,977,771
NET CURRENT ASSETS		**406,378,408**	838,980,395
TOTAL ASSETS LESS CURRENT LIABILITIES		**815,241,255**	872,867,161

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AT 30 SEPTEMBER 2012

	Notes	30 September 2012 HK$ (Unaudited)	31 March 2012 HK$ (Audited)
NON-CURRENT LIABILITIES			
Government grants – non-current portion		**1,093,537**	1,280,382
Deferred tax liabilities	21	**45,792,830**	1,641,120
		46,886,367	2,921,502
		768,354,888	869,945,659
CAPITAL AND RESERVES			
Share capital	19	**187,011,816**	187,011,816
Reserves		**529,977,386**	497,255,269
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	6	**–**	18,690,228
Equity attributable to owners of the Company		**716,989,202**	702,957,313
Non-controlling interests		**51,365,686**	166,988,346
Total equity		**768,354,888**	869,945,659

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Attributable to owners of the Company												
	Share capital HK$	Share premium HK$	Capital redemption reserve HK$	Capital contribution reserve HK$	Special reserve HK$ Note (i)	Exchange reserve HK$	Statutory reserves HK$ Note (ii)	Change in fair value of available-for-sale investments HK$	Accumulated profits HK$	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups HK$	Total HK$	Non-controlling interests HK$	Total HK$
At 1 April 2011 (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	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 as 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
At 1 April 2012 (audited)	**187,011,816**	**274,638,193**	**8,000**	**4,477,651**	**3,460,016**	**12,631,896**	**41,419,484**	**–**	**160,620,029**	**18,690,228**	**702,957,313**	**166,988,346**	**869,945,659**
Profit for the period	–	–	–	–	–	–	–	–	24,558,366	–	24,558,366	17,662,720	42,221,086
Exchange difference arising on translation	–	–	–	–	–	123,609	–	–	–	(1,306,310)	(1,182,701)	(288,513)	(1,471,214)
Fair value gain on available-for-sale investments	–	–	–	–	–	–	–	209	–	–	209	–	209
Reclassification upon disposal of subsidiaries and an associate	–	–	–	–	–	–	–	–	–	(5,036,086)	(5,036,086)	–	(5,036,086)
Total comprehensive income for the period	–	–	–	–	–	123,609	–	209	24,558,366	(6,342,396)	18,339,788	17,374,207	35,713,995
Deemed contribution from ultimate holding company (note 22(b) and 22(c))	–	–	–	4,481,656	–	–	–	–	–	–	4,481,656	–	4,481,656
Transfer upon disposal of subsidiaries and an associate	–	–	–	–	–	–	(16,825,496)	–	29,173,328	(12,347,832)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(117,911,879)	(117,911,879)
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(15,084,988)	(15,084,988)
Dividends recognised as distributions (note 7)	–	–	–	–	–	–	–	–	(8,789,555)	–	(8,789,555)	–	(8,789,555)
At 30 September 2012 (unaudited)	**187,011,816**	**274,638,193**	**8,000**	**8,959,307**	**3,460,016**	**12,755,505**	**24,593,988**	**209**	**205,562,168**	**–**	**716,989,202**	**51,365,686**	**768,354,888**

Notes:

(i) 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.

(ii) 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 2012

	Notes	Six months ended 30 September 2012 HK$ (Unaudited)	2011 HK$ (Unaudited)
Net cash from operating activities		**96,106,834**	48,072,927
INVESTING ACTIVITIES			
Acquisition of subsidiaries	22(a)	**(37,228,504)**	–
Disposal of subsidiaries	22(b)&(c)	**(48,442,229)**	–
Net (increase) decrease in bank deposits		**(2,166,923)**	20,084,040
Other investing cash flows		**5,070,404**	1,186,756
Net cash (used in) from investing activities		**(82,767,252)**	21,270,796
FINANCING ACTIVITIES			
Dividend paid to shareholders		**(8,789,555)**	(25,782,413)
Advance from (repayment of) amount due to ultimate holding company		**2,321,880**	(11,228,445)
Dividend paid to non-controlling shareholders		**(4,072,363)**	(268,768)
Other financing cash flows		**–**	122,238
Net cash used in financing activities		**(10,540,038)**	(37,157,388)
Net increase in cash and cash equivalents		**2,799,544**	32,186,335
Cash and cash equivalents at beginning of the period		**139,345,117**	142,808,417
Effect of foreign exchange rate changes		**1,495,005**	3,241,164
Cash and cash equivalents at end of the period, represented by bank balances and cash		**143,639,666**	178,235,916

1. BASIS OF PREPARATION

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

A financial asset is classified as held for trading if:

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

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

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

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

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

Information reported to the managing director of the Company, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on the types of goods delivered. Before the completion of the Asset Swap, the Group had three operating and reportable segments: pharmaceutical and biotechnology business, mineral resources business as well as packaging and printing business.

As explained in note 1, the mineral resources business and packaging and printing business have been classified as discontinued operations in the financial year ended 31 March 2012. Upon completion of the Asset Swap in current interim period, the Group focuses on pharmaceutical and biotechnology business and the CODM reviews the financial performance of this business as a whole for allocating resources and assessing performance. Since then, the Group has only one operating segment. In addition, the CODM no longer reviews the segment assets and segment liabilities. The segment information reported below does not include any amounts for those discontinued operations, which are presented in note 6.

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

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

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

4. PROFIT BEFORE TAX

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

5. INCOME TAX EXPENSE

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

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

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

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

6. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

On 30 March 2012, the Company entered into the Asset Swap Agreement with Tianda Group to dispose of its entire equity interests of subsidiaries and the shareholder's loan involved in its packaging and printing business and mineral resources business (collectively known as the "Disposal Group") at a consideration of HK$302,200,000 in aggregate ("Disposal Consideration", comprising of a disposal consideration for mineral resources business of HK$14,200,000 and a disposal consideration for packaging and printing business of HK$288,000,000), in exchange for its ultimate holding company, Tianda Group's, 100% equity interest in certain subsidiaries which are engaged in the manufacture and sales of pharmaceutical and biotechnology products (collectively known as the "Acquisition Group" or "Tianda Pharmaceuticals Group") and its shareholder's loan at a total consideration of HK$380,000,000 ("Acquisition Consideration") in aggregate. The shortfall between the Acquisition Consideration and the Disposal Consideration of HK$77,800,000 is settled by cash. The acquisition and disposal are considered as major and connected transactions. Details of the transactions were set out in the Company's circular dated 30 May 2012.

The transaction was completed on 31 August 2012. The results of the Disposal Group up till the completion date of the transaction are accounted for as discontinued operations in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2012 and 2011 and its assets and liabilities as at 31 March 2012 were classified as disposal groups held-for-sale in the consolidated statement of financial position. The assets and liabilities of the Disposal Group as at disposal date on 31 August 2012 are set out in note 22.

The profit (loss) for the period from the discontinued operations is analysed as follows:

	Six months ended 30 September	
	2012	2011
	HK$	HK$
	(Unaudited)	(Unaudited)
Profit of packaging and printing business (Note a)	**7,966,595**	19,261,516
Profit (loss) of mineral resources business (Note b)	**1,087,357**	(784,960)
Gain on disposal of subsidiaries, net of transaction costs and taxes (Note 22(b)&(c))	**7,882,808**	–
Profit for the period from discontinued operations	**16,936,760**	18,476,556
Profit for the period from discontinued operations attributable to:		
Owners of the Company	**13,364,921**	11,199,777
Non-controlling interests	**3,571,839**	7,276,779
	16,936,760	18,476,556

The disposal groups classified as held-for-sale at 31 March 2012 were analysed as follows:

	31 March 2012 HK$ (Audited)
Assets associated with disposal group of packaging and printing business (Note a)	531,658,845
Assets associated with disposal group of mineral resources business (Note b)	17,743,816
Total assets associated with disposal groups classified as held-for-sale	549,402,661
Liabilities associated with disposal group of packaging and printing business (Note a)	234,100,664
Liabilities associated with disposal group of mineral resources business (Note b)	10,320,034
Total liabilities associated with disposal groups classified as held-for-sale	244,420,698
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group of packaging and printing business (Note a)	16,309,213
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group of mineral resources business (Note b)	2,381,015
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal groups classified as held-for-sale	18,690,228

For presentation in the consolidated statement of financial position as at 31 March 2012, the amounts due to group entities amounting to HK$129,818,206 was excluded from the total liabilities associated with disposal groups held-for-sale.

(a) Packaging and printing business classified as held-for-sale

(i) The results of the packaging and printing business for the periods were as follows:

	1.4.2012– 31.8.2012 HK$ (Unaudited)	1.4.2011 – 30.9.2011 HK$ (Unaudited)
Revenue	**101,780,810**	137,033,255
Cost of sales	**(81,451,733)**	(98,932,348)
Gross profit	**20,329,077**	38,100,907
Other income, gains and losses	**2,669,479**	2,861,371
Distribution and selling expenses	**(5,000,337)**	(7,733,198)
Administrative expenses	**(4,156,269)**	(5,063,786)
Research and development costs	**(3,258,036)**	(5,604,194)
Share of result of an associate	**946,190**	847,353
Profit before tax	**11,530,104**	23,408,453
Income tax expense	**(3,563,509)**	(4,146,937)
Profit for the period	**7,966,595**	19,261,516

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

The tax rate of the PRC subsidiaries of the Group is 25%.

Zhuhai S.E.Z. Cheng Cheng Printing Co., Ltd. ("Cheng Cheng"), one of the subsidiaries grouped in the disposal group of packaging and printing business, was recognised as a High-Tech Enterprise and was subject to preferential tax rate of 15% from 1 January 2009 to 31 December 2011. Tax rate of Cheng Cheng is 25% from 1 January 2012.

(ii) Profit from packaging and printing business has been arrived at after charging (crediting):

	1.4.2012– 31.8.2012 HK$ (Unaudited)	1.4.2011 – 30.9.2011 HK$ (Unaudited)
Amortisation of prepaid lease payments	**90,606**	106,815
Cost of inventories recognised as expense (including amortisation of intangible assets of HK$3,756,835 (2011: HK$5,285,405))	**81,451,733**	98,932,348
Depreciation of property, plant and equipment	**4,639,145**	5,128,269
Net foreign exchange loss (gain)	**66,532**	(412,556)
Interest income from bank deposits (included in other income, gains and losses)	**(2,212,306)**	(1,626,044)

(iii) The major classes of assets and liabilities of the packaging and printing business classified as held-for-sale at 31 March 2012 were as follows:

	31 March 2012 HK$ (Audited)
Property, plant and equipment	63,477,278
Prepaid lease payments	7,358,681
Interest in an associate	15,923,773
Available-for-sale investments	
– investment in an investee company	32,465,141
Goodwill	44,550,363
Intangible assets	77,418,760
Deposit for the acquisition of property, plant and equipment	7,404,266
Inventories	62,066,036
Trade and other receivables	31,306,129
Amounts due from related companies	43,582,841
Bank deposits	102,233,534
Bank balances and cash	43,872,043
Total disposal group classified as held-for-sale	531,658,845
Trade and other payables	53,894,269
Amounts due to related companies	790,755
Dividend payable to non-controlling interests	27,389,639
Tax payable	3,176,869
Deferred tax liabilities	22,983,016
Amounts due to group entities	125,866,116
Total liabilities associated with disposal group classified as held-for-sale	234,100,664
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	16,309,213

(b) Mineral resources business classified as held-for-sale

(i) The results of the mineral resources business for the periods were as follows:

	1.4.2012– 31.8.2012 HK$ (Unaudited)	1.4.2011 – 30.9.2011 HK$ (Unaudited)
Other income, gains and losses	**68,741**	133,745
Gain on disposal of exploration and evaluation assets	**2,383,728**	–
Administrative expenses	**(1,363,357)**	(916,600)
Profit (loss) before tax	**1,089,112**	(782,855)
Income tax expense	**(1,755)**	(2,105)
Profit (loss) for the period	**1,087,357**	(784,960)

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

The tax rate of the PRC subsidiaries of the Group is 25% for both periods.

(ii) Profit (loss) from mineral resources business has been arrived at after charging (crediting):

	1.4.2012– 31.8.2012 HK$ (Unaudited)	1.4.2011 – 30.9.2011 HK$ (Unaudited)
Depreciation of property, plant and equipment	**303,307**	319,584
Net foreign exchange loss	**87,972**	17,840
Interest income from bank deposits (included in other income, gains and losses)	**(68,741)**	(127,465)

(iii) The major classes of assets and liabilities of the mineral resources business classified as held-for-sale at 31 March 2012 were as follows:

	31 March 2012 HK$ (Audited)
Property, plant and equipment	1,413,453
Exploration and evaluation assets	2,664,960
Other receivables	345,911
Bank deposits	7,440,476
Bank balances and cash	5,879,016
Total disposal group classified as held-for-sale	17,743,816
Other payables	185,917
Amount due to ultimate holding company	107,917
Loans from ultimate holding company	6,074,110
Amounts due to group entities	3,952,090
Total liabilities associated with disposal group classified as held-for-sale	10,320,034
Exchange reserve recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	2,381,015

7. DIVIDENDS

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

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

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

From continuing operations

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

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

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

From discontinued operations

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

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

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

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

9. PROPERTY, PLANT AND EQUIPMENT

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

Included in property, plant and equipment at 30 September 2012 is an amount of HK$91,547,605 which was acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012 as set out in note 22(a), comprising mainly a factory building located on a piece of land in PRC with medium term lease of 40 years.

10. PREPAID LEASE PAYMENTS

Prepaid lease payments located in PRC are released to profit or loss over the medium-term leases of 40 to 50 years.

Included in prepaid lease payments at 30 September 2012 is an amount of HK$89,572,608 which was acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012 as disclosed in note 22(a).

11. GOODWILL

	Meng Sheng HK$	Cheng Cheng HK$	Tianda Zhuhai HK$	Total HK$
COST				
At 1 April 2011, restated	6,363,819	43,039,908	–	49,403,727
Exchange realignment	223,333	1,510,455	–	1,733,788
Transfer to disposal group classified as held-for-sale (Note 6(a))	–	(44,550,363)	–	(44,550,363)
At 31 March 2012 and 1 April 2012	6,587,152	–	–	6,587,152
Exchange realignment	(23,604)	–	698,734	675,130
Arising on acquisition of subsidiaries (Note 22(a))	–	–	100,090,998	100,090,998
At 30 September 2012	6,563,548	–	100,789,732	107,353,280

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

The recoverable amount of the CGU arising from Meng Sheng and Tianda Zhuhai were determined based on value in use calculations. The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 14.72% for Meng Sheng, and 14.72% for Tianda Zhuhai respectively. The key assumption is budgeted revenue and gross margins determined based on past performance and the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amounts of the CGUs to exceed the aggregate recoverable amounts of CGUs.

12. INTANGIBLE ASSETS

	Licenses and permits HK$ (Unaudited)
COST	
Arising on acquisition on subsidiaries (Note 22(a))	93,342,909
Exchange adjustments	674,744
At 30 September 2012	94,017,653
AMORTISATION	
Provided for the period	972,858
Exchange adjustments	8,775
At 30 September 2012	981,633
CARRYING VALUE	
At 30 September 2012	93,036,020

Intangible assets represent various licenses and permits acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012 as set out in note 22(a).

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

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

For the purposes of impairment testing, intangible assets have been allocated to the CGU representing Tianda Zhuhai. Details are set out in note 11.

13. INVENTORIES

	30 September 2012 **HK$** **(Unaudited)**	31 March 2012 HK$ (Audited)
Raw materials	**14,472,916**	5,134,912
Work in progress	**5,600,337**	289,840
Finished goods	**12,073,974**	2,421,650
	32,147,227	7,846,402

14. TRADE AND OTHER RECEIVABLES

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

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

15. AVAILABLE-FOR-SALE INVESTMENTS

The balance mainly represents an investment product acquired by the Group through the acquisition of Tianda Pharmaceuticals Group on 31 August 2012 as set out in note 22(a). The investment product was issued by a bank in the PRC. The return was determined with reference to the prevailing market interest rates and performance of the underlying investments invested by the bank and the principal was not protected by the bank. The return rate stated in the contract of the investment product was estimated to be 4.9% per annum. The investment product was stated at fair value at 30 September 2012 and was fully redeemed by the bank on 10 October 2012 with no material gain or loss on redemption.

16. OTHER FINANCIAL ASSET

During the six months ended 30 September 2012, the Group entered into foreign currency forward contracts with a bank. The major terms of the outstanding contracts are as follows:

Notional amount	**Maturity date**	**Forward exchange rates**
Sell US$2,941,163	10 October 2012	RMB6.39110:US$1
Sell US$2,186,504	10 October 2012	RMB6.35729:US$1
Sell US$3,893,841	9 November 2012	RMB6.39310:US$1
Sell US$3,737,814	13 November 2012	RMB6.36065:US$1

The fair value of the foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the remaining maturities of the contracts.

17. BANK DEPOSITS, BANK BALANCES AND CASH

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

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

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

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

18. TRADE AND OTHER PAYABLES

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

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

19. SHARE CAPITAL

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

20. RELATED PARTY TRANSACTIONS

(a) Amount due to ultimate holding company

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

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

(b) Amount due from (to) related companies

Due from related companies:

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

As at 31 March 2012, the Group's amounts due from related companies, which are either subsidiary or jointly controlled entity of the non-controlling shareholder with significant influence over a subsidiary of the Company, were trading in nature, unsecured, non-interest bearing and with an average credit term of 60 days. The amount arose from sales of packaging and printing products and had been classified as held-for-sale in note 6(a). The following is an aged analysis of the amount due from related parties presented based on the invoice date at the end of the reporting period:

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

Due to related companies:

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

As at 30 September 2012, the Group's amounts due to a related company, which is a subsidiary of the ultimate holding company of the Company, are trading in nature and arose from purchase of materials for pharmaceuticals and biotechnology products (31 March 2012: purchase of materials for packaging and printing products). The amount at 31 March 2012 had been classified as held-for-sale in note 6(a). The whole amount as at 30 September 2012 and 31 March 2012 are aged within 90 days. The amounts are unsecured, non-interest bearing and with credit term ranged from 30 days to 120 days.

(c) **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 2012 HK$ (Unaudited)	2011 HK$ (Unaudited)
雲南紅塔集團有限責任公司	(i)	Sales	**32,633,780**	81,910,021
香港紅塔國際煙草有限公司	(i)	Sales	**9,188,536**	8,333,512
Tianda Zhuhai	(ii)	Sales	**1,890,518**	1,121,323
紅塔煙草（集團）有限責任公司	(i)	Sales	**79,364**	1,488,509
雲南荷樂賓防偽技術有限公司	(i)	Purchases	**2,760,763**	9,035,275
Cheng Cheng	(iii)	Purchases	**732,353**	–

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. These related party transactions ceased upon completion of the Asset Swap on 31 August 2012.

(ii) The amount represents sales of packaging and printing products to Tianda Zhuhai up to the date of completion of the Asset Swap. Tianda Zhuhai was formerly a fellow subsidiary of the Company.

(iii) The amount represents purchases of packaging and printing products from Cheng Cheng after the disposal to the ultimate holding company of the Company pursuant to the Asset Swap Agreement which Cheng Cheng has since became a fellow subsidiary of the Company.

(d) **Asset Swap Agreement**

On 30 March 2012, the Group entered into Asset Swap Agreement with Tianda Group, the ultimate holding company of the Company and the transaction was completed on 31 August 2012 as detailed in note 22.

(e) **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 2012 HK$ (Unaudited)	2011 HK$ (Unaudited)
Short-term benefits	**1,847,980**	1,076,971
Post-employment benefits	**39,427**	14,000
	1,887,407	1,090,971

21. DEFERRED TAX LIABILITIES

Deferred tax liabilities include an amount of HK$42,601,713 at 30 September 2012 related to Tianda Pharmaceuticals Group which was acquired by the Group pursuant to the Asset Swap on 31 August 2012 as set out in note 22(a).

22. ACQUISITION OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES

Pursuant to the Asset Swap Agreement set out in note 1 and 6, the Group acquired the 100% equity interest of Tianda Pharmaceuticals Group and a shareholder's loan for a total consideration of HK$380,000,000. The Acquisition Consideration was determined based on the net present value of the shareholder's loan with principal amount of HK$170,969,488 and the fair value of Tianda Pharmaceuticals Group of HK$220,543,164 determined using income approach based on the discounted cash flows. The acquisition had been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was HK$100,090,998.

(a) Acquisition of Tianda Pharmaceuticals Group

Tianda Pharmaceuticals Group is principally engaged in research, development, production and sales of pharmaceutical and healthcare products in Hong Kong, the PRC and Australia. Tianda Pharmaceuticals Group is acquired to expand the Group's pharmaceuticals operations.

Assets acquired and liabilities of Tianda Pharmaceuticals Group recognised at the date of acquisition on 31 August 2012 were as follows:

	Provisional fair value HK$ (Unaudited)
Net assets acquired	
Property, plant and equipment	91,547,605
Prepaid lease payments	89,572,608
Intangible assets	93,342,909
Inventories	21,909,414
Trade and other receivables	13,383,637
Available-for-sale investments	2,469,341
Bank balances and cash	40,571,496
Trade and other payables	(29,973,877)
Amounts due to related companies	(315,081)
Loan from Tianda Group (note)	(159,456,836)
Deferred tax liabilities	(42,599,050)
	120,452,166
Provisional goodwill	100,090,998
Fair value of Tianda Pharmaceuticals Group	220,543,164
Assignment of loan to Tianda Pharmaceuticals Group (note)	159,456,836
	380,000,000

Note: Loan to Tianda Pharmaceuticals Group with principal amount of HK$170,969,488 was assigned by Tianda Group to the Group pursuant to the Asset Swap Agreement. The loan is unsecured, non-interest bearing and repayable when Tianda Pharmaceuticals Group has generated sufficient cash flows. The Company expects the amount would be received in 3 years. Accordingly, the loan has been adjusted to fair value by computing the present value of estimated future cash flows at an effective interest rate of 5% per annum. The loan amount has been eliminated in this condensed consolidated interim financial information.

The property, plant and equipment includes a factory building, the prepaid lease payments represent a piece of land located in the PRC with medium-term lease of 40 years and the intangible assets represent various licenses and permits identified in Tianda Pharmaceuticals Group. The fair value at 31 August 2012 has been arrived at on the basis of a valuation carried on that date by Asset Appraisal Limited, an independent qualified professional valuer, not connected to the Group. The property, plant and equipment has been valued on depreciated replacement cost approach. The land has been valued on direct comparison approach, while the licences and permits have been valued on income approach.

The fair value of inventories at the date of acquisition has been valued on replacement cost approach, which approximates to the selling price less cost of disposal and a reasonable profit allowance.

The fair value of intangible assets has been determined on a provisional basis awaiting for further information before finalising the valuation.

The fair value of trade and other receivables at the date of acquisition approximates to their gross contractual amounts.

Pursuant to the Asset Swap Agreement, Tianda Group irrevocably warrants and guarantees to the Company that the consolidated net profits after taxation as shown in the consolidated financial statements of Tianda Pharmaceuticals Group prepared under HKFRSs before the fair value adjustments arisen from the acquisition will not be less than HK$18,500,000 for the period commencing from 1 September 2012 to the date falling 12 months after such date. If the actual consolidated net profit after taxation of Tianda Pharmaceuticals Group is less than HK$18,500,000, then Tianda Group shall pay to the Company in cash for the shortfall on a dollar to dollar basis. The management has assessed the fair value of the aforesaid contingent consideration on 31 August 2012 and 30 September 2012 and determined that the fair value is not significant.

The goodwill arose in the acquisition because the cost of combination includes the control premium. In addition, the consideration paid for the combination effectively includes amounts in relation to the assembled workforce and synergies to the Group's existing business, such as sharing of research expertise and wider coverage of sales network for the Group's existing pharmaceutical products.

Tianda Pharmaceuticals Group contributes approximately HK$9,433,271 and HK$1,188,501 to the Group's revenue and profit respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition has been completed on 1 April 2012, total Group's revenue for the six months ended 30 September 2012 from continuing operations would have been increased by HK$47,121,330 and profit for the six months ended 30 September 2012 from continuing operations would have been increased by HK$6,698,010. The pro forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of the operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2012, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Tianda Pharmaceuticals Group been acquired at the beginning of the current period, the directors have calculated depreciation of property, plant and equipment, amortisation of prepaid lease payments and intangible assets on the basis of the fair values arising in the initial accounting for the business combination.

Pursuant to the acquisition agreement, the Acquisition Consideration is to be partly settled by the Disposal Consideration. An analysis is set out below:

	HK$
Satisfied by:	
Disposal Consideration (note 22(b) and (c))	302,200,000
Cash consideration	77,800,000
	380,000,000

Net cash outflow on acquisition of Tianda Pharmaceuticals Group:

	HK$
Cash consideration paid	(77,800,000)
Bank balance and cash acquired	40,571,496
	(37,228,504)

(b) Disposal of packaging and printing business

As referred to in note 6(a), on 31 August 2012, the Group disposed of its packaging and printing business upon completion of the Asset Swap. The net assets of the packaging and printing business at the date of disposal on 31 August 2012 were as follows:

	31 August 2012 HK$ (Unaudited)
Analysis of assets and liabilities disposed of to Tianda Group:	
Property, plant and equipment	62,196,264
Prepaid lease payments	7,191,352
Goodwill	44,085,670
Intangible assets	72,855,774
Deposit for acquisition of property, plant and equipment	4,133,022
Interest in an associate	16,703,518
Available-for-sale investments – investment in an investee company	32,465,141
Inventories	37,780,614
Trade and other receivables	22,222,842
Amounts due from related companies	5,614,128
Bank deposits	164,861,927
Bank balances and cash	41,256,095
Trade and other payables	(44,843,003)
Amounts due to related companies	(8,542,292)
Dividend payable to non-controlling shareholders	(38,402,264)
Tax payable	(3,128,369)
Deferred tax liabilities	(21,131,740)
Net assets disposed of	395,318,679

	31 August 2012 HK$ (Unaudited)
Gain on disposal of packaging and printing business:	
Disposal consideration of packaging and printing business	288,000,000
Deemed capital contribution from the ultimate holding company	(2,605,827)
Fair value of packaging and printing business disposed of	285,394,173
Net assets disposed of	(395,318,679)
Non-controlling interests	117,193,432
Cumulative exchange differences in respect of the net assets of the packaging and printing business reclassified to profit or loss on loss of control of the business	1,778,823
Gain on disposal	9,047,749

After deduction of the transaction cost and other tax, the net gain on disposal of packaging and printing business is HK$5,336,647.

The fair value of packaging and printing business disposed of at 31 August 2012 has been arrived at on the basis of a valuation carried on that date provided by Asset Appraisal Limited based on discounted cash flow analysis. Accordingly, the excess of disposal consideration of packaging and printing business over the fair value of HK$2,605,827 was recorded in equity reserve as deemed capital contribution from the ultimate holding company.

The disposal gain includes i) fair value gain of HK$2,783,439 arising on available-for-sale investments – investment in an investee company and ii) an amount of HK$1,778,823, representing the reclassification of the exchange reserve arisen from the translation of financial statements of the subsidiaries with functional currency of RMB, to the Company's functional currency of HK$, before the change in functional currency of the Company in 2010 from HK$ to RMB, directly to profit or loss upon disposal. In addition, HK$11,884,666, representing the exchange reserve arisen from the translation of financial statements of the subsidiaries with functional currency of RMB to the Group's presentation currency of HK$, subsequent to the change in the Company's functional currency in 2010 is transferred directly to accumulated profits.

	HK$
Net cash outflow arising on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	(41,256,095)
	(41,256,095)

The impact of the packaging and printing business on the Group's results in the current period and prior period is disclosed in note 6(a).

(c) Disposal of mineral resources business

As referred to in note 6(b), on 31 August 2012, the Group disposed of its mineral resources business upon completion of the Asset Swap. The net assets of the mineral resources business at the date of disposal on 31 August 2012 were as follows:

	31 August 2012 HK$ (Unaudited)
Gain on disposal of mineral resources business:	
Disposal consideration of mineral resources business	14,200,000
Deemed capital contribution from the ultimate holding company	(1,875,829)
Fair value of mineral resources business disposed of	12,324,171
Net assets disposed of	
Property, plant and equipment	(1,100,789)
Exploration and evaluation assets	(6,751,321)
Other receivables	(404,158)
Bank deposits	(3,889,878)
Bank balances and cash	(7,186,134)
Other payables	107,636
Loans from ultimate holding company	6,182,026
	(13,042,618)
Non-controlling interests	718,447
Cumulative exchange differences in respect of the net assets of the minerals resources business reclassified to profit or loss on loss of control of the business	3,257,263
Gain on disposal	3,257,263

After deduction of the transaction cost, the net gain on disposal of mineral resources business is HK$2,546,161.

The directors of the Company considered that the carrying value of the net assets of mineral resources business disposed of approximate to its fair value of mineral resources business. Accordingly, the excess of disposal consideration of mineral resources business over the fair value of HK$1,875,829 was recorded in equity reserve as deemed capital contribution from the ultimate holding company.

The disposal gain includes an amount of HK$3,257,263, representing the reclassification of the exchange reserve arisen from the translation of financial statements of the subsidiaries with functional currency of RMB, to the Company's functional currency of HK$, before the change in functional currency of the Company in 2010 from HK$ to RMB, directly to profit or loss upon disposal. In addition, HK$463,166, representing the exchange reserve arisen from the translation of financial statements of the subsidiaries with functional currency of RMB to the Group's presentation currency of HK$, subsequent to the change in the Company's functional currency in 2010 is transferred directly to accumulated profits.

	HK$
Net cash outflow arising on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	(7,186,134)
	(7,186,134)

The impact of the mineral resources business on the Group's results in the current period and prior period is disclosed in note 6(b).

23. NON-CASH TRANSACTION

During the six months ended 30 September 2012, the Acquisition Consideration of Tianda Pharmaceuticals Group was partly settled by the Disposal Consideration of Disposal Group as set out in note 22.