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NTPHARMA

China NT Pharma Group Company Limited
中國泰凌醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01011)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2011

For the six months ended 30 June 2011:

- Gross profit was RMB289 million, up 25% yoy
- Profit from operations was RMB52 million, up 25% yoy
- Net profit attributable to equity shareholders was RMB11 million, up 133% yoy
- Net profit attributable to equity shareholders excluding one time IPO expenses was RMB21 million, up 341% yoy
- Basic earnings per share were RMB1.21 cents

CHAIRMAN'S STATEMENT

I am pleased to present the results of China NT Pharma Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2011.

RESULTS

While the turnover of our core promotion and sales businesses and the total gross profit of the Group showed solid growth, total turnover of the Group for the six months decreased marginally from last year's RMB1,014.9 million to RMB983.0 million, which was mainly due to the relatively poor performance of the vaccine supply chain business in the first half of 2011. The pharmaceutical promotion and sales business generated 32.8% of the Group's total turnover, compared to last year's 27.3%. The vaccine promotion and sales business made up 18.0% of the Group's total turnover, versus last year's 11.6%. Turnover of the vaccine supply chain business made up 34.6% of the Group's total for the six months, compared to last year's 47.7%; the remainder was contributed by the other pharmaceutical business.

In the first six months of the year, the Group continued to execute the strategy of focusing on the promotion and sales businesses, which have higher profit margins, resulting in the two promotion and sales businesses, pharmaceutical and vaccine, contributing 50.8% of the Group's total turnover, compared to last year's 38.9%. Cost of sales dropped by 11.5% to RMB694.4 million for the period, versus last year's RMB784.3 million. Gross profit of the Group grew by 25.2% to RMB288.6 million compared to last year's RMB230.6 million; gross profit margin strengthened from last year's 22.7% to 29.4%. The significant improvement in gross profit and gross profit margin reflects primarily the strong results of the pharmaceutical promotion and sales business especially from products *Fortum (*by *GSK*) and *Libod (*by *Fudan Zhangjiang*).

Net profit attributable to equity shareholders was RMB11.1 million, an increase of 133% compared to last year's RMB4.8 million. Basic earnings per share were RMB1.21 cents, an increase of 105% from last year's RMB0.59 cents. Excluding one-time IPO expenses, net profit attributable to equity shareholders was RMB21 million, an increase of 341% compared to last year. Earnings of the Group are still highly impacted by seasonality, i.e., significantly higher sales are earned in the second half of the year as compared to the first half, while expenses are evenly distributed througout the year. Though seasonality remains an issue for the Group, we will continue our efforts in optimising our product mix to lower the seasonality impact in the future.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011.

BUSINESS REVIEWS

Pharmaceutical Promotion and Sales Business

Driven primarily by the sales of *Fortum*, the pharmaceutical promotion and sales business reported turnover of RMB322.8 million, an increase of 16.5% from last year's RMB 277.1 million. Segment operating profit grew by 98.1% to RMB65.3 million, compared to last year's RMB33.0 million. Segment operating profit margin improved from last year's 11.9% to 20.2%. Sales of *Libod*, which the Group launched in March 2011 as the nationwide exclusive distributor, were encouraging for the period. The sales network of our pharmaceutical promotion and sales business increased by about 200 hospitals from over 3,500 hospitals at the end of 2010 to over 3,700 hospitals at 30 June 2011.

Vaccine Promotion and Sales Business

With the launch of *Pneumo 23 (by Sanofi Pasteur)* in March 2011, turnover generated from the vaccine promotion and sales business grew by 50.0% from last year's RMB117.9 million to RMB176.9 million for the six months. Segment operating profit was RMB2.4 million, versus last year's RMB15.8 million. Segment operating profit margin was 1.4%, compared to last year's 13.4%. The drop in segment operating profit was mainly due to *Pneumo 23*'s relatively low gross margin and investments in marketing and promotion for its launch. Disproportionately high promotion expenses in the first few months are typically associated with the launch of a new promotion product. We believe that despite *Pneumo 23* generating a lower gross margin, the high demand for the product in terms of volume and lower promotion expense ratios in the future should enable the product to become a significant contributor to the Group's earnings. In addition, we started the promotion of *Vaxigrip* (by *Sanofi Pasteur*), a vaccine for seasonal influenza, in August 2011 and we expect the product to be another contributor to the growth of the Group in the second half of the year.

Vaccine Supply Chain Business

The operating environment of the vaccine supply chain business remained difficult in the first half of 2011. The apparent impact of the new 2010 Chinese Pharmacopoeia on vaccines manufactured by multinational companies, including our major supplier GSK, was more severe than originally anticipated, leading to a decrease in the supply of certain vaccines from our suppliers. In addition, general demand for vaccines had not fully recovered from the industry-wide disruptions last year caused by safety and quality incidents (neither the Group nor its suppliers' products were involved in these incidents.) Turnover of the vaccine supply chain business was RMB340.3 million for the period, representing a drop of 29.8% compared to last year's RMB484.4 million.

Segment operating profit was RMB19.3 million for the period, compared to last year's RMB14.4 million. Segment operating profit margin improved from last year's 3.0% to 5.7% due to higher margin from the Novartis business introduced in the second half of 2010.

Other Pharmaceutical Business

Turnover from the other pharmaceutical business including the manufacturing and sale of pharmaceutical products was RMB143.2 million, up 5.6% from last year's RMB135.5 million. Segment operating profit was RMB249,000 compared to last year's RMB726,000.

KEY DEVELOPMENTS

In March 2011, we signed two new promotion and sales agreements, one for *Pneumo 23*, a 23-valent pneumococcal vaccine mainly targeting the adult and senior population, with *Sanofi Pasteur* for the nationwide exclusive rights in China, and one for *Prevenar* with *Pfizer* for certain geographical markets in China (previously we only provided supply chain services for *Prevenar* before entering into the new promotion and sales contract.) We have also expanded our promotion and sales agreement with *Fudan-Zhangjiang* regarding *Libod,* a cancer drug, which grants us nationwide exclusivity and extends our promotion and sales term to eight years. In August 2011, we began nationwide exclusive promotion of *Vaxigrip*, a seasonal influenza vaccine by *Sanofi Pasteur*. We have also renewed our nationwide exclusive promotion agreement of *Meningo* with *Sanofi Pasteur* until December 2015 and our nationwide exclusive promotion agreement of *Pnewmo 23* with *Sanofi Pasteur* until December 2014. In addition, we have entered into a binding letter of intent with *Hualan Biological* for the nationwide promotion and sales of *Hep-B,* a hepatitis B vaccine. It is a competing product of Engerix-B (by *GSK*), of which we will discontinue the promotion and sales in the second half of the year. We believe the key developments detailed above will benefit the Group's growth in the coming future.

PROSPECTS

In the first half of 2011 we focused on reshaping our business with a view to enhancing our profit margin and improving working capital. Our core competitive strength is our extensive network coverage of hospitals, Centers for Disease Control and Prevention ("CDC"), Points of Vaccinations ("POV") and healthcare professionals, and we intend to further leverage on this strength by providing end-to-end services to our principals that combine promotion and sales as well as supply chain services all in one.

The pharmaceutical promotion and sales business has been our largest contributor of profits and made up approximately 75% of our total segment operating profit for the first half of 2011. We will continue to drive growth in this business segment by expanding our product portfolio from anti-infective and CNS ("Central Nervous System") products to products in oncology and other attractive therapeutic areas.

For the vaccine business, the clear positioning of the Group as the preferred end-to-end service provider rather than diverting the Group's resources to providing just vaccine supply chain services can further strengthen the profit margins of the Group and improve our working capital. The sharp increase in the contribution from our vaccine promotion and sales business along with an overall margin expansion for the Group achieved in the first half of the year is a testament that we are heading in the right direction. Despite the vaccine supply chain business being a high volume business and accounting for 34.6% of the Group's total turnover for the six months ended 30 June 2011, the provision of supply chain services alone is a low margin business and does not take advantage of our promotion and sales network. Consistent with the focus on promotion and sales business, we will terminate the vaccine supply chain business for certain vaccine products supplied by GSK when the contract with GSK expires at the end of August 2011. We expect to remain close partner with GSK in our pharmaceutical and vaccine promotion and sales businesses after the termination of our cooperation in the vaccine supply chain business. We believe that our diversified product portfolio and supplier base should help us further strengthen our position as the preferred one-stop vaccine supplier for our CDC and POV customers.

Looking forward, I believe that the Group is well positioned to enter into the next phase of growth with the continued expansion of our promotion and sales network for both the pharmaceutical and vaccine businesses as well as the repositioning of our vaccine business, combining organic growth with product licensing and acquisitions, with the singular objective of maximising shareholder value.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow directors for their guidance and thank all our staff for their dedication and hard work.

Ng Tit
Chairman and CEO

Hong Kong, 17 August 2011

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011
(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2011**	**2010**
		RMB'000	*RMB'000*
Turnover	5	983,040	1,014,929
Cost of sales		(694,405)	(784,340)
Gross profit		288,635	230,589
Other revenue	6	4,231	1,968
Other net income	7	4,949	4,058
Selling and distribution expenses		(195,803)	(162,577)
Administrative expenses		(49,836)	(32,176)
Profit from operations		52,176	41,862
Finance costs	8(a)	(32,963)	(16,976)
Profit before taxation	8	19,213	24,886
Income tax	9	(8,106)	(19,726)
Profit for the period		11,107	5,160
Attributable to:			
Equity shareholders of the Company		11,107	4,760
Non-controlling interests		—	400
Profit for the period		11,107	5,160
Earnings per share	10		
Basic		1.21 cents	0.59 cents
Diluted		1.18 cents	0.58 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011
(Expressed in Renminbi)

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Profit for the period	11,107	5,160
Other comprehensive income for the period		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC"), net of nil tax	7,428	3,563
Total comprehensive income for the period	18,535	8,723
Attributable to:		
Equity shareholders of the Company	18,535	8,323
Non-controlling interests	—	400
Total comprehensive income for the period	18,535	8,723

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2011

(Expressed in Renminbi)

	Note	**At 30 June 2011** *RMB'000*	**At 31 December 2010** *RMB'000*
Non-current assets			
Fixed assets			
— Property, plant and equipment		205,747	208,859
— Interests in leasehold land held for own use under operating leases		32,095	32,477
		237,842	241,336
Prepayment for fixed assets		2,397	2,397
Intangible assets		53,495	37,174
Goodwill		1,250	1,250
Deferred tax assets		17,519	5,919
		312,503	288,076
Current assets			
Inventories	12	568,169	527,054
Trade and other receivables	13	1,799,056	1,738,213
Pledged bank deposits		70,835	47,080
Cash at bank and in hand	14	784,152	154,913
		3,222,212	2,467,260
Current liabilities			
Trade and other payables	15	869,230	1,358,270
Bank loans and overdrafts		774,577	833,687
Other loan		—	6,500
Current taxation		42,692	51,941
		1,686,499	2,250,398
Net current assets		1,535,713	216,862

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2011 (CONTINUED)
(Expressed in Renminbi)

	Note	**At 30 June 2011** *RMB'000*	**At 31 December 2010** *RMB'000*
Total assets less current liabilities		1,848,216	504,938
Non-current liabilities			
Deferred tax liabilities		585	2,661
NET ASSETS		1,847,631	502,277
CAPITAL AND RESERVES			
Share capital		1	—
Reserves		1,832,500	487,147
Total equity attributable to equity shareholders of the Company		1,832,501	487,147
Non-controlling interests		15,130	15,130
TOTAL EQUITY		1,847,631	502,277

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 Reporting entity and corporate reorganisation

China NT Pharma Group Company Limited ("the Company") was incorporated in the Cayman Islands on 1 March 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 33 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries (collectively referred to as the "Group") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 8 April 2011. Details of the Reorganisation are set out in the Company's prospectus dated 8 April 2011 (the "Prospectus"). The Company's shares were listed on the Stock Exchange on 20 April 2011.

2 Statement of compliance

The financial information set out in this announcement does not constitute the Group's consolidated interim financial statements for the six months ended 30 June 2011 but is derived from these financial statements.

The Group's consolidated interim financial statements for the six months ended 30 June 2011 have been prepared in accordance with Hong Kong Accounting Standard 34, Interim financial reporting and all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

3 Basis of preparation of the Group's consolidated interim financial statements

The Group's consolidated interim financial statements include the results of operations of the companies comprising the Group.

The Group's consolidated interim financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. The measurement basis used in the preparation of the Group's consolidated interim financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated interim financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)

The above developments relate primarily to clarification of certain disclosure requirements applicable to the Group's consolidated interim financial statements. These developments have had no material impact on the contents of these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5 Turnover

The principal activities of the Group are manufacturing, sales and distribution of pharmaceutical products and vaccines and the provision of services to its suppliers.

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax and discounts). The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Sales of pharmaceutical products and vaccines	852,694	932,268
Service income	130,346	82,661
	983,040	1,014,929

Sales of pharmaceutical products and vaccine are derived from selling of pharmaceutical products and vaccines through the Group's four reportable segments as discussed in note 11, whereas service income represents fees received/receivable from the provision of marketing and promotion activities carried out by the Group, which are mainly determined based on the volume of products distributed by the Group.

The Group's customer base is diversified and no individual customer had transactions which exceeded 10% of the Group's revenue during the six months ended 30 June 2011 and 2010.

6 Other revenue

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Bank interest income	1,346	188
Subsidy income	2,625	1,658
Sundry income	260	122
	4,231	1,968

Subsidy income represents government subsidies received by certain subsidiaries of the Group which operate in the PRC in accordance with the subsidy policies of the local government authorities.

7 Other net income

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Net (loss)/gain on disposal of property, plant and equipment	(4)	535
Net exchange gain	4,953	3,523
	4,949	4,058

8 Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	26,508	12,876
Bank charges	6,455	4,703
Total borrowing costs	32,963	17,579
Less: borrowing costs capitalised into construction in progress*	—	(603)
	32,963	16,976

* The borrowing costs were capitalised at a rate of 5.35% - 5.84% per annum during the six months ended 30 June 2010.

(b) Other items

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Depreciation	7,786	5,452
Amortisation of interests in leasehold land held for own use under operating leases	382	161
Amortisation of intangible assets	3,798	2,130
Operating lease charges: minimum lease payments - property rental	3,849	4,303
Cost of inventories (note 12(b))	682,659	776,241

9 Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Current tax - Hong Kong Profits Tax		
Provision for the period	10,208	6,310
Current tax - PRC Income Tax		
Provision for the period	12,255	14,384
(Over)/under-provision in respect of prior periods	(681)	87
	11,574	14,471
Deferred tax		
Origination and reversal of temporary differences	(13,676)	(1,055)
	8,106	19,726

(i) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The provision for Hong Kong Profits Tax for the six months ended 30 June 2011 is calculated at 16.5% (30 June 2010: 16.5%) of the estimated assessable profits for that period. The payments of dividends by Hong Kong companies are not subject to withholding tax.

Taxation for the PRC operations is charged at the appropriate current rates of taxation ruling in the PRC. During the six months ended 30 June 2010, a PRC subsidiary was subject to tax at 50% of the tax rate under the relevant tax rules and regulations.

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to the equity shareholders of the Company for the six months ended 30 June 2011 of RMB11,107,000 (30 June 2010: RMB4,760,000) and the weighted average number of ordinary shares of the Company in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2011	**2010**
	Number of shares '000	*Number of shares '000*
Issued ordinary shares at 1 January	—	—
Effect of shares issued under the Reorganisation	811,438	811,438
Effect of shares issued under the placing and public offering	107,593	—
Weighted average number of ordinary shares at 30 June	919,031	811,438

The weighted average number of ordinary shares issued pursuant to the Reorganisation is calculated as if the shares had been outstanding throughout the current and prior period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company for the six months ended 30 June 2011 of RMB11,107,000 (30 June 2010: RMB4,760,000) and the diluted weighted average number of ordinary shares in the respective period, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2011	**2010**
	Number of shares '000	*Number of shares '000*
Weighted average number of ordinary shares at 30 June	919,031	811,438
Effect of deemed issue of shares under the share option scheme for nil consideration	19,554	10,753
Weighted average number of ordinary shares (diluted) at 30 June	938,585	822,191

The diluted earnings per share is calculated as if the modification of the share options granted to the Group's directors and employees on 8 April 2011 had been effective since the beginning of the earliest period presented.

11 Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Vaccine supply chain: this segment derives turnover from supply chain services for vaccine products manufactured by the Group's suppliers, which are purchased from suppliers and then sold through the Group's network.

— Vaccine promotion and sales: this segment derives turnover from selling and marketing vaccine products to customers, including promotion and ancillary supply chain services.

— Pharmaceutical promotion and sales: this segment derives turnover from selling and marketing pharmaceutical products to customers, including promotion and ancillary supply chain services.

— Other pharmaceutical: this segment derives turnover from supply chain services for pharmaceutical products sold through the Group's supply chain network.

The Group's revenue and profit/loss were derived from sales in the PRC and the principal assets employed by the Group were located in the PRC during the period. Accordingly, no analysis by geographical segments has been provided for the period.

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment operating profit/loss is "operating profit/loss" which is profit/loss from operations adjusted for items not specifically attributed to individual segments, such as other revenue, other net income/loss, directors' and auditors' remuneration and other head office or corporate administration costs.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2011 and 2010 is set out below.

For the six months ended 30 June	Vaccine supply chain		Vaccine promotion and sales		Pharmaceutical promotion and sales		Other pharmaceutical		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	340,251	484,403	176,867	117,897	322,756	277,093	143,166	135,536	983,040	1,014,929
Cost of sales	(302,664)	(449,386)	(137,754)	(72,191)	(128,571)	(144,407)	(125,416)	(118,356)	(694,405)	(784,340)
Reportable segment gross profit	37,587	35,017	39,113	45,706	194,185	132,686	17,750	17,180	288,635	230,589
Reportable segment operating profit	19,346	14,395	2,394	15,763	65,347	32,985	249	726	87,336	63,869
Depreciation and amortisation for the period	184	71	18	8	5,126	3,368	4,909	2,991	10,237	6,438

(b) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated revenue	983,040	1,014,929
Profit		
Reportable segment operating profit	87,336	63,869
Unallocated head office and corporate expenses	(44,340)	(28,033)
Other revenue	4,231	1,968
Other net income	4,949	4,058
Finance costs	(32,963)	(16,976)
Consolidated profit before taxation	19,213	24,886

12 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Raw materials	9,175	7,397
Work in progress	1,275	1,502
Finished goods	557,672	518,100
Low value consumables	47	55
	568,169	527,054

As at 30 June 2011, certain banking facilities of the Group were secured by the Group's inventories amounting to RMB50,317,000 (31 December 2010: RMB52,971,000).

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2011	**2010**
	RMB'000	*RMB'000*
Carrying amount of inventories sold	680,894	775,080
Write-down of inventories	1,765	1,161
	682,659	776,241

13 Trade and other receivables

	At 30 June 2011	**At 31 December 2010**
	RMB'000	*RMB'000*
Trade debtors and bills receivable	1,617,059	1,579,305
Less: allowance for doubtful debts (note 13(b))	(14,983)	(12,595)
	1,602,076	1,566,710
Deposits, prepayments and other receivables	196,377	170,837
Amount due from a related company	—	52
Amount due from a director	603	614
	1,799,056	1,738,213

As at 30 June 2011, the Group's deposits prepayments and other receivables expected to be recovered or recognised as expenses after more than one year totalled RMB896,000 (31 December 2010: RMB960,000). All of the remaining trade and other receivables are expected to be recovered or recognised as expenses within one year.

As at 30 June 2011, certain banking facilities of the Group were secured by the Group's trade and other receivables amounting to RMB228,692,000 (31 December 2010: RMB366,694,000).

(a) ***Ageing analysis***

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis, based on the date of invoice, as of the balance sheet date:

	At 30 June 2011	**At 31 December 2010**
	RMB'000	*RMB'000*
Within 3 months	734,816	886,616
More than 3 months but within 6 months	181,742	319,321
More than 6 months but within 1 year	492,893	149,300
More than 1 year but within 2 years	185,280	207,109
More than 2 years	7,345	4,364
	1,602,076	1,566,710

Trade debtors are due within 30 to 240 days from the date of billing.

(b) ***Impairment of trade debtors and bills receivable***

Impairment losses in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly.

The movement in the allowance for doubtful debts during the period/year, including both specific and collective loss components, is as follows:

	At 30 June 2011	**At 31 December 2010**
	RMB'000	*RMB'000*
At 1 January	12,595	13,268
Impairment loss recognised during the period/year	3,557	3,109
Uncollectible amount written off	(1,169)	(3,782)
At 30 June/31 December	14,983	12,595

At 30 June 2011, the Group's trade debtors and bills receivable of RMB28,824,000 (31 December 2010: RMB17,541,000) were individually determined to be impaired. The individually impaired receivables related to customers for which management assessed that only a portion of the receivables are expected to be recovered. Consequently, specific allowance for doubtful debts of RMB14,983,000 (31 December 2010: RMB12,595,000) was recognised as at 30 June 2011. The Group does not hold any collateral over these balances.

(c) Trade debtors and bills receivable that are not impaired

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 30 June 2011 *RMB'000*	**At 31 December 2010** *RMB'000*
Neither past due nor impaired	703,226	918,233
Less than 3 months past due	336,016	298,448
More than 3 months but less than 6 months past due	272,253	87,997
More than 6 months but less than 1 year past due	159,283	214,658
Over 1 year past due	117,457	42,428
	885,009	643,531
	1,588,235	1,561,764

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

The directors have evaluated the status of all material trade receivables of the Group which are past due and the financial position and creditworthiness of such debtors, and they consider that there are no indications of any deterioration in the creditworthiness of the debtors or disputes with the debtors which may lead to non-payment of the outstanding trade receivables. The Group has also agreed with a majority of the debtors, which have debts aged over one year as at 30 June 2011, schedules of repayment of the outstanding debts. Based on the above, the directors are of the view that all the trade receivables which are past due but not impaired are recoverable and no impairment loss on such receivables is required. The Group does not hold any collateral over these balances.

14 Cash at bank and in hand

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Cash at bank and in hand	784,152	154,913

As at 30 June 2011, cash and bank balances placed with banks in the PRC amounted to RMB145,259,000 (31 December 2010: RMB149,785,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

15 Trade and other payables

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Trade creditors and bills payable	742,906	781,891
Other payables and accrued charges	104,355	121,194
Construction payables	7,603	18,724
Receipts in advance	9,146	13,786
Amounts due to related companies	5,220	422,675
	869,230	1,358,270

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis, based on the date of invoice, as of the balance sheet date:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Within 3 months or on demand	444,630	481,471
More than 3 months but within 6 months	77,974	224,312
More than 6 months but within 1 year	165,725	6,332
More than 1 year	54,577	69,776
	742,906	781,891

16 Dividend

No dividend was declared or paid by the Company during the six months ended 30 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review and Analysis

Turnover

Impacted by the relatively poor performance of vaccine distribution business in the first half of 2011, turnover of the Group for the six months decreased marginally from last year's RMB1,014.9 million to RMB983.0 million.

	Six months ended 30 June		
	2011	**2010**	**Change**
RMB million			
Turnover by segments			
Vaccine supply chain	340.3	484.4	(144.1)
Vaccine promotion and sales	176.9	117.9	59.0
Pharmaceutical promotion and sales	322.8	277.1	45.7
Other pharmaceutical	143.1	135.5	7.6

Cost of sales

Cost of sales dropped by 11.5% from last year's RMB784.3 million to RMB694.4 million for the period, mainly due to the increasing focus on the promotion and sales business of vaccines and pharmaceutical products.

Segment operating profit

	Six months ended 30 June		
	2011	**2010**	**Change**
RMB million			
Vaccine supply chain	19.3	14.4	4.9
Vaccine promotion and sales	2.4	15.8	(13.4)
Pharmaceutical promotion and sales	65.3	33.0	32.3
Other pharmaceutical	0.25	0.73	(0.48)

Profit Attributable to Equity Shareholders of the Company

Profit attributable to equity shareholders of the Company was RMB11.1 million, an increase of 133.3% compared to last year's RMB4.8 million.

Earnings Per Share

Earnings per share were RMB1.21 cents, an increase of 105% from last year's RMB0.59 cents.

Finance Costs

Our finance costs consist of interest on bank borrowings and bank charges. The Group's interest expense charged to profit or loss increased from RMB17.0 million to RMB33.0 million in the first half of 2011.

Taxation

Income tax expense decreased from RMB19.7 million to RMB8.1 million due to more effective allocation of expenses to subsidiaries according to their respective level of activities which led to a smaller amount of expenses deemed to be non-deductible for tax purpose.

Capital Expenditure

In the past, our capital expenditure consisted primarily of purchases of property, plant and equipment, obtaining land use rights and purchases of intangible assets primarily through business combinations or acquisition activities. The total capital expenditure of the Group was RMB36 million for the six months ended 30 June 2011, mainly for the construction of cold chain storage facilities for our logistics centre in Taizhou, Jiangsu and the acquisition of exclusive agency right in respect of sales and distribution of Libod.

USE OF PROCEEDS

Net proceeds of the Global Offering of the Company on 20 April 2011 amounted to approximately RMB934 million. During the six months ended 30 June 2011, RMB20 million was used to paid for the acquisition of exclusive agency right and RMB144 million was used to procure new products. RMB65 million was used as working capital of the Group; RMB16 million was used as capital expenditure and RMB45 million was used to repay loans.

TREASURY POLICY AND RISK MANAGEMENT

General Policies

The primary objective of our capital management is to maintain our ability to continue as a going concern so that we can continue to provide returns for shareholders and benefits for other stakeholders by pricing products commensurately with the level of risk and by securing access to financing at a reasonable cost. We actively and regularly review and manage our capital structure and make adjustments taking into consideration changes in economic conditions, our future capital requirements, prevailing and projected profitability and operating cashflows, projected capital expenditure and projected strategic investment opportunities. We monitor capital using a gearing ratio, which is our total borrowings divided by total assets.

Foreign Currency Exposure

We are exposed to currency risks primarily through sales and purchases made by our Hong Kong and PRC subsidiaries that are denominated in US dollars and Great british pounds. In addition, certain bank loans are denominated in US dollars. Presently, we have no hedging policy with respect to our foreign exchange exposure.

Interest Rate Exposure

Our interest rate risk arises primarily from bank loans, other loans and bank balances. Borrowings at variable rates expose us to cash flow interest rate risk. We do not use financial derivatives to hedge against the interest rate risk.

CASH FLOWS

Summary of Consolidated Cash Flow Statement

	Six months ended 30 June		Change
	2011	**2010**	
RMB million			
Net cash used in operating activities	(148.1)	(228.6)	80.5
Net cash used in investing activities	(58.4)	(12.7)	(45.7)
Net cash generated from financing activities	841.0	167.2	673.8
Net increase/(decrease) in cash and cash equivalents	634.5	(74.1)	708.6

Net cash used in operating activities

Operating profit before changes in working capital was RMB73.2 million for the six months ended 30 June 2011 versus RMB60.3 million in the same period last year. After taking into account the increase in working capital of RMB190.4 million which included increase in inventories of RMB43.2 million and increase in trade and other receivables of RMB61.5 million and the decrease in trade and other payables of RMB85.6 million, cash used in operations for the six months was RMB117.1 million.

After taking into account the tax paid of RMB31.0 million for the six months ended 30 June 2011, net cash used in operating activities was RMB148.1 million.

Net cash used in investing activities

Net cash used in investing activities was RMB58.4 million for the six months ended 30 June 2011, versus last year's RMB12.7 million.

Net cash generated from financing activities

Net cash generated from financing activities was RMB841.0 million for the six months as compared to last year's RMB167.2 million. The increase in net cash generated from financing activities was mainly due to net proceeds from the Global Offering of the Company of RMB933.8 million.

Group Debt and Liquidity

	At 30 June 2011	**At 31 December 2010**
RMB million		
Total debts	774.6	840.2
Cash and bank deposits	(855.0)	(202.0)
Net (cash)/debt	(80.4)	638.2

Leverage

The Group closely monitors its gearing ratio to optimise its capital structure so as to ensure solvency and the Group's ability to continue as a going concern.

	At 30 June 2011	**At 31 December 2010**
RMB million		
Total debts	774.6	840.2
Total assets	3,534.7	2,755.3
Gearing ratio	22%	30%

Shareholders' Funds Per Share

The calculation of shareholders' funds per share is based on the total equity attributable to shareholders of the Company of RMB1,832.5 million and the total of 1,081,916,500 shares issued at 30 June 2011. Shareholders' funds per share at 30 June 2011 totalled RMB1.69.

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

HUMAN RESOURCES

At as 30 June 2011, the total number of employees was 1,190, among which 1,183 employees were based in mainland China and the rest in Hong Kong.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance and has complied with all the code provisions and has met most of the recommended best practices set out in Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the accounting period covered by the interm report of the Company for the six months ended 30 June 2011 (the "2011 Interim Report") except for the deviation from the Code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separated. The chairman and the chief executive officer of our Company is Mr. Ng Tit. Nevertheless, the Board considers that this structure will not impair the balance of power and the authority of the Board. The Board currently comprises two executive directors, three non-executive directors and three independent non-executive directors, with independent non-executive directors representing approximately 37.5% of the Board, which is higher than the Recommended Best Practices of the Code under the Listing Rules. Such a high percentage of independent non-executive directors on the Board can ensure their views carry significant weight and reflects the independence of the Board.

Mr. Ng is the main founder of our Group and he is responsible for the overall strategic planning and management of our Group. He has played an important role during our expansion. Mr. Ng has extensive experience in the pharmaceutical industry, having been engaged in the pharmaceutical business for over 15 years. At present, the Board believes that it is beneficial to the management and development of our Group's businesses for Mr. Ng to be both the chairman and chief executive officer as it helps to facilitate the Board's decision-making.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code and its code of conduct since the listing of the Company on the Stock Exchange on 20 April 2011 and up to 30 June 2011.

GENERAL INFORMATION

The Audit Committee of the Board, consisting of three independent non-executive directors, has reviewed the 2011 interim results with the management and recommended its adoption by the Board.

The consolidated interim financial results of the Group for the six months ended 30 June 2011 are extracted from the consolidated interim financial statements for the six months ended 30 June 2011 to be included in 2011 Interim Report. Audited consolidated interim results of the Group are expected to be published in the 2011 Interim Report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2011, save as disclosed in the prospectus of the Company dated 8 April 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

INTERIM REPORT

The 2011 Interim Report will be made available on the websites of the Company and HKExnews and will be dispatched to the shareholders of the Company.

By order of the Board
Ng Yuk Keung
Company Secretary

Hong Kong, 17 August 2011

As at the date hereof, the directors of the Company are:

Executive Directors:	*Non-Executive Directors:*	*Independent Non-Executive Directors:*
Mr. Ng Tit	Ms. Chin Yu	Mr. Yue Nien Martin Tang
Mr. Ng Yuk Keung	Dr. Qian Wei	Mr. Patrick Sun
	Mr. Stephen Cheuk Kin Law	Dr. Lap-Chee Tsui