中國製藥集團有限公司
China Pharmaceutical
Group Limited
(Stock Code: 1093)

2011
Interim Report

CONTENTS

PAGE(S)

CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	3
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	5
CONDENSED CONSOLIDATED INCOME STATEMENT	6
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	12
OTHER INFORMATION	27

CORPORATE INFORMATION

Board of Directors

Executive Directors

Cai Dongchen *(Chairman)*
FENG Zhenying
CHAK Kin Man
PAN Weidong
ZHAO John Huan
WANG Shunlong
WANG Huaiyu
LU Jianmin

Non-executive Director

LEE Ka Sze, Carmelo

Independent Non-executive Directors

HUO Zhenxing
QI Moujia
GUO Shichang
CHAN Siu Keung, Leonard

Committees

Audit Committee

CHAN Siu Keung, Leonard *(Chairman)*
LEE Ka Sze, Carmelo
HUO Zhenxing

Remuneration Committee

CHAN Siu Keung, Leonard *(Chairman)*
LEE Ka Sze, Carmelo
HUO Zhenxing

Legal Advisers

Woo, Kwan, Lee & Lo

Auditor

Deloitte Touche Tohmatsu

Company Secretary

LEE Ka Sze, Carmelo

Authorised Representatives

CHAK Kin Man
PAN Weidong

Registered Office

Suite 3206
32nd Floor
Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Share Registrar and Transfer Office

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

Websites

www.irasia.com/listco/hk/cpg
www.cpg.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Results

For the first half of 2011, the Group recorded revenue of HK$4,174 million, an increase of 5.9% as compared to the same period of last year. Profit attributable to shareholders amounted to HK$264 million, a year-on year decrease of 38.1%.

Intermediates and Bulk Drugs Business

Vitamin C Series

During the first half of 2011, the vitamin C market was affected by severe excess capacity, leading to a continued decline in product price. The decline was over 30% on a year-on-year basis. During the period, the Group fully leveraged its scale of production and market edges to further expand its market share. Compared to the same period of last year, sales volume increased by 37% whereas revenue decreased by 14.6% to HK$978 million. Product price is expected to remain at low level in the second half of the year. The Group will continue to actively expand its market coverage.

Antibiotic Series

As affected by market competition and government policies, product price showed a downward trend during the first half of 2011. The decline in the product price of cephalosporin products was in particular more severe. Amid the tough market environment, the Group was able to attain full-capacity production and sales during the period though implementing effective marketing strategies. At the same time, the Group has enhanced its production technology in order to lower production cost. For the first half of the year, revenue of this business segment increased by 13.1% year-on-year to HK$1,767 million. The market is expected to remain gloomy in the second half of the year. The Group will continue to upgrade its production technology and strive to attain full-capacity production and sales by leveraging its production scale and cost advantages and flexibly adjusting its marketing strategies.

Finished Drugs Business

Through strengthening the co-operation with large distributors and development of end-user markets, this business reported a relatively satisfactory growth for the first half of 2011. Revenue increased by 20.6% to HK$1,364 million as compared to the same period of last year, with the growth in meropenem injections and Chinese medicine injections more notable in particular. During the period, tenders for essential drugs began in various provinces in China. However, as the new tender rules are orientated towards the lowest-price bidder, tender price showed a continued decline. The new tender system, coupled with more restrictions on the clinical usage of antibiotics in China, is expected to have negative impact on the performance of this business segment in the second half of the year. The Group will continue to strengthen the development of sales channels and markets, and to enhance the growth of the new products.

FINANCIAL REVIEW

Liquidity and Financial Position

During the period, the operating environment has become more unfavorable. In addition, the Group has increased the use of prepayment for the purchases of raw materials in order to stabilise the purchase costs. As a result, the working capital cycle was lengthened. For the first half of 2011, cash generated from operations amounted to HK$28,847,000. Debtor turnover period (ratio of the total balance of trade receivables and bills receivables to sales, inclusive of value added tax for sales in the PRC) increased from 81 days of last year to 87 days. Inventory turnover period (ratio of inventory balance to cost of sales) also increased from 80 days to 83 days. As at 30 June 2011, the current ratio of the Group was 1.6, slightly lower than 1.8 of last year. Capital expenditure in relation to the additions of production facilities amounted to HK$359,131,000.

The financial position of the Group remained healthy. As at 30 June 2011, total bank balances and cash amounted to HK$794,564,000 and total loans amounted to HK$1,941,545,000. Out of the total loans, HK$707,894,000 will be repayable within one year and the remaining HK$1,233,651,000 repayable between two to four years. Net gearing ratio (calculated on the basis of the Group's total loans net of bank balances and cash over shareholders' equity) increased to 19.9%, as compared with 6.8% of last year.

47% of the Group's loans are denominated in Hong Kong dollars and the remaining 53% in Renminbi. The Group's sales are mainly denominated either in Renminbi or in US dollars. The Group will use appropriate hedging arrangements to reduce the foreign exchange risk when considered necessary.

Pledge of Assets

As at 30 June 2011, the Group had pledged bank deposits of HK$47,745,000 (31 December 2010: HK$41,930,000) to banks to secure short-term banking facilities.

Contingent Liabilities

As disclosed in the announcement of the Company dated 22 February 2005, the Company and one of its subsidiaries were named as, among others, defendants in a number of antitrust complaints filed in the United States. Up to the date of this announcement, four antitrust complaints have been served on the Company and three antitrust complaints have been served on the subsidiary.

The directors and management of the Company intend to contest the claims set out in the antitrust complaints vigorously. The Company and the subsidiary have appointed legal advisers to advise them in the legal proceedings and the outcome of the antitrust complaints cannot be reliably estimated with reasonable certainty at this stage.

Further information on the antitrust complaints is set out in the notes to the condensed consolidated financial statements.

EMPLOYEES

As at 30 June 2011, the Group had about 10,474 employees, the majority of them were employed in the PRC. The Group will continue to offer competitive remuneration packages, discretionary share options and bonuses to staff based on the performance of the Group and the individual employee.

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF CHINA PHARMACEUTICAL GROUP LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 6 to 26, which comprises the condensed consolidated statement of financial position of China Pharmaceutical Group Limited (the "Company") and its subsidiaries as of 30 June 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	For the six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Revenue	3	**4,174,143**	3,941,018
Cost of sales		**(3,176,152)**	(2,710,806)
Gross profit		**997,991**	1,230,212
Other income		**37,996**	21,087
Selling and distribution expenses		**(283,070)**	(245,959)
Administrative expenses		**(312,738)**	(313,601)
Other expenses		**(70,934)**	(122,783)
Operating profit		**369,245**	568,956
Share of results of a jointly controlled entity		**6,689**	3,628
Finance costs		**(31,461)**	(34,624)
Profit before taxation	4	**344,473**	537,960
Taxation	5	**(68,748)**	(100,106)
Profit for the period		**275,725**	437,854
Profit for the period attributable to:			
Owners of the Company		**263,833**	426,223
Non-controlling interests		**11,892**	11,631
		275,725	437,854
		HK cents	*HK cents*
Earnings per share — Basic	7	**17.21**	27.77

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**275,725**	437,854
Other comprehensive income		
Exchange differences arising on translation to presentation currency	**157,779**	—
Gain on fair value change of available-for-sale investments	**3,201**	590
Total comprehensive income for the period	**436,705**	438,444
Total comprehensive income for the period attributable to:		
Owners of the Company	**421,530**	426,813
Non-controlling interests	**15,175**	11,631
	436,705	438,444

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**4,515,945**	4,353,404
Prepaid lease payments		**304,397**	302,141
Intangible assets		**210,069**	207,603
Goodwill		**159,929**	156,166
Interest in a jointly controlled entity		**36,500**	29,054
Available-for-sale investments		**10,634**	7,433
		5,237,474	5,055,801
Current assets			
Inventories		**1,463,834**	1,204,864
Trade and other receivables	9	**1,884,200**	1,441,956
Bills receivables	9	**795,207**	810,838
Prepaid lease payments		**9,020**	8,808
Tax recoverable		**4,150**	—
Trade receivables due from related companies	10	**34,535**	14,016
Trade receivables due from a connected party	10	**41,410**	14,407
Amount due from a jointly controlled entity	10	**26,077**	26,764
Pledged bank deposits	11	**47,745**	41,930
Bank balances and cash		**746,819**	1,099,806
		5,052,997	4,663,389
Current liabilities			
Trade and other payables	12	**1,757,684**	1,767,207
Bills payables	12	**414,366**	440,647
Amounts due to related companies	10	**1,902**	740
Amount due to a controlling shareholder	10	**188,036**	—
Tax liabilities		**30,640**	60,291
Other financial liabilities		**896**	—
Unsecured bank loans	13	**707,894**	323,282
		3,101,418	2,592,167
Net current assets		**1,951,579**	2,071,222
Total assets less current liabilities		**7,189,053**	7,127,023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	**As at 30 June 2011** ***HK$'000*** **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
Non-current liabilities			
Unsecured bank loans	*13*	**1,233,651**	1,206,235
Deferred tax liabilities		**47,925**	44,348
		1,281,576	1,250,583
Net assets		**5,907,477**	5,876,440
Capital and reserves			
Share capital	*14*	**152,977**	153,496
Reserves		**5,620,237**	5,587,013
Equity attributable to owners of the Company		**5,773,214**	5,740,509
Non-controlling interests		**134,263**	135,931
Total equity		**5,907,477**	5,876,440

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Equity attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Goodwill reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Non-distributable reserves HK$'000 (note i)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2010 (Audited)	153,496	1,116,727	316	(160,130)	758	715,916	588,202	2,744,999	5,160,284	169,179	5,329,463
Profit for the period	–	–	–	–	–	–	–	426,223	426,223	11,631	437,854
Gain on fair value change of available-for-sale investments	–	–	–	–	590	–	–	–	590	–	590
Total comprehensive income for the period	–	–	–	–	590	–	–	426,223	426,813	11,631	438,444
Final dividend for the year ended 31 December 2009 *(note 6)*	–	–	–	–	–	–	–	(368,391)	(368,391)	–	(368,391)
Capital contribution by the non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	8,133	8,133
Acquisition of additional interest in a subsidiary *(note ii)*	–	–	–	–	–	–	–	(2,912)	(2,912)	(31,179)	(34,091)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(163)	(163)
At 30 June 2010 (Unaudited)	153,496	1,116,727	316	(160,130)	1,348	715,916	588,202	2,799,919	5,215,794	157,601	5,373,395
At 1 January 2011 (Audited)	**153,496**	**1,116,727**	**316**	**(160,130)**	**421**	**928,019**	**588,202**	**3,113,458**	**5,740,509**	**135,931**	**5,876,440**
Exchange difference arising on translation to presentation currency	**–**	**–**	**–**	**–**	**–**	**154,496**	**–**	**–**	**154,496**	**3,283**	**157,779**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**263,833**	**263,833**	**11,892**	**275,725**
Gain on fair value change of available-for-sale investments	**–**	**–**	**–**	**–**	**3,201**	**–**	**–**	**–**	**3,201**	**–**	**3,201**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**3,201**	**154,496**	**–**	**263,833**	**421,530**	**15,175**	**436,705**
Final dividend for the year ended 31 December 2010 *(note 6)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(367,732)**	**(367,732)**	**–**	**(367,732)**
Acquisition of additional interest in a subsidiary *(note iii)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(260)**	**(260)**	**260**	**–**
Shares repurchased and cancelled	**(519)**	**–**	**519**	**–**	**–**	**–**	**–**	**(20,833)**	**(20,833)**	**–**	**(20,833)**
Dividends declared to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17,103)**	**(17,103)**
At 30 June 2011 (Unaudited)	**152,977**	**1,116,727**	**835**	**(160,130)**	**3,622**	**1,082,515**	**588,202**	**2,988,466**	**5,773,214**	**134,263**	**5,907,477**

Notes:

(i) The non-distributable reserves represent statutory reserves appropriated from the profit after tax of the Company's subsidiaries and jointly controlled entity in the People's Republic of China (the "PRC") under the laws and regulations of the PRC.

(ii) During the period ended 30 June 2010, the shareholding of the Group in a non-wholly owned subsidiary, Shijiazhuang Pharma Group Yinhu Pharmaceutical Co., Ltd. ("Yinhu"), has increased from 70% to 80%.

(iii) During the period ended 30 June 2011, the shareholding of the Group in a non-wholly owned subsidiary, Shijiazhuang Pharma Group (Shijiazhuang) High Medical Technology Development Co., Ltd. ("Gaoke"), has increased from 83.33% to 95%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash generated from operations	**28,847**	738,005
PRC Enterprise Income Tax paid	**(98,875)**	(118,132)
PRC withholding tax paid	**(1,242)**	(5,682)
Net cash (used in) from operating activities	**(71,270)**	614,191
Net cash used in investing activities:		
Purchases of property, plant and equipment	**(447,973)**	(306,601)
Purchases of intangible assets	**(19,048)**	(8,131)
Proceeds from disposal of property, plant and equipment	**19,461**	2,824
Other investing cash flows	**(2,445)**	(13,878)
	(450,005)	(325,786)
Net cash from (used in) financing activities:		
New bank loans raised	**534,762**	686,817
Dividend paid to owners of the Company	**(179,696)**	(368,391)
Repayments of bank loans	**(145,714)**	(656,299)
Other financing cash flows	**(59,858)**	(80,298)
	149,494	(418,171)
Net decrease in cash and cash equivalents	**(371,781)**	(129,766)
Cash and cash equivalents at 1 January	**1,099,806**	1,443,163
Effect of foreign exchange rate changes	**18,794**	—
Cash and cash equivalents at 30 June	**746,819**	1,313,397

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs").

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

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items in Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2012.
[2] Effective for annual periods beginning on or after 1 January 2013.

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

HKFRS 10 replaces the parts of HKAS 27 "*Consolidated and Separate Financial Statements*" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgment. The directors consider that the application of HKFRS 10 will have no material impact on the results and the financial position of the Group.

HKFRS 11 replaces HKAS 31 "*Interests in Joint Ventures*". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can accounted for using the equity method of accounting or proportionate accounting. The directors consider that the application of HKFRS 11 will have no material impact on the results and the financial position of the Group.

The directors of the Company anticipate that the application of other new or revised standards will also have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

For the six months ended 30 June 2011 (Unaudited)

	Intermediates and Bulk Drugs						
	Vitamin C series *HK$'000*	Antibiotics series *HK$'000*	Finished Drugs *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE							
External sales	977,650	1,767,297	1,364,192	65,004	4,174,143	–	4,174,143
Inter-segment sales	867	494,089	–	138,123	633,079	(633,079)	–
TOTAL	978,517	2,261,386	1,364,192	203,127	4,807,222	(633,079)	4,174,143
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT	161,226	136,356	134,530	834			432,946
Unallocated income							2,302
Unallocated central expenses							(66,003)
Operating profit							369,245
Share of results of a jointly controlled entity							6,689
Finance costs							(31,461)
Profit before taxation							344,473

3. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2010 (Unaudited)

	Intermediates and Bulk Drugs						
	Vitamin C series *HK$'000*	Antibiotics series *HK$'000*	Finished Drugs *HK$'000*	Others *HK$'000*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE							
External sales	1,144,258	1,562,199	1,131,542	103,019	3,941,018	—	3,941,018
Inter-segment sales	1,163	459,758	—	138,925	599,846	(599,846)	—
TOTAL	1,145,421	2,021,957	1,131,542	241,944	4,540,864	(599,846)	3,941,018
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT (LOSS)	489,411	58,841	99,493	(2,346)			645,399
Unallocated income							4,268
Unallocated central expenses							(80,711)
Operating profit							568,956
Share of results of a jointly controlled entity							3,628
Finance costs							(34,624)
Profit before taxation							537,960

Segment profit (loss) represents the profit (loss) earned by each segment without allocation of interest income, central administrative expenses, central advertising costs, share of results of a jointly controlled entity and finance costs. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

4. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting) the following items:		
Amortisation of intangible assets (included in cost of sales)	**21,459**	10,336
Amortisation of prepaid lease payments	**4,740**	3,810
Depreciation of property, plant and equipment	**281,202**	252,412
Loss on disposal of property, plant and equipment (included in other expenses)	**1,473**	43,127
Net foreign exchange losses	**4,391**	2,792
Research and development expenses (included in other expenses)	**63,395**	64,063
Interest income	**(2,302)**	(4,268)

For the six months ended 30 June 2010 and 2011, cost of inventories recognised as an expense approximated cost of sales as shown in the condensed consolidated income statement.

5. TAXATION

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The tax charge comprises:		
PRC Enterprise Income Tax		
— Current year	**62,015**	91,606
— Underprovision in prior years	**2,026**	—
	64,041	91,606
Deferred taxation	**4,707**	8,500
	68,748	100,106

5. TAXATION *(Continued)*

No Hong Kong Profits Tax is payable by the Company nor its Hong Kong subsidiaries since they either had no assessable profits or incurred tax losses for both periods. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries of the Company established before 16 March 2007 are entitled to exemption from PRC Enterprise Income Tax for two years starting from their first profit-making years, followed by a 50% reduction in tax rate for the next three years.

The tax charge for both periods represents income tax provisions which have taken into account the above-mentioned tax incentives. The basic tax rate of the Company's PRC subsidiaries is 25%, except those which are enjoying the concessionary tax rate of 15% in the relevant special zone in the PRC during the concessionary period.

In addition, pursuant to the approvals granted by the relevant tax authorities, certain subsidiaries of the Company are qualified as advanced technology enterprises in the PRC (the "Qualification") for a period of 3 years up to 2010 or 2011. The applicable tax rate for these enterprises is 15% despite the expiration of the Qualification for certain subsidiaries as the directors consider that the chance of approval of application for re-examination on the Qualification not being awarded is remote.

In respect of the withholding tax upon the distribution of undistributed retained profits earned by the PRC subsidiaries to the shareholders, deferred taxation of HK$4,707,000 (2010: HK$8,500,000) has been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to such profits. During the period, withholding tax of HK$1,242,000 (2010: HK$5,682,000) has been paid.

As at 30 June 2011, the Group had unused tax losses of HK$73,722,000 (31 December 2010: HK$90,742,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Most of the unrecognised tax losses will expire in various dates up to 2014.

There was no other significant unprovided deferred tax for the period or at the end of the reporting period.

6. DIVIDENDS

The directors do not declare the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

During the period, a final dividend of HK24 cents per share was distributed to shareholders as final dividend for the year ended 31 December 2010 (2010: HK24 cents for the year ended 31 December 2009). The aggregate amount of final dividend distributed amounted to HK$367,732,000 (2010: HK$368,391,000). The amount paid in current period amounted to HK$179,696,000 (2010: HK$368,391,000).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 June 2011 is based on the profit for the period attributable to owners of the Company of HK$263,833,000 (2010: HK$426,223,000) and the weighted average number of ordinary shares of 1,532,864,584 (2010: 1,534,960,661 shares in issue) for the period.

No diluted earnings per share has been presented for the six months ended 30 June 2010 and 2011 as there were no potential ordinary shares in issue during both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$359,131,000 (2010: HK$265,730,000) on acquisition of property, plant and equipment in order to upgrade its manufacturing capabilities.

In addition, the Group disposed of certain property, plant and equipment with a carrying amount of HK$20,934,000 (2010: HK$46,354,000), resulting in a loss of HK$1,473,000 (2010: HK$43,127,000).

9. TRADE AND OTHER RECEIVABLES/BILLS RECEIVABLES

	As at 30 June 2011 ***HK$'000*** **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
Trade receivables	**1,339,852**	1,076,520
Bills receivables	**795,207**	810,838
	2,135,059	1,887,358
Other receivables	**544,348**	365,436
	2,679,407	2,252,794

The Group allows a general credit period of up to 90 days to its trade customers. The following is an analysis of trade receivables (net of allowance for doubtful debts) presented based on invoice date.

	As at 30 June 2011 ***HK$'000*** **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
0 to 90 days	**1,202,787**	1,022,490
91 to 180 days	**131,927**	52,499
181 to 365 days	**5,138**	1,531
	1,339,852	1,076,520

10. RELATED PARTY DISCLOSURES

During the period, the Group had significant transactions and balances with related parties, some of which are also deemed to be connected parties pursuant to the Listing Rules. The significant transactions with these companies during the period, and balances with them at the end of the reporting period, are as follows:

(I) Related and connected parties

Name of company	Nature of transactions/balances	For the six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Shijiazhuang Pharmaceutical Group Company Limited ("SPG") (a non-wholly owned subsidiary of Massive Giant Group Limited ("Massive Giant"), the controlling shareholder of the Company) and its subsidiaries (the "SPG Group")	Sales of vitamin C products *(note a)*	**2,319**	3,290
	Product processing services *(note b)*	**6,827**	818
	Sales of antibiotic products *(note c)*	**4,575**	—
	Rental expenses *(note d)*	**4,037**	3,853
	Sales of finished drugs *(note e)*	**13,254**	—
	Sales of finished drugs *(note f)*	**7,640**	—

		As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
	Balance due from (to) the SPG Group		
	— trade receivables		
	aged 0-90 days	**33,823**	13,901
	aged 91-180 days	**712**	115
		34,535	14,016
	— other payables *(note g)*	**1,902**	740

Name of company	Nature of transactions/balances	As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
Massive Giant	Balance due to Massive Giant		
	— dividend payable *(note g)*	**188,036**	—

10. RELATED PARTY DISCLOSURES *(Continued)*

(I) Related and connected parties (Continued)

As at 30 June 2011, SPG had also given corporate guarantees to banks in the PRC to secure loan facilities to the extent of RMB670,000,000 (31 December 2010: RMB570,000,000) granted to the Group. As at 30 June 2011, the extent of utilisation by the Group amounted to RMB670,000,000 (31 December 2010: RMB570,000,000).

(II) Other related parties

Name of company	Nature of transactions/balances	For the six months ended 30 June 2011 HK$'000 (Unaudited)	2010 HK$'000 (Unaudited)
Hebei Huarong Pharmaceutical Co., Ltd. ("Huarong"), a jointly controlled entity of the Group	Purchase of raw materials	**—**	7,703
	Provision of utility services by the Group *(note h)*	**12,552**	5,934
	Interest expenses on loan from Huarong *(note i)*	—	315

		As at 30 June 2011 HK$'000 (Unaudited)	As at 31 December 2010 HK$'000 (Audited)
	Balance due from Huarong		
	— dividend receivables	**10,667**	10,667
	— other receivables	**6,007**	6,007
	— trade receivables aged 0-90 days	**9,403**	10,090
		26,077	26,764

10. RELATED PARTY DISCLOSURES *(Continued)*

(III) Connected parties

Name of company	Nature of transactions/balances	For the six months ended 30 June **2011** ***HK$'000*** **(Unaudited)**	2010 *HK$'000* (Unaudited)
Guangdong Titan Pharmaceutical Co., Ltd. ("Guangdong Titan"), a wholly-owned subsidiary of the non-controlling interest of a subsidiary	Sale of finished goods *(note j)*	**70,014**	47,268

		As at 30 June 2011 ***HK$'000*** **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
Guangdong Titan	Balance due from Guangdong Titan — trade receivables aged 0-90 days	**41,410**	14,407

(IV) Compensation of key management personnel

The remuneration of key management personnel of the Group during the period is as follows:

	For the six months ended 30 June **2011** ***HK$'000*** **(Unaudited)**	2010 *HK$'000* (Unaudited)
Short-term benefits	**4,463**	4,477
Post-employment benefits	**348**	326
	4,811	4,803

The above remuneration is determined by the remuneration committee having regard to the Group's operating results, performance of individuals and market trends.

10. RELATED PARTY DISCLOSURES *(Continued)*

Notes:

(a) On 13 May 2009, Shijiazhuang Pharma Group Weisheng Pharmaceutical (Shijiazhuang) Co., Ltd., a wholly-owned subsidiary of the Company, entered into an agreement with Shijiazhuang Pharma Group Ouyi Pharmaceutical Co., Ltd. ("Ouyi"), a non-wholly owned subsidiary of SPG, in relation to the sale of vitamin C products for a term of three years from 13 May 2009 to 12 May 2012. By entering into this agreement, the Group will be able to maintain and expand the business relationship with Ouyi.

The extent of these connected transactions did not exceed the limit as set out in the announcement of the Company dated 13 May 2009.

(b) On 13 May 2009, Shijiazhuang Pharma Group Zhongnuo Pharmaceutical (Shijiazhuang) Co., Ltd. ("Zhongnuo"), a wholly-owned subsidiary of the Company, entered into an agreement with Ouyi and pursuant to which Ouyi provides product processing services to Zhongnuo for various cephalosporin powder injection products, for a term of three years from 13 May 2009 to 12 May 2012. By entering into this agreement, the Group is able to obtain reliable processing services for the Group's products.

The extent of these connected transactions did not exceed the limit as set out in the announcement of the Company dated 13 May 2009.

(c) On 13 May 2009, Shijiazhuang Pharma Group Hebei Zhongrun Pharmaceutical Co., Ltd., a non-wholly owned subsidiary of the Company, entered into an agreement with Ouyi in relation to the sale of antibiotics products for a term of 3 years commencing from 13 May 2009 to 12 May 2012. By entering into this agreement, the Group would be able to maintain and expand the business relationship with Ouyi.

The extent of these connected transactions did not exceed the limit as set out in the announcement of the Company dated 13 May 2009.

(d) On 5 March 2009, Zhongnuo entered into a lease agreement with SPG to lease two factory buildings and a staff dormitory located in Shijiazhuang, Hebei Province, the PRC from SPG for a term of three years commencing on 5 March 2009 with the monthly rental of RMB427,108.

On 20 July 2002, Zhongnuo entered into another agreement with SPG to lease four factory buildings and a piece of land located in Shijiazhuang, Hebei Province, the PRC from SPG for a term of twenty years. The lease agreement was subject to a rental adjustment every three years. The monthly rental was revised to RMB138,033 on 1 August 2009 for a term of three years.

The Group's rental expenses were paid in accordance with the relevant tenancy agreements.

(e) On 23 August 2010, Zhongnuo entered into an agreement with Hebei Aipu Pharmaceutical Co., Ltd. ("Aipu"), a non-wholly owned subsidiary of SPG, in relation to the sale of finished drugs products for a term of 3 years commencing from 23 August 2010 to 22 August 2013. By entering into this agreement, the Group will be able to maintain and expand the business relationship with Aipu.

The extent of these connected transactions did not exceed the limit as set out in the announcement of the Company dated 23 August 2010.

10. RELATED PARTY DISCLOSURES *(Continued)*

Notes: (Continued)

(f) On 10 January 2011, Zhongnuo and Yinhu entered into an agreement with Shijianzhunag Pharma Group Hebei Zhongchen Pharmaceutical Co., Ltd. ("Zhongchen"), a non-wholly owned subsidiary of SPG, in relation to the sale of finished drugs products for a term of 3 years commencing from 1 January 2011 to 31 December 2013. By entering into this agreement, the Group will be able to maintain and expand the business relationship with Zhongchen.

The extent of these connected transactions did not exceed the limit as set out in the announcement of the Company dated 10 January 2011.

(g) At the end of the reporting period, these amounts were aged within one year.

(h) The transactions were carried out based on the actual costs of utilities incurred by the Group.

(i) The loan from Huarong, which was unsecured and interest bearing at the rate of 5.4% per annum, was fully repaid in the year ended 31 December 2010.

(j) On 29 July 2008, Siping City Fine Chemicals Products Company Limited, a non-wholly owned subsidiary of the Company, and Guangdong Titan entered into an agreement in relation to the sales of pharmaceutical intermediate products for a term of three years from 29 July 2008 to 28 July 2011. By entering into the agreement, the Group will be able to maintain the business relationship with Guangdong Titan.

The extent of these connected sales did not exceed the limit as set out in the announcement of the Company dated 29 July 2008.

11. PLEDGED BANK DEPOSITS

As at 30 June 2011, the Group had pledged bank deposits of HK$47,745,000 (31 December 2010: HK$41,930,000) to banks to secure short-term banking facilities granted to the Group and the deposits were therefore classified as current assets.

12. TRADE AND OTHER PAYABLES/BILLS PAYABLES

	As at 30 June 2011	As at 31 December 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**941,056**	773,507
Bills payables	**414,366**	440,647
	1,355,422	1,214,154
Other payables	**816,628**	993,700
	2,172,050	2,207,854

12. TRADE AND OTHER PAYABLES/BILLS PAYABLES *(Continued)*

The following is an aged analysis of trade payables presented based on the invoice date.

	As at 30 June 2011 *HK$'000* **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
0 to 90 days	**720,938**	731,593
91 to 180 days	**214,068**	31,850
181 to 365 days	**6,050**	8,331
More than 365 days	**—**	1,733
	941,056	773,507

13. UNSECURED BANK LOANS

During the period, the Group obtained new bank loans of HK$534,762,000 (2010: HK$686,817,000). The proceeds were used to finance the general operations of the Group and the acquisition of property, plant and equipment. The loans of the Group carry interest at prevailing market rates ranging from 0.71% to 6.06% (31 December 2010: 0.67% to 5.31%) per annum.

In addition, the Group repaid bank loans of HK$145,714,000 (2010: HK$656,299,000) during the period.

14. SHARE CAPITAL

Ordinary shares of HK$0.10 each

	Number of shares *'000*	**Share capital** *HK$'000*
Authorised:		
As at 1 January 2010, 30 June 2010,1 January 2011 and 30 June 2011	3,000,000	300,000
Issued and fully paid:		
As at 1 January 2010, 30 June 2010 and 1 January 2011	1,534,961	153,496
Shares repurchased and cancelled	(5,194)	(519)
As at 30 June 2011	1,529,767	152,977

15. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	As at 30 June 2011 *HK$'000* **(Unaudited)**	As at 31 December 2010 *HK$'000* (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of		
— property, plant and equipment	**419,302**	307,965
— intangible assets	**78,542**	29,635
	497,844	337,600

16. CONTINGENT LIABILITIES

(i) As disclosed in the announcement of the Company dated 22 February 2005, the Company and one of its subsidiaries are named as, among others, defendants in a number of antitrust complaints filed in the United States. These antitrust complaints alleged that certain manufacturers of vitamin C in the PRC have since at least December 2001 conspired to control prices and volumes of exports of vitamin C to the United States and elsewhere in the world and that as such have been in violation of the antitrust laws of the United States. It is alleged in the antitrust complaints that the purchasers of vitamin C in the United States paid more for vitamin C than they would have paid in the absence of the alleged conspiracy and therefore, suffered losses. The plaintiffs purported to bring these cases on behalf of direct purchasers under the federal antitrust laws of the United States and indirect purchasers under various state antitrust, unfair trade and consumer protection statutes. The plaintiffs (purportedly as representatives of classes of similarly situated purchasers) seek treble damages and other relief. Subsequent to the above-mentioned announcement, there were some other complaints with the same nature as the antitrust complaints filed in the United States. Up to the date of this report, four antitrust complaints have been served on the Company and three antitrust complaints have been served on the subsidiary. The legal adviser of the Company and the subsidiary has successfully consolidated all such cases to be heard in the Federal Court of New York.

16. CONTINGENT LIABILITIES *(Continued)*

(i) *(Continued)*

On 3 May 2006, the first court meeting was held before a judge of the U.S. District Court for the Eastern District of New York and legal advisers of the defendants and plaintiffs. In February 2007, the direct purchaser plaintiff amended its claim and requested that only direct purchasers of the vitamin C who had not entered into any agreements containing arbitration clauses could be part of the class of purchasers it sought to represent.

Submissions concerning whether the direct purchaser case may proceed as a class action were made during the year 2007. On 15 January 2009, plaintiffs and defendants agreed to a new case schedule, which bifurcates liability and damages issues and allows certain liability issues to be determined by the court first. Fact discovery relevant to merits was concluded in October 2008.

The Company has submitted a motion to dismiss direct purchaser and indirect purchaser actions for lack of personnel jurisdiction, which was fully briefed as of 27 May 2008. The Company and the subsidiary have also submitted motions for summary judgment on liability, which were fully briefed as of 5 February 2010. No decisions have been made on these motions.

The directors and management of Company intend to contest the claims set out in the antitrust complaints vigorously. The Company and the subsidiary have appointed legal advisers to advise them in the legal proceedings and the outcome of the antitrust complaints cannot be reliably estimated with reasonable certainty at this stage.

(ii) As at 30 June 2011 and 31 December 2010, a corporate guarantee of RMB25,000,000 was given by certain subsidiaries of the Group to a bank in the PRC in respect of banking facilities granted to Huarong. An amount of RMB25,000,000 was utilised by Huarong as at 30 June 2011 and 31 December 2010.

17. EVENT AFTER THE END OF THE INTERIM PERIOD

Subsequent to the end of the interim period, Gaoke and Ouyi entered into a sale and purchase agreement in which Gaoke has agreed to sell and Ouyi has agreed to purchase certain autibiotics products for a term of three years commencing from 1 July 2011 to 30 June 2014. The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details are set out in the announcement of the Company dated 30 June 2011.

OTHER INFORMATION

Directors' Interest in Shares, Underlying Shares and Debentures

As at 30 June 2011, the interests of the directors and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the ''Model Code'') contained in the Listing Rules, were as follows:

Long Positions

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Cai Dongchen	Beneficial owner	4,438,000	0.29%
Chak Kin Man	Beneficial owner	4,000	0.00026%

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as at 30 June 2011.

Arrangements to Purchase Shares or Debentures

Other than the share option scheme of the Company, at no time during the period was the Company, its holding company, fellow subsidiaries or subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Option Scheme

The Company's share option scheme was adopted on 6 July 2004 for the purpose of providing incentive to directors (or any persons proposed to be appointed as such, whether executive or non-executive) and employees (whether full-time or part-time) of each member of the Group, eligible business consultants, professionals and other advisers who have rendered services or will render service to the Group as determined by the board of directors. The scheme is valid and effective for a period of 10 years since its adoption. No option had been granted or agreed to be granted under the scheme since its adoption.

Substantial Shareholders

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the share capital of the Company.

Name of substantial shareholder	Capacity	Number of ordinary shares held	Approximate percentage of the issued share capital of the Company
Massive Giant Group Limited ("Massive Giant")	Beneficial owner and interest of controlled corporation	796,806,393 *(note i)*	52.09%
Legend Holdings Limited ("Legend")	Interest to an agreement	796,806,393 *(note ii)*	52.09%
Beijing Lian Chi Zhi Yuan Management Consulting Center ("Lian Chi Zhi Yuan")	Interest of controlled corporation	796,806,393 *(note iii)*	52.09%
Beijing Lian Chi Zhi Tung Management Consulting Ltd. ("Lian Chi Zhi Tung")	Interest of controlled corporation	796,806,393 *(note iii)*	52.09%

Notes:

(i) 783,482,393 shares are held by Massive Giant. 13,324,000 shares are held by China Charmaine Pharmaceutical Company Limited, a company owned as to 85% by Massive Giant.

(ii) Legend and Massive Giant are parties to an agreement to which Section 317(1)(a) of the SFO applies. Legend is deemed to be interested in the shares of the Company owned by Massive Giant.

(iii) Lian Chi Zhi Yuan owns 35% interest in Legend. Lian Chi Zhi Tung is the sole general partner of Lian Chi Zhi Yuan. Lian Chi Zhi Yuan and Lian Chi Zhi Tung are deemed to be interested in the shares of the Company owned by Massive Giant.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company or any other interests representing 5% or more of the issued share capital of the Company as at 30 June 2011.

Corporate Governance

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011 with certain deviation as set out below.

Code provision A.2.1 of the Code stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Dongchen, the Company's Chairman, has also assumed the role as the chief executive officer of the Company. The Company believes that vesting both roles in Mr. Cai will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place.

Review of Interim Results

The interim results have been reviewed by the external auditor and audit committee of the Company.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2011.

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

During the six months ended 30 June 2011, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	Number of ordinary shares of HK$0.10 each	Highest price per share paid	Lowest price per share paid	Aggregate consideration paid
		HK$	HK$	HK$
February 2011	2,744,000	4.49	4.31	12,094,060
June 2011	2,450,000	3.63	3.45	8,741,860
	5,194,000			20,835,920

The above shares were cancelled upon delivery of the share certificates during the current interim period.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

Disclosure under Rule 13.17 of the Listing Rules

Pursuant to a bank loan agreement dated 14 December 2009 entered into between a bank and SPG, a facility in the aggregate amount of RMB510,000,000 was made available by the bank to SPG and certain subsidiaries of the Company. The facility is a general working facility for three years from 14 December 2009. Out of the aggregate facility amount of RMB510,000,000, RMB210,000,000 was made available to the certain subsidiaries of the Company. As a condition under the loan agreement, Massive Giant has pledged 480,000,000 ordinary shares of the Company in favour of the bank as security. As at 30 June 2011, the Group did not utilise the facility.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.17 of the Listing Rules.

Disclosure under Rule 13.18 of the Listing Rules

Pursuant to two bank loan agreements, it will be an event of default under each of the loan agreements if (i) Hony Capital Fund III, L.P. ("Hony Capital") ceases to own (directly or indirectly) at least 35% interest in the Company; (ii) Legend ceases to own (directly or indirectly) at least 34.48% interest in Hony Capital; or (iii) any replacement or addition (in terms of head count) of executive directors of the Company exceeds one third of the existing executives. The outstanding principal of these two bank loans as at 30 June 2011 amounted to HK$75,400,000 and the last instalment repayment is due in December 2011.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.