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)

ANNOUNCEMENT OF FULL YEAR RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Gross profit up 34.3% to RMB890.6 million
- Profit from operations grew by 43.1% to RMB365.6 million
- Net profit attributable to equity shareholders increased by 82.3% to RMB234.4 million
- Profit attributable to equity shareholders was RMB255.8 million excluding IPO expenses and share-based compensation expenses arising from share options granted
- Basic earnings per share were RMB23.41 cents
- Net asset value per share at RMB1.9

CHAIRMAN'S STATEMENT

I am pleased to present the solid performance of China NT Pharma Group Company Limited ("NT Pharma" or the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011.

I am delighted to report that we successfully achieved the internal sales and earnings target that we set for the year, and maximized shareholders' value. The full year results of the year are presented in the following.

RESULTS

Total turnover of the Group for the year was RMB2,758.1 million, an increase of 3.4% from last year's RMB2,668.0 million. Turnover of pharmaceutical promotion and sales made up 41.3% of the Group's total, up from last year's 28.7%. Vaccine promotion and sales generated 25.0% of the Group's turnover, up from last year's 13.4%. Contribution from the vaccine supply chain business was 21.0%, down from last year's 43.8%, due to our decision to exit from this business. The remainder was contributed by NT branded products production and sales.

With an increasing focus on the promotion and sales businesses, overall profitability of the Group was enhanced, though operating expenses also increased 30.9% from last year's RMB444.5 million to RMB581.9 million. Gross profit of the Group grew by 34.3% to RMB890.6 million, compared to last year's RMB663.2 million; gross profit margin strengthened from last year's 24.9% to 32.3%.

Net profit attributable to equity shareholders was RMB234.4 million, an increase of 82.3% compared to last year's RMB128.6 million. Net profit margin of the Group strengthened from last year's 4.8% to 8.5%. Excluding IPO expenses and share-based compensation expenses arising from share options granted amounted to RMB21.4 million, net profit attributable to equity shareholders was RMB255.8 million for the year versus last year's RMB165.7 million. Earnings per share were RMB23.41 cents, an increase of 47.7% from last year's RMB15.85 cents.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 December 2011.

The Group realigned its businesses in 2011 to enhance its competitiveness and with various new initiatives of development are well in place; the Board of Directors believes that more resources should be retained for the further development of the Group to gear for a higher growth and thus bring a better returns to shareholders in the near future.

BUSINESS REVIEW

Pharmaceutical Promotion and Sales Business

Turnover of the pharmaceutical promotion and sales was RMB1,140.1 million for the year, an increase of 48.8% compared to last year's RMB766.4 million (restated (as a result of the separate presentation of the "NT Branded Products Production and Sales Business" segment starting from 2011)). Segment profit posted a strong growth of 103.5% from last year's RMB156.0 million (restated) to RMB317.5 million for the year, which accounted for 72.4% of the Group's total operating profit, thanks to the strong performance of *Libod*, an oncology drug the Group launched in March 2011 as the nationwide exclusive distributor. Turnover of *Libod* made up 12.0% of the segment's total for the year and it currently has a leading market share in its therapeutic area in China. Sales of *Fortum* and *DanShenTong*, the other two key products of the segment, were encouraging as well. Segment profit margin of pharmaceutical promotion and sales strengthened from last year's 20.4% to 27.8%.

Product portfolio of the segment was further diversified in the year with a main focus on the therapeutic areas of oncology, CNS ("Central Nervous System") and dermatology. In the second half of the year, we added 39 new products, of which 26 are in CNS therapeutic area, 5 in oncology and 8 in other areas, thus increasing the total number of products in our portfolio to 52 products as of the end of 2011 covering therapeutic areas of oncology, CNS, anti-infectives, cardiovascular and dermatology. With a view to lowering investment costs and expanding our sales network at a faster pace, the Group started joint promotion with local promotion and sales companies in the second half of the year.

Continuous expansion of our sales network also contributed to the growth of the year. The sales network of pharmaceutical promotion and sales increased by about 300 hospitals from over 3,500 hospitals at the end of 2010 to over 3,800 hospitals at the end of 2011. The Group started to tap into the huge retail market network in China by establishing a sales team for community hospitals and retail pharmacies in the fourth quarter of the year. We believe the large sales footprint of community hospitals and retail pharmacies represents a new and exciting area of growth for the Group.

We also generated revenues from providing distribution services to international and domestic pharmaceutical manufacturers in the year under review. Turnover of the segment was RMB219.4 million for the year, an increase of 3.8% compared to last year's RMB211.4 million (restated); the segment made a loss this year compared to last year's segment profit of RMB2.4 million (restated) as we reduced the business scale and are gradually exiting the distribution business.

Vaccine Promotion and Sales Business

With a view to enhancing the Group's competitiveness and improve cash flow, we started to restructure the vaccine business by gradually exiting the vaccine supply chain business and putting our focus on the vaccine promotion and sales business which has higher margins and returns. As such, turnover generated from the vaccine supply chain dropped 50.4% from last year's RMB1,167.8 million to RMB579.6 million. Segment profit was RMB17.7 million versus last year's RMB45.0 million. Vaccine promotion and sales grew by 93.0% from last year's RMB356.8 million to

RMB688.7 million. Segment profit was RMB71.6 million, versus last year's RMB64.9 million. Segment profit margin was 10.4% compared to last year's 18.2%. The drop in segment profit margin was mainly due to the relatively low gross margin of *Vaxigrip* (influenza).

NT Branded Products Production and Sales Business

Suzhou First Pharmaceutical Co., Ltd. ("Suzhou First") is the drug manufacturing arm of the Group. In 2011, turnover of the drug manufacturing segment was mainly generated from sales of *Shusi* and 49 generic drugs. With an increase in raw materials costs and the government's lowering of generic drug prices, turnover of the segment dropped 21.3% from last year's RMB165.6 million (restated) to RMB130.3 million for the year. Segment profit was RMB31.7 million, a decrease of 31.8% compared to last year's RMB46.5 million (restated); segment profit margin was 24.3%, compared to last year's 28.1%.

In February 2012, the Company announced the acquisition of the remaining 20% equity interests in Suzhou First, to maximize its interests in the company. The acquisition is expected to be completed by the end of August 2012. We believe Suzhou First's manufacturing facility and management are amongst the finest in China. As at the latest practicable date, Suzhou First had obtained approvals from the State Food and Drug Administration for 175 drugs licenses to manufacture and sell pharmaceutical products, with a broad product range covering various therapeutic areas such as CNS, cardiovascular and anti-infectives. Located in the Singapore Suzhou Industrial Park, Suzhou, the 150-hectare manufacturing base is 2010 GMP-certified and was built in accordance with the standards of FDA and EU. Going forward, *Shusi*, the CNS product, will be the main focus of Suzhou First and more products will be launched gradually.

PROSPECTS

2011 was a fruitful year for NT Pharma, as we successfully listed on the Hong Kong Stock Exchange in April; and despite facing a tough operating environment, we successfully launched a number of new products that achieved good sales performance, especially *Libod*, which enabled the Group to record such a good full year results.

Despite the encouraging results of 2011, we remain very cautious in our operations against a backdrop of toughening operating environments. The restrictive use of antibiotics by the government, the lowering of generic drug prices and the reduction in imported vaccines supply caused by the 2010 pharmacopeia all impacted us. Although the exit of vaccine supply chain business will benefit us in the long run by improving our cash flow, we do expect that it will have an earnings impact in the short-term.

Achieving sustainable growth remains at the core of NT Pharma's culture. With the government gradually imposing more reforms on the healthcare sector, we have defined our long term growth strategies in accordance with the changing landscape of the industry. We need to solidify and enhance our sales network by extending our footprint to community hospitals and retail pharmacies and join hands with local promotion and sales companies with sound track records to further enlarge our coverage. In addition, we adopted the strategy of further diversifying our product portfolio to cover various therapeutic areas, with particular focus on oncology, CNS and anti-infectives as well as a broad range of vaccine products.

In line with our strategy of focusing on the therapeutic areas of oncology and CNS, we are going to form a strategic cooperation platform with a renowned local manufacturer with strong R&D capability in oncology therapeutic area. Leverage on both parties' strengths, we target to build the most competitive R&D and sales platform in oncology area in China in the future.

We will acquire companies and sales and promotion companies who focus on CNS products, as well as acquire domestic and global rights to products which have completed phase II clinical trials to enrich our product portfolio and highlight our strengthen in the CNS therapeutic area.

We also plan to work with R&D companies who focus on developing high-end therapeutic vaccines to develop new and high-end therapeutic vaccine.

I believe all these initiatives will enable the Group to enter into a new stage of healthier and higher growth, with tangible results achieved in the near future.

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 commitment, diligence and dedication which are essential to our continued success.

Ng Tit
Chairman and CEO

Hong Kong, 20 March 2012

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in Renminbi)

	Note	**2011** *RMB'000*	**2010** *RMB'000*
Turnover	4	2,758,142	2,667,978
Cost of sales		(1,867,496)	(2,004,775)
Gross profit		890,646	663,203
Other revenue	5	38,947	28,698
Other net income	6	17,875	8,148
Selling and distribution expenses		(452,834)	(354,456)
Administrative expenses		(129,082)	(90,056)
Profit from operations		365,552	255,537
Finance costs	7(a)	(58,083)	(45,379)
Profit before taxation	7	307,469	210,158
Income tax	8	(73,092)	(80,748)
Profit for the year		234,377	129,410
Attributable to:			
Equity shareholders of the Company		234,377	128,610
Non-controlling interests		—	800
Profit for the year		234,377	129,410
Earnings per share	9		
Basic		23.41 cents	15.85 cents
Diluted		23.22 cents	15.77 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

(Expressed in Renminbi)

	2011	2010
	RMB'000	*RMB'000*
Profit for the year	234,377	129,410
Other comprehensive income for the year		
Exchange differences on translation of financial statements of entities outside the People's Republic of China ("PRC"), net of nil tax	(9,967)	11,985
Total comprehensive income for the year	224,410	141,395
Attributable to:		
Equity shareholders of the Company	224,410	140,595
Non-controlling interests	—	800
Total comprehensive income for the year	224,410	141,395

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011
(Expressed in Renminbi)

	Note	2011 *RMB'000*	2010 *RMB'000*
Non-current assets			
Fixed assets			
— Property, plant and equipment		213,696	208,859
— Interests in leasehold land held for own use under operating leases		31,713	32,477
		245,409	241,336
Prepayment for fixed assets		2,397	2,397
Intangible assets		48,826	37,174
Goodwill		1,250	1,250
Deferred tax assets		22,191	5,919
		320,073	288,076
Current assets			
Inventories	11	355,673	527,054
Trade and other receivables	12	2,409,432	1,738,213
Pledged bank deposits		112,103	47,080
Cash at bank and in hand	13	373,755	154,913
		3,250,963	2,467,260
Current liabilities			
Trade and other payables	14	902,602	1,358,270
Bank loans and overdrafts		526,253	833,687
Other loan		—	6,500
Current taxation		85,639	51,941
		1,514,494	2,250,398
Net current assets		1,736,469	216,862

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 (CONTINUED)
(Expressed in Renminbi)

	2011	2010
	RMB'000	*RMB'000*
Total assets less current liabilities	2,056,542	504,938
Non-current liabilities		
Deferred tax liabilities	1,235	2,661
NET ASSETS	2,055,307	502,277
CAPITAL AND RESERVES		
Share capital	1	—
Reserves	2,040,176	487,147
Total equity attributable to equity shareholders of the Company	2,040,177	487,147
Non-controlling interests	15,130	15,130
TOTAL EQUITY	2,055,307	502,277

NOTES

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 financial statements for the year ended 31 December 2011 but is derived from these financial statements.

The Group's consolidated financial statements have been prepared in accordance with 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. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

3. 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 financial statements:

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

The above developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of the Group's consolidated financial statements in the current and previous periods.

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

4. 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 year is as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Sales of pharmaceutical products and vaccines	2,459,857	2,475,328
Service income	298,285	192,650
	2,758,142	2,667,978

Sales of pharmaceutical products and vaccines are derived from selling of pharmaceutical products and vaccines through the Group's five reportable segments as discussed in note 10, 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 years ended 31 December 2011 and 2010.

5. Other revenue

	2011	**2010**
	RMB'000	*RMB'000*
Bank interest income	3,412	619
Subsidy income	27,210	25,267
Sundry income	8,325	2,812
	38,947	28,698

Subsidy income represents government subsidies received by a subsidiary of the Group which operates in the PRC in accordance with the subsidy policy of the local government authority.

6. Other net income

	2011	2010
	RMB'000	*RMB'000*
Net (loss)/gain on disposal of property, plant and equipment	(189)	527
Net exchange gain	18,064	7,621
	17,875	8,148

7. Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	2011	2010
	RMB'000	*RMB'000*
Interest on bank advances and other borrowings wholly repayable within five years	49,996	36,801
Bank charges	8,087	9,181
Total borrowing costs	58,083	45,982
Less: borrowing costs capitalised into construction in progress*	—	(603)
	58,083	45,379

* The borrowing costs were capitalised at a rate of 5.35% - 5.84% per annum during the year ended 31 December 2010.

(b) Other items

	2011	2010
	RMB'000	*RMB'000*
Depreciation	15,049	12,671
Amortisation of interests in leasehold land held for own use under operating leases	764	360
Amortisation of intangible assets	8,430	4,393
Auditors' remuneration	6,535	671
Operating lease charges: minimum lease payments - property rental	8,961	8,327
Cost of inventories (note 11(b))	1,845,346	1,982,422

8. Income tax in the consolidated income statement

Income tax in the consolidated income statement represents:

	2011	**2010**
	RMB'000	*RMB'000*
Current tax - Hong Kong Profits Tax		
Provision for the year	19,553	11,891
Current tax - PRC Income Tax		
Provision for the year	71,856	70,221
(Over)/under-provision in respect of prior years	(619)	87
	71,237	70,308
Deferred tax		
Origination and reversal of temporary differences	(17,698)	(1,451)
	73,092	80,748

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("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 year ended 31 December 2011 is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for that year. 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 year ended 31 December 2010, a PRC subsidiary was subject to tax at 50% of the tax rate under the relevant tax rules and regulations.

9. 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 year ended 31 December 2011 of RMB234,377,000 (2010: RMB128,610,000) and the weighted average number of ordinary shares of the Company in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011 *Number of shares '000*	**2010** *Number of shares '000*
Effect of shares issued pursuant to the Reorganisation	811,438	811,438
Effect of shares issued under placing and public offering	189,705	—
Weighted average number of ordinary shares at 31 December	1,001,143	811,438

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

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to the equity shareholders of the Company for the year ended 31 December 2011 of RMB234,377,000 (2010: RMB128,610,000) and the diluted weighted average number of ordinary shares in the respective year, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011 *Number of shares '000*	**2010** *Number of shares '000*
Weighted average number of ordinary shares at 31 December	1,001,143	811,438
Effect of deemed issue of shares under the share option scheme for nil consideration	8,099	4,191
Weighted average number of ordinary shares (diluted) at 31 December	1,009,242	815,629

The diluted earnings per share is calculated as if the modification of the share options granted to the Group's directors and employees on 7 April 2011 had been effective since the beginning of the earliest period presented.

10. 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 five reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Pharmaceutical promotion and sales: pharmaceutical promotion and sales derives turnover from selling and marketing globally and domestically-manufactured pharmaceutical products to customers and providing both promotion and ancillary supply chain services.

— Other pharmaceutical: other pharmaceutical derives turnover from providing supply chain services for domestic and international pharmaceutical manufacturers to distribute their pharmaceutical products.

— Vaccine promotion and sales: vaccine promotion and sales derives turnover from selling and marketing vaccine products manufactured by global and domestic vaccine manufacturers to customers, and providing both promotion and ancillary supply chain services.

— Vaccine supply chain: vaccine supply chain derives turnover from providing supply chain services for domestic and international vaccine manufactures to distribute their vaccine products.

— NT branded products production and sales: NT branded products production and sales derives turnover from production and sales of NT branded products and generic drugs through the Company's subsidiary, Suzhou First Pharmaceutical Co., Ltd.

In 2011, the financial results of NT branded products production and sales which were reported as part of the pharmaceutical promotion and sales and other pharmaceutical segments in previous periods' financial statements are separately reported to the Group's most senior executive management as one single operating segment for the purpose of resource allocation and performance assessment. Following the change in the composition of the Group's operating segments that in turn results in a change in the reportable segments, the segment information for the year ended 31 December 2010 has been restated.

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 year. Accordingly, no analysis by geographical segments has been provided for the year.

(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 years ended 31 December 2011 and 2010 is set out below.

	Pharmaceutical promotion and sales		Other pharmaceutical		Vaccine promotion and sales		Vaccine supply chain		NT branded products production and sales		Total	
	2011	2010 (restated)	2011	2010 (restated)	2011	2010	2011	2010	2011	2010 (restated)	2011	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	1,140,107	766,437	219,442	211,411	688,729	356,788	579,593	1,167,767	130,271	165,575	2,758,142	2,667,978
Cost of sales	(531,626)	(416,394)	(199,488)	(190,367)	(532,629)	(220,917)	(525,424)	(1,081,478)	(78,329)	(95,619)	(1,867,496)	(2,004,775)
Reportable segment gross profit	608,481	350,043	19,954	21,044	156,100	135,871	54,169	86,289	51,942	69,956	890,646	663,203
Reportable segment operating profit/(loss)	317,513	156,043	(135)	2,425	71,598	64,888	17,677	44,970	31,713	46,528	438,366	314,854
Depreciation and amortisation for the year	7,243	4,499	48	374	132	278	294	300	9,777	6,574	17,494	12,025

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

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue and consolidated revenue	2,758,142	2,667,978
Profit		
Reportable segment operating profit	438,366	314,854
Unallocated head office and corporate expenses	(129,636)	(96,163)
Other revenue	38,947	28,698
Other net income	17,875	8,148
Finance costs	(58,083)	(45,379)
Consolidated profit before taxation	307,469	210,158

11. Inventories

(a) *Inventories in the consolidated balance sheet comprise:*

	2011	2010
	RMB'000	*RMB'000*
Raw materials	8,626	7,397
Work in progress	1,164	1,502
Finished goods	345,842	518,100
Low value consumables	41	55
	355,673	527,054

As at 31 December 2011, certain banking facilities of the Group were secured by the Group's inventories amounting to RMB59,728,000 (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:

	2011	**2010**
	RMB'000	*RMB'000*
Carrying amount of inventories sold	1,841,126	1,977,308
Write-down of inventories	4,220	5,114
	1,845,346	1,982,422

12. Trade and other receivables

	2011	**2010**
	RMB'000	*RMB'000*
Trade debtors and bills receivable	2,179,049	1,579,305
Less:Allowance for doubtful debts	(39,665)	(12,595)
	2,139,384	1,566,710
Deposits, prepayments and other receivables	264,048	170,837
Amount due from a related company	6,000	52
Amount due from a director	—	614
	2,409,432	1,738,213

As at 31 December 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 (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 31 December 2011, certain banking facilities of the Group were secured by the Group's trade and other receivables amounting to RMB59,825,000 (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:

	2011	**2010**
	RMB'000	*RMB'000*
Within 3 months	1,356,512	886,616
More than 3 months but within 6 months	318,312	319,321
More than 6 months but within 1 year	202,830	149,300
More than 1 year but within 2 years	223,624	207,109
More than 2 years	38,106	4,364
	2,139,384	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 year, including both specific and collective loss components, is as follows:

	2011	**2010**
	RMB'000	*RMB'000*
At 1 January	12,595	13,268
Impairment loss recognised during the year	27,535	3,109
Uncollectible amount written off	(465)	(3,782)
At 31 December	39,665	12,595

At 31 December 2011, the Group's trade debtors and bills receivable of RMB90,744,000 (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 RMB39,665,000 (2010: RMB12,595,000) was recognised as at 31 December 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:

	2011	**2010**
	RMB'000	*RMB'000*
Neither past due nor impaired	1,343,541	918,233
Less than 3 months past due	336,610	298,448
More than 3 months but less than 6 months past due	116,961	87,997
More than 6 months but less than 1 year past due	188,016	214,658
Over 1 year past due	103,177	42,428
	744,764	643,531
	2,088,305	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 certain debtors, which have debts aged over one year as at 31 December 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 for such receivables is required. The Group does not hold any collateral over these balances.

13. Cash at bank and in hand

	2011	2010
	RMB'000	*RMB'000*
Cash at bank and in hand	373,755	154,913

As at 31 December 2011, the Group's cash and bank balances placed with banks in the PRC amounted to RMB66,834,000 (2010: RMB149,785,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

14. Trade and other payables

	2011	2010
	RMB'000	*RMB'000*
Trade creditors and bills payable	707,095	781,891
Other payables and accrued charges	161,013	121,194
Construction payables	15,694	18,724
Receipts in advance	11,330	13,786
Amounts due to related companies	7,470	422,675
	902,602	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:

	2011	2010
	RMB'000	*RMB'000*
Within 3 months or on demand	457,127	481,471
More than 3 months but within 6 months	138,121	224,312
More than 6 months but within 1 year	43,290	6,332
More than 1 year	68,557	69,776
	707,095	781,891

15. Dividends

No dividend was declared or paid by the Company during the year ended 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review and Analysis

Turnover

Total turnover of the Group for the year was RMB2,758.1 million, an increase of 3.4% from last year's RMB2,668.0 million.

Breakdown of Turnover

	2011	**2010**
Pharmaceutical Promotion and Sales	**41.3%**	28.7%
Other Pharmaceutical	**8.0%**	7.9%
Vaccine Promotion and Sales	**25.0%**	13.4%
Vaccine Supply Chain	**21.0%**	43.8%
NT Branded Products Production and Sales	**4.7%**	6.2%
Total	**100%**	100%

Operating Profit

Total operating profit of the year amounted to RMB365.6 million, an increase of 43.1% compared to last year's RMB255.5 million.

Breakdown of Reportable Segment Operating Profit

	2011	**2010**
Pharmaceutical Promotion and Sales	**72.4%**	49.6%
Other Pharmaceutical	**n/a**	0.7%
Vaccine Promotion and Sales	**16.3%**	20.6%
Vaccine Supply Chain	**4.0%**	14.3%
NT Branded Products Production and Sales	**7.3%**	14.8%
Total	**100%**	100%

Profit Attributable to Equity Shareholders

Profit attributable to equity shareholders was RMB234.4 million, an increase of 82.3% compared to last year's RMB128.6 million. Net profit margin of the Group strengthened from last year's 4.8% to 8.5%.

Earnings Per Share

Basic earnings per share were RMB23.41 cents versus last year's RMB15.85 cents.

Finance Costs

Finance costs of the Group increased by 28.0% to RMB58.1 million mainly due to the increase in interest rates.

Capital Expenditure

Total capital expenditure of the Group was RMB43.6 million for the year, mainly for the acquisition of exclusive agency rights of new product, the construction of a warehouse in Taizhou, Jiangsu and the purchase of machinery by the drug manufacturing plant.

Taxation

Income tax reduced by 9.5% from last year's RMB80.7 million to RMB73.1 million mainly due to more effective allocation of expenses among subsidiaries based on their scale of operations leading to a reduction in expenses deemed to be non-deductible for tax purposes.

Net Asset Value Per Share

Calculation of net asset value per share was based on the net asset value of the Group attributable to equity shareholders of the Company of RMB2,040.2 million and the 1,081,916,500 ordinary shares issued at 31 December 2011. Net asset value per share at the end of 2011 was RMB1.9 (2010: RMB0.5 per share).

USE OF PROCEEDS

Net proceeds of the Global Offering (as defined in the prospectus of our Company dated 8 April 2011 ("the Prospectus")) amounted to approximately RMB934 million. In the Prospectus it was disclosed that about 25% of the net proceeds will be used for upgrading and expanding its infrastructure, including further investments in our advanced cold chain technology, and equipment. As the Group decided to exit the vaccine distribution business, there should have no further investment in cold chain. As a result, the Group intends to apply the unutilized amount from "upgrading and expanding its infrastructure, including further investments in our advanced cold chain technology and equipment" towards other areas of development including expanding product portfolio, purchasing imported vaccines and pharmaceuticals and general working capital.

As at 31 December 2011, balance of the proceeds amounted to RMB353 million and the use of proceeds was summarized as follows.

	RMB million
Expanding distribution network and promotion teams	98
Infrastructure, IT and logistic	20
Product portfolio expansion	184
Purchasing imported vaccines or pharmaceutical products and general working capital	234
Loan settlement	45
Total	581

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 FLOW

Summary of Consolidated Cash Flow Statement

	2011	**2010**
	RMB million	
Net cash used in operating activities	(206.3)	(383.2)
Net cash used in investing activities	(105.0)	(57.6)
Net cash generated from financing activities	543.3	378.1
Net increase/(decrease) in cash and cash equivalents	232.0	(62.7)

Group Debt and Liquidity

	2011	**2010**
	RMB million	
Total debt	526.3	840.2
Cash and bank deposits	485.9	202.0
Net debt	40.4	638.2

Leverage

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

	2011	**2010**
	RMB million	
Total debt	526.3	840.2
Total assets	3,571.0	2,755.3
Gearing ratio (%)	14.7%	30.5%

Charges on the Group's Assets

As at 31 December 2011, bank deposits of the Group of RMB112.1 million (2010:RMB47.1 million) have been pledged to the banks to secure certain bank loans and bills payable amounting to a total of RMB317.4 million (2010: RMB163.7 million). Certain banking facilities of the Group were also secured by the Group's inventories and trade and other receivables amounted to RMB59.7 million and RMB59.8 million respectively.

Capital Commitments

(a) Capital commitments outstanding at 31 December 2011 not provided for were as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Contracted for	3,680	10,883

(b) At 31 December 2011, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	2011	**2010**
	RMB'000	*RMB'000*
Within 1 year	10,603	6,369
After 1 year but within 5 years	12,590	3,340
	23,193	9,709

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of one to three years. None of the leases includes contingent rentals.

Contingent liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

HUMAN RESOURCES

As at 31 December 2011, the total number of employees was 1,182. There were 1,178 employees 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") since the listing of the Company on the Stock Exchange on 20 April 2011 up to and including 31 December 2011 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 one third of the Board. Such a high percentage of independent non-executive directors on the Board can ensure their views carrying significant weight and reflecting the independence of the Board.

Mr. Ng is the main founder of our Group and he has been 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 up to and including 31 December 2011.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Board, consisting of three independent non-executive directors, has reviewed the final results for the year ended 31 December 2011 with the management and recommended its adoption by the Board.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be held on Friday, 25 May 2012, notice of which will be published and despatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

ANNUAL REPORT

The 2011 Annual Report will be made available on the website of NT Pharma (www.ntpharma.com) and HKEX (www.hkexnews.hk) respectively on or about Friday, 6 April 2012 and will be sent to the shareholders of NT Pharma on or about Monday, 9 April 2012.

By order of the Board
China NT Pharma Group Company Limited
Ng Yuk Keung
Company Secretary

Hong Kong, 20 March 2012

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