



東北虎藥業股份有限公司

NORTHEAST TIGER PHARMACEUTICAL CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 8197)



Third Quarterly Report 2010

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Excel Technology International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS (Unaudited)

- Turnover of the Company for the nine months ended 30 September, 2010 was approximately RMB13,414,000 (2009: RMB34,742,000), representing a decrease of approximately 61% as compared with the same period in the previous year.
- Profit/(Loss) attributable to shareholders of the Company ("Shareholders") for the nine months ended 30 September, 2010 was approximately RMB(7,320,000) (2009: RMB1,838,000).
- Earnings/(Loss) per share ("Shares") of the Company for the nine months ended 30 September, 2010 was approximately RMB(1.0) cents.
- The Directors do not recommend the payment of any dividend for the nine months ended 30 September, 2010.

RESULTS (UNAUDITED)

The board of Directors ("Board") hereby announces the unaudited results of the Company for the nine months ended 30 September, 2010, together with the comparative figures for the corresponding periods of the previous financial year, as follows:

		Nine months ended 30 September,		Three months ended 30 September,	
		2010	2009	2010	2009
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	b	13,414	34,742	3,138	14,724
Cost of sales		(9,202)	(19,299)	(2,573)	(8,997)
Gross profit		4,212	15,443	565	5,727
Other revenue	c	-	(2)	-	(2)
Distribution and selling expenses		(3,049)	(5,119)	(1,174)	(2,090)
General, administrative and other operating expenses		(8,130)	(7,300)	(2,496)	(2,256)
Operating profit/(Loss)	d	(6,967)	3,022	(3,105)	1,379
Finance costs		(353)	(5)	(134)	(3)
Profit/(Loss) before taxation		(7,320)	3,017	(3,239)	1,376
Taxation	e	-	(1,179)	-	-
Profit/(Loss) after taxation		(7,320)	1,838	(3,239)	1,376
Other comprehensive income		-	-	-	-
Total comprehensive income/(Loss) attributable to shareholders		(7,320)	1,838	(3,239)	1,376
Dividends		N/A	N/A	N/A	N/A
		RMB	RMB	RMB	RMB
Earnings/(Loss) per Share-basic	f	(1.0) cents	0.2 cents	(0.4) cents	0.2 cents

*Notes:***a. Accounting policy and basis of presentation**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and certain fixed assets are stated at fair value.

In the current period, the Company adopted a number of new and revised Statements of Standard Accounting Practice ("SSAP") issued by the HKICPA. The Directors considered the adoption of these SSAPs had no material effect on the results of the current or prior accounting period. Accordingly, no prior period adjustment has been required.

The principal accounting policies used in the preparation of the unaudited financial statement of the Company for the nine months ended 30 September, 2010 are consistent with those used in the audited accounts issued for the year ended 31 December, 2009.

b. Turnover

Sales of goods are recognized when the significant risks and rewards of ownership of goods have been transferred to the buyer.

c. Other revenue

	Nine months ended 30 September, 2010		Three months ended 30 September, 2010	
	RMB'000	2009 <i>RMB'000</i>	RMB'000	2009 <i>RMB'000</i>
Government subsidies	-	-	-	-
Others	-	(2)	-	(2)
	-	(2)	-	(2)

Subsidy income is recognized upon granting of subsidy by the relevant authorities.

d. Operating profit

Operating profit is stated after charging the following items:

	Nine months ended 30 September, 2010		Three months ended 30 September, 2010	
	RMB'000	2009 <i>RMB'000</i>	RMB'000	2009 <i>RMB'000</i>
- Interest expenses	358	5	131	5
- Depreciation of Fixed assets	1,966	1,716	698	556
- Amortization of land use right	183	183	61	61

e. Taxation

The Company was established in the Jilin High-Technology Development Zone, the PRC. It is subject to enterprise income tax at a rate of 25%.

The Company provides for taxation on the basis of its income for financial reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purpose.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Initial recognition of assets or liabilities that affect neither accounting nor taxable profit is regarded as a temporary difference which is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

f. Earnings/(Loss) per Share

The calculation of basic earnings per Share for a relevant period is based on unaudited profit attributable to Shareholders for the period, divided by the respective weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares in issue for the nine months ended 30 September, 2010 are 746,654,240 (2009: 746,654,240).

No diluted earnings per share were presented as there were no dilutive potential ordinary shares in existence during the relevant periods.

g. Segment reporting

No business segment information (primary segment information) has been disclosed as the Company is operating in a single business segment which is the development, manufacture and sale of medicine products in the PRC. Substantially all of the Company's revenues are generated in the PRC and all of the Company's assets are located in the PRC and therefore no geographical segment information has been disclosed.

MOVEMENT IN RESERVES

The movements of reserves are as follows:

	Capital Reserve		Statutory public welfare fund	Statutory revenue reserve	Retained earnings	Total reserves
	Share premium	Others				
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2009	19,027	11,326	3,928	5,757	(29,913)	10,125
Net profit/(loss) for the period	-	-	-	-	1,838	1,838
Government Subsidies	-	-	-	-	-	-
Profit appropriated to reserve funds	-	-	-	-	-	-
As at 30 September 2009	19,027	11,326	3,928	5,757	(28,075)	11,963
As at 1 January 2010	19,027	11,326	3,928	5,757	(29,471)	10,567
Net profit/(loss) for the period	-	-	-	-	(7,320)	(7,320)
Government Subsidies	-	-	-	-	-	-
Profit appropriated to reserve funds	-	-	-	-	-	-
As at 30 September 2010	19,027	11,326	3,928	5,757	(36,791)	3,247

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September, 2010 (2009: nil).

BUSINESS REVIEW AND PROSPECTS**Business review**

For the period ended 30 September 2010, turnover amounted to approximately RMB13,414,000 (2009: RMB 34,742,000), representing a decrease of approximately 61%. The main reason attribute to such decrease was that the Company has undergone a production quality rectification program which has inevitably affected the sales of current products, and products' sales mix has also changed.

During the period under review, due to change of products' mix, the overall gross profit decreased 13.1% from 44.5% to 31.4%. 'distribution and selling expenses' decreased 40% from approximately RMB 5,119,000 to RMB 3,049,000, and 'general, administrative and other operating expenses' increased 11% from approximately RMB7,300,000 to RMB8,130,000, the 'Total comprehensive Loss attributable to shareholders' amounted to approximately RMB7,320,000 (2009: Income RMB1,838,000).

Prospects

The Company is an investment holding company. The principal activity of the Group is the manufacture and sale of Chinese medicines under the brand name of "Northeast Tiger" in the PRC as well as conducting pharmaceutical research and development.

On 27 September 2010 (after trading hours), the Company entered into the Agreement with the Vendor, pursuant to which the Vendor has agreed to transfer to the Company the Forest Concession Right of the Forest Land at the consideration of approximately RMB173,530,000 (equivalent to approximately HK\$197,193,182) for a term of approximately 70 years until 31 December 2080. The Acquisition is subject to passing of the resolution approving the Agreement and the transaction contemplated at the EGM.

The Directors believe that there are potential and positive investment opportunities in agriculture, breeding of underground ginseng and cordyceps and related Chinese medicine products in the PRC. Ginseng and cordyceps are common Chinese medicine and can be used to produce Chinese medicine products. By entering into the Agreement to acquire the Forest Concession Right of the Forest Land for such a long tenure, it will be a platform for the Group to diversity the existing products and extend the business scope to agricultural and tourism industry, thereby extending the income stream of the Group which the Directors believe will be beneficial to the Group as well as the Shareholders as a whole. The Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Looking forward, the Directors are confident about the future of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2010, the Company had total assets of approximately RMB 189,292,000 which were financed by current liabilities of approximately RMB 111,380,000 and shareholders' equity of approximately RMB 77,912,000.

The Company generally services its debts primarily through cash generated from its operations. The financial position of the Company remains healthy. As at 30 September, 2010, the Company had cash and bank balances of approximately RMB 19,525,000. Taken into consideration of its current financial resources, the Directors believe that the Company shall have adequate fund for its continual operation and development.

DIRECTORS' AND SUPERVISORS' INTEREST IN SHARES, WARRANTS AND SHARE OPTIONS

As at 30 September, 2010, the interests and short positions of the Directors and supervisors of the Company ("Supervisor") in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors and Supervisors to be notified to the Company and the Stock Exchange, were as follows:

- **Long positions in Shares**

Name of Directors or Supervisors	Number of Domestic Shares held	Approximate percentage of shareholding (%)
Liu Yang	194,194,580	26.01
Guo Feng	183,482,440	24.57
Wang Xue Hua	150,644,480	20.18
Zhang Ya Bin	1,618,960	0.22
	<hr/>	
	529,940,460	70.98

Save as disclosed above, none of the Directors, Supervisors and the chairman or their respective associates had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (c) pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors and Supervisors to be notified to the Company and the Stock Exchange.

DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES

As at 30 September, 2010, the Company was not a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors and Supervisors or their spouses or children under the age of 18 had any right to subscribe the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or Supervisor, as at 30 September, 2010, the persons or companies (not being a Director or Supervisor of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follow:

- **Long positions in Shares**

Name	Number of H shares held	Approximate percentage of H shareholding (%)
Pang Siu Chung	12,740,000(L)*	6.15(L)*

* Notes: (L) – Long Position, (S) – Short Position, (P) – Lending Pool

Save as disclosed above, as at 30 September, 2010, the Directors were not aware of any other person who had an interest or short position in the Shares of the underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the Directors and Supervisors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has an interest in any business which competes or may compete with the business of the Company.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company has set up an audit committee. In compliance with Rule 5.29 of the GEM Listing Rules, the authority and responsibility of the audit committee has been properly written out. The primary duties of the audit committee are to review and supervise the financial reporting and internal control systems of the Company. The audit committee comprises Mr. Lam Kai Yeung, Ms. Niu Shu Min and Mr. Zhao Zhen Xing, all of whom are independent non-executive Directors.

The audit committee had conducted a meeting and reviewed the Company's unaudited results for the period ended 30 September, 2010 and was of the opinion that the preparation of unaudited results complied with applicable accounting standards, the relevant regulatory and legal requirements and that adequate disclosure had been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors considered that during the period under review, the Company has complied with the code provisions in the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

STANDARD OF DEALINGS AND MODEL CODE OF PRACTICE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a model code of practice with standards not lower than those required for securities transactions by directors. The Company has confirmed after making due enquiries with the Directors in accordance with the code of practice, that all the Directors have complied with the standard of dealings and model code of practice in relation to securities transaction by directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Since the H shares of the Company commenced trading on GEM on 28 February, 2002, the Company has not purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders for their full support.

By Order of the Board
Liu Yang
Chairman

Jilin, the PRC
10 November, 2010

As at the date of this report, the Company's executive directors are Liu Yang, Guo Feng, Wang Xue Hua and Jin Xin and the Company's independent non-executive directors are Lam Kai Yeung, Niu Shu Min and Zhao Zhen Xing.