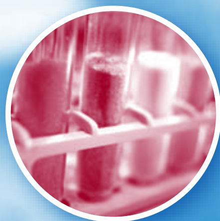
China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 00512



2010

Interim Report

INTERIM RESULTS

The board of directors (the "Board") of China Grand Pharmaceutical and Healthcare Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results for the six months ended 30 June 2010 of the Company and its subsidiaries (collectively the "Group"), together with comparative figures for the previous period.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 *HK$'000* (Unaudited)	 2009 *HK$'000* (Unaudited)
Turnover	*3*	**409,085**	277,814
Cost of sales		**(244,924)**	(149,309)
Gross profit		**164,161**	128,505
Other income		**6,866**	2,146
Fair value gain on issuance of promissory note		**—**	17,244
Discount on acquisition of subsidiaries		**17,746**	—
Distribution expenses		**(77,815)**	(52,410)
Administrative expenses		**(49,937)**	(48,324)
Finance costs		**(21,552)**	(16,430)
Share of results of associates		**2,637**	2,340
Profit before tax	*5*	**42,106**	33,071
Taxation	*6*	**(6,380)**	(3,361)
Profit for the period		**35,726**	29,710
Other comprehensive income			
Exchange difference arising on translation		**3,978**	5
Other comprehensive income for the period		**3,978**	5
Total comprehensive income for the period		**39,704**	29,715
Profit for the period attributable to:			
— Owners of the Company		**18,974**	22,190
— Non-controlling interests		**16,752**	7,520
		35,726	29,710
Total comprehensive income for the period attributable to:			
— Owners of the Company		**21,899**	22,193
— Non-controlling interests		**17,805**	7,522
		39,704	29,715
Dividend	*7*	**—**	—
Earnings per share	*8*		
— Basic (HK cents)		**1.41 cents**	2.07 cents
— Diluted (HK cents)		**N/A**	1.94 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Notes	30 June 2010 HK$'000 (Unaudited)	31 December 2009 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**388,268**	137,977
Interests in leasehold land held for own use under operating leases		**237,277**	196,499
Interests in associates		**4,451**	44,882
Deferred tax assets		**2,138**	—
Available-for-sale financial assets		**21,030**	20,791
Intangible assets		**1,710**	1,252
		654,874	401,401
Current assets			
Inventories		**136,500**	54,968
Trade and other receivables	10	**287,324**	85,696
Interests in leasehold land held for own use under operating leases — current portion		**6,088**	5,006
Pledged bank deposits		**195,379**	1,403
Bank balances and cash		**85,752**	60,227
		711,043	207,300
Current liabilities			
Trade and other payables	11	**339,260**	137,904
Bank loans — secured		**277,011**	69,468
Promissory note — current portion		**140,038**	—
Convertible bond		**—**	48,997
Tax payable		**29,259**	8,081
		785,568	264,450
Net current liabilities		**(74,525)**	(57,150)
Total assets less current liabilities		**580,349**	344,251
Non-current liabilities			
Bank loans — secured		**62,069**	22,727
Deferred tax liabilities		**61,504**	43,241
Amount due to holding company		**29,729**	22,229
Promissory note — non-current portion		**—**	126,831
		153,302	215,028
		427,047	129,223
Capital and reserves			
Share capital	12	**14,406**	10,739
Reserves		**184,291**	22,213
Equity attributable to owners of the Company		**198,697**	32,952
Non-controlling interests		**228,350**	96,271
		427,047	129,223

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share capital	Share premium	Convertible bond reserves	Contributed surplus reserves	Statutory reserves	Trans-lation reserve	Other reserve	(Acc-umulated losses) retained earning	Equity attri-butable to owners of the Company	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010 (audited)	10,739	94,457	3,256	–	6,099	(146)	–	(81,453)	32,952	96,271	129,223
Profit for the period	–	–	–	–	–	–	–	18,974	18,974	16,752	35,726
Other comprehensive income for the period	–	–	–	–	–	2,925	–	–	2,925	1,053	3,978
Total comprehensive income for the period	–	–	–	–	–	2,925	–	18,974	21,899	17,805	39,704
Placing of shares	2,000	84,360	–	–	–	–	–	–	86,360	–	86,360
Issue of shares on conversion of convertible bonds	1,667	51,589	(3,256)	–	–	–	–	–	50,000	–	50,000
Share premium reduction	–	(230,406)	–	121,273	–	–	–	109,133	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	27,347	27,347
Deemed acquisition of additional interest from non-controlling interests	–	–	–	–	–	–	7,486	–	7,486	(7,486)	–
Non-controlling interests arising on the acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	94,413	94,413
As at 30 June 2010 (unaudited)	14,406	–	–	121,273	6,099	2,779	7,486	46,654	198,697	228,350	427,047
At 1 January 2009 (audited)	10,739	94,457	3,256	–	1,732	(146)	–	(105,430)	4,608	84,350	88,958
Profit for the period	–	–	–	–	–	–	–	22,190	22,190	7,520	29,710
Other comprehensive income for the period	–	–	–	–	–	3	–	–	3	2	5
Total comprehensive income for the period	–	–	–	–	–	3	–	22,190	22,193	7,522	29,715
Dividend declared	–	–	–	–	–	–	–	–	–	(1,655)	(1,655)
As at 30 June 2009 (unaudited)	10,739	94,457	3,256	–	1,732	(143)	–	(83,240)	26,801	90,217	117,018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**116,611**	4,980
Net cash used in investing activities	**(143,564)**	(9,896)
Net cash from financing activities	**53,408**	13,878
Net increase in cash and cash equivalents	**26,455**	8,962
Cash and cash equivalents at 1 January	**60,227**	42,501
Effect of foreign exchange rate changes	**(930)**	587
Cash and cash equivalents at 30 June, representing		
Cash and bank balances	**85,752**	52,050

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared on a going concern basis notwithstanding the Group has net current liabilities of approximately HK$74,525,000 as at 30 June 2010.

In the opinion of directors of the Company, the Group should be able to maintain itself as a going concern in the coming year, since the holder of the promissory note, Long Smart Investments Limited, agreed not to demand for payment, when the liability falls due in February 2011 until the Group is financially capable to do so. Long Smart Investments Limited is a wholly owned subsidiary of Outwit Investments Limited ("Outwit"), the parent and ultimate holding company of the Company.

Accordingly, the directors consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 30 June 2010 and the directors are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis. The condensed consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. Significant 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 adopted in the condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation ("INT") 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of these new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

HKFRS 3 (Revised) Business Combinations

HKFRS 3 (Revised) *Business Combinations* has been applied prospectively from 1 January 2010. Its application has affected the accounting for the acquisition of additional interests in Wuhan Grand Hoyo Company Limited ("Wuhan Grand Hoyo"), Hubei Fuchi Chemical and Pharmaceutical Company Limited ("Hubei Fuchi") and Hubei Ruizhu Pharmaceutical Company Limited ("Hubei Ruizhu") in the current period.

The impact of adoption of HKFRS 3 (Revised) has been:

- In business combination achieved in stage, an equity interest previously held in the acquiree which qualified as an associate under HKAS 28 *Investments in Associates* is similarly treated as if it were disposed of and reacquired at fair value on the acquisition date. Accordingly, it is remeasured to its acquisition-date fair value, and any resulting gain or loss compared to its carrying amount under HKAS 28 is recognised in profit or loss.

  In respect of the obtaining of control during the period of the Group's interest in Wuhan Grand Hoyo, the impact of the change in policy has been that the difference of approximately HK$302,261 between the carrying amount of the interest in associates under HKAS 28 and the fair value of the previously–held interests has been recognised in profit or loss. Had the previous accounting policy been applied, this amount would have been recognised direct in equity. Therefore, the change in accounting policy has resulted in an increase in the profit for the period of approximately HK$302,261.

- It requires acquisition-related costs to be accounted for separately from the business combination, as a result, the Group has recognised approximately HK$1,200,000 of such costs as an expense in profit or loss in relation to the acquisition of Hubei Fuchi and Hubei Ruizhu during the current interim period, whereas previously they would have been accounted for as part of the cost of the acquisition.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

HKAS 27 (Revised) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised) has resulted in changes in the Group's accounting policies regarding increase or decrease in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increase in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

The revised standards are also expected to affect the accounting for change in ownership interests in future accounting periods, but the impact will only be determined once the details of future transactions are known.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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

3. Turnover

Turnover represents the net amounts received and receivable for goods sold.

4. Segment information

Segment information has been identified on the basis on internal reports about components of the Group that are regularly reviewed by the chief operation decision maker for the purpose of allocating resources to segments and assessing their performance.

The Group is only engaged in manufacture and sales of pharmaceutical and healthcare products. The chief executive officer, being the chief operating decision maker of the Group, reviews the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single reportable segment under HKFRS 8 and accordingly, no separate segment information is prepared.

5. Profit before tax

	Six months ended 30 June 2010 HK$'000 (Unaudited)	Six months ended 30 June 2009 HK$'000 (Unaudited)
Profit before tax is stated after charging (crediting):		
Staff costs (excluding directors' emoluments) comprises:		
— Wages and salaries	**46,904**	32,366
— Retirement benefits schemes contributions	**4,737**	3,848
	51,641	36,214
Share of tax of associates	**325**	413
Cost of inventories recognised as expense	**244,924**	149,309
Depreciation of property, plant and equipment	**7,980**	4,993
Amortisation of interests in leasehold land held for own use under operating leases	**3,365**	2,640
Operating leases rental in respect of land and building	**639**	108
Gain on disposal of property, plant and equipment	**—**	(14)
Research and development cost	**9,259**	6,471
Written off of property, plant and equipment	**17**	—

6. Taxation

	Six months ended 30 June 2010 HK$'000 (Unaudited)	Six months ended 30 June 2009 HK$'000 (Unaudited)
Current tax:		
People's Republic of China ("PRC")	**6,704**	4,079
Deferred tax:		
Hong Kong	**(165)**	(159)
PRC	**(159)**	(559)
	6,380	3,361

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2010 and 2009 as the Company and its subsidiaries which operate in Hong Kong have no assessable profits for both periods.

According to the relevant PRC tax regulations, high and new technology enterprises operating within a High and New Technology Zone are entitled to a reduced Enterprise Income Tax ("EIT") rate of 15%. Certain subsidiaries are recognised as a high and new technology enterprise ("HNTE") and accordingly, are subjected to EIT at 15%. The recognition as a HNTE is subjected to a review on every three years by the relevant government bodies.

Wuhan Grand Pharmaceutical Group Company Limited, a subsidiary of the Group was exempted from PRC enterprise income tax for the two years starting from 2005 and is entitled to a 50% reduction for the following three years in accordance with Articles 8 of Income Tax Law of PRC for enterprises with Foreign Investment and Foreign Enterprises. All corresponding PRC enterprise income tax relating to the taxable profit of Wuhan Gzxrand Pharmaceutical Group Company Limited during the period ended 30 June 2009, has been recognized in the consolidated statement of comprehensive income at the tax rate of 12.5%.

All other PRC subsidiaries operate in the PRC during the period are subject to the tax rate of 25%.

7. Interim dividend

No dividend were paid, declared or proposed during the reported period (2009: Nil). The Board does not recommend the payment of an interim dividend.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the profit attributable to equity holders of the Company of approximately HK$18,974,000 (2009: HK$22,190,000) and on 1,341,337,315 (2009: 1,073,934,000) ordinary shares, being the weighted average ordinary shares in issue during the period.

No dilutive earnings per share have been presented for the six months ended 30 June 2010, as there was no dilutive potential share for the period. The calculation of diluted profit per share for the six months ended 30 June 2009 is based on the earnings for the purpose of diluted earnings per share of approximately HK$24,040,000 and on 1,240,660,667 ordinary shares (taking into consideration of the 166,666,667 shares issuable upon the full conversion of the HK$50,000,000 convertible bond).

9. Property, plant and equipment

The Group spent approximately HK$249,358,000 on additions to property, plant and equipment, of which approximately HK$239,994,000 were acquired through acquisition of subsidiaries during the reported period.

10. Trade and other receivables

	30 June 2010 ***HK$'000*** **(Unaudited)**	31 December 2009 *HK$'000* (Audited)
Trade receivables	**160,849**	30,306
Bills receivables	**27,249**	21,821
Discounted bills receivables	**805**	17,195
Other receivables, deposits and prepayments	**106,505**	21,855
Less: impairment loss on other receivables	**(8,084)**	(5,481)
	287,324	85,696

The aging analysis of trade receivables presented based on the invoice date at the end of the reporting period is set out below:

Within 90 days	**135,017**	29,252
91 — 180 days	**15,358**	2,999
181 — 365 days	**1,202**	39
Over 365 days	**62,655**	27,777
	214,232	60,067
Less: accumulated impairment	**(53,383)**	(29,761)
	160,849	30,306

The Group allows a credit period of 30 to 90 days to its trade customers. All bills receivables were with maturity within 180 days from the reporting date.

11. Trade and other payables

	30 June 2010 HK$'000 (Unaudited)	31 December 2009 HK$'000 (Audited)
Trade payables	**78,779**	42,316
Bills payables	**27,880**	21,035
Accrued charges and other creditors	**232,601**	74,553
	339,260	137,904

The aging analysis of trade payables presented based on the invoice date at the end of the reporting period is set out below:

	30 June 2010 HK$'000	31 December 2009 HK$'000
Within 90 days	**45,606**	24,624
Over 90 days	**33,173**	17,692
	78,779	42,316

12. Share capital

	Ordinary shares of HK$0.01 each			
	30 June 2010		31 December 2009	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Authorised:				
At beginning of period/year	**100,000,000**	**1,000,000**	100,000,000	1,000,000
At end of period/year	**100,000,000**	**1,000,000**	100,000,000	1,000,000
Issued and fully paid:				
At beginning of period/year	**1,073,934**	**10,739**	1,073,934	10,739
Issue of subscription shares *(Note a)*	**200,000**	**2,000**	—	—
Issue of new shares on conversion of convertible bond *(Note b)*	**166,667**	**1,667**	—	—
At end of period/year	**1,440,601**	**14,406**	1,073,934	10,739

Note (a): On 15 January 2010, Outwit, a substantial shareholder of the Company, entered into a placing agreement and agreed to place 200,000,000 existing shares of the Company at HK$0.45 per share to independent third parties. Outwit also entered into a subscription agreement with the Company and agreed to subscribe for the 200,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.43 per share.

Note (b): During 2010, convertible bond amounted to HK$50,000,000 was converted into 166,666,667 ordinary shares at the conversion price of HK$0.3 per share.

13. Commitments

The Group had the following future minimum lease payments under non-cancellable operating leases in respect of land and buildings

	30 June 2010 ***HK$'000*** **(Unaudited)**	31 December 2009 *HK$'000* (Audited)
Within one year	**2,474**	337
In the second to fifth year inclusive	**4,328**	1,074
	6,802	1,411

14. Contingent liabilities

The Group has no significant contingent liabilities as at 30 June 2010.

15. Acquisition of subsidiaries

(i) Hubei Fuchi

On 2 March 2010, Wuhan Grand and 33 shareholders of Hubei Fuchi (the "Fuchi Vendors") entered into an agreement whereby, Wuhan Grand will acquire 75.47% equity interests in Hubei Fuchi from the Fuchi Vendors at a consideration of approximately RMB117 million. The transaction has been completed on 20 May 2010. The aggregate consideration of RMB117 million has been settled by cash.

Acquisition-related costs amounting to HK$600,000 have been excluded from the cost of acquisition and have been recognised as expense in the period, included in the administrative expenses in the statement of comprehensive income.

The net assets acquired, being the fair value, in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Property, plant and equipment	80,270	32,158	112,428
Prepaid lease payments	1,542	14,725	16,267
Interest in associate	4,459	—	4,459
Inventories	54,163	—	54,163
Trade and bills receivables	36,506	—	36,506
Other receivables	44,976	—	44,976
Amount due from associate	2,825	—	2,825
Deferred tax assets	2,138	—	2,138
Bank balances and cash	59,964	—	59,964
Trade and other payables	(89,815)	—	(89,815)
Tax liabilities	(24,696)	—	(24,696)
Deferred tax liabilities	—	(11,721)	(11,721)
	172,332	35,162	207,494
Non-controlling interests			(56,433)
Discount on acquisition			(15,774)
Total consideration			135,287
Satisfied by:			
Cash			135,287
Net cash outflow arising on acquisitions:			
Consideration paid in cash			(135,287)
Less: Bank balances and cash acquired			59,964
			(75,323)

The discount on acquisition of subsidiary was attributable to the ability of the Group in negotiating the agreed terms with the Fuchi Vendors.

Impact of acquisition on the results of the Group

Included in the profit for the interim period is HK$897,000 attributable to Hubei Fuchi. Revenue for the period included HK$18,532,000 in respect of Hubei Fuchi.

Had the acquisition of Hubei Fuchi been effected at 1 January 2010, the revenue of the Group for the six months ended 30 June 2010 would have been HK$493,271,000 and the profit for the period would have been HK$37,415,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2010, nor is intended to be a projection of future results.

In determining the proforma revenue and profit of the Group had Hubei Fuchi been acquired at the beginning of the current reporting period, the directors have calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

(ii) Hubei Ruizhu

On 2 March 2010, Wuhan Grand and two independent third parties (the "Ruizhu Vendors") entered into an agreement whereby, Wuhan Grand will acquire 100% equity interests in Hubei Ruizhu from the Ruizhu Vendors at a consideration of approximately RMB110 million. The transaction has been completed on 29 April 2010. The aggregate consideration of RMB110 million has been settled by cash and advance of a loan to repay Hubei Ruizhu's payable to its former fellow subsidiary amounted to RMB40,907,511 and RMB69,092,489 respectively.

Acquisition-related costs amounting to HK$600,000 have been excluded from the cost of acquisition and have been recognised as expense in the period, included in the administrative expenses in the statement of comprehensive income.

The net assets acquired, being the fair value, in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination *HK$'000*	**Fair value adjustments** *HK$'000*	**Fair value** *HK$'000*
Property, plant and equipment	96,570	2,750	99,320
Prepaid lease payments	6,578	20,307	26,885
Inventories	4,041	—	4,041
Trade and bills receivables	7,208	—	7,208
Other receivables	4,787	—	4,787
Bank balances and cash	1,863	—	1,863
Trade and other payables	(9,215)	—	(9,215)
Tax liabilities	(716)	—	(716)
Deferred tax liabilities	—	(5,764)	(5,764)
	111,116	17,293	128,409
Discount on acquisition			(1,972)
Total consideration			126,437
Satisfied by:			
Cash			47,020
Loan advanced to Hubei Ruizhu			79,417
			126,437
Net cash outflow arising on acquisitions:			
Consideration paid in cash			(47,020)
Less: Bank balances and cash acquired			1,863
			(45,157)

The discount on acquisition of subsidiary was attributable to the ability of the Group in negotiating the agreed terms with the Ruizhu Vendors.

Impact of acquisition on the results of the Group

Included in the profit for the interim period is HK$279,000 attributable to Hubei Ruizhu. Revenue for the period included HK$3,169,000 in respect of Hubei Ruizhu.

Had the acquisition of Hubei Ruizhu been effected at 1 January, the revenue of the Group for the six months ended 30 June 2010 would have been HK$412,721,000 and the profit for the period would have been HK$32,177,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January, nor is intended to be a projection of future results.

In determining the proforma revenue and profit of the Group had Hubei Ruizhu been acquired at the beginning of the current reporting period, the directors have calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

(iii) Wuhan Grand Hoyo

Since 2009, Wuhan Grand has 56% effective interests in Wuhan Grand Hoyo. Wuhan Grand had no control in Wuhan Grand Hoyo as Wuhan Grand had the right to nominate only 3 out of 7 of the directors of Wuhan Grand Hoyo. As at 31 December 2009, the directors of the Company considered that the Group did exercise significant influence over Wuhan Grand Hoyo and it was therefore classified as an associate of the Group. On 24 February 2010, Wuhan Grand Hoyo amended its Articles of Association such that the Group has the right to nominate 4 out of 7 directors of Wuhan Grand Hoyo. As a result, the Group has controlled the majority of the directors of Wuhan Grand Hoyo, and Wuhan Grand Hoyo became a subsidiary of the Group and the results, assets and liabilities of Wuhan Grand Hoyo were therefore consolidated into the Group's consolidated financial statements since that date.

The net assets acquired, being the fair value, in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination *HK$'000*	**Fair value adjustments** *HK$'000*	**Fair value** *HK$'000*
Property, plant and equipment	22,159	6,087	28,246
Prepaid lease payments	4,438	564	5,002
Inventories	22,686	—	22,686
Trade and bills receivables	32,971	—	32,971
Other receivables	6,776	—	6,776
Bank balances and cash	4,671	—	4,671
Trade and other payables	(12,240)	—	(12,240)
Tax liabilities	(133)	—	(133)
Deferred tax liabilities	—	(1,663)	(1,663)
Net assets acquired	81,328	4,988	86,316
Non-controlling interests			(37,979)
			48,337
Gain recognised as a result of re-measuring to fair value			(302)
Transfer from interest in an associate			48,035
Net cash inflow arising on acquisitions:			
Bank balances and cash acquired			4,671

The business combination was accounted for using the purchase method of accounting as at the business combination date.

Impact of acquisition on the results of the Group

Included in the profit for the interim period is HK$3,732,000 attributable to Wuhan Grand Hoyo. Revenue for the period included HK$59,166,000 in respect of Wuhan Grand Hoyo.

Had the acquisition of Wuhan Grand Hoyo been effected at 1 January 2010, the revenue of the Group for the six months ended 30 June 2010 would have been HK$453,847,000 and the profit for the period would have been HK$40,289,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2010, nor is intended to be a projection of future results.

In determining the proforma revenue and profit of the Group had Wuhan Grand Hoyo been acquired at the beginning of the current reporting period, the directors have calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.

16. Approval of the interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 30 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2010, the following events have taken place:

(1) On 15 January 2010, Outwit Investments Limited ("Outwit") entered into a placing agreement and agreed to place 200,000,000 existing shares of the Company at HK$0.45 per share to independent third parties ("Placing"). Outwit also entered into a subscription agreement with the Company and agreed to subscribe for 200,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company at the subscription price equal to the proceeds from successfully placed shares, less any commission, costs, expenses and charges paid by Outwit pursuant to and in connection with the Placing ("Subscription"). Details of the Placing and the Subscription are set out in the circular of the Company dated 28 January 2010. An ordinary resolution approving the Placing and the Subscription was passed at the special general meeting of the Company held on 12 February 2010. The Subscription was completed on 18 February 2010, and 200,000,000 new ordinary shares of the Company were issued and allotted to Outwit.

(2) On 18 February 2010, Outwit fully exercised its conversion right in the convertible bond and converted the convertible bond at its par value of HK$50,000,000 into 166,666,667 new ordinary shares of HK$0.01 each in the share capital of the Company at the conversion price of HK$0.3 per share.

(3) On 24 February 2010, Wuhan Grand Hoyo Company Limited ("Wuhan Grand Hoyo") amended its Articles of Association such that Wuhan Grand Pharmaceutical Group Company Limited ("Wuhan Grand") shall have the right to nominate 4 out of 7 directors of Wuhan Grand Hoyo. On 24 February 2010, an additional director was nominated by Wuhan Grand and appointed to the board of Wuhan Grand Hoyo. As a result, Wuhan Grand has controlled the majority of the directors of Wuhan Grand Hoyo. Wuhan Grand Hoyo became a subsidiary of Wuhan Grand and its accounts have been consolidated into the accounts of the Group starting from March 2010.

(4) Pursuant to the resolution passed in the general meeting held on 26 February 2010, the shareholders of Wuhan Grand had approved the issuance of new equity interests to its existing shareholders on a pro rata basis. The Group will subscribe in aggregate 75.95% of new equity interests in Wuhan Grand at a consideration of approximately RMB75,953,000. Upon completion, the Group will held 72.82% equity interests of the enlarged registered capital in Wuhan Grand. On 16 March 2010, the shareholders of Wuhan Grand varied the terms of the issuance of new equity interests to its existing shareholders such that the aggregate par value of all new equity interests offered for subscription be increased from RMB50,000,000 to RMB100,000,000, all other terms of the subscription remain unchanged. Upon subscription of its final entitlement to the new equity interests, the Group's equity interests in Wuhan Grand increased 2.69% from 70.98% to 73.67% of the enlarged registered capital in Wuhan Grand.

(5) On 2 March 2010, Wuhan Grand entered into an agreement with 33 shareholders of 湖北富馳化工醫藥股份有限公司 (Hubei Fuchi Chemical and Pharmaceutical Company Limited) ("Hubei Fuchi") ("Fuchi Vendors"). Pursuant to the agreement, Wuhan Grand agreed to purchase 75.47% equity interests in Hubei Fuchi from the Fuchi Vendors at a consideration of approximately RMB117 million.

(6) On 2 March 2010, Wuhan Grand entered into another agreement with 珠海中珠股份有限公司 (Zhuhai Zhongzhu Joint Stock Company Limited) ("Zhuhai Zhongzhu") and 湖北園林青食品有限公司 (Hubei Yuanlinqing Food Company Limited) ("Hubei Yuanlinqing"). Pursuant to the agreement, Wuhan Grand agreed to purchase the entire equity interests in 湖北瑞珠制藥有限公司 (Hubei Ruizhu Pharmaceutical Company Limited) ("Hubei Ruizhu") from Zhuhai Zhongzhu and Hubei Yuanlinqing at a consideration of approximately RMB110 million.

(7) On 30 April 2010, the Company entered into a framework agreement with Mr Ye Bo, pursuant to which, the Company agreed to purchase 67% equity interests in 浙江仙居仙樂藥業有限公司 (Zhejiang Xianju Xianle Pharmaceutical Company Limited) ("Zhejiang Xianle") at a consideration of approximately RMB93,800,000. On 30 June 2010, a transfer agreement has been entered into by both parties and we are in the process of applying for change of registration of shareholders of Zhejiang Xianle with the industrial and commercial authorities, the acquisition is expected to be completed in October 2010.

(8) On 30 April 2010, the Company entered into three framework agreements with Magnate Company Limited, Golden Joint Global Limited and Phnia Company Limited respectively (together the "Lihua Vendors"), pursuant to which, the Company agreed to purchase in aggregate 55% equity interests in 河南利華製藥有限公司 (Henan Lihua Pharmaceutical Company Limited) ("Henan Lihua") at a consideration of approximately RMB165,000,000. As of today, the Lihua Vendors have not executed the transfer agreements pursuant to the terms of the framework agreements. The acquisition of Henan Lihua has not been completed and the Company is seeking legal advice in respect of its rights and obligations under the framework agreements.

For the six months ended 30 June 2010, the Group recorded a turnover of HK$409,085,000 (2009: HK$277,814,000) which represents an increase of 47% as compared with the corresponding period last year. Gross profit of the Group for the period under review was HK$164,161,000 (2009: HK$128,505,000). The gross margin achieved during the current period was about 40% (2009: 46%).

The Group reported a consolidated profit attributable to owners of the Company of HK$18,974,000 as compared with HK$22,190,000 for the corresponding period last year. The decrease was mainly attributable to the decrease in other non-operating incomes during the period under review. However, operating results, as set out in the following table, increased from HK$16,745,000 to HK$20,453,000, an increase of 22%, during the period under review.

During the six months period ended 30 June 2010, in addition to the acquisition of pharmaceutical companies, the Group also increased its investment in research and development. Research and development expenditures increased to HK$9,259,000 from HK$6,471,000 during the period under review.

Operating results

For the six months ended 30 June 2010, the Group's operating results will be as follow after excluding the discount on acquisition of subsidiaries and the coupon and imputed interest expenses related to the convertible bond and the promissory note.

(in Hong Kong dollar thousands)	**2010**	2009
Profit attributable to owners of the Company	**18,974**	22,190
Less: Discount on acquisition of subsidiaries, net of non-controlling interests	**(13,073)**	—
Less: Fair value gain on issuance of promissory note	**—**	(17,244)
Add: Coupon interest on the convertible bond and the promissory note	**4,092**	3,750
Add: Imputed interest on the convertible bond and the promissory note	**10,460**	8,049
	20,453	16,745

Wuhan Grand

Wuhan Grand is mainly engaged in the development, production and sales of pharmaceutical preparations and raw material pharmaceuticals. For the six months ended 30 June 2010, overall turnover amounted to about RMB289,023,000 (2009: RMB244,477,000) which represented an increase of 18% when compared with that of the corresponding period last year. Turnover of pharmaceutical preparations and raw material pharmaceuticals recorded an increase of 19% and 17% respectively when compared with that of the previous year.

Overall gross margin for the six months ended 30 June 2010 was 46% (2009: 46%). Gross margin for pharmaceutical preparations was 55% (2009: 54%) while those for raw material pharmaceuticals was 35% (2009: 37%).

Net profit after tax was about RMB27,232,000 (2009: RMB21,739,000) which represented an increase of 25% when compared with that of the corresponding period last year.

Turnover, gross and net profit of Wuhan Grand were summarized as follows:

(in RMB millions)	**2010**	2009
Pharmaceuticals preparations	**156**	131
Raw material pharmaceuticals	**133**	114
Turnover	**289**	245
Pharmaceuticals preparations	**85**	71
Raw material pharmaceuticals	**47**	42
Gross profit	**132**	113
Net profit	**27**	22

For the six months ended 30 June 2010, pharmaceutical preparations account for approximately 54% of the annual sales and approximately 65% of gross profit of Wuhan Grand. These products are mainly focus on cardiovascular, ophthalmic and antibiotic areas. Sales of our core pharmaceutical preparations for the past two periods were analysed as follows:

(in RMB millions)	**2010**	2009
Tirofiban	**24**	20
Eye drops	**18**	16
Enoxacin gluconate	**23**	19
Others	**91**	76
Turnover — pharmaceuticals preparations	**156**	131

Wuhan Grand is one of the largest manufacturers of Analgin and Metronidazole in the PRC. Two other products, namely Adrenaline bitartrate and Noradrenaline bitartrate, were certified by the Food and Drug Administration of USA and are exported to the USA market. For the six months ended 30 June 2010, these raw material pharmaceuticals account for about 46% of the annual sales and approximately 35% of gross profit of Wuhan Grand. Sales of these core products for the past two periods were analysed as follows:

(in RMB millions)	**2010**	2009
Analgin	**83**	77
Metronidazole	**21**	16
Adrenaline and Noradrenaline bitartrate	**13**	12
Others	**16**	9
Turnover — raw material pharmaceuticals	**133**	114

Wuhan Grand Hoyo

Wuhan Grand Hoyo is mainly engaged in the manufacture and sales of amino acid. For the six months ended 30 June 2010, turnover amounted to approximately RMB90,417,000 (2009: RMB67,059,000), which represented an increase of 35% when compared with that of the corresponding period last year.

Gross margin for the six months ended 30 June 2010 was 18% (2009: 15%). The increase in gross margin was mainly attributable to the increase in sales of higher margin products, such as acetyl cysteine and carboxymethyl-L-cysteine during the period.

Net profit after tax was about RMB7,344,000 (2009: RMB3,961,000) which represented an increase of 85% when compared with that of the corresponding period last year.

Turnover, gross and net profit of Wuhan Grand Hoyo for the past two periods were as follows:

(in RMB millions)	**2010**	2009
L-cysteine HCI monohydrate	**26**	17
L-cysteine HCI anhydrous	**13**	10
Acetyl cysteine	**25**	16
Carboxymethyl-L-cysteine	**10**	8
Others	**16**	16
Turnover	**90**	67
Gross profit	**16**	10
Net profit	**7**	4

Hubei Fuchi

Hubei Fuchi is principally engaged in the production of agrochemicals, fine chemicals and chemical medicines. Its main products include taurine, calcium superphosphate and dimethyl sulfate. Hubei Fuchi can produce annually 8,000 tons of taurine, 300,000 tons of calcium superphosphate and 30,000 tons of dimethyl sulfate, it is ranked third in China for the production of these main products.

The acquisition of Hubei Fuchi has been completed and its accounts have been consolidated into the accounts of the Group starting from June 2010. For the month ended 30 June 2010, turnover and net profit after tax recorded by Hubei Fuchi amounted to HK$18,532,000 and HK$897,000 respectively. The Group recorded a discount on acquisition of approximately HK$15,774,000 on acquisition of Hubei Fuchi.

Hubei Ruizhu

Hubei Ruizhu is principally engaged in the production and sales of ophthalmic gel and eye drops. Hubei Ruizhu has the state-of-the-art production facilities and is one of the few manufacturers in China which has the technology to produce high-end ophthalmic medicines. Hubei Ruizhu has five advance production lines for producing ophthalmic gel and eye drops including three imported from Weiler of United States for the production of preservative free eye drops, one from Axomatic of Italy for the production of eye gel and one from Groninger of Germany for the production of one-off eye drops.

The acquisition of Hubei Ruizhu has been completed and its accounts have been consolidated into the accounts of the Group starting from May 2010. For the two months ended 30 June 2010, turnover and net profit after tax recorded by Hubei Ruizhu amounted to HK$3,169,000 and HK$279,000 respectively. The Group recorded a discount on acquisition of approximately HK$1,972,000 on acquisition of Hubei Ruizhu.

PROSPECTS

On 2 March 2010, Wuhan Grand entered into two acquisition agreements to acquire 75.47% equity interest in Hubei Fuchi and 100% equity interest in Hubei Ruizhu.

Wuhan Grand has received a notice from Wuhan City Government requesting it to relocate its existing production facilities to other places within the next 3 years. Wuhan City Government will compensate Wuhan Grand for the relocation. Although the exact amount of compensation has not been finalised, it will be in the range between RMB700,000,000 to RMB1,000,000,000. As the expenses related to the relocation have not yet been known, any profit resulted from the relocation cannot be ascertained now. Wuhan Grand would like to take this opportunity to reorganise itself into three main operations, namely cardiovascular drug, ophthalmic medicine and raw material pharmaceuticals. As the relocation process will take place in around 3 years, Wuhan Grand will plan ahead and take all practical steps to minimise any disruption to its businesses.

As certain upstream raw materials of the Group's raw material pharmaceuticals are currently supplied by Hubei Fuchi, acquisition of Hubei Fuchi will allow the Group to relocate and upgrade its production facilities of raw material pharmaceuticals and also moving one step upward to control the production of these raw materials. Besides, one of Hubei Fuchi's main products, taurine, can supplement the pharmaceutical product line of the Group. Certain raw material pharmaceuticals currently produced by Wuhan Grand will be transferred to Hubei Fuchi which will become the main production centre for raw material pharmaceuticals.

With the acquisition of Hubei Ruizhu, Wuhan Grand will transfer most of the prescribed ophthalmic medicines currently produced by it to Hubei Ruizhu which will become the main production centre for high-end ophthalmic medicines. Most of the ophthalmic products of Hubei Ruizhu are high-end products and can supplement the current eye product line of the Group.

On 30 April 2010, the Company entered into several framework agreements to acquire 67% equity interest in Zhejiang Xianle and 55% equity interest in Henan Lihua.

Zhejiang Xianle is principally engaged in the manufacture and sales of steroid hormones active pharmaceutical ingredients and related intermediates. Zhejiang Xianle mainly produces two types of steroid hormones. The first type is glucocorticoid which includes betamethasone, dexamethasone, triamcinolone acetonide. The production and sale of betamethasone dominate the PRC market. Glucocorticoid is widely used in different types of diseases including inflammation, asthma, immune suppression and cardiovascular illness. The second type is cyproterone acetate, a sex hormone product, which is an antiandrogen and is mainly used in diseases such as prostate cancer, benign prostatic hyperplasia and hypersexuality.

The acquisition will enable the Group to become one of the few manufacturers of steroid hormones active pharmaceutical ingredients in the PRC. Steroid hormones form a significant sector of the pharmaceutical industry market. Currently there are about several hundreds different type of medicines made of steroid hormones which are widely used in different types of diseases including inflammation, immune suppression, asthma, growth and metabolism disorders, reproduction and fertility control, cardiovascular illness and cancer. Though the acquisition, the Group will not only acquire the production and sale of an important active pharmaceutical ingredient but also will lay a foundation for the Group to develop high end pharmaceutical preparations.

Henan Lihua is principally engaged in the manufacture and sales of glucocorticoid active pharmaceutical ingredients and related intermediates. As of today, the Lihua Vendors have not executed the transfer agreements pursuant to the terms of the framework agreements. The acquisition of Henan Lihua has not been completed and the Company is seeking legal advice in respect of its rights and obligations under the framework agreements.

The Group will fully capitalise on the opportunities arising from the PRC pharmaceutical and public health systems reform by expanding its product range and market share, enhancing its research and development capability and improving its sales network. It aims to become one of the largest pharmaceutical and healthcare manufacturers in the PRC through organic growth and acquisitions.

Financial resources and liquidity

As at 30 June 2010, the Group had current assets of HK$711,043,000 (31 December 2009: HK$207,300,000) and current liabilities of HK$785,568,000 (31 December 2009: HK$264,450,000). The current ratio was 0.91 at 30 June 2010 as compared with 0.78 at 31 December 2009.

The Group's cash and bank balances, including pledged bank deposits, as at 30 June 2010 amounted to HK$281,131,000 (31 December 2009: HK$61,630,000), of which 3% were denominated in Hong Kong and United States Dollars and 97% in Renminbi.

As at 30 June 2010, the Group had outstanding bank loans of HK$339,080,000 (31 December 2009: HK$92,195,000), all of which were in Renminbi and granted by banks in the PRC. The interest rates charged by banks ranged from 5.31% to 5.58% (for the year ended 31 December 2009: 5.31% to 5.58%) per annum. These bank loans were pledged by properties of the Group with a net book value of HK$196,275,000 (31 December 2009: HK$205,667,000). The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was 171% at 30 June 2010 as compared with 280% at 31 December 2009.

As at 30 June 2010, the promissory note payable was approximately HK$140,038,000 (31 December 2009: HK$126,831,000). The coupon rate for the promissory note is 5% per annum. The principal and the accrued interest for the promissory note are repayable on 23 February 2011.

Since the Group's principal activities are in the PRC and the financial resources available, including cash on hand and bank borrowings, are mainly in Renminbi and Hong Kong Dollars, the exposure to foreign exchange fluctuation is relatively low.

Employees and remuneration policy

As at 30 June 2010, the Group employed about 3,200 staff and workers in Hong Kong and the PRC. The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

OTHER INFORMATION

Directors' and chief executive's interests in shares

As at 30 June 2010, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required 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 were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Substantial shareholders

As at 30 June 2010, the following persons (other than the directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Long positions in the shares of the Company:

Name of shareholder	Number of shares held	Percentage of the Company's issued share capital
Outwit Investments Limited	913,646,321	63.42%
Mr Hu Kaijun *(Note)*	913,646,321	63.42%

Note: these shares are held by Outwit Investments Limited, the entire issued share capital of which is wholly owned by Mr Hu Kaijun.

Save as disclosed herein, no other person is recorded in the register kept pursuant to Section 336 of the SFO as having an interest of 5% or more in the issued share capital of the Company as at 30 June 2010.

Share option scheme

No share options were granted or exercised under the share option scheme during the six months ended 30 June 2010 and there were no outstanding share options as at 30 June 2010.

Purchase, sale or redemption of shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2010.

Model code for securities transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions by directors. Having made specific enquiry of the Company's directors, all directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the six months ended 30 June 2010.

Code on corporate governance practices

The Company has complied with the code provisions listed in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2010.

Audit committee

The Company has established the Audit Committee for the purpose of monitoring the integrity of the financial statements and overseeing the financial reporting process and the internal control system of the Group. Currently, the Audit Committee comprises of all independent non-executive directors namely, Ms So Tosi Wan, Winnie (Chairman), Mr Lo Kai Lawrence and Mr Xin Dongsheng.

The Group's unaudited interim financial statements for the six months ended 30 June 2010 have been reviewed by the Audit Committee.

Remuneration committee

The Company has established the Remuneration Committee to consider the remuneration of all directors and senior management of the Company. Currently, the Remuneration Committee is chaired by Mr Liu Chengwei with two independent non-executive directors namely, Ms So Tosi Wan, Winnie and Mr Lo Kai Lawrence as members.

By Order of the Board
Liu Chengwei
Chairman

Hong Kong, 30 August 2010

CORPORATE INFORMATION

Executive directors
Mr Liu Chengwei *(Chairman)*
Mr Hu Bo *(Deputy Chairman)*
Mr Shao Yan
Mr Zhang Ji

Independent non-executive directors
Ms So Tosi Wan, Winnie
Mr Lo Kai Lawrence
Mr Xin Dongsheng

Company secretary
Mr Lau Wing Yuen

Authorised representatives
Mr Liu Chengwei
Mr Lau Wing Yuen

Audit committee
Ms So Tosi Wan, Winnie *(Chairman)*
Mr Lo Kai Lawrence
Mr Xin Dongsheng

Remuneration committee
Mr Liu Chengwei *(Chairman)*
Ms So Tosi Wan, Winnie
Mr Lo Kai Lawrence

Website
www.chinagrandpharm.com

Auditors
SHINEWING (HK) CPA Limited

Legal advisers
Mason Ching & Associates
Li & Partners Solicitors
Conyers, Dill & Pearman

Principal share registrar
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke HM08, Bermuda

Hong Kong branch share registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, Hopewell Centre
183 Queen's Road East, Hong Kong

Principal bank
China Construction Bank
China Merchants Bank
Hongkong and Shanghai Banking Corporation

Registered office
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Principal office
Units 6211-12, The Center
99 Queen's Road Central, Hong Kong