The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

24 October 2013

The Directors
China Pioneer Pharma Holdings Limited

UBS Securities Hong Kong Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding the Transferred Business (defined below), China Pioneer Pharma Holdings Limited (the "Company") and its subsidiaries together with the Transferred Business (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2012 and for the six months ended 30 June 2013 (the "Relevant Periods"), for the inclusion in the prospectus of the Company dated 24 October 2013 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 February 2013. Pursuant to a group reorganisation, as more fully explained in the section headed "History and reorganisation" in the Prospectus (the "Group Reorganisation"), the Company became the holding company of the entities comprising the Group in June 2013.

At the end of each reporting period and at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group: At 31 December 2010	2011	2012	At 30 June 2013	At date of the report	Principal activities
				%	%	%	%	%	
Directly held									
Pioneer Pharma (Hong Kong) Company Limited ("Pioneer HK") 先鋒醫藥(香港)有限公司	Hong Kong	19 February 2013	United States dollar ("USD") 1,001,001	N/A	N/A	N/A	100	100	Investment holding
Indirectly held									
Pioneer Medical (HK) Company Limited ("Pioneer Medical (HK)") 先鋒醫療器材(香港)有限公司	Hong Kong	27 June 2012	Hong Kong dollar ("HKD") 1,000,000	N/A	N/A	60	60	60	Sales of medical devices in Hong Kong
Pioneer Medident (SE Asia) Pte. Ltd ("Pioneer Medident")	Singapore	27 August 2012	Singapore dollar ("SGD") 10	N/A	N/A	60	60	60	Sales of medical devices in Southeast Asia
Xiantao Pioneer Medical Service Co., Ltd.* ("Xiantao Medical")[1] 仙桃先鋒醫療服務有限公司	People's Republic of China ("PRC")	22 March 2013	USD 1,000,000	N/A	N/A	N/A	100	100	Sales of pharmaceutical products and medical devices
Xiantao City Pioneer Pharma Co., Ltd.* ("Xiantao Pioneer")[2] 仙桃市先鋒醫藥有限公司	PRC	31 July 2009	Renminbi ("RMB") 10,000,000	100	100	100	100	100	Sales of pharmaceutical products
Shanghai Pioneer Ruici Medical Facilities Company Limited* ("Pioneer Ruici")[2] 上海先鋒瑞瓷醫療器械有限公司	PRC	2 September 2011	RMB4,000,000	N/A	70	70	70	70	Sales of dental devices

Name of subsidiaries	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group: At 31 December 2010	2011	2012	At 30 June 2013	At date of the report	Principal activities
				%	%	%	%	%	
Pioneer Pharma (Singapore) Pte. Ltd. ("Pioneer Singapore") 先鋒醫藥(新加坡) 私人有限公司#	Singapore	16 February 2011	SGD1	N/A	100	100	100	100	Sales of medical devices
Naqu Area Pioneer Pharma Co., Ltd.* ("Naqu Pioneer")[2&3] 那曲地區先鋒醫藥有限公司	PRC	21 January 2010	RMB2,800,000	N/A	100	100	100	100	Sales of pharmaceutical products and medical devices
Shanghai Saierling Trading Company Limited ("Shanghai Saierling") 上海賽洱靈貿易有限公司	PRC	15 August 2013	RMB1,000,000	N/A	N/A	N/A	N/A	60%	Sales of medical devices

* The English name is for identification purpose only.

\# The Chinese name is for identification purpose only

Notes:

1. Established in the PRC in the form of wholly foreign-owned enterprise.

2. Established in the PRC in the form of domestic companies with limited liabilities.

3. Upon the completion of the Group Reorganisation in June 2013, the Company's fellow subsidiary, Pioneer Pharma Shareholding Co., Ltd. ("Pioneer Pharma") transferred its operation, assets and liabilities related to the sale of pharmaceutical products and medical devices business ("Transferred Business") to the Group. Details of the transfer are set out in note 2 to Section A below.

All companies comprising the Group have adopted 31 December as their financial year end date. No audited financial statements have been prepared for Pioneer HK, Xiantao Medical and Shanghai Saierling as they have not reached the statutory time limit imposed on the issuance of first set of audited financial statements since their respective date of incorporation/establishment.

The statutory financial statements of other subsidiaries for the Relevant Periods subject to statutory audit requirements were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises either in the PRC, Hong Kong or Singapore, as appropriate, and were audited during the Relevant Periods by the following auditors:

Name of subsidiaries	Financial years	Name of auditors
Pioneer Medical (HK)	From 27 June 2012 (date of incorporation) to 31 December 2012	Lixin International Public Accountants Certified Public Accountants
Pioneer Medident	From 27 August 2012 (date of incorporation) to 31 December 2012	Lixin International Public Accountants Certified Public Accountants
Xiantao Pioneer	Year ended 31 December 2010	眾華滬銀會計師事務所 Zhonghua Certified Public Accountants
	Year ended 31 December 2011	德勤華永會計師事務所有限公司 Deloitte Touche Tohmatsu CPA Ltd.
	Year ended 31 December 2012	德勤華永會計師事務所(特殊普通合夥) Deloitte Touche Tohmatsu CPA LLP

Name of subsidiaries	Financial years	Name of auditors
Pioneer Ruici	From 2 September 2011 (date of incorporation) to 31 December 2011	德勤華永會計師事務所有限公司 Deloitte Touche Tohmatsu CPA Ltd.
	Year ended 31 December 2012	德勤華永會計師事務所(特殊普通合夥) Deloitte Touche Tohmatsu CPA LLP
Pioneer Singapore	From 16 February 2011 (date of incorporation) to 31 December 2011 and year ended 31 December 2012	Lixin International Public Accountants Certified Public Accountants
Naqu Pioneer	Year ended 31 December 2011	德勤華永會計師事務所有限公司 Deloitte Touche Tohmatsu CPA Ltd.
	Year ended 31 December 2012	德勤華永會計師事務所(特殊普通合夥) Deloitte Touche Tohmatsu CPA LLP

During the Relevant Periods, the Transferred Business of the Group was carried out by Pioneer Pharma, a PRC limited liability company controlled by Mr. Li Xinzhou ("Mr. Li") and Ms. Wu Qian ("Mrs. Li"), the spouse of Mr. Li (collectively referred to as "Controlling Shareholders"). As part of the Group Reorganisation, Xiantao Medical, Xiantao Pioneer, Naqu Pioneer and Pioneer HK entered into various assets and equity transfer agreements with Pioneer Pharma, pursuant to which Pioneer Pharma ceased the Transferred Business and transferred to the Group on 25 June 2013 all the operations, assets and liabilities, except for (i) properties and motor vehicles (see note 16 to Section A below), (ii) interest in an associate and (iii) certain receivables and payables, at an aggregated cash consideration of RMB117,814,000. The Company, its subsidiaries and the Transferred Business have been under the common control of Controlling Shareholders throughout the Relevant Periods or since their respective date of incorporation, establishment or acquisition where this is a shorter period. For the purpose of this report, the Financial Information has been prepared to present the consolidated financial information of the companies comprising the Group for the Relevant Periods as if the current structure after the Group Reorganisation including the above transfer had been in place throughout the Relevant Periods or since they came under common control of the Controlling Shareholders.

The statutory financial statements of Pioneer Pharma were prepared in accordance with the relevant accounting principles and regulations applicable to enterprises established in the PRC and were audited by 上海眾華滬銀會計師事務所有限公司 Zhonghua Certified Public Accountants for the year ended 31 December 2010, 德勤華永會計師事務所有限公司 Deloitte Touche Tohmatsu CPA Ltd. for the year ended 31 December 2011 and 德勤華永會計師事務所(特殊普通合夥) Deloitte Touche Tohmatsu CPA LLP for the year ended 31 December 2012.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing and have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 2 to Section A below.

No adjustments to the Underlying Financial Statements were deemed necessary by us in preparing this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Information, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 2 to Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the Company as at 30 June 2013, and the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended 30 June 2012 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "June 2012 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the June 2012 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the June 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December			For the six months ended 30 June	
	NOTES	2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	570,647	717,831	958,723	432,699	551,330
Cost of sales		(404,557)	(522,129)	(651,978)	(299,265)	(388,097)
Gross profit		166,090	195,702	306,745	133,434	163,233
Other income	8	14,453	15,944	26,604	15,073	42,536
Other gains and losses	9	691	3,922	3,682	(3,347)	(7,091)
Distribution and selling expenses		(63,811)	(68,652)	(92,087)	(41,375)	(47,740)
Listing expenses		-	-	-	-	(7,440)
Administrative expenses		(15,565)	(18,333)	(28,670)	(11,681)	(13,596)
Finance costs	10	(4,976)	(5,490)	(9,435)	(4,805)	(3,820)
Share of loss of an associate	19	-	-	-	-	(1,160)
Profit before tax	11	96,882	123,093	206,839	87,299	124,922
Income tax expense	12	(21,805)	(26,081)	(21,122)	(9,194)	(13,842)
Profit for the year/period		75,077	97,012	185,717	78,105	111,080
Other comprehensive income (expense):						
Items that may be reclassified subsequently to profit or loss:						
— Exchange differences on translation of foreign operations		-	(62)	616	547	274
— Fair value (loss) gain on other investments		-	-	(3,243)	-	3,122
		-	(62)	(2,627)	547	3,396
Total comprehensive income for the year/period		75,077	96,950	183,090	78,652	114,476
Profit (loss) for the year/period attributable to:						
Owners of the Company		70,435	95,675	186,369	78,448	112,499
Non-controlling interests		4,642	1,337	(652)	(343)	(1,419)
		75,077	97,012	185,717	78,105	111,080
Total comprehensive income (expense) attributable to:						
Owners of the Company		70,435	95,613	183,742	78,995	115,895
Non-controlling interests		4,642	1,337	(652)	(343)	(1,419)
		75,077	96,950	183,090	78,652	114,476
Earnings per share, basic (RMB yuan)	13	N/A	N/A	N/A	N/A	0.11

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	16	12,373	12,481	11,312	10,855
Investment properties	16	7,512	7,063	6,614	-
Prepaid lease payments	17	2,479	2,427	2,375	2,349
Intangible assets	18	-	2,502	15,855	15,622
Interest in an associate	19	-	-	-	17,289
Other investments	20	-	-	14,216	17,053
Finance lease receivables	21	-	-	4,876	14,082
Deferred tax assets	22	3,721	5,015	6,331	5,525
		26,085	29,488	61,579	82,775
Current Assets					
Inventories	24	109,582	242,632	295,862	299,696
Finance lease receivables	21	-	-	1,323	2,829
Trade and other receivables	25	124,101	167,054	200,097	221,159
Amount due from a related party	29	-	-	-	34,646
Tax recoverable		-	-	875	59
Prepaid lease payments	17	52	52	52	52
Derivative financial instruments	26	-	2,221	2,618	-
Pledged bank deposits	27	143,312	289,409	294,726	312,618
Restricted bank deposits	27	3,470	5,300	11,862	-
Bank balances and cash	27	114,336	51,356	59,559	96,141
		494,853	758,024	866,974	967,200
Current Liabilities					
Trade and other payables	28	169,599	241,832	290,840	356,968
Amounts due to related parties	29	-	-	460	222,889
Tax liabilities		2,077	9,894	3,823	2,651
Bank borrowings	30	158,929	338,011	416,220	445,955
Derivative financial instruments	26	3,548	1,952	1,162	3,890
Provision	31	1,909	2,797	3,223	3,685
Deferred revenue		-	-	-	7,801
		336,062	594,486	715,728	1,043,839
Net Current Assets (Liability)		158,791	163,538	151,246	(76,639)
Total Assets less Current Liabilities		184,876	193,026	212,825	6,136
Capital and Reserves					
Share capital	32	-	-	-	6,286
Reserves		173,445	192,105	212,057	(189)
Equity attributable to owners of the Company		173,445	192,105	212,057	6,097
Non-controlling interests	33	11,431	921	768	(421)
Total Equity		184,876	193,026	212,825	5,676
Non-current liability					
Amounts due to related parties	29	-	-	-	460
		184,876	193,026	212,825	6,136

STATEMENT OF FINANCIAL POSITION

THE COMPANY	NOTES	As at 30 June 2013
		RMB'000
Non-current assets		
Investment in a subsidiary	23	6,286
Capital		
Share capital	32	6,286
Reserves		-
		6,286

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Company								
	Share capital	Other reserve	Translation reserve	Statutory reserve	Accumulated profits	Investments revaluation reserve	Total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note b)	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	-	84,435	-	28,372	23,977	-	136,784	9,015	145,799
Profit and total comprehensive income for the year	-	-	-	-	70,435	-	70,435	4,642	75,077
Appropriation to reserve	-	-	-	7,919	(7,919)	-	-	-	-
Dividends declared by Pioneer Pharma and recognised as distribution (note e)	-	-	-	-	(33,774)	-	(33,774)	(2,226)	(36,000)
At 31 December 2010	-	84,435	-	36,291	52,719	-	173,445	11,431	184,876
Profit for the year	-	-	-	-	95,675	-	95,675	1,337	97,012
Other comprehensive expense	-	-	(62)	-	-	-	(62)	-	(62)
Total comprehensive income (expense) for the year	-	-	(62)	-	95,675	-	95,613	1,337	96,950
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	1,200	1,200
Appropriation to reserve	-	-	-	9,411	(9,411)	-	-	-	-
Dividends declared by Pioneer Pharma and recognised as distribution (note e)	-	-	-	-	(87,774)	-	(87,774)	(2,226)	(90,000)
Deemed acquisition of non-controlling interest (note c)	-	5,565	-	-	5,256	-	10,821	(10,821)	-
At 31 December 2011	-	90,000	(62)	45,702	56,465	-	192,105	921	193,026
Profit (loss) for the year	-	-	-	-	186,369	-	186,369	(652)	185,717
Other comprehensive income (expense)	-	-	616	-	-	(3,243)	(2,627)	-	(2,627)
Total comprehensive income (expense) for the year	-	-	616	-	186,369	(3,243)	183,742	(652)	183,090
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	499	499
Appropriation to reserve	-	-	-	6,756	(6,756)	-	-	-	-
Deemed distributions to shareholders (Note d)	-	(16,190)	-	-	-	-	(16,190)	-	(16,190)
Dividends declared by Pioneer Pharma and recognised as distribution (note e)	-	-	-	-	(147,600)	-	(147,600)	-	(147,600)
At 31 December 2012	-	73,810	554	52,458	88,478	(3,243)	212,057	768	212,825
Profit (loss) for the period	-	-	-	-	112,499	-	112,499	(1,419)	111,080
Other comprehensive income	-	-	274	-	-	3,122	3,396	-	3,396
Total comprehensive income (expense) for the period	-	-	274	-	112,499	3,122	115,895	(1,419)	114,476
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	230	230
Issue of shares of the Company	6,286	-	-	-	-	-	6,286	-	6,286
Deemed distributions to shareholders (note f)	-	(165,141)	-	-	-	-	(165,141)	-	(165,141)
Adjustments arising from the Group Reorganisation (note g)	-	40,685	-	(45,000)	4,315	-	-	-	-
Dividends declared by Pioneer Pharma and recognised as distribution (note e)	-	-	-	-	(163,000)	-	(163,000)	-	(163,000)
At 30 June 2013	6,286	(50,646)	828	7,458	42,292	(121)	6,097	(421)	5,676

	Attributable to the owners of the Company								
	Share capital	Other reserve	Translation reserve	Statutory reserve	Accumulated profits	Investments revaluation reserve	Total	Non-controlling interests	Total
	RMB'000	RMB'000 (Note b)	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited									
At 31 December 2011	-	90,000	(62)	45,702	56,465	-	192,105	921	193,026
Profit (loss) for the period	-	-	-	-	78,448	-	78,448	(343)	78,105
Other comprehensive income (expense)	-	-	547	-	-	-	547	-	547
Total comprehensive income (expense) for the period	-	-	547	-	78,448	-	78,995	(343)	78,652
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	62	62
Deemed distributions to shareholders of Pioneer Pharma (note d)	-	(16,190)	-	-	-	-	(16,190)	-	(16,190)
Dividends declared by Pioneer Pharma and recognised as distribution (note e)	-	-	-	-	(53,100)	-	(53,100)	-	(53,100)
At 30 June 2012	-	73,810	485	45,702	81,813	-	201,810	640	202,450

Notes:

(a) Statutory reserve represents amounts appropriated from the profit after tax of the Company's subsidiaries in the PRC under the relevant laws and regulations.

(b) Other reserve represents the share capital and capital reserve of Pioneer Pharma amounted to approximately RMB90 million of which approximately RMB5.6 million was attributable to shareholders other than the Controlling Shareholders, which is accounted for as non-controlling interest. In August 2011, such non-controlling interest was acquired by Mr. Li and accounted for as deemed acquisition of non-controlling interest. Also, other reserve reflects the decrease in resource of the Group arising upon payment for acquisition of an associate by Pioneer Pharma amounting to RMB16.2 million during the year ended 31 December 2012 and includes the deemed distribution to shareholders and relevant adjustments arising from the Group Reorganisation during the six months ended 30 June 2013.

(c) During the year ended 31 December 2011, the Controlling Shareholders acquired all the remaining interest in Pioneer Pharma held by the other non-controlling shareholders of Pioneer Pharma. Accordingly, Pioneer Pharma became wholly owned by the Controlling Shareholders.

(d) Deemed distributions to shareholders represents the amount paid by the Group in respect of investment in an associate held by Pioneer Pharma which is not attributable to the Group.

(e) As financial information of Pioneer Pharma, except for its investment in an associate, is incorporated in the Financial Information, the dividends declared and paid by Pioneer Pharma of RMB36,000,000, RMB90,000,000 and RMB147,600,000, RMB53,100,000 and RMB163,000,000 for each of the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2012 and 2013, respectively are recognised as distribution in equity.

(f) As part of the Group Reorganisation set out in note 2, certain group companies entered into various assets and equity transfer agreements with Pioneer Pharma. The aggregate consideration paid or payable to Pioneer Pharma amounted to approximately RMB117,814,000, and the carrying amount of certain assets and liabilities of Pioneer Pharma amounting to RMB47,327,000 that were not transferred to the Group or reinstated upon completion of the Group Reorganisation was accounted for as deemed distributions to shareholders with details set out in note 34.

(g) The statutory reserve and accumulated losses of Pioneer Pharma is transferred to other reserve as it is non-distributable profits of the Group.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit before tax	96,882	123,093	206,839	87,299	124,922
Adjustments for:					
Finance costs	4,976	5,490	9,435	4,805	3,820
Interest income	(5,827)	(7,455)	(14,428)	(9,355)	(6,772)
Depreciation of property, plant and equipment	1,534	1,801	1,814	912	1,066
Depreciation of investment properties	449	449	449	224	224
Amortisation of intangible assets	-	278	556	278	233
Release of prepaid lease payments	52	52	52	26	26
Gain on disposal of property, plant and equipment	(25)	(21)	(62)	-	-
Share of loss of an associate	-	-	-	-	1,160
Loss on fair value changes of warrants	-	-	2,526	-	3,564
Unrealised loss on fair value changes of foreign exchange contracts	3,548	1,952	1,162	84	-
Fair value changes of interest rate swaps	-	(1,803)	3,476	1,049	-
Loss on fair value change of convertible debt instrument held by the Group	-	-	-	-	1,668
Unrealised loss on fair value change of other derivatives	-	-	-	-	2,414
Allowance for (reversal of) inventories	956	247	73	26	(417)
Impairment loss on trade and other receivables	13	480	135	108	260
Reversal of impairment loss previously recognised in respective of trade and other receivables	(1,080)	(499)	(557)	-	(133)
Gain on initial recognition of other investments and warrants	-	-	(6,359)	-	-
Provision of sales return	1,816	2,910	3,454	1,785	1,864
Operating cash flows before movements in working capital	103,294	126,974	208,565	87,241	133,899
Decrease (increase) in inventories	2,668	(135,319)	(56,331)	37,518	(4,819)
Decrease (increase) in trade and other receivables	275	(40,733)	(30,120)	(42,586)	(20,572)
(Decrease) increase in trade and other payables	(17,975)	72,167	46,869	(14,680)	63,985
Increase in finance lease receivables	-	-	(6,199)	-	(10,712)
Increase in amount due to a related party	-	-	-	-	9,268
Increase in deferred revenue	-	-	-	-	7,801
Decrease in foreign exchange contracts	(2,181)	(3,548)	(1,952)	(1,952)	(1,162)
Increase (decrease) in discounted bills with recourse	16,052	(16,052)	-	-	-
Cash generated from operations	102,133	3,489	160,832	65,541	177,688
Income taxes paid	(25,938)	(19,548)	(29,385)	(16,252)	(14,533)
Interest paid	(4,990)	(5,300)	(8,904)	(6,724)	(3,707)
Payment of interest rate swaps	-	(418)	(1,785)	(838)	(123)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	71,205	(21,777)	120,758	41,727	159,325
INVESTING ACTIVITIES					
Interest received	5,764	5,254	11,927	7,969	6,702
Advance to related parties	-	(25,687)	(25,000)	(1,500)	(8,000)
Repayment from related parties	-	25,687	25,460	1,500	8,000
Purchase of other investments and warrants	-	-	(15,714)	-	-
Purchases of property, plant and equipment	(1,339)	(1,927)	(757)	(144)	(6,284)
Investment in an associate and subscription of convertible debt instrument	-	-	-	-	(20,117)
Purchases of intangible assets	-	(2,780)	(11,709)	(4,695)	-
Proceeds on disposal of property, plant and equipment	112	39	174	93	-
Withdrawal of pledged bank deposits	183,551	143,312	289,409	84,263	294,726
Withdrawal of restricted bank deposits	4,606	3,470	5,300	5,300	11,862
Placement of pledged bank deposits	(143,312)	(289,409)	(294,726)	(134,429)	(312,618)
Placement of restricted bank deposits	(3,470)	(5,300)	(11,862)	-	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	45,912	(147,341)	(27,498)	(41,643)	(25,729)
FINANCING ACTIVITIES					
New bank borrowing raised	142,877	338,011	416,220	175,957	274,088
Repayments of bank borrowings	(191,519)	(142,877)	(338,011)	(103,973)	(244,353)
Capital contributions from non-controlling shareholders	-	1,200	499	-	230
Deemed distributions to shareholders	-	-	(16,190)	(16,190)	-
Advance from a related party	-	-	-	-	4,455
Consideration paid to Pioneer Pharma on acquisition of Transferred Business	-	-	-	-	(1,300)
Proceeds from issue of shares	-	-	-	-	6,286
Dividend paid	(36,000)	(90,000)	(147,600)	(53,100)	(136,980)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(84,642)	106,334	(85,082)	2,694	(97,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,475	(62,784)	8,178	2,778	36,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	81,861	114,336	51,356	51,356	59,559
Effect of foreign exchange rate changes	-	(196)	25	609	560
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	114,336	51,356	59,559	54,743	96,141

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

The Company is a private limited company incorporated in the Cayman Islands on 5 February 2013. The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and the principal place of business of the Company is at No.1000, Wangqiao Road, Pudong New District, Shanghai, the PRC. The Company's immediate and ultimate holding company is Pioneer Pharma (BVI) Limited ("Pioneer BVI"), a company incorporated in the BVI which is controlled by the Controlling Shareholders.

The Company is an investment holding company. The principal activities of the Group are the marketing, promotion and sale of pharmaceutical products and medical devices.

The Financial Information is presented in RMB, which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The principal activities of the Group are the marketing, promotion and sale of pharmaceutical products and medical devices (the "Principal Business"). Historically, majority of the Group's Principal Business was carried out by Pioneer Pharma which is under the control of Controlling Shareholders, whereas a relatively smaller portion of the Group's Principal Business was carried out by other group entities including Xiantao Pioneer, Naqu Pioneer and Pioneer Ruici, which are also under the control of Controlling Shareholders.

Other than the Transferred Business, Pioneer Pharma also invested in an associate and holds certain properties and motor vehicles ("Non-Transferred Business"). In preparation for the listing of the Company's shares on the Stock Exchange, the Group underwent the Group Reorganisation which mainly involved interspersing shell entities and transferring the Transferred Business from Pioneer Pharma to Xiantao Medical, Xiantao Pioneer, Naqu Pioneer and Pioneer HK which are also under the common control of Controlling Shareholders, while Pioneer Pharma and its Non-Transferred Business would not form part of the Group. Therefore, through the Group Reorganisation of which merger accounting is applied for business combinations under common control, the Financial Information would give a complete picture of the Group's Principal Business. Details of the Group Reorganisation are as the following steps:

(i) On 12 February 2013, Pioneer BVI was incorporated as a limited liability company in the BVI. At the time of its incorporation, each of Mr. Li and Mrs. Li subscribed for and was allotted and issued one share of Pioneer BVI. Pioneer BVI is an investment holding company.

(ii) On 14 February 2013, the initial subscriber of the Company transferred one share of the Company to Pioneer BVI at a cash consideration of US$0.01 and Pioneer BVI subscribed for an additional 99 shares of the Company at par value in cash, as a result of which the Company became a wholly owned subsidiary of Pioneer BVI.

(iii) On 19 February 2013, Pioneer HK was incorporated as a limited liability company in Hong Kong with an authorised share capital of US$5,000,000 divided into 5,000,000 shares of US$1 each. Upon incorporation, one share of Pioneer HK was allotted and issued to the Company and Pioneer HK has since then been a wholly owned subsidiary of the Company. On 13 June 2013, Pioneer HK allotted and issued an additional 1,001,000 shares to the Company for a consideration of US$1,001,000 (equivalent to approximately RMB6,286,000).

(iv) Xiantao Medical was established on 22 March 2013 as a wholly foreign-owned enterprise in the PRC with a registered capital of US$ 1,000,000 and the registered capital was fully paid up on 6 June 2013. Xiantao Medical has been a wholly owned subsidiary of Pioneer HK since its establishment.

(v) On 13 June 2013, Xiantao Medical entered into an equity transfer agreement with Pioneer Pharma, pursuant to which Xiantao Medical acquired 100% equity interest in Xiantao Pioneer at a consideration of RMB50,210,000. As a result of the transfer, Xiantao Pioneer become wholly owned by Xiantao Medical.

(vi) Xiantao Pioneer in turn entered into equity transfer agreements with Pioneer Pharma, pursuant to which Xiantao Pioneer acquired 35% equity interest in Naqu Pioneer and 70% equity interest in Pioneer Ruici at a cash consideration of RMB19,990,000. As a result of the transfer, Naqu Pioneer became wholly owned by Xiantao Pioneer and Pioneer Ruici became owned by Xiantao Pioneer, Shanghai Integer Consulting Company Limited and Shanghai Qiyu Information Technology Company Limited as to 70%, 20% and 10%, respectively.

(vii) Naqu Pioneer entered into a business and assets transfer agreement with Pioneer Pharma on 31 March 2013 and a supplemental agreement dated 25 June 2013, pursuant to which Pioneer Pharma transferred the Transferred Business to Naqu Pioneer on 25 June 2013, except for (i) properties and motor vehicles, (ii) investment in an associate and (iii) certain receivables and payables, for a cash consideration of RMB210,000.

(viii) On 31 May, 2013, Pioneer HK acquired 100% equity interest in Pioneer Singapore from Pioneer Pharma for a cash consideration of US$7,743,600 (equivalent to RMB47,404,000). As a result, Pioneer HK wholly owns Pioneer Singapore and, through Pioneer Singapore, indirectly owns 60% equity interest in Pioneer Medical (HK) and 60% equity interest in Pioneer Medident.

There are no changes of shareholdings of the group entities attributed to the Controlling Shareholders as a result of these transfers.

Pursuant to the Group Reorganisation described above, the Company became the holding company of the companies now comprising the Group in June 2013. Despite the actual date of completion of the Group Reorganisation as mentioned above, the Company and its subsidiaries (including the Transferred Business) have been under the common control of the Controlling Shareholders throughout the Relevant Periods or since their respective date of incorporation, establishment or acquisition, where this is a shorter period. Therefore, the Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods include the results, changes in equity and cash flows of the companies (including the Transferred Business) now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective date of incorporation/ establishment or acquisition, where this is a shorter period.

The consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 have been prepared to present the assets and liabilities of the companies (including the Transferred Business) now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation/ establishment or acquisition, where applicable.

Pioneer Pharma has no other business except the Transferred Business which forms part of the Group, and the Non-Transferred Business representing its investment in an associate since 2012 which does not form part of the Group. Therefore, the Financial Information has incorporated the financial information of Pioneer Pharma during the Relevant Periods except for its interest in the associate. The cash outflow relating to the investment in Non-Transferred Business of approximately RMB16,190,000 during the year ended 31 December 2012 is accounted for as a deemed distribution to shareholders in the Financial Information of the Group.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has adopted all the IFRSs which are effective for the Group's financial period beginning on 1 January 2013 consistently throughout the Relevant Periods.

At the date of this report, the following new and revised IFRSs have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures[2]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities[1]
IFRS 9	Financial instruments[2]
Amendments to IAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to IAS 39	Novation of derivatives and dontinuation of hedge accounting[1]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 January 2015.

The directors of the Company anticipate that the application of new and revised IFRSs will have no material impact on the Financial Information.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Basis of combination

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity owners of the Company.

Merger accounting for business combination involving entities under common control

The Financial Information incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling parties.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling parties' interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment in a subsidiary

Investment in a subsidiary included in the Company's statement of financial position is stated at cost less any identified impairment losses.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in the Financial Information using the equity method of accounting. Under the equity method, investment in an associate are initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of customer returns, rebates and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use for administrative purpose (other than construction in progress as described below) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating leases payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial information of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year/period, unless exchange rates fluctuate significantly during the year/period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributable to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to deferred contribution retirement benefit plans including state-managed retirement benefit schemes in the PRC and Singapore and the Mandatory Provident Fund Scheme in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the relevant reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL represent financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' in the consolidated statements of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a related party, pledged bank deposits, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets, representing other investments, are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the fair value of available-for-sale equity securities are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. Dividends on available-for-sale equity investments are recognised in profit or loss. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period as mentioned in note 25 and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company and Pioneer Pharma are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represent financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the 'other gains and losses' line item in profit or loss and includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, bank borrowings and amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment losses on tangible and intangible assets other than financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of each reporting period.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of Group's trade receivables are approximately RMB78,195,000, RMB97,055,000, RMB122,127,000 and RMB164,590,000, net of allowance for doubtful debts of RMB424,000, RMB543,000, RMB107,000 and RMB324,000, respectively.

Allowances for inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. The carrying amounts of the Group's inventories are RMB109,582,000, RMB242,632,000, RMB295,862,000 and RMB299,696,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively (net of allowance for inventories of RMB956,000, RMB1,203,000, RMB1,276,000 and RMB859,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively).

Fair value of derivative financial instruments

As described in note 26, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The details of valuation techniques and the relevant key inputs are set out in note 6 while the carrying amounts of the derivative financial instruments are disclosed in note 26. The directors believe that the chosen valuation techniques and inputs are appropriate in determining the fair value of financial instruments.

Provision for sales return

In general, the Group allows return or replacement of products in accordance with contract terms. Estimate of the provision for sales return is based upon historical experience and current trends of actual customer returns. In case where the actual sales returns are greater than expected, a material increase in sales returns may arise, which would be recognised in profit or loss for the period in which such a return takes place. As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of provision for sales return are approximately RMB1,909,000, RMB2,797,000, RMB3,223,000 and RMB3,685,000, respectively.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Financial assets:				
Derivative financial assets (fair value through profit or loss)	-	2,221	2,618	-
Available-for- sale assets	-	-	14,216	17,053
Loans and receivables (including cash and cash equivalents)	377,719	486,748	561,012	674,704
Financial liabilities:				
Derivative financial liabilities (fair value through profit or loss)	3,548	1,952	1,162	3,890
Amortised cost	312,907	566,660	685,696	1,006,368

(b) Financial risk management objectives and policies

The Group's major financial instruments include other investments, trade and other receivables, amount due from a related party, finance lease receivables, derivative financial instruments, pledged bank deposits, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings and amounts due to related parties. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

The Group uses derivative financial instruments to reduce its exposure to foreign currency and interest rate risk, including forward exchange contracts and interest rate swap contracts.

Market risk

(i) Currency risk

The Group's exposure to foreign currency risk is arising mainly from:

- Certain bank balances denominated in foreign currencies;
- Certain foreign currency purchases and certain trade payables denominated in foreign currencies;
- Certain borrowings denominated in foreign currencies; and
- Foreign exchange forward contracts.

At the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follow:

	Assets				Liabilities			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP								
RMB	-	7,262	-	-	-	-	-	-
USD	-	18,987	1,204	44,622	161,661	64,623	67,081	49,377
Euro ("EUR")	1	1	23,984	601	13,659	15,792	24,987	9,690
SGD	-	155	1,512	1,435	-	67	162	222
HKD	-	-	808	491	-	-	24	5,287
	1	26,405	27,508	47,149	175,320	80,482	92,254	64,576

Sensitivity analysis

The sensitivity analysis includes outstanding foreign currency denominated monetary items and inter-company balances denominated in foreign currencies and adjusts their translation at the year/period end for a 5% change in foreign currency rates. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. It did not take into consideration the foreign currency forward contracts outstanding at the end of each reporting period as the directors of the Company consider that the relevant currency risk exposure is minimal.

If the relevant foreign currency weakens by 5% against the functional currency of the respective group entity, profit for the year/period would increase by:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
USD	6,062	1,711	2,470	178
EUR	512	592	38	341

If the relevant foreign currency strengthens by 5% against the functional currency of the Group entity, there would be an equal and opposite impact on the post-tax profit.

No sensitivity analysis for RMB against SGD and HKD respectively is presented as the directors of the Company consider that the foreign currency risk exposure of the Group arose from these two currencies are minimal.

Additionally, as at 31 December 2010, 2011 and 2012 and 30 June 2013, inter-company receivables denominated in RMB which is not the functional currency of the respective group entities are approximately nil, RMB232,391,000, RMB256,224,000 and RMB335,335,000, respectively. If RMB weakens or strengthens by 5% against the functional currency of the respective group entity, profit for the year/period would decrease/increase by approximately nil, RMB8,715,000, RMB9,608,000 and RMB12,575,000, for the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013, respectively.

(ii) Interest rate risk

The Group's fair value interest rate risk related primarily to its fixed-rate bank borrowings (see Note 30 for details of these borrowings). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowing (see Note 30 for details of these borrowings), pledged bank deposits, restricted bank deposits and bank balances.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of London Interbank Offered Rate ("LIBOR") and Singapore Interbank Offered Rate ("SIBOR") arising from the USD loans.

The Group uses interest rate swap contracts to reduce its exposure on cash flow interest rate risk of variable-rate bank borrowings. Further details on the interest rate swap derivative instruments are set out in Note 26.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowing at the end of each reporting period. No sensitivity is presented for variable-rate bank deposits and bank balances as the directors considered that the relevant interest rate fluctuation is minimal. For bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year without considering the interest rate swaps outstanding at the end of the reporting period as the directors of the Company consider that the relevant interest rate risk is minimal.

A 50 basis points increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2010, 2011 and 2012 and for the period ended 30 June 2013 would decrease/ increase by approximately RMB nil, RMB633,000, RMB543,000 and RMB128,000, respectively.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities and its related warrants.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the market prices of the respective equity securities had been 70% higher, investment valuation reserve as at 31 December 2010, 2011 and 2012 and 30 June 2013 would increase by nil, nil, RMB9,473,000 and RMB9,908,000, respectively, as a result of the fair value gains of other investments. If the market prices of the respective equity securities had been 70% lower, the post tax profit for the year ended

31 December 2010, 2011 and 2012 and for the period ended 30 June 2013 would decrease by nil, nil, RMB 12,716,000 and RMB 6,786,000, respectively, as a result of the relevant impairment.

If the market prices of the respective equity securities input in the valuation of warrants had been 70% higher while the other inputs remained constant, the post tax profit for the year ended 31 December 2010, 2011 and 2012 and for the period ended 30 June 2013 would increase by approximately nil, nil, RMB6,200,000 and RMB11,926,000, respectively. If the respective equity securities input in the valuation of warrants had been 70% lower while the other inputs remained constant, the post tax profit for the year ended 31 December 2010, 2011 and 2012 and for the period ended 30 June 2013 would decrease by approximately nil, nil, RMB2,100,000 and RMB11,926,000, respectively.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties represents the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with good reputation and good credit rating.

The Group has concentration of credit risk by individual customer as 6%, 7%, 5% and 5% of the total trade receivables as at 31 December 2010, 2011 and 2012 and 30 June 2013 were due from the Group's largest customer respectively whereas 24%, 24%, 17% and 19% of the total trade receivables as at 31 December 2010, 2011 and 2012 and 30 June 2013 were due from the Group's five largest customers respectively.

The Group has concentration of credit risk by geographical location as majority of the customers are located in PRC as at 31 December 2010, 2011 and 2012 and 30 June 2013.

The Group also has concentration of credit risk on amount due from Pioneer Pharma as at 30 June 2013.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's funding and liquidity management requirements.

The Group's current liabilities exceeded its current assets by approximately RMB76,639,000 as at 30 June 2013. In order to improve the Group's financial position and its liquidity, the Company issued 399,899,900 ordinary shares for a total consideration of US$5 million (equivalent to approximately RMB31 million) to a shareholder in September 2013. The Group also obtained RMB99.0 million additional other borrowings subsequent to 30 June 2013 and up to the date of this report. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligation as they fall due for the foreseeable future after taking into account the aforesaid proceeds from the ordinary shares and new other borrowings and internally generated funds. Accordingly, the Financial Information has been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repaid dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate existing at the end of each reporting period.

In addition, the following tables detail the Group's liquidity analysis for its foreign currency forward contracts. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the interest rate existing at the end of each reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity tables

THE GROUP

	Weighted average interest rate	On demand or less than three months	Three months to one year	More than one year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2010						
Non-derivative financial liabilities						
Trade and other payables	-	152,897	1,081	-	153,978	153,978
Borrowings — fixed rate	3.0	53,377	112,568	-	165,945	158,929
		206,274	113,649	-	319,923	312,907
Derivatives — net settlement						
Foreign currency forward contracts	-	744	2,804	-	3,548	3,548

THE GROUP

	Weighted average interest rate	On demand or less than three months	Three months to one year	More than one year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2011						
Non-derivative financial liabilities						
Trade and other payables	-	228,091	558	-	228,649	228,649
Bank borrowings						
— fixed rate	4.0	88,824	100,620	-	189,444	185,560
— variable rate	1.5	-	154,022	-	154,022	152,451
		316,915	255,200	-	572,115	566,660
Derivatives — net settlements						
Foreign currency forward contracts	-	1,799	153	-	1,952	1,952

	Weighted average interest rate	On demand or less than three months	Three months to one year	More than one year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012						
Non-derivative financial liabilities						
Trade and other payables	-	266,566	2,450	-	269,016	269,016
Amounts due to related parties	-	460	-	-	460	460
Bank borrowings						
— fixed rate	4.0	27,278	264,235	-	291,513	285,342
— variable rate	1.5	59,978	71,464	-	131,442	130,878
		354,282	338,149	-	692,431	685,696
Derivatives — net settlements						
Foreign currency forward contracts	-	118	1,044	-	1,162	1,162

	Weighted average interest rate	On demand or less than three months	Three months to one year	More than one year	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2013						
Non-derivative financial liabilities						
Trade and other payables	-	337,064	-	-	337,064	337,064
Amounts due to related parties	-	222,889	-	460	223,349	223,349
Bank borrowings						
— fixed rate	2.6	107,053	314,254	-	421,307	415,061
— variable rate	2.2	174	30,922	-	31,096	30,894
		667,180	345,176	460	1,012,816	1,006,368
Derivatives — gross settlements						
Warrants	-	-	24,161	-	24,161	1,476
Derivatives — net settlements						
Other derivative	-	-	2,414	-	2,414	2,414

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements

Fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial (liabilities)	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.12.2010	31.12.2011	31.12.2012	30.6.2013				
1) Foreign currency forward contracts (see notes 26a)	Liabilities — RMB 3,548,000	Liabilities — RMB 1,952,000	Liabilities — RMB 1,162,000	NIL	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Interest rate swaps (see notes 26b)	N/A	Assets — RMB 2,221,000	Assets — RMB 530,000	NIL	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Other investments (see note 20)	N/A	N/A	Listed equity securities in US - Biotechnology industry- RMB 14,216,000	Listed equity securities in US - Biotechnology industry- RMB 17,053,000	Level 1	Quoted bid prices in an active market.	N/A	N/A
4a) Warrants prior to the warrants amendments on 9 May 2013 (see note 26c) (note a)	N/A	N/A	Assets — RMB 2,088,000	N/A	Level 3	Black-Scholes Option Pricing Model. The fair value is estimated based on stock price, strike price, historical volatility, time to expiration and risk-free interest rate.	Historical volatility	The higher the historical volatility, the higher the fair value.
4b) Warrants after the warrants amendments on 9 May 2013 (see note 26c) (note a)	N/A	N/A	N/A	Liabilities — RMB 1,476,000	Level 2	Forward Pricing Model. The fair value is estimated based on stock price less discounted exercise price times the number of warrants outstanding.	N/A	N/A
5) Other derivatives (see note 26d) (note b)	N/A	N/A	N/A	Liabilities — RMB 2,414,000	Level 3	Discounted cash flow. The fair value is calculated based on the difference of cost of borrowing based on the contracted interest rate and the estimated market interest rate that reflects the credit risk of counterparty.	Estimated interest rate	The higher the estimated interest rate, the higher the fair value.

There were no transfers between Level 1 and 2 for the Group during the Relevant Periods.

Note a: If the volatility to the valuation model was 5% higher/lower while all other variables were held constant, the fair value of the warrants would decrease/increase by approximately RMB220,000.

Note b: If the estimated market interest rate to the valuation model was 1% higher/ lower while all other variables were held constant, the fair value of the other derivatives would decrease/increase by approximately RMB612,000.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the directors consider that the carrying amount of financial assets and liabilities carried at amortised cost in the Financial Information approximate their fair values.

During the period ended 30 June 2013, there is a transfer between level 2 and level 3. After the Group entered in a warrant amendment agreement dated 9 May 2013, there was a modification to the terms of warrant resulted in a change in the valuation techniques from Black-Scholes Option Pricing Model to Forward Pricing Model and the fair value hierarchy accordingly.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

Reconciliation from the beginning balance to the ending balance of Level 3 fair value measurements of financial assets:

	Warrants	Other derivatives	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2010, 31 December 2010 and 2011	-	-	-
Purchase	4,614	-	4,614
Total losses in profit or loss (Included in "Other gain and losses")	(2,526)	-	(2,526)
At 31 December 2012	2,088	-	2,088
Total losses in profit or loss (Included in "Other gain and losses")	(3,564)	(2,414)	(5,978)
Transfer to Level 2	1,476	-	1,476
At 30 June 2013	-	(2,414)	(2,414)

The losses in profit or loss represented the fair value change related to the warrants and the other derivatives held at the end of each reporting period or the transfer date.

7. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sales of pharmaceutical products and medical devices in the PRC and South East Asia. An analysis of the Group's revenue for the Relevant Periods is as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Sales of pharmaceutical products	570,647	717,831	934,267	429,200	514,079
Sales of medical devices	-	-	24,456	3,499	37,251
	570,647	717,831	958,723	432,699	551,330

The Group's chief operating decision maker is Mr. Li, the Chief Executive Officer, who reviews the gross profit of major type of products sold for the purposes of resource allocation and assessment of segment performance. The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the gross profit earned by each segment.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

(a) Ophthalmic pharmaceutical products — the Group's ophthalmic pharmaceutical products are sold via the provision of channel management services and/or co-promotion services ("Products sold via the provision of co-promotion and channel management services"); and

(b) All of the Group's pharmaceutical products and medical devices except for ophthalmic pharmaceutical products are sold via the provision of comprehensive marketing, promotion and channel management services ("Products sold via the provision of comprehensive marketing, promotion and channel management services").

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the chief operating decision maker for review.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 December 2010

	Products sold via the provision of comprehensive marketing, promotion and channel management services	Products sold via the provision of co-promotion and channel management services	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	170,549	400,098	570,647
Cost of sales	(76,667)	(327,890)	(404,557)
Gross profit & segment result	93,882	72,208	166,090
Other income			14,453
Other gains and losses			691
Distribution costs			(63,811)
Administration expenses			(15,565)
Finance costs			(4,976)
Profit before tax			96,882

For the year ended 31 December 2011

	Products sold via the provision of comprehensive marketing, promotion and channel management services	Products sold via the provision of co-promotion and channel management services	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	194,437	523,394	717,831
Cost of sales	(89,387)	(432,742)	(522,129)
Gross profit & segment result	105,050	90,652	195,702
Other income			15,944
Other gains and losses			3,922
Distribution costs			(68,652)
Administration expenses			(18,333)
Finance costs			(5,490)
Profit before tax			123,093

For the year ended 31 December 2012

	Products sold via the provision of comprehensive marketing, promotion and channel management services	Products sold via the provision of co-promotion and channel management services	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	323,721	635,002	958,723
Cost of sales	(121,173)	(530,805)	(651,978)
Gross profit & segment result	202,548	104,197	306,745
Other income			26,604
Other gains and losses			3,682
Distribution costs			(92,087)
Administration expenses			(28,670)
Finance costs			(9,435)
Profit before tax			206,839

For the six months ended 30 June 2012 (unaudited)

	Products sold via the provision of comprehensive marketing, promotion and channel management services	Products sold via the provision of co-promotion and channel management services	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	135,883	296,816	432,699
Cost of sales	(50,375)	(248,890)	(299,265)
Gross profit & segment result	85,508	47,926	133,434
Other income			15,073
Other gains and losses			(3,347)
Distribution costs			(41,375)
Administration expenses			(11,681)
Finance costs			(4,805)
Profit before tax			87,299

For the six months ended 30 June 2013

	Products sold via the provision of comprehensive marketing, promotion and channel management services	Products sold via the provision of co-promotion and channel management services	Consolidated
	RMB'000	RMB'000	RMB'000
Segment revenue	200,257	351,073	551,330
Cost of sales	(93,883)	(294,214)	(388,097)
Gross profit & segment result	106,374	56,859	163,233
Other income			42,536
Other gains and losses			(7,091)
Distribution costs			(47,740)
Listing expenses			(7,440)
Administration expenses			(13,596)
Finance costs			(3,820)
Share of loss of an associate			(1,160)
Profit before tax			124,922

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Alcon	400,098	523,394	635,002	296,816	351,073
Difene	68,222	65,579	94,383	45,426	57,884
Fluxum	25,592	36,938	61,683	25,812	36,611
Polimod	-	17,567	38,939	17,954	26,379
Macmiror complex and Macmiror	-	11,116	21,756	8,720	12,253
Vinpocetine API	6,402	4,855	12,466	-	14,171
Zenotec CAD/CAM Series	-	-	5,896	-	2,897
Neoton	-	-	4,840	862	7,653
Budesonide Easy Halser and Salbutamol Easyhaler	-	5	1,144	285	572
Bestcall	48,319	24,849	24,268	12,184	550
Fleet Phospho-Soda	10,014	15,034	26,729	15,957	311
Others	12,000	18,494	31,617	8,683	40,976
	570,647	717,831	958,723	432,699	551,330

Geographical information

The Group principally operates in the PRC (country of domicile of major operating subsidiaries). Over 90% of non-current assets excluding interest in an associate and other investments of the Group are located in the PRC. Over 95% of the Group's revenue from external customers is attributed to the group entities' countries of domicile (i.e. the PRC).

Information about major customers

No individual customer of the Group contributed 10% or more of the Group's revenue for the Relevant Periods.

8. OTHER INCOME

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants (Note)	7,937	7,269	11,383	5,337	35,112
Interest on bank deposits	5,827	7,455	14,428	9,355	6,772
Rental income	334	594	775	381	410
Others	355	626	18	-	242
	14,453	15,944	26,604	15,073	42,536

Note: It represented cash received from unconditional grants by the local government to encourage the business operations in PRC. Government grants are recognised in profit or loss when received.

9. OTHER GAINS AND LOSSES

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net foreign exchange gains (losses)	966	483	2,051	565	682
Reversal of impairment loss previously recognised on trade and other receivables	1,080	499	557	-	133
Impairment loss on trade and other receivables	(13)	(480)	(135)	(108)	(260)
Gain on disposal of property, plant and equipment	25	21	62	-	-
Loss on fair value change of convertible debt instrument held by the Group	-	-	-	-	(1,668)
(Loss) gain on fair value changes of derivative financial instruments	(1,367)	3,399	(5,212)	(3,804)	(5,978)
Gain on initial recognition of other investments and warrants (Note)	-	-	6,359	-	-
	691	3,922	3,682	(3,347)	(7,091)

Note: Amount represents the difference between the fair value at acquisition dates of other investments of approximately RMB17.5 million and warrants of approximately RMB4.6 million over the total acquisition cost of approximately RMB15.7 million.

10. FINANCE COSTS

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on:					
Bank borrowings wholly repayable within five years	4,976	5,490	9,435	4,805	3,820

11. PROFIT BEFORE TAX

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax has been arrived at after charging (crediting):					
Directors' remuneration (note 14)	758	755	621	307	252
Other staff's retirement benefits scheme contributions	2,741	3,065	5,410	2,035	3,419
Other staff costs	7,708	10,708	19,122	8,751	13,082
Total staff costs	11,207	14,528	25,153	11,093	16,753
Auditors' remuneration	1,020	773	975	547	550
Listing expenses (note a)	-	-	-	-	7,440
Allowance for (reversal of) inventories (note b)	956	247	73	26	(417)
Release of prepaid lease payments	52	52	52	26	26
Depreciation for property, plant and equipment	1,534	1,801	1,814	912	1,066
Depreciation for investment properties	449	449	449	224	224
Amortisation of intangible assets (included in administrative expenses)	-	278	556	278	233
Cost of inventories recognised as an expense	404,557	522,129	651,978	299,265	388,097
Minimum lease payment under operating lease in respect of premises	216	216	246	83	28
Rental income	(334)	(594)	(775)	(381)	(410)

Note a: For the six months ended 30 June 2013, the listing expenses represent expenses incurred for the listing of the shares on the Main Board of the Stock Exchange.

Note b: Reversal of allowance for inventories for the six months ended 30 June 2013 is due to the return of obsolete inventories to supplier at cost.

12. INCOME TAX EXPENSE

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax					
PRC Enterprise Income Tax	23,963	26,855	24,978	12,794	12,662
Overseas income tax	-	520	-	-	-
	23,963	27,375	24,978	12,794	12,662
(Over) under provision in prior year					
PRC Enterprise Income Tax	-	-	(2,540)	(2,540)	433
Deferred tax (note 22)					
Current year	(2,158)	(1,294)	(2,002)	(1,746)	747
Attributable to a change in tax rate	-	-	686	686	-
	21,805	26,081	21,122	9,194	13,842

The Company is tax exempted under the laws of the Cayman Islands.

Pioneer Medical (HK) and Pioneer HK are incorporated in Hong Kong and subject to Hong Kong Profits Tax at a rate of 16.5% on assessable profits in Hong Kong. No provision for Hong Kong Profits Tax for the year ended 31 December 2012 and for the six months ended 30 June 2013 is made as they have had no assessable profits since their incorporation.

Pioneer Singapore and Pioneer Medident are subject to Singapore Profits Tax of a rate of 17%. No provision for Singapore Profits Tax was made for the year ended 31 December 2012 and for the six months ended 30 June 2013 as the amount involved is insignificant.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards except for those described below.

Pursuant to certain tax policies, a preferential tax rate was available for enterprises located in Hainan Yangpu Economic Development Zone and as a result, Pioneer Pharma was subject to a reduced EIT of 22%, 24% and 25% for the years ended 31 December 2010, 2011 and 2012 and 25% for the six months ended 30 June 2013, respectively.

According to Circular Zangzhengfa 2011 No. 14, enterprises located in Tibet are subject to a reduced EIT rate of 15% for the period from 2011 to 2020. Moreover, according to Circular Zangzhengfa 2008 No. 62 and Zangzhengbanfa 2011 No. 52, enterprises that are located in Naqu Logistics Center and engaged in specific encouraged industries enjoy a 40% exemption of the EIT for a period from 8 to 10 years. As approved by the in-charge tax bureau, Naqu Pioneer, which is located in Naqu, Tibet, is subject to a reduced EIT rate of 9% from 2010 to 2019. Due to the approval being obtained in 2012, there was a reversal of overprovision of PRC Enterprise Income Tax of approximately RMB2,540,000 during the year ended 31 December 2012 which was related to the aforesaid 40% exemption for the assessable profit in 2011.

The tax charge for the three years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 can be reconciled to the profit per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	96,882	123,093	206,839	87,299	124,922
Tax at the applicable income tax rate of 25%	24,221	30,773	51,710	21,825	31,231
Tax effect of expenses not deductible for tax purpose	432	248	2,213	500	3,893
Tax effect of income not taxable for tax purpose	-	(905)	(1,590)	-	-
Tax effect of tax losses not recognised	-	221	457	735	1,048
Effect of tax exemption granted to a subsidiary in Singapore	-	(190)	-	-	-
Decrease in opening deferred tax assets resulting from decrease in applicable tax rate	-	-	686	686	-
Income tax on concessionary tax rate and tax exemption	(2,848)	(3,815)	(29,688)	(12,012)	(22,763)
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(251)	(126)	-	-
(Over) under provision in prior year	-	-	(2,540)	(2,540)	433
	21,805	26,081	21,122	9,194	13,842

13. EARNINGS PER SHARE

The calculation of the basic earnings per share are based on the following data:

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings:					
Earnings for the purpose of calculating basic earnings per share (profit for the year/period attributable to owners of the Company)	N/A	N/A	N/A	N/A	112,499
Numbers of shares:					
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	N/A	N/A	N/A	N/A	983,377,843

No earnings per share information is presented for the three years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2012 as such information is not meaningful having regard to the purpose of this report.

For the six months ended 30 June 2013, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2013 has been taken into account the bonus shares issued to the shareholders and the capitalisation issue as discribed more fully in Appendix IV to the Prospectus.

There was no diluted earnings per share for the Relevant Periods as there were no potential ordinary shares in issue during the Relevant Periods.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of emoluments paid by the Group to each of the directors of the Company are as follows:

For the year ended 31 December 2010

	Fees	Salaries and other allowances	Retirement benefits scheme contributions	Total emoluments
	RMB'000	RMB'000	RMB'000	RMB'000
Li Xinzhou	-	240	26	266
Zhu Mengjun	-	208	38	246
Lu Yuan	-	208	38	246
Wu Mijia	-	-	-	-
Zhang Wenbin	-	-	-	-
	-	656	102	758

For the year ended 31 December 2011

	Fees	Salaries and other allowances	Retirement benefits scheme contributions	Total emoluments
	RMB'000	RMB'000	RMB'000	RMB'000
Li Xinzhou	-	240	28	268
Zhu Mengjun	-	276	49	325
Lu Yuan	-	138	24	162
Wu Mijia	-	-	-	-
Zhang Wenbin	-	-	-	-
	-	654	101	755

For the year ended 31 December 2012

	Fees	Salaries and other allowances	Retirement benefits scheme contributions	Total emoluments
	RMB'000	RMB'000	RMB'000	RMB'000
Li Xinzhou	-	240	38	278
Zhu Mengjun	-	288	55	343
Lu Yuan	-	-	-	-
Wu Mijia	-	-	-	-
Zhang Wenbin	-	-	-	-
	-	528	93	621

For the six months ended 30 June 2012 (unaudited)

	Fees	Salaries and other allowances	Retirement benefits scheme contributions	Total emoluments
	RMB'000	RMB'000	RMB'000	RMB'000
Li Xinzhou	-	120	17	137
Zhu Mengjun	-	144	26	170
Lu Yuan	-	-	-	-
Wu Mijia	-	-	-	-
Zhang Wenbin	-	-	-	-
	-	264	43	307

For the six months ended 30 June 2013

	Fees	Salaries and other allowances	Retirement benefits scheme contributions	Total emoluments
	RMB'000	RMB'000	RMB'000	RMB'000
Li Xinzhou	-	-	-	-
Zhu Mengjun	-	216	36	252
Lu Yuan	-	-	-	-
Wu Mijia	-	-	-	-
Zhang Wenbin	-	-	-	-
	-	216	36	252

The five highest paid individuals include three directors for the year ended 31 December 2010 and one director for each of the two years ended 31 December 2011 and 2012 and for the six months ended 30 June 2012 and 2013. The emoluments of the remaining two individuals for the year ended 31 December 2010 and the four individuals for each of the years ended 31 December 2011 and 2012 and six months ended 30 June 2012 and 2013, which were less than HK$1,000,000 for each individual, were as follows:

	For the year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other allowances	1,072	1,517	1,823	911	1,243
Retirement benefits scheme contributions	178	197	218	106	142
	1,250	1,714	2,041	1,017	1,385

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid individuals, including directors and employees, as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments during the Relevant Periods.

15. DIVIDENDS

No dividend was paid or declared by group entities to external parties other than to Pioneer Pharma during the Relevant Periods.

16. PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

	Buildings	Leasehold improvement	Furniture and equipment	Motor vehicles	Construction in progress	Total	Investment properties
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP							
COST							
At 1 January 2010	11,161	445	1,466	2,493	-	15,565	9,447
Additions	-	-	1,163	176	-	1,339	-
Disposals	-	-	(103)	-	-	(103)	-
At 31 December 2010	11,161	445	2,526	2,669	-	16,801	9,447
Additions	-	112	286	1,529	-	1,927	-
Disposals	-	-	(251)	(147)	-	(398)	-
At 31 December 2011	11,161	557	2,561	4,051	-	18,330	9,447
Additions	-	53	533	171	-	757	-
Disposals	-	-	(176)	(464)	-	(640)	-
At 31 December 2012	11,161	610	2,918	3,758	-	18,447	9,447
Additions	-	2	3,315	-	5,771	9,088	-
Deemed distribution upon completion of the Group Reorganisation (note 34)	(10,761)	(445)	-	(3,366)	-	(14,572)	(9,447)
At 30 June 2013	400	167	6,233	392	5,771	12,963	-
ACCUMULATED DEPRECIATION							
At 1 January 2010	1,695	146	442	627	-	2,910	1,486
Provided for the year	519	76	449	490	-	1,534	449
Eliminated on disposals	-	-	(16)	-	-	(16)	-
At 31 December 2010	2,214	222	875	1,117	-	4,428	1,935
Provided for the year	543	83	471	704	-	1,801	449
Eliminated on disposals	-	-	(241)	(139)	-	(380)	-
At 31 December 2011	2,757	305	1,105	1,682	-	5,849	2,384
Provided for the year	606	29	400	779	-	1,814	449
Elimination on disposals	-	-	(167)	(361)	-	(528)	-
At 31 December 2012	3,363	334	1,338	2,100	-	7,135	2,833
Provided for the period	266	112	375	313	-	1,066	224
Deemed distribution upon completion of the Group Reorganisation (note 34)	(3,557)	(307)	-	(2,229)	-	(6,093)	(3,057)
At 30 June 2013	72	139	1,713	184	-	2,108	-
CARRYING VALUES							
At 31 December 2010	8,947	223	1,651	1,552	-	12,373	7,512
At 31 December 2011	8,404	252	1,456	2,369	-	12,481	7,063
At 31 December 2012	7,798	276	1,580	1,658	-	11,312	6,614
At 30 June 2013	328	28	4,520	208	5,771	10,855	-

The above items of property, plant and equipment and investment properties, except for construction in progress, are depreciated over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings and investment properties	5%
Leasehold improvement	Over the lease term
Furniture and equipment	20%
Motor vehicles	20%

All the Group's buildings and investment properties are located in the PRC with land use rights under medium-term leases.

The fair values of the Group's investment properties as at 31 December 2010, 2011 and 2012 were RMB10.6 million, RMB10.7 million and RMB10.9 million, respectively, which have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to market prices for similar properties in similar locations and conditions.

Buildings located in Hainan province, the PRC, of the Group with aggregate carrying amount of approximately nil, nil, RMB2,169,000 and nil have been pledged to secure general banking facilities granted to the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively (see note 30).

17. PREPAID LEASE PAYMENTS

Analysed for reporting purposes as:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current asset	52	52	52	52
Non-current asset	2,479	2,427	2,375	2,349
	2,531	2,479	2,427	2,401

All the Group's prepaid lease payments represented prepaid land use rights are located in the PRC under medium-term lease.

18. INTANGIBLE ASSETS

	Distribution rights
	RMB'000
THE GROUP	
COST	
At 1 January 2010 and 31 December 2010	-
Addition	2,780
At 31 December 2011	2,780
Additions	13,909
At 31 December 2012 and 30 June 2013	16,689
ACCUMULATED AMORTISATION	
At 1 January 2010 and 31 December 2010	-
Provided for the year	278
At 31 December 2011	278
Provided for the year	556
At 31 December 2012	834
Provided for the period	233
At 30 June 2013	1,067
CARRYING VALUES	
At 31 December 2010	-
At 31 December 2011	2,502
At 31 December 2012	15,855
At 30 June 2013	15,622

All of the Group's distribution rights were acquired from third parties. The distribution rights are amortised over the relevant contract periods of 5 years.

19. INTEREST IN AN ASSOCIATE

Pursuant to a binding letter of intent dated 7 January 2013 (the "Binding Letter") and an investment agreement dated 17 April 2013 (the "Investment Agreement") entered into by Pioneer Singapore and amongst other independent third parties which include QualiMed Innovative Medizinprodukte GmbH ("QualiMed") and AMG International GmbH, the Group has completed first tranche of acquisition by acquisition of 19,284 ordinary shares from existing shareholders and subscription of 1 ordinary share of Q3 Medical Devices Limited ("Q3") both took place on 17 April 2013, for a total cash consideration of EUR0.9 million (equivalent to RMB7.2 million), representing 12.8% of equity interest in Q3.

Pursuant to a loan agreement dated 21 January 2013, Pioneer Singapore subscribed for a convertible debt instrument with principal amount of EUR0.7 million (equivalent to RMB5.6 million) issued by QualiMed. Convertible debt instrument was subsequently converted by the Group into 7,254 shares of Q3 on 17 April 2013, which represented approximately 3.5% of the issued share capital of Q3 immediately after such conversion. The convertible debt instrument is designated as fair value through profit and loss upon initial recognition. The convertible debt instrument at the date of subscription was subscribed at its principal amount, and the fair value of the convertible debt instrument was approximately EUR0.5 (equivalent to RMB3.9 million) at the date of conversion. A fair value loss of approximately RMB1.7 million was recognised in profit or loss during the six months ended 30 June 2013.

Pursuant to the Binding Letter and the Investment Agreement, the Group also completed the second tranche of acquisition by further acquisition of 19,284 ordinary shares from existing shareholders and subscription of 1 ordinary share of Q3, both took place on 12 June 2013, for a total cash consideration of EUR0.9 million (equivalent to RMB7.2 million).

After completion of the acquisitions, subscriptions and conversion of convertible debt instrument as described above, Pioneer Singapore held approximately 22.1% of the issued share capital of Q3.

As at 25 June 2013, the Group's interest in Q3 was diluted to 21.4%.

Name of associate	Principal activity	Placed incorporation and operation	Proportion of ownership interest (ordinary share) and voting power held by the Group
Q3	Manufacturing and trading of medical devices	Ireland/Germany	21.4%

Summarised financial information in respect of the associate is set below:

	As at 30 June 2013
	RMB'000
Non-current assets	109,751
Current assets	48,806
Non-current liabilities	28,722
Current liabilities	42,691

	From date of acquisition on 17 April 2013 to 30 June 2013
	RMB'000
Revenue	11,397
Profit for the period	(9,105)
Total comprehensive income for the period	(9,105)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Q3 recognised in the Financial Information:

	As at 30 June 2013
	RMB'000
Net assets of the associate	87,144
Proportion of the Group's ownership interest in Q3	18,649
Other adjustments	(1,360)
Carrying amount of the Group's interest in Q3	17,289

20. OTHER INVESTMENTS

Other investments comprise equity securities listed in the United States of America classified as available-for-sale investments.

21. FINANCE LEASE RECEIVABLES

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease receivables comprise:								
Within one year	-	-	2,400	4,842	-	-	1,323	2,829
In more than one year but not more than two years	-	-	2,800	5,824	-	-	1,997	4,147
In more than two years but not more than five years	-	-	3,200	11,968	-	-	2,879	9,935
	-	-	8,400	22,634	-	-	6,199	16,911
Less: unearned finance income	-	-	(2,201)	(5,723)	N/A	N/A	N/A	N/A
Present value of minimum lease payment receivables	-	-	6,199	16,911	-	-	6,199	16,911
Analysed for reporting purposes as:								
Current assets					-	-	1,323	2,829
Non-current assets					-	-	4,876	14,082

As disclosed in note 25, the Group's sales of medical devices usually involve immediate transfer of legal ownership and are to be settled by instalments over a period, which is usually 12 months. Such sales of medical devices are accounted for under IAS 18 Revenue.

In addition, during the Relevant Periods, the Group has also entered into sale contracts with its customers pursuant to which legal ownership is only transferred to the customers upon full payment of the contract sum (the "Contracts"). The mode of payment of contract sum under the Contract depends on the utilisation of devices by the customer during the contract period, subject to annual minimum payments during the term of the Contracts. As the feature of these contracts is such that substantially all the risks and rewards incidental to the ownership of the medical devices have been transferred to the customers upon inception of the contract, notwithstanding that the titles to the medical devices may only be transferred to the customers upon full payment of the contract sum which may occur at any time during the contract period, the sales of medical devices under such contracts have been accounted for as finance lease under IAS 17 Leases and finance lease receivables have been recognised accordingly.

The Group is not permitted to sell or pledge the equipment in the absence of default by the customer during the contract period.

The constant periodic rate of return on the net investment in the above finance leases is 16% and ranging from 10% and 16% per annum for the finance lease receivables which were outstanding at 31 December 2012 and 30 June 2013, respectively. The lease period of the finance lease arrangement was 3 to 5 years.

The Group's finance lease receivables are denominated in RMB, which is the functional currency of the relevant group entity.

22. DEFERRED TAX

The following are the major deferred tax assets recognised and movements thereon during the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013:

	Allowance for bad debts	Allowance for inventories	Unrealised profit on inventories	Provision for sale return	Derivative financial instruments	Accrued expenses	Deferred revenue	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP								
At 1 January 2010	385	-	-	628	480	70	-	1,563
(Charge) credit to profit or loss for the year	(221)	229	-	(170)	372	1,948	-	2,158
At 31 December 2010	164	229	-	458	852	2,018	-	3,721
(Charge) credit to profit or loss for the year	(28)	21	1,851	222	(516)	(256)	-	1,294
At 31 December 2011	136	250	1,851	680	336	1,762	-	5,015
(Charge) credit to profit or loss for the year	(74)	(93)	2,637	(390)	(141)	63	-	2,002
Effect of change in tax rate	(19)	(30)	(21)	-	-	(616)	-	(686)
At 31 December 2012	43	127	4,467	290	195	1,209	-	6,331
(Charge) credit to profit or loss for the period	15	(46)	(2,648)	42	(195)	135	1,950	(747)
Deemed distribution upon completion of the Group Reorganisation	(53)	(6)	-	-	-	-	-	(59)
At 30 June 2013	5	75	1,819	332	-	1,344	1,950	5,525

The Group has unused tax losses of approximately nil, RMB885,000, RMB2,711,000 and RMB6,901,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively available for offsetting against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
2015	-	885	885	885
2016	-	-	1,289	1,289
2017	-	-	-	2,383
No expiry	-	-	537	2,344
	-	885	2,711	6,901

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. PRC withholding tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries in respect of profits earned from 1 January 2008 onwards to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or a lower tax rate, if applicable. No deferred taxation has been provided for the undistributed accumulated profits as at 31 December 2010, 2011 and 2012 as the PRC subsidiaries of the Company were previously held by Pioneer Pharma, which was a PRC tax resident, prior to the Group Reorganisation which was completed in June 2013. As at 30 June 2013, the aggregate amount of temporary differences associated with undistributable earnings of PRC subsidiaries amounted to RMB40,191,000. No deferred tax liability has been recognised in respect of these differences because the directors of the Company considered the amount involved insignificant.

23. INVESTMENT IN A SUBSIDIARY

THE COMPANY

	As at 30 June 2013
	RMB'000
Unlisted equity investment, at cost	6,286

24. INVENTORIES

All inventories represented finished goods of pharmaceutical products and medical devices. As at 31 December 2010, 2011 and 2012 and 30 June 2013, inventories including goods in transit of approximately RMB36,700,000, RMB48,220,000, RMB105,493,000 and RMB90,307,000, respectively.

During the Relevant Periods, allowance for inventories amounting to RMB956,000, RMB247,000 and RMB73,000 during the years ended 31 December 2010, 2011 and 2012 and reversal of allowance for inventories amounting to RMB417,000 for the period ended 30 June 2013 have been recognised by the Group and included in cost of sales in the respective period.

25. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Trade receivables	78,619	97,598	122,234	164,914
Less: Allowance for doubtful debts	(424)	(543)	(107)	(324)
	78,195	97,055	122,127	164,590
Bill receivables (note)	36,632	37,826	55,988	36,772
	114,827	134,881	178,115	201,362
Other receivables, prepayments and deposits	4,841	2,269	4,531	6,890
Less: Allowance for doubtful debts	(260)	(122)	(136)	(46)
	119,408	137,028	182,510	208,206
Interest receivables	1,454	3,655	6,156	6,227
Advance payment to suppliers	3,042	7,223	3,864	5,521
Other tax recoverable	197	19,148	7,567	1,205
Total trade and other receivables	124,101	167,054	200,097	221,159

Note: Included in the bills receivables is discounted bills with recourse of HK$16,052,000 as at 31 December 2010.

In relation to the sales of pharmaceutical products, the Group allows a credit period from 30 to 180 days to its trade customers.

For sales of medical devices, except for sales of medical devices under finance lease pursuant to which the legal ownership is transferred upon full payment of the contract sum as disclosed in note 21, the remaining sales of medical devices involved immediate transfer of legal ownership with contract sums to be settled by instalments over a general period of 12 months as stated in contracts are included in trade receivables. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting dates, which approximated the respective revenue recognition dates:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
0 - 60 days	67,191	83,555	105,701	129,966
61 days to 180 days	10,855	12,670	15,080	31,035
181 days to 1 year	127	600	1,321	3,416
1 year to 2 years	22	230	25	173
	78,195	97,055	122,127	164,590

The aged analysis of bills receivable presented based on the issue date at respective reporting dates:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
0 - 60 days	16,830	22,029	33,173	12,763
61 days to 180 days	19,802	15,016	18,466	19,702
181 days to 1 year	-	781	1,656	2,664
1 year to 2 years	-	-	2,693	1,643
	36,632	37,826	55,988	36,772

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB11,004,000, RMB13,500,000 RMB14,042,000 and RMB19,847,000, which are past due as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively. However, the directors of the Company have considered the credit quality of the relevant customers and concluded that the Group is not required to provide for impairment loss for these balances. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
61 days to 180 days	10,855	12,670	12,702	18,222
181 days to 1 year	127	600	1,315	1,452
1 year to 2 years	22	230	25	173
	11,004	13,500	14,042	19,847

Movement in the allowance for doubtful debts:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Balance at beginning of the year	1,751	684	665	243
Impairment losses recognised on receivables	13	480	135	260
Impairment losses reversed	(1,080)	(499)	(557)	(133)
Balance at end of the year	684	665	243	370

The Group's trade and other receivables that are not denominated in the functional currencies of the respective group entities are as follows:

Original currency

	USD	SGD	EUR	HKD
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
As at 31 December 2010	-	-	-	-
As at 31 December 2011	-	39	-	-
As at 31 December 2012	1,204	381	-	640
As at 30 June 2013	-	1,333	490	6

25a. TRANSFERS OF FINANCIAL ASSETS

The Group had arrangement with bank to transfer to the bank its contractual rights to receive cash flows from bills receivables. The arrangement was made through discounting certain bills receivables to the bank on a full recourse basis. Specifically, if the bills receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transfer as a secured borrowing (see note 30). As at 31 December 2010, the relevant discounted bills receivables amounted to approximately RMB16,052,000.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Derivative financial liabilities				
Foreign exchange forward contracts (a)	3,548	1,952	1,162	-
Warrants (c)	-	-	-	1,476
Other derivatives (d)	-	-	-	2,414
	3,548	1,952	1,162	3,890
Derivative financial assets				
Interest rate swaps (b)	-	2,221	530	-
Warrants (c)	-	-	2,088	-
	-	2,221	2,618	-

(a) Foreign exchange forward contracts — net settlement (not under hedge accounting)

Major terms of the foreign currency forward contracts are as follows:

31 December 2010

Notional amount	Maturity	Forward rates
Buy USD3,066,950, Sell RMB	15 October 2010 to 15 October 2011	6.5347
Buy USD1,782,685, Sell RMB	16 November 2010 to 18 November 2011	6.5641
Buy USD1,678,626, Sell RMB	13 January 2010 to 13 January 2011	6.7700
Buy USD279,156, Sell RMB	25 January 2010 to 25 January 2011	6.7700
Buy USD83,354, Sell RMB	25 January 2010 to 25 January 2011	6.7700
Buy USD363,168, Sell RMB	25 January 2010 to 25 January 2011	6.7700
Buy USD1,830,180, Sell RMB	9 February 2010 to 9 February 2011	6.7850
Buy USD1,446,463, Sell RMB	29 April 2010 to 29 April 2011	6.7480
Buy USD427,433, Sell RMB	6 May 2010 to 6 May 2011	6.7580
Buy USD4,223,059, Sell RMB	8 June 2010 to 8 June 2011	6.7870
Buy USD909,567, Sell RMB	3 June 2010 to 3 June 2011	6.7815
Buy USD905,310, Sell RMB	28 October 2010 to 26 October 2011	6.6820
Buy USD400,000, Sell RMB	9 December 2010 to 9 December 2011	6.6006
Buy USD400,000, Sell RMB	9 December 2010 to 9 December 2011	6.6006
Buy USD400,000, Sell RMB	9 December 2010 to 9 December 2011	6.6006
Buy USD427,103, Sell RMB	9 December 2010 to 9 December 2011	6.6006
Buy USD327,006, Sell RMB	21 December 2010 to 21 December 2011	6.6006
Buy USD450,000, Sell RMB	21 December 2010 to 21 December 2011	6.6195
Buy USD450,000, Sell RMB	21 December 2010 to 21 December 2011	6.6195
Buy USD450,000, Sell RMB	21 December 2010 to 21 December 2011	6.6195
Buy USD450,000, Sell RMB	21 December 2010 to 21 December 2011	6.6195
Buy USD450,000, Sell RMB	21 December 2010 to 21 December 2011	6.6195

31 December 2011

Notional amount	Maturity	Forward rates
Buy USD480,000, Sell RMB	13 January 2011 to 13 January 2012	6.5800
Buy USD443,118, Sell RMB	13 January 2011 to 13 January 2012	6.5800
Buy USD450,000, Sell RMB	13 January 2011 to 14 January 2012	6.5800
Buy USD470,000, Sell RMB	13 January 2011 to 15 January 2012	6.5800
Buy USD460,000, Sell RMB	13 January 2011 to 16 January 2012	6.5800
Buy USD490,000, Sell RMB	13 January 2011 to 17 January 2012	6.5800
Buy USD400,000, Sell RMB	10 February 2011 to 10 February 2012	6.5500
Buy USD375,127, Sell RMB	10 February 2011 to 10 February 2012	6.5500
Buy USD400,000, Sell RMB	10 February 2011 to 10 February 2012	6.5500
Buy USD400,000, Sell RMB	10 February 2011 to 10 February 2012	6.5500
Buy USD490,000, Sell RMB	24 February 2011 to 24 February 2012	6.5500
Buy USD490,000, Sell RMB	24 February 2011 to 24 February 2012	6.5500
Buy USD490,000, Sell RMB	24 February 2011 to 24 February 2012	6.5500
Buy USD468,446, Sell RMB	24 February 2011 to 24 February 2012	6.5500
Buy USD466,984, Sell RMB	30 March 2011 to 30 March 2012	6.5294
Buy USD470,000, Sell RMB	30 March 2011 to 30 March 2012	6.5294
Buy USD480,000, Sell RMB	30 March 2011 to 30 March 2012	6.5294
Buy USD460,000, Sell RMB	30 March 2011 to 30 March 2012	6.5294
Buy USD277,000, Sell RMB	31 May 2011 to 29 May 2012	6.3810
Buy USD1,385,372, Sell RMB	31 May 2011 to 29 May 2012	6.3810
Buy USD382,000, Sell RMB	31 May 2011 to 29 May 2012	6.3810
Buy USD39,000, Sell RMB	31 May 2011 to 29 May 2012	6.3810
Buy USD85,400, Sell RMB	15 June 2011 to 29 May 2012	6.4130
Buy USD1,508,680, Sell RMB	15 June 2011 to 14 June 2012	6.4070
Buy USD612,087, Sell RMB	15 June 2011 to 14 June 2012	6.4070
Buy USD3,465,533, Sell RMB	15 June 2011 to 14 June 2012	6.4070
Buy USD190,653, Sell RMB	15 June 2011 to 14 June 2012	6.4070
Buy USD5,869,854, Sell RMB	20 June 2011 to 19 July 2012	6.4060
Buy USD320,835, Sell RMB	20 June 2011 to 19 July 2012	6.4060
Buy USD670,853, Sell RMB	20 June 2011 to 19 July 2012	6.4060
Buy USD3,613,039, Sell RMB	28 June 2011 to 26 July 2012	6.3980
Buy USD162,389, Sell RMB	25 August 2011 to 21 August 2012	6.3140
Buy USD3,081,421, Sell RMB	25 August 2011 to 21 August 2012	6.3140
Buy USD154,586, Sell RMB	29 August 2011 to 27 August 2012	6.3020
Buy USD2,216,930, Sell RMB	29 August 2011 to 27 August 2012	6.3020
Buy USD495,954, Sell RMB	29 August 2011 to 27 August 2012	6.3020
Buy USD613,473, Sell RMB	19 September 2011 to 14 September 2012	6.3520
Buy USD4,216,162, Sell RMB	19 September 2011 to 14 September 2012	6.3520
Buy USD1,378,612, Sell RMB	30 September 2011 to 27 September 2012	6.4600
Buy USD3,224,723, Sell RMB	21 November 2011 to 15 November 2012	6.3670
Buy USD483,086, Sell RMB	21 November 2011 to 15 November 2012	6.3670
Buy USD2,445,253, Sell RMB	29 December 2011 to 26 December 2012	6.4200

31 December 2012

Notional amount	Maturity	Forward rates
Buy USD3,691,942, Sell RMB	28 February 2012 to 21 February 2013	6.3035
Buy USD2,492,061, Sell RMB	29 February 2012 to 28 February 2013	6.3010
Buy USD3,275,771, Sell RMB	22 March 2012 to 11 March 2013	6.3520
Buy USD1,466,146, Sell RMB	27 April 2012 to 26 April 2013	6.3640
Buy USD926,139, Sell RMB	13 April 2012 to 10 April 2013	6.3410
Buy USD3,969,273, Sell RMB	13 April 2012 to 10 April 2013	6.3410
Buy USD3,834,931, Sell EUR	17 May 2012 to 16 May 2013	1.2792

(b) Interest rate swaps — net settlement (not under hedge accounting)

The Group uses interest rate swaps to minimise its exposure to interest expenses of certain of its floating-rate US dollar bank borrowings by swapping the floating interest rate to fixed interest rate.

Major terms of the interest rate swap are as follow:

31 December 2011

Notional amount	Maturity	Receive floating	Pay fixed
USD 320,835	20 June 2011 to 19 July 2012	SIBOR + 1.20%	2.16%
USD 670,853	20 June 2011 to 19 July 2012	SIBOR + 1.20%	2.16%
USD 5,869,854	20 June 2011 to 19 July 2012	SIBOR + 1.20%	2.16%
USD 3,613,039	28 June 2011 to 26 July 2012	SIBOR + 1.20%	1.94%
USD 3,081,421	25 August 2011 to 21 August 2012	SIBOR + 1.20%	1.98%
USD 162,389	25 August 2011 to 21 August 2012	SIBOR + 1.20%	1.98%
USD 2,216,930	29 August 2011 to 27 August 2012	SIBOR + 1.20%	1.98%
USD 495,954	29 August 2011 to 27 August 2012	SIBOR + 1.20%	1.98%
USD 154,586	29 August 2011 to 27 August 2012	SIBOR + 1.20%	1.98%
USD 4,216,162	19 September 2011 to 14 September 2012	SIBOR + 1.20%	2.01%
USD 613,473	19 September 2011 to 14 September 2012	SIBOR + 1.20%	2.01%
USD 1,378,612	30 September 2011 to 27 September 2012	SIBOR + 1.20%	2.05%
USD 3,224,723	21 November 2011 to 15 November 2012	SIBOR + 1.20%	2.20%
USD 483,086	21 November 2011 to 15 November 2012	SIBOR + 1.20%	2.20%
USD 2,445,253	29 December 2011 to 26 December 2012	SIBOR + 1.75%	2.85%

31 December 2012

Notional amount	Maturity	Receive floating	Pay fixed
USD 3,691,942	28 February 2012 to 21 February 2013	SIBOR + 1.89%	2.95%
USD 2,492,061	29 February 2012 to 28 February 2013	SIBOR + 1.63%	2.70%
USD 3,275,771	22 March 2012 to 13 March 2013	SIBOR + 1.45%	2.50%
USD 926,139	13 April 2012 to 10 April 2013	SIBOR + 1.35%	2.40%
USD 3,969,273	13 April 2012 to 10 April 2013	SIBOR + 1.35%	2.40%
USD 1,466,146	27 April 2012 to 26 April 2013	SIBOR + 0.75%	1.80%

(c) Warrants

The Group entered into a unit purchase agreement with NovaBay Pharmaceuticals, Inc. ("NovaBay"), an independent third-party, on 13 September 2012, pursuant to which the Group purchased an aggregate amount of 2,000,000 units, each unit comprising (a) one share of NovaBay's common stock and (b) a detachable warrant to purchase, at an exercise price of US$1.50, one share of NovaBay's common stock for a total consideration of US$2,500,000 (approximately RMB15,700,000). The shares of NovaBay held by the Group are classified as available-for-sale investment and presented as "Other investments" in the consolidated statements of financial position.

Pursuant to the warrant agreements executed by NovaBay on 13 September 2012 and 31 October 2012 respectively, the expiration date of the warrants is on 31 August 2013. The Group entered into a warrant amendment agreement dated 9 May 2013 pursuant to which the expiration date of the warrants is changed from 31 August 2013 to 29 November 2013 and the Group agrees to exercise each warrant on or before 29 November 2013 for a total consideration of US$3 million.

The Black-Scholes option pricing model has been used to estimate the fair value of the warrants from date of grant up prior to the warrant amendment on 9 May 2013 while the fair value of the warrants at 30 June 2013 is determined based on the stock price less discounted exercise price times the number of warrants outstanding. The estimated fair values of the warrants at the date of grant and at the end of each reporting period using the following inputs:

	13.9.2012	31.10.2012	31.12.2012	30.6.2013
Exercise price	USD1.50	USD1.50	USD1.50	USD1.50
Stock price	USD1.49	USD1.32	USD1.13	USD1.38
Expected volatility	81.72%	76.33%	75.28%	N/A
Expected life	0.96 years	0.83 years	0.67 years	0.42 years
Risk-free rate	0.14%	0.14%	0.09%	0.09%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Financial assets (liabilities) with fair value in USD	369,421	360,901	328,588	(238,840)
Financial assets (liabilities) with fair value in RMB	2,339,841	2,273,748	2,088,490	(1,475,719)

Expected volatility was determined by using the historical annualised daily volatility of NovaBay, and the volatility adopted is based on the expected life of the warrants on each valuation date. The risk-free rates used were by reference to United States of America treasury bonds with duration close to the time to expiration.

(d) Other derivatives

Pursuant to the Investment Agreement and a separate convertible loan agreement entered into by Q3 and Pioneer Singapore on 17 April 2013 ("Investment and Convertible Loan Agreement"), Q3 has the rights to request Pioneer Singapore to provide funding of EUR1 million (equivalent to RMB8 million) and EUR1.5 million (equivalent to RMB12 million) on 30 November 2013 and 15 March 2014 respectively (referred to herein as the "Funding Right 1" and "Funding Right 2", respectively). The abovesaid funding will be provided at the discretion of Pioneer Singapore by either subscribe for convertible debt instruments issued by Q3 or Q3 may request Pioneer Singapore to act as a guarantor for the same amount of bank borrowings.

In the event that Pioneer Singapore elects to subscribe for convertible debt instruments issued by Q3, Pioneer Singapore has an option to convert the convertible debt instruments into shares of Q3 in accordance with a specified conversion formula stated in the Investment and Convertible Loan Agreement where conversion option is exercisable within three years from the date of subscription.

In the event that Q3 requests Pioneer Singapore to act as a guarantor for bank borrowings, the difference between the amount of bank interest payable by Q3 and a rate of 10% per annum shall be either paid or received by Pioneer Singapore.

The fair value of the Funding Right 1 and the Funding Right 2 are estimated at approximately RMB750,000 and RMB1,344,000, respectively, by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), a firm of independent qualified valuer not connected to the Group. JLL has appropriate qualifications and experiences in the valuation of similar financial instruments. The address of JLL is 25th Floor, Plaza 66, Tower 2, 1366 Nanjing Road West, Shanghai, 200040, China.

The valuation was determined based on the difference of cost of funding based on the contracted interest rate of 10% and estimated market interest rate of the counterparty of 15.75%.

27. PLEDGED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

The Group's bank balances carry interest at market rates at 0.36%, from 0.36% to 0.50%, from 0.01% to 0.50% and from 0.01% to 0.50% per annum as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively.

The Group's pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The deposits are released upon the settlement of relevant bank borrowings.

The pledged deposits carry fixed interest rate that range from 2.25% to 2.50%, from 2.95% to 3.50%, from 3.30% to 4.35% and from 3.50% to 4.35% per annum as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively.

As disclosed in Note 2, Pioneer Pharma transferred its Transferred Business to the Group upon the completion of the Group Reorganisation. The Transferred Business included a pledged bank deposit of approximately RMB133,417,000 as at 30 June 2013, which was used to secure bank borrowings of the Group's offshore entity. The legal title of such bank deposit is restricted from transfer under bank arrangement. Pioneer Pharma is holding such bank deposit on trust on behalf of the Group.

The Group's restricted bank deposits represent the secured bank balance for short-term letter of credit for trade payables. The Group required to maintain a certain level of bank balances as security and the deposits are released upon the discharge of the relevant letters of credit.

The restricted bank deposits carry fixed interest rate at 0.36%, from 0.40% to 0.44% and at 0.35% as at 31 December 2010, 2011 and 2012, respectively.

The Group's pledged bank deposits, restricted bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency

	USD	SGD	EUR	HKD
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2010	-	-	1	-
As at 31 December 2011	18,987	116	1	-
As at 31 December 2012	-	1,131	23,984	168
As at 30 June 2013	44,622	485	111	102

28. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Trade payables	141,903	207,500	244,356	303,227
Payroll and welfare payables	820	1,576	3,393	2,729
Advance from customers	2,593	2,897	15,841	4,425
Other tax payables	10,744	5,201	2,166	12,299
Marketing service fee payables	8,289	10,453	9,094	17,850
Interest payables	1,779	1,919	2,450	113
Licence fee payables	-	-	2,200	-
Deposits received from distributor	891	4,038	4,731	5,904
Construction cost payable	-	-	-	2,804
Accrued IPO charges	-	-	-	2,806
Other payables and accrued charges	2,580	8,248	6,609	4,811
	169,599	241,832	290,840	356,968

The Group typically receives credit periods on its purchases of goods from 30 days to 180 days.

The following is an aged analysis of trade payables presented based on the delivery date at the end of the reporting dates:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
0 to 90 days	70,037	163,049	196,030	237,128
91 to 180 days	71,866	44,451	48,326	66,099
	141,903	207,500	244,356	303,227

The Group's trade and other payables that are not denominated in the functional currencies of the respective group entities are as follows:

Original currency

	USD	SGD	EUR	HKD
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
As at 31 December 2010	18,784	-	13,659	-
As at 31 December 2011	10,887	68	15,792	-
As at 31 December 2012	17,691	162	24,987	24
As at 30 June 2013	3,037	222	7,276	5,287

29. RELATED PARTIES DISCLOSURES

THE GROUP

(a) The name of related companies of the Group and their relationships with the Group are as follows:

Name of related companies	Relationships with the Group
(1) 海南三風友製藥有限公司 Hainan San Feng You Limited ("Hainan San Feng You")	Company controlled and beneficially owned by close family member of Mr. Li
(2) Covex, S.A.	Associate of Pioneer Pharma from 25 May 2012
(3) 洋浦新洲投資有限公司 Yangpu Xinzhou Investment Company Limited ("Xinzhou Investment")	Company controlled and beneficially owned by Mr. Li
(4) 洋浦安邦投資有限公司 Yangpu Anbang Investment Company Limited ("Anbang Investment")	Company controlled and beneficially owned by Mr. Li
(5) Pioneer Pharma (note)	Company controlled and beneficially owned by Mr. Li

Note: Pioneer Pharma became a related party of the Group upon the completion of the Group Reorganisation set out in note 2.

(b) The name of related parties of the Group who are individual and their relationships with the Group are as follows:

Name of related parties	Relationships with the Group
(1) Mr. Yuen Sengcheong ("Mr. Yuen")	Key management personnel of the Group
(2) Mr. Yang Zhiyu ("Mr. Yang")	Key management personnel of the Group

(c) Except as disclosed elsewhere in the Financial Information, the Group had the following material transactions with its related parties during the Relevant Periods:

	Year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchase of finished goods from Hainan San Feng You	-	-	513	-	-
Purchase of finished goods from Covex, S.A.	-	-	11,933	-	16,235

Historically, certain office premises occupied by the Group were owned by Mr. Li and Mrs. Li which were rented to the Group free of charge. On 19 June 2013, Naqu Pioneer and Xinzhou Investment formalised the lease arrangement and entered into an agreement pursuant to which Naqu Pioneer has agreed to pay a monthly rental of RMB50,000 to Xinzhou Investment for the continuing use of the office premises for a term of three years commencing on 1 July 2013 and ending on 30 June 2016.

The Group further entered two lease agreements both dated 6 June 2013 for renting office premises in Hainan and two vehicles from Pioneer Pharma for a fixed monthly rental of RMB15,000 and RMB3,000 per vehicle, respectively. The term of the agreements are for a period of three years commencing on 1 July 2013 and ending on 30 June 2016.

As at 30 June 2013, Pioneer Pharma pledged its building to banks to secure short-term banking facilities granted to the Group. Such pledge was fully released, subsequent to 30 June 2013.

(d) The balances due from (to) related parties at end of reporting period are as follows:

	As at 31 December			As at 30 June	Maximum amounts outstanding during the year/period			
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of the related parties								
Amount due from a related party								
Xinzhou Investment	-	-	-	-	-	25,687	25,000	8,000
Pioneer Pharma[(i)]	-	-	-	34,646	-	-	-	34,646
Amount due to related parties — non current								
Mr. Yuen[(ii)]	-	-	-	(400)				
Mr. Yang[(ii)]	-	-	-	(60)				
	-	-	-	(460)				
Amount due to related parties — current								
Covex, S.A.[(iii)]	-	-	-	(9,268)				
Pioneer Pharma[(iv)]	-	-	-	(209,166)				
Mr. Yuen[(ii)]	-	-	(400)	-				
Mr. Yang[(ii)]	-	-	(60)	-				
Mr. Li[(v)]	-	-	-	(4,455)				
	-	-	(460)	(222,889)				

Notes:

(i) The amount is non-trade related, unsecured, interest free and was fully paid in July 2013.

(ii) The outstanding amounts are non-trade related, repayable on demand, unsecured and interest-free as at 31 December 2012. During the six months ended 30 June 2013, Mr. Yuen and Mr. Yang entered into loan agreements with Pioneer Ruici, pursuant to which Mr. Yuen and Mr. Yang granted such loans of RMB400,000 and RMB60,000 to Pioneer Ruici, respectively for a period of five years and the amounts will be repayable on 13 August 2017 and bear no interest.

(iii) The amount represents trade payable to Covex, S.A. aged within 90 days and was fully settled in July 2013.

(iv) As at 30 June 2013, the amounts include RMB92,652,000 dividend payable by the group entities to Pioneer Pharma and payables of RMB116,514,000 to Pioneer Pharma as part of consideration on acquiring Transferred Business from Pioneer Pharma as mentioned in note 2.

In the opinion of the directors of the Company, the Group will settle the amounts in full upon listing of the Company's shares on the Stock Exchange.

(v) The amount is non-trade related, unsecured and interest-free. This amount was used to subscribe the shares of the Company in September 2013.

(e) Compensation of key management personnel

The remuneration of key management personnel during the Relevant Periods was as follows:

	Year ended 31 December			For the six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	1,531	2,021	2,340	1,151	1,621
Post employee benefits	233	286	290	148	191
	1,764	2,307	2,630	1,299	1,812

The Group determines remuneration of key management personnel by reference to the performance of individuals and market trend.

30. BANK BORROWINGS

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Carrying amount of bank loans repayable within one year and shown under current portion	158,929	338,011	416,220	445,955
Analysed as:				
Secured	158,929	286,227	391,078	445,955
Unsecured	-	51,784	25,142	-
	158,929	338,011	416,220	445,955

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group entered into various borrowings with the banks, mainly to finance its business operations. Such borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	At 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Pledge of assets				
Bills receivables	16,052	-	17,205	14,050
Pledged bank deposits	143,312	289,409	294,726	312,618
Buildings	-	-	2,169	-
	159,364	289,409	314,100	326,668

The following related parties have provided guarantees to banks to secure loan facilities of the Group to the extent of amounts as follows:

	At 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Xinzhou Investment, Anbang Investment and Mr. Li	-	-	300,000	-
Pioneer Pharma	-	-	-	30,894
	-	-	300,000	30,894

The guarantees provided by Pioneer Pharma was released in October 2013.

The ranges of effective interest rates on the Group's borrowings are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Effective interest rate:				
Fixed-rate borrowings	1.79% to 3.36%	3.28% to 6.70%	1.26% to 6.90%	1.20% to 6.90%
Variable-rate borrowing	N/A	1.49% to 2.05%	0.96% to 2.38%	2.21%

The variable-rate borrowing bears interest at 6-Month LIBOR +1.8% and 1-Month SIBOR + spread as at 31 December 2012 and as at 30 June 2013.

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency

	USD
	RMB'000
As at 31 December 2010	142,877
As at 31 December 2011	51,784
As at 31 December 2012	48,228
As at 30 June 2013	37,072

31. PROVISION

	Provision for sales return
	RMB'000
THE GROUP	
COST	
At 1 January 2010	2,616
Additions	1,816
Utilisations	(2,523)
At 31 December 2010	1,909
Additions	2,910
Utilisations	(2,022)
At 31 December 2011	2,797
Additions	3,454
Utilisations	(3,028)
At 31 December 2012	3,223
Additions	1,864
Utilisations	(1,402)
At 30 June 2013	3,685

The Group provides for sales returns based on its previous experience and the expiry dates of the products sold.

32. SHARE CAPITAL

Since the Company was only set up in February 2013, and Pioneer Pharma would not form part of the Group as a result of the Group Reorganisation, therefore, no details of combined share capital of group entities are presented as at 31 December 2010, 2011 and 2012.

	Number of shares	US$	Equivalent to RMB'000
Ordinary share of US$0.01 each			
Authorised:			
On 5 February 2013 (date of incorporation) and 30 June 2013	500,000,000	5,000,000	31,397
Issued and fully paid:			
At incorporation	1	0.01	-
Issuance of shares in February 2013	99	0.99	-
Issuance of shares on 13 June 2013	100,100,000	1,001,000	6,286
At 30 June 2013	100,100,100	1,001,001	6,286

The Company was incorporated and registered as an exempted limited liability company in the Caymen Islands on 5 February 2013 with an authorised share capital of US$5 million divided into 500,000,000 shares of US$0.01 each. Upon its incorporation, one share was allotted and issued to the initial subscriber. On 14 February 2013, the initial subscriber transferred that one share to Pioneer BVI at a consideration of US$0.01 and Pioneer BVI subscribed for additional 99 shares at par value in cash, and the Company became a wholly owned subsidiary of Pioneer BVI. On 13 June 2013, the Company allotted and issued additional 100,100,000 shares to Pioneer BVI at par value for cash consideration.

33. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of entity	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Profit (loss) allocated to non-controlling interests				Accumulated non-controlling interests			
		31/12/10	31/12/11	31/12/12	30/6/2013	31/12/10	31/12/11	31/12/12	30/6/2013	31/12/10	31/12/11	31/12/12	30/6/2013
						RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Pioneer Pharma	PRC	3.6%	-	-	-	4,642	1,616	-	-	11,431	-	-	-
Individually immaterial subsidiaries with non-controlling interests										-	921	768	(421)
Total										11,431	921	768	(421)

In respect of the Financial Information of Pioneer Pharma, as Pioneer Pharma was the then holding company of the Group prior to the Group Reorganisation, the financial information for each of the years ended 31 December 2010 and 2011 set out in consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial positions and consolidated statements of cash flow represents the consolidated financial information of Pioneer Pharma.

34. NON CASH TRANSACTIONS

As part of the Group Reorganisation set out in note 2, certain group companies entered into various assets and equity transfer agreements with Pioneer Pharma. The aggregate consideration paid or payable to Pioneer Pharma amounted to approximately RMB117,814,000, and the carrying amount of certain assets and liabilities of Pioneer Pharma amounting to RMB47,327,000 that were not transferred to the Group was accounted for as deemed distributions to shareholders.

Assets and liabilities that are derecognised by or reinstated the Group on the date of completion of Group Reorganisation are as follows:

Assets or liabilities reinstated	**RMB'000**
Amount due from Pioneer Pharma (note 29 (d))	34,646
Dividend payable to Pioneer Pharma (note 29 (d))	(92,652)
	(58,006)
Assets or liabilities derecognised	
Deferred tax assets (note 22)	(59)
Dividend payables to shareholders of Pioneer Pharma	26,020
Other receivable	(106)
Other payable	776
Investment properties (note 16)	(6,390)
Property, plant and equipment (note 16)	(8,479)
Tax recoverable	(1,083)
	10,679
	(47,327)

35. OPERATING LEASES

As lessee

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group had commitments to make the following future minimum lease payments in respect of premises rented under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Within one year	216	246	-	1,000
In the second to fifth years inclusive	216	30	-	1,987
	432	276	-	2,987

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases terms are negotiated within 3 years and rentals are fixed for the terms.

As lessor

Property rental income earned for each of the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2013 was RMB334,000, RMB594,000, RMB775,000 and RMB410,000, respectively. The lease has a fixed term of 3 years.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
THE GROUP				
Within one year	365	758	758	-
In the second to fifth years inclusive	1,064	2,412	1,539	-
	1,429	3,170	2,297	-

36. ACQUISITION OF A SUBSIDIARY

On 13 October 2011, Pioneer Pharma acquired 100% of the equity interests in Naqu Pioneer, which held bank balances of RMB2,800,000, from an independent third party and paid cash consideration of RMB2,800,000.

No other assets were acquired Naqu Pioneer did not have any operations from its incorporation up to the acquisition date nor liabilities recognised at the date of acquisition.

	RMB'000
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,800)
Bank balances and cash acquired	2,800
	-

37. RETIREMENT BENEFITS SCHEME

The Group's PRC subsidiaries and Singapore subsidiaries are required to make contributions to the state-managed retirement schemes operated by respective local governments based on certain percentage of the monthly salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The only obligation of these subsidiaries with respect to the state-managed schemes is to make the specified contributions.

The Group's employees employed in Hong Kong are required to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The Group's contributions to the MPF Scheme are made in accordance with the statutory limits prescribed by the Mandatory Provident Fund Ordinance of Hong Kong.

The total cost charged to profit or loss of approximately RMB2,843,000, RMB3,166,000, RMB5,503,000, RMB2,078,000 and RMB3,455,000 for the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2012 and 2013, respectively, represents contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, contributions due in respect of the reporting period had not been paid over to the schemes are approximately RMBnil, RMBnil, RMB443,000 and RMB757,000, respectively.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration of the Company's directors for the year ending 31 December 2013 would approximately be RMB975,000.

C. SUBSEQUENT EVENTS

Except as disclosed elsewhere in the Financial Information, subsequent to 30 June 2013, the Group have the following subsequent events:

i) On 6 September 2013, the Company allotted and issued an additional 399,899,900 Shares to Pioneer Pharma (BVI) at per value in cash consideration and as a result, the issued share capital of the Company is US$5 million.

ii) Pursuant to written resolutions of the shareholders passed on 16 October 2013, inter-alia, the authorised share capital of the Company was increased from US$5,000,000 to US$30,000,000 by the creation of an additional 2,500,000,000 shares of US$0.01 each and the capitalisation issue as detailed in appendix IV was conditionally approved.

D. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company, the Group or any of the companies of the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong