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JIWA BIO-PHARM HOLDINGS LIMITED
積華生物醫藥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 2327)

INTERIM RESULTS

For the six months ended 30 September 2009

The directors (the “Directors”) of Jiwa Bio-Pharm Holdings Limited (the “Company”) are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2009 (the “Period”).

FINANCIAL HIGHLIGHTS

| | Six months ended | | Increase |
|--|------------------|-----------------|--------------|
| | 30 September | | |
| | 2009 | 2008 | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| Turnover | 326,722 | 186,381 | 75.3% |
| Gross profit | 145,434 | 79,343 | 83.3% |
| Profit from operations | 49,398 | 32,927 | 50.0% |
| Profit attributable to equity holders | 31,994 | 23,384 | 36.8% |
| Earnings per share — basic (<i>HK cents</i>) | 1.99 | 1.46 | 36.3% |

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

* *For identification purpose only*

INDUSTRY REVIEW

The long-anticipated National Essential Drug List of China was published in August this year. The Ministry of Health issued three documents in respect thereof: “Administrative Measures on National Essential Drug List (Interim)”, “Implementing Opinions on Establishment of National Essential Drug System” and “National Essential Drug List — Part for Primary Medical and Public Health Institutions Use (2009 Version)”. Under the policies, the pilot project for the essential drug system will start in 2009. The system will be initially established by 2011 and fully implemented covering urban and rural areas by 2020.

The essential drug system will result in an industry shuffle. Production and distribution enterprises will be concentrated gradually. The medical reform in the PRC will drive significant growth in the demand of pharmaceutical market with leverage effect, and the increase in the purchasing power of patients will upgrade medicine consumption directly.

Under “expansion” and “consumption upgrade” of the industry, only enterprises with “cost advantages” and “brand advantages” can capitalize on the opportunities arising from the policies. The management of the Company had the foresight to anticipate and made enormous efforts in alignment with the changing environment, the effects of which have been gradually realized in the results of the Group.

BUSINESS REVIEW

As at 30 September 2009, the profit from operations of the Group amounted to HK\$49,398,000, representing an increase of 50% as compared with the corresponding period last year. The profit from operations was mainly derived from the finished drugs (“Finished Drugs”) produced and sold by Kunming Jida Pharmaceutical Company Limited (“KJP”), representing approximately 72.6% of the profit from operations in all profitable businesses. In addition, approximately 24% of the profit from operations was derived from the Group’s trading business (“Trading Pharmaceutical Products and Health Care Products”), while the remaining 3.4% was derived from the pharmaceutical products distribution business acquired in October 2008 (“Distribution Business”). Pharmaceutical bulk materials production business (“Pharmaceutical Bulk Materials”) was still in investment phase, and recorded a loss from operations of HK\$4,892,000. The profit attributable to equity holders of the Group for the Period amounted to HK\$31,994,000, representing an increase of 36.8% as compared with the corresponding period last year.

Finished Drugs

The pharmaceutical products produced by KJP comprise mainly of anti-infectious, gastro-intestinal, musculo-skeletal, cerebro-cardiovascular, anti-depressant and psychiatric disorder category. Other specific drugs and Chinese medicine healthcare products are also produced. During the Period, the sales of Finished Drugs amounted to HK\$178,349,000, representing an increase of 20.7% as compared with the corresponding period last year. The segment results amounted to HK\$39,274,000, representing an increase of 54.7%.

Anti-infectious drugs

During the Period, anti-infectious drugs represented approximately 35.2% of the total sales of KJP. With the stabilization of raw material prices, its gross profit margin increased 3.5% from the corresponding period last year to 44.5%.

Five of the Group's anti-infectious drugs are included in the first essential drug list for the primary medical institutions announced by the State. These products have reached a certain degree of coverage in some markets and their distinguished quality has been widely recognized, giving the products a competitive edge.

Upon inclusion in the essential drug list, the products' market capacity will increase significantly. The Group plans to focus on capturing areas with higher market penetration, and seek opportunistic sales in other areas. The use of new equipment, sales increase, production efficiency improvement and price volume effect of raw materials will further enhance the cost advantages of products. Consequently, target markets will be expanded from key markets to all markets.

In addition, the Group's R&D project on intermediates of cephalosporins has made satisfactory progress. The Group expects to achieve breakthroughs in new-generation cephalosporin products. The GMP Certificate for Cefpirome, a sterile bulk material, was obtained in the third quarter of 2009. With the achievements of these projects, the anti-infectious products of the Group can enjoy advantages in both cost and quality, and relieve its competition pressure on price, to take full advantage of the growth in profit and production scale fueled by expansion.

Specific drugs

During the Period, specific drugs represented approximately 64.8% of the total sales of KJP, with an average gross profit margin of 55.8%. Transton (Triamcinolone Acetonide Injection), Song Taisi (Reduced Glutathione for Injection) and Jida Bente (Tamsulosin Hydrochloride sustained-release tablet) are the key products among the specific drugs. The total sales of the three products amounted to HK\$88,861,000, representing an increase of 20.1% as compared with the corresponding period last year, with an average gross profit margin of 55.9%. The three products enjoy competitive advantages in terms of remarkable efficacy and reasonable price, and accordingly, are widely used in the market.

On the other hand, the key new drug for the year, Jiwa Youmin (Edaravone Injection), recorded robust growth in sales for the Period with a strong growth momentum. As the Company commences and carries out work on tenders in new provinces, adopts a more precise product positioning and steps up academic promotion, the market share of Jiwa Youmin will increase rapidly. Jiwa Youmin is a new category II chemical drug that boasts a high level of technical input. There are only a few edaravone injection producers in the market, and therefore, Jiwa Youmin enjoys a relatively high gross profit. Jiwa Youmin will become one of the profit growth areas of the Group. The Group obtained the production approval and certification for edaravone, beating the many enterprises that hope to develop the medicine, testifies the leading position of the Group's R&D capacity in the PRC.

Trading Pharmaceutical Products and Health Care Products

During the Period, the Group distributed four pharmaceutical products and other health care products, and recorded sales of HK\$45,157,000, representing an increase of 19% as compared with the corresponding period last year. The segment results amounted to HK\$12,965,000, representing an increase of 25.8%. Under the consumption upgrade of the pharmaceutical market in the PRC, the market demand on imported pharmaceutical products has increased.

Calco (Calcitonin Salmon Injection) is a product imported from Italy, for which the Group acts as the distribution agent. The product received the “Registration Certificate for Imported Drugs” on re-registration, which is valid until 2014. The success of the re-registration of such a variety of drug means that the Group has the chance to capture early opportunities in the calcitonin salmon injection market and can continue to satisfy growing clinical demand in the PRC. As such, the Group is set to increase its market share and enjoy substantial profits over the next five years.

Distribution Business

Subsequent to the finalization of policy details on the medical reform, the Group will further expand its sales team, build brands in specific therapeutic areas, vigorously launch extensive network for selected key products, establish presence in national market, with the objective to create various key products with sales over a hundred million, and fuel the corporate brand with the key products.

Pharmaceutical Bulk Materials

During the Period, Jiangsu Jiwa Rintech Pharmaceutical Company Limited (“JJRP”), the Group’s subsidiary engaged in the production of bulk materials, obtained the GMP Certificate for Cefpirome Sulphate issued by the State Food and Drug Administration of China. The obtaining of the GMP Certificate marked a milestone in the development of the Group’s bulk materials business, and enable the Group to become the first sterile bulk pharmaceutical production enterprise in Wuxi. The Group will strengthen its control over costs and investment expenditure, and strive for the activation of US Drug Master File (DMF) in the second quarter next year by its clients.

R&D

As at 30 September 2009, the Group had eight clinical approval documents and five products under research that were undergoing clinical trials and applying for production approval.

The Group received gold, silver and bronze awards at the 18th National Invention Exhibition. A total of 1,740 projects participated in the exhibition. The Group’s three newest drugs and one invention patent that were showcased at the exhibition won high acclaim. Risedronate Sodium tablet, a new category II chemical drug for the treatment of osteoporosis, received a gold award; and Edaravone injection, a new category II chemical drug for the treatment of acute brain infarction, and Tamsulosin Hydrochloride sustained-release tablet, a new category V chemical drug for the treatment

of hyperplasia of the prostate, both received silver awards. The oral drug combination of Citalopram and Betacyclodextrin for the treatment of depression received a bronze award. These awards play an active role in enhancing corporate image and increasing public recognition of these products.

FINANCIAL REVIEW

Liquidity

As at 30 September 2009, cash and cash equivalents of the Group totaled approximately HK\$53,510,000 (31 March 2009: approximately HK\$42,420,000), of which approximately 11.8% are in Hong Kong dollars, 56% in RMB, 14.4% in US dollars, 17.5% in Euro, 0.1% in Swiss Franc and 0.2% in Macau Pataca.

As at 30 September 2009, the Group had aggregate banking facilities of approximately HK\$277,300,000 (31 March 2009: approximately HK\$224,400,000) of which approximately HK\$140,800,000 (31 March 2009: approximately HK\$175,700,000) was utilized, as to approximately HK\$89,400,000 in long term bank loans, as to approximately HK\$32,400,000 in short term bank loans and as to the balance of approximately HK\$19,000,000 in letters of guarantee issued by the relevant banks to independent third parties. The Group's aggregate banking facilities of approximately HK\$277,300,000 include approximately HK\$8,100,000 equivalent in RMB denominated bank borrowings.

The increase in cash and cash equivalents and the decrease in bank loans is mainly a result of the cash inflow generated from prosperous operating business activities and stringent stock level control.

As at 30 September 2009, the Group had current assets of approximately HK\$321,400,000 (31 March 2009: approximately HK\$317,500,000) whilst current liabilities were approximately HK\$133,000,000 (31 March 2009: approximately HK\$134,100,000).

Interest Rate Risk

In view of comparatively high RMB interest rates, the Group had strategically borrowed the new bank loans mainly denominated in Hong Kong dollars and US dollars in order to minimise the interest rate risk during the period.

As at 30 September 2009, the gearing ratio was approximately 19% (31 March 2009: approximately 23%), calculated based on the Group's total bank borrowings of approximately HK\$121,800,000 (31 March 2009: approximately HK\$151,900,000) over the Group's total assets of approximately HK\$650,000,000 (31 March 2009: approximately HK\$651,500,000). The decrease in gearing ratio is mainly due to the increase in the cash inflow generated from operating business activities and the reduction of bank loan during the period.

Foreign Currency Risk

The Group is subject to foreign currency risk as its certain bills payable arising from import of purchase from European countries are denominated in EURO dollars. Management had hedged with certain account receivable denominated in EURO dollars to minimize the foreign currency risk.

Credit Risk

The Group has a pragmatic approach towards credit risk management. New customers are usually not allowed on credit and the payment conduct of clients are monitored both to facilitate the determination of credit limit as well as a control over whether new sale deliveries should be made. The Group's sale staff and marketing agents pay regular visits to customers to promote the Group's products and at the same time would update information on the client's credit worthiness. The remuneration of sales staff and marketing agents are structured so that there is a goal congruence in maintaining a robust credit risk management system.

Capital Commitments

The Group had capital commitments outstanding as at 30 September 2009 of approximately HK\$15,400,000 (31 March 2009: approximately HK\$10,200,000) of which approximately HK\$15,400,000 had been contracted for (31 March 2009: approximately HK\$10,200,000). Funding for the Group's capital commitments would come from internally generated cash flows as well as bank borrowings.

Charge on Group Assets

As at 30 September 2009, bank loans amounting to approximately HK\$121,800,000 (31 March 2009: HK\$146,000,000) were secured by certain assets of the Group having a net book value of approximately HK\$139,000,000 (31 March 2009: HK\$140,900,000).

Contingent Liabilities

As at 30 September 2009, the Group has not provided any form of guarantees for any company outside the Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

PROSPECTS

The Group was accredited as “Best Under a Billion” in 2009 by Forbes Asia, an internationally renowned business magazine, in September this year.

Forbes Asia’s “Best Under a Billion” comprises 200 enterprises with substantial growth in sales and profit in the past three years and a promising future. These enterprises are selected out of 12,000 listed companies in the Asia-Pacific region with annual sales of up to USD1 billion. According to Forbes Asia, this year’s list of the best small and midsize companies throughout the Asia-Pacific region is chock-full of survival stories and lessons for entrepreneurs. Unprecedented dislocations in the global economy disrupted supply chains over the past 12 months, froze lines of credit, depleted consumer coffers and sent business spending into hibernation. The 64 companies returning from last year are a testament to fearless management; 136 new entrants have seized opportunities arising from the economic uncertainty. The accreditation as “Best Under a Billion” this year fully demonstrates the Company’s extraordinary resilience and strong competitive edges in this challenging economic environment. The award demonstrates that the Company not only attracts the attention of the media and investors in Hong Kong, but that it has won recognition from the international media, which has boosted Jiwa’s confidence in extending its reach in the international market.

Looking forward to the second half of the year, the Group will concentrate its efforts to enhance and promote selected products with strong potential to create various key products with sales over a hundred million. On the other hand, the Group will actively undertake research in new technologies to create competitive advantages through “low cost” and “high efficacy”, and to enable its products to penetrate into all major towns, cities and rural markets in the PRC, and countries in ASEAN and South America, to capture the opportunities arising from economic recovery.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)*For the six months ended 30 September 2009**(Expressed in Hong Kong dollars)*

| | | Six months ended | |
|-----------------------------------|--------------|--------------------------|--------------------|
| | | 30 September | |
| | | 2009 | 2008 |
| | | \$'000 | \$'000 |
| | <i>Notes</i> | (Unaudited) | (Unaudited) |
| Turnover | 2 | 326,722 | 186,381 |
| Cost of sales | | <u>(181,288)</u> | <u>(107,038)</u> |
| Gross profit | | 145,434 | 79,343 |
| Other net income | | 3,101 | 3,706 |
| Selling expenses | | (68,288) | (21,261) |
| Administrative expenses | | (30,076) | (26,647) |
| Share-based employee compensation | | — | (1,285) |
| Other operating expenses | | <u>(773)</u> | <u>(929)</u> |
| Profit from operations | | 49,398 | 32,927 |
| Finance costs | | (2,539) | (2,173) |
| Share of results of associates | | <u>(49)</u> | <u>(71)</u> |
| Profit before income tax | 3 | 46,810 | 30,683 |
| Income tax expense | 4 | <u>(4,963)</u> | <u>(520)</u> |
| Profit for the period | | <u>41,847</u> | <u>30,163</u> |
| Attributable to: | | | |
| Equity holders of the Company | | 31,994 | 23,384 |
| Minority interest | | <u>9,853</u> | <u>6,779</u> |
| Profit for the period | | <u>41,847</u> | <u>30,163</u> |
| Earnings per share | | | |
| — Basic | 6 | <u>1.99 cents</u> | <u>1.46 cents</u> |
| — Diluted | 6 | <u>1.99 cents</u> | <u>1.45 cents</u> |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

For the six months ended 30 September 2009

(Expressed in Hong Kong dollars)

| | Six months ended | |
|--|-------------------------|-------------|
| | 30 September | |
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| | (Unaudited) | (Unaudited) |
| Profit for the period | 31,994 | 23,384 |
| Currency translation difference | 37 | 4,191 |
| Other comprehensive income for the period, net of tax | 37 | 4,191 |
| Total comprehensive income for the period, net of tax | 32,031 | 27,575 |
| Attributable to: | | |
| Equity holders of the parent | 41,847 | 30,163 |
| Minority interest | (9,853) | (6,779) |
| | 31,994 | 23,384 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (UNAUDITED)*At 30 September 2009**(Expressed in Hong Kong dollars)*

| | | At 30 September 2009 \$'000 (Unaudited) | At 31 March 2009 \$'000 (Audited) |
|--|---|---|---|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 238,800 | 241,629 |
| Land use rights | | 28,692 | 29,059 |
| Construction in progress | | 11,559 | 9,950 |
| Interests in associates | | 19,790 | 19,839 |
| Intangible assets | | 6,018 | 5,231 |
| Goodwill | | 9,066 | 9,066 |
| Other receivables | | 10,694 | 15,291 |
| Deferred tax assets | | 3,875 | 3,930 |
| | | <u>328,494</u> | <u>333,995</u> |
| Current assets | | | |
| Inventories | | 62,633 | 71,662 |
| Accounts and bills receivable | 7 | 122,296 | 135,766 |
| Land use rights | | 868 | 935 |
| Deposit, prepayments and other receivables | | 60,363 | 46,781 |
| Amount due from related companies | | 15,284 | 13,544 |
| Pledged bank deposits | | 6,401 | 6,400 |
| Cash and cash equivalents | | 53,510 | 42,420 |
| | | <u>321,355</u> | <u>317,508</u> |
| Current liabilities | | | |
| Bank loans | | 32,359 | 36,343 |
| Accounts and bills payable | 8 | 63,802 | 76,379 |
| Accrued expenses and other payables | | 30,928 | 17,610 |
| Tax payable | | 5,878 | 3,764 |
| | | <u>132,967</u> | <u>134,096</u> |

| | | At 30 September 2009 \$'000 (Unaudited) | At 31 March 2009 \$'000 (Audited) |
|---|---|---|---|
| Net current assets | | 188,388 | 183,412 |
| Total assets less current liabilities | | 516,882 | 517,407 |
| Non current liabilities | | | |
| Bank loans | | 89,381 | 115,528 |
| Deferred tax liabilities | | 6,221 | 6,421 |
| | | <u>95,602</u> | <u>121,949</u> |
| Net Assets | | <u>421,280</u> | <u>395,458</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 9 | 16,050 | 16,050 |
| Reserves | | <u>336,400</u> | <u>320,431</u> |
| Equity attributable to equity holders of the Company | | 352,450 | 336,481 |
| Minority interest | | <u>68,830</u> | <u>58,977</u> |
| | | <u>421,280</u> | <u>395,458</u> |

The notes form part of the interim financial statements.

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2009

(Expressed in Hong Kong dollars)

1 Basis of preparation and significant accounting policies

The unaudited condensed consolidated accounts for the six months ended 30 September 2009 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and complied with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited condensed consolidated accounts have been prepared on the historical cost basis except for certain financial assets and financial liabilities measured at amortised cost.

The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2009, as described in the annual financial statements for the year ended 31 March 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations issued by HKICPA, which are effective for the Group’s financial year beginning on 1 April 2009. The adoption of these new interpretations had no material effect on the reported results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

| | |
|------------------------|--|
| HKFRSs (Amendments) | Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 ¹ |
| HKFRSs (Amendments) | Improvements to HKFRSs issued in 2009 ² |
| HKAS 1 (Revised 2007) | Presentation of Financial Statements |
| HKAS 27 (Revised 2008) | Consolidated and Separate Financial Statements ¹ |
| HKAS 39 (Amendment) | Eligible Hedged Items ¹ |
| HKFRS 1 (Amendment) | Additional Exemptions for First-time Adopters ³ |
| HKFRS 2 (Amendment) | Group Cash-settled Share-based Payment Transactions ³ |
| HKFRS 3 (Revised 2008) | Business Combinations ¹ |
| HKFRS 8 | Operating Segments |
| HK(IFRIC) – Int 17 | Distributions of Non-Cash Assets to Owners ¹ |
| HK(IFRIC) – Int 18 | Transfers of Assets from Customers ⁴ |

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for transfers on or after 1 July 2009

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference arising on the translation of overseas operation. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard.

HKFRS 8 Operating Segments

As a result of the adoption of HKFRS 8, reported segment information is now based on internal management reporting information that is regularly reviewed by the senior executive management. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. The adoption of HKFRS 8 has not affected the identified and reportable operating segments but to provide comparative amounts in respect of items disclosed for the first time in 2009.

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

The interim financial statements have been authorised for issue by the Board of Directors (the "Board") on 30 November 2009. These interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

2 Segment reporting

For the six months ended 30 September 2009

| | Finished Drugs | | Trading Pharmaceutical Products and Health Care Products | | Distribution Business | | Pharmaceutical Bulk Materials | | Consolidated | |
|---|----------------|----------------|--|---------------|--------------------------|----------|----------------------------------|----------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | | | |
| Anti-infectious | 62,709 | 54,853 | — | — | — | — | — | — | 62,709 | 54,853 |
| Gastro-intestinal | 45,314 | 42,545 | 30,366 | 23,371 | 80,621 | — | — | — | 156,301 | 65,916 |
| Musculo-skeletal | 46,368 | 41,597 | 13,860 | 12,968 | 16,249 | — | — | — | 76,477 | 54,565 |
| Cerebro-cardiovascular | 12,483 | 1,626 | — | — | — | — | — | — | 12,483 | 1,626 |
| Anti-depressant and psychiatric disorder | 51 | — | — | — | 220 | — | 2,063 | — | 2,334 | — |
| Others | 11,424 | 7,097 | 931 | 1,608 | 4,063 | — | — | 716 | 16,418 | 9,421 |
| | <u>178,349</u> | <u>147,718</u> | <u>45,157</u> | <u>37,947</u> | <u>101,153</u> | <u>—</u> | <u>2,063</u> | <u>716</u> | <u>326,722</u> | <u>186,381</u> |
| Segment results | 39,274 | 25,381 | 12,965 | 10,302 | 1,839 | — | (4,892) | (3,169) | 49,186 | 32,514 |
| Less: Unallocated (expenses)/income | | | | | | | | | <u>212</u> | <u>1,697</u> |
| Profit from operations | | | | | | | | | 49,398 | 34,211 |
| — Share-based payment expenses | | | | | | | | | — | (1,285) |
| — Finance costs | | | | | | | | | (2,539) | (2,172) |
| — Taxation | | | | | | | | | (4,963) | (520) |
| — Minority interests | | | | | | | | | (9,853) | (6,779) |
| — Share of results of associates | | | | | | | | | <u>(49)</u> | <u>(71)</u> |
| Profit attributable to shareholders | | | | | | | | | <u>31,994</u> | <u>23,384</u> |

3 Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

| | Six months ended | |
|--|------------------|--------------|
| | 30 September | |
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| | (Unaudited) | (Unaudited) |
| Cost of inventories* | 199,537 | 105,712 |
| Staff costs | 11,917 | 7,341 |
| Retirement costs | 1,659 | 1,446 |
| Depreciation | 6,891 | 4,751 |
| Operating lease charges in respect of premises | 1,936 | 1,550 |
| Interest on bank advances wholly repayable within five years | 2,539 | 2,173 |
| Research and development costs | 2,187 | 1,971 |
| | <u>2,187</u> | <u>1,971</u> |

* Cost of inventories includes \$7,262,155 (2008: \$5,114,385) relating to staff cost, depreciation expenses, operating lease charges and retirement costs, amounts of which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

4 Taxation

| | Six months ended | |
|-------------------------------------|------------------|-------------|
| | 30 September | |
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| | (Unaudited) | (Unaudited) |
| Current tax | | |
| Provision for Hong Kong Profits Tax | 1,196 | 757 |
| Provision for PRC income tax | 5,895 | 3,156 |
| PRC tax refund | (1,984) | (3,448) |
| | <u>5,107</u> | <u>465</u> |
| Deferred tax | | |
| Current Period | (144) | 55 |
| | <u>4,963</u> | <u>520</u> |

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the Period.

PRC Enterprise Income Tax ("EIT") has been provided on the estimated assessable profits of subsidiaries operating in PRC at 25% (2008: 24%).

The subsidiary Kunming Jida Pharmaceutical Company Limited (“KJP”), located in Kunming, Yunnan, PRC is entitled to preferential PRC EIT rate of 15% (2008: 15%) in accordance to the continuous implementation of the Western Development tax preferential policies pursuant to the New PRC Income Tax Law which was approved on 16 March 2007.

Pursuant to notices issued by the local tax bureau, PRC income tax of \$1,984,000 (2008: \$3,448,000) was refunded to KJP in relation to purchase of equipment made in PRC under tax preferential policies in accordance with the relevant tax rules and regulations.

5 Dividends

| | Six months ended | |
|--|-------------------------|---------------|
| | 30 September | |
| | 2009 | 2008 |
| | \$'000 | \$'000 |
| | (Unaudited) | (Unaudited) |
| Dividend approved and paid during the period | <u>16,050</u> | <u>16,050</u> |

Pursuant to the resolutions passed at the shareholders’ meeting on 28 August 2009, a final dividend of \$16,050,000 (2008: \$16,050,000) payable to the shareholders of the Company was declared and approved in respect of the year ended 31 March 2009.

The Board does not recommend the payment of an interim dividend for the Period (2008: \$Nil).

6 Earnings per share

The calculation of basic earnings per share is based on the Group’s profits attributable to shareholders of \$31,994,000 (2008: \$23,384,000) and on the weighted average of 1,605,000,000 (2008: 1,605,000,000) ordinary shares in issue during the period.

The diluted earnings per share is based on the profit attributable to shareholders of \$31,994,000 (2008: \$23,384,000) and the weighted average of 1,608,014,422 (2008: 1,618,717,625) ordinary shares in issue during the period, after adjusting the effect of all dilutive potential share under the Company’s share option scheme.

7 Accounts and bills receivable

An ageing analysis of the accounts and bills receivable is as follows:

| | At 30 September 2009 \$'000 (Unaudited) | At 31 March 2009 \$'000 (Audited) |
|---|---|--|
| Within 3 months | 106,416 | 84,715 |
| Aged over 3 months but less than 6 months | 14,946 | 47,051 |
| Aged over 6 months | 934 | 4,000 |
| | <u>122,296</u> | <u>135,766</u> |

All of the above balances are expected to be recovered within one year.

8 Accounts and bills payable

An ageing analysis of the accounts and bills payable is as follows:

| | At 30 September 2009 \$'000 (Unaudited) | At 31 March 2009 \$'000 (Audited) |
|-------------------------------------|---|--|
| Accounts payable | | |
| — Within 3 months | 42,384 | 62,048 |
| — Over 3 months but within 6 months | 2,605 | 1,076 |
| — Over 6 months | 513 | 1,893 |
| Bills payable | 18,300 | 11,362 |
| | <u>63,802</u> | <u>76,379</u> |

All of the above balances are expected to be settled within one year.

9 Share capital

| | At 30 September 2009 | | At 31 March 2009 | |
|--------------------------------|-----------------------|---------------------------------|----------------------|-------------------------------|
| | No. of shares | Amount \$'000 (Unaudited) | No. of shares | Amount \$'000 (Audited) |
| Authorised: | | | | |
| Ordinary shares of \$0.01 each | <u>10,000,000,000</u> | <u>100,000</u> | 10,000,000,000 | <u>100,000</u> |
| Issued and fully paid: | <u>1,605,000,000</u> | <u>16,050</u> | <u>1,605,000,000</u> | <u>16,050</u> |

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

OTHER INFORMATION

Employment and Remuneration Policy

As at 30 September 2009, the Group had a total of approximately 955 employees (31 March 2009: approximately 842 employees). The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees under its share option scheme.

Purchase, Sale or Redemption of Listed Securities of the Company

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 September 2009.

Corporate Governance

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period.

Director's Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors. The Company, having made specific enquiry, confirms that all directors have complied with the required standards set out in Model Code throughout the six months ended 30 September 2009.

Review of Interim Results

The audit committee, comprising of the three independent non-executive directors of the Company, has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 September 2009.

Appreciation

The results of the Group have continued to grow during financial tsunami. The enviable success is attributable to the continuous support, commitment and contribution from all management and staff during the Period, and the support of all investors to the Company. On behalf of the Board, I would like to express my deepest gratitude to the investors of the Company and all staff of the Group.

By order of the Board

Lau Kin Tung

Vice Chairman and Chief Executive Officer

Hong Kong, 30 November 2009

As at the date of this announcement, members of the Board comprise three executive Directors, namely Mr. Lau Yau Bor, Madam Chan Hing Ming and Mr. Lau Kin Tung and three independent non-executive Directors, namely Mr. Chiu Wai Piu, Mr. Choy Ping Sheung and Mr. Fung Tze Wa.