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**FAR EAST PHARMACEUTICAL TECHNOLOGY COMPANY LIMITED**  
**(Provisional Liquidators Appointed)**

遠東生物制藥科技有限公司  
 (已委任臨時清盤人)

(Incorporated in the Cayman Islands with limited liability)  
 (Stock Code : 399)

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2004**

The board (the "Board") of directors (the "Directors") of Far East Pharmaceutical Technology Company Limited (Provisional Liquidators Appointed) (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2004 (the "Period") together with the comparative figures for the previous corresponding period as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<u>Notes</u>	Six months ended 31 December	
		<u>2004</u> HK\$'000 (unaudited)	<u>2003</u> HK\$'000 (unaudited)
<b>Turnover</b>	2	14,062	559,525
Cost of sales		(12,624)	(325,120)
Gross profit		1,438	234,405
Other income		301	10,766
Selling expenses		(1,454)	(53,800)
Administrative expenses		(5,133)	(25,822)
<b>(Loss)/profit from operations</b>		(4,848)	165,549
Finance cost	4	(15,782)	(3,844)
<b>(Loss)/profit before tax</b>		(20,630)	161,705
Income tax expense	5	-	(35,310)
<b>(Loss)/profit for the period</b>	6	(20,630)	126,395
<b>Attributable to:</b>			
Equity holders of the Company		(20,630)	120,387
Minority interests		-	6,008
		(20,630)	126,395
<b>(Loss)/earnings per share</b>			
	7		
Basic (HK cents per share)		(0.9)	5.9
Diluted (HK cents per share)		N/A	5.7

## CONDENSED CONSOLIDATED BALANCE SHEET

	<u>Notes</u>	31 December <u>2004</u> HK\$'000 (unaudited)	30 June <u>2004</u> HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	26,696	25,392
Prepaid lease payments		9,307	9,407
		<u>36,003</u>	<u>34,799</u>
<b>Current assets</b>			
Inventories		3,430	4,186
Prepayments, deposits and other receivables		1,725	3,074
Trade receivables	9	4,771	5,146
Prepaid lease payments		200	200
Bank and cash balances		2,956	145,237
		<u>13,082</u>	<u>157,843</u>
<b>Current liabilities</b>			
Bank loans		488,327	24,972
Trade payables	10	10,242	10,489
Accruals and other payables		131,030	132,295
		<u>629,599</u>	<u>167,756</u>
<b>Net current liabilities</b>		<u>(616,517)</u>	<u>(9,913)</u>
		<u>(580,514)</u>	<u>24,886</u>
<b>Non-current liabilities</b>			
Bank loans		-	585,000
Deferred taxation		1,215	1,157
		<u>1,215</u>	<u>586,157</u>
<b>NET LIABILITIES</b>		<u>(581,729)</u>	<u>(561,271)</u>
<b>Capital and reserves</b>			
Share capital		54,394	54,394
Reserves		(636,123)	(615,665)
<b>TOTAL EQUITY</b>		<u>(581,729)</u>	<u>(561,271)</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in manufacturing and distribution of pharmaceutical products.

The principal accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 30 June 2004.

#### Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK\$20,630,000 for the six months ended 31 December 2004 and as at 31 December 2004 the Group had net current liabilities of approximately HK\$616,517,000 and net liabilities of approximately HK\$581,729,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group has been experiencing financial difficulties since about 2004. On 15 September 2004, Standard Chartered Bank (Hong Kong) Limited ("SCBHK") petitioned for the winding-up of the Company as the Company failed to repay a syndicated bank loan. Upon the application of SCBHK, on 22 September 2004 Messrs. Lai Kar Yan Derek and Darach E. Haughey, both of Deloitte Touche Tohmatsu, were appointed as joint and several provisional liquidators (the "Provisional Liquidators") of the Company by the High Court of the Hong Kong Special Administrative Region so as to preserve the assets of the Company and to consider and review all restructuring proposals to maximize the recovery of the creditors and shareholders of the Company.

The Company was placed into the third stage of the delisting procedures on 17 October 2005. Best Champion Holdings Limited (the "Investor") subsequently decided to pursue a restructuring of the Company.

After various discussions involving representatives of the Provisional Liquidators, the Investor and their respective advisors, the terms of a restructuring proposal were formulated. The restructuring proposal involves, inter alia, (i) capital restructuring; (ii) debt restructuring; (iii) subscription; and (iv) group reorganization.

On 29 March 2006, a proposal for the resumption of trading in the Company's shares was submitted on behalf of the Company to the Stock Exchange by Asian Capital (Corporate Finance) Limited which had been appointed as the financial advisor to the Company.

On 10 October 2007, the Stock Exchange issued a letter to Asian Capital (Corporate Finance) Limited, the financial advisor of the Company and advised that it had decided to allow the Company to proceed with the Resumption Proposal (as supplemented by subsequent submissions), subject to prior compliance with various conditions to the satisfaction of the Listing Division of the Stock Exchange within six months from the date of the letter, i.e. on or before 9 April 2008.

The financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Company will be successfully completed, and that, following the financial restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Having reviewed and considered the operations and the affairs of the Group and the Company, the magnitude of the claims against the Company and the third stage of delisting procedures, the Directors concluded that the proposed restructuring represents the best means available for the Company to be returned to solvency and to continue with the development and enhancement of its business. The Directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

## 2. TURNOVER

The Group's turnover which represents sales of pharmaceutical products to customers is as follows:

	Six months ended 31 December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales of pharmaceutical products	14,062	559,525

## 3. SEGMENT INFORMATION

### Primary reporting format - business segments

The Group is principally engaged in the manufacturing and distribution of pharmaceutical products. An analysis of the Group's financial performance by business segments, namely 'Manufacturing and distribution' and 'Corporate and others' is as follows:

	Manufacturing and distribution		Corporate and others		Total	
	Six months ended 31 December		Six months ended 31 December		Six months ended 31 December	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Turnover	14,062	559,525	-	-	14,062	559,525
Segment results	(1,168)	154,374	(3,981)	409	(5,149)	154,783

## 4. FINANCE COST

	Six months ended 31 December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank loans and syndicated borrowings	15,782	3,844

5. INCOME TAX EXPENSE

	Six months ended 31 December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax - Overseas		
Provision for the period	-	35,310

No provision for Hong Kong Profits Tax has been made for the period ended 31 December 2004 (2003: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. (LOSS)/PROFIT FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Six months ended 31 December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of intangible assets	-	6,557
Amortisation of goodwill	-	612
Amortisation of prepaid lease payments	100	-
Depreciation	1,283	11,099

7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2003: profit) per share attributable to equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately HK\$20,630,000 (2003: profit of approximately HK\$120,387,000) and the weighted average number of ordinary shares of 2,175,742,000 (2003: 2,039,152,236) in issue during the period.

Diluted (loss)/earnings per share

No diluted loss per share for the six months ended 31 December 2004 is presented as the Company did not have any dilutive potential ordinary share during the period. The calculation of diluted earning per share for the six months ended 31 December 2003 attributable to equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of approximately HK\$120,387,000 and the weighted average number of ordinary shares of 2,104,075,604, being the weighted average number of ordinary shares of 2,039,152,236 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 64,923,368 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the balance sheet date.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment of the Group is approximately HK\$2,357,000.

9. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

	31 December 2004 HK\$'000 (unaudited)	30 June 2004 HK\$'000 (audited)
Trade receivables	13,817	14,192
Less: Allowance for bad and doubtful debts	(9,046)	(9,046)
	<u>4,771</u>	<u>5,146</u>

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	31 December 2004 HK\$'000 (unaudited)	30 June 2004 HK\$'000 (audited)
30 days or less	2,006	1,704
31 days to 60 days	1,154	964
61 days to 180 days	1,611	2,478
Over 180 days	-	-
	<u>4,771</u>	<u>5,146</u>

10. TRADE PAYABLES

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	31 December 2004 HK\$'000 (unaudited)	30 June 2004 HK\$'000 (audited)
30 days or less	1,091	1,645
31 days to 60 days	335	804
61 days to 180 days	1,511	790
Over 180 days	7,305	7,250
	<u>10,242</u>	<u>10,489</u>

11. CAPITAL COMMITMENTS

The Group has no material capital commitment as at 31 December 2004.

12. CONTINGENT LIABILITIES

A full search for contingent liabilities of the Group has not been conducted. However, lawsuits or winding-up petitions, if any, against the Group will be subject to a formal adjudication process, dealt with and compromised under the restructuring scheme.

Save as disclosed above, the Directors were not aware of any significant contingent liabilities of the Group as at 31 December 2004.

### 13. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the period:

	Six months ended 31 December	
	<u>2004</u>	<u>2003</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Purchase from a related company	-	6,975
Rental expense paid to a related company	-	680

The Directors, Mr. Chen Ching Ken and Mr. Cai Chong Zhen, have significant influence over the related companies.

### 14. EVENTS AFTER THE BALANCE SHEET DATE

#### **Winding Up Petition**

At the resumed hearing of the winding up petition on 26 November 2007, the Honourable Madam Justice Kwan ordered that the Petition be further adjourned to 13 May 2008.

#### **Restructuring and Relisting**

##### Stock Exchange's decision on resumption of trading

On 10 October 2007, the Stock Exchange issued a letter to Asian Capital (Corporate Finance) Limited, the financial advisor of the Company and advised that the Listing Appeals Committee concurred with the decisions of the Listing Committee and the Listing (Review) Committee that the Company had not submitted a valid resumption proposal as required. Nevertheless, having considered all submissions (both written and oral) presented by the review parties for the purpose of the reconvened Review Hearing on 19 September 2007, it had decided to allow the Company to proceed with the Resumption Proposal (as supplemented by subsequent submissions), subject to prior compliance with various conditions to the satisfaction of the Listing Division of the Stock Exchange within six months from the date of the letter, i.e. on or before 9th April 2008.

Since then, the representatives of the Provisional Liquidators of the Company, the Investor and their respective advisors have endeavoured to achieve full compliance of the conditions set out by the Stock Exchange.

In view of the fact that there are various long public holidays during the six-month period, the conditions could not be fully complied with on or before 9th April 2008. In the circumstances, the Company is now seeking from the Stock Exchange an extension for complying with the conditions.

##### Debt restructuring

The Company has made an application to the High Court of Hong Kong for a sanction to a Scheme of Arrangement (with modifications) under section 166 of the Hong Kong Companies Ordinance (Cap.32) of the Laws of Hong Kong between the Company and all its creditors with non-preferential claims against the Company, which was duly approved at the Scheme Meeting ordered by the Court and held on 22 February 2008. The hearing of the application by the High Court is scheduled for 8 April 2008.

##### Capital restructuring

The Company will convene an extraordinary general meeting of the members to seek the shareholders' approval on the proposed capital restructuring. The Company has also made an application to the court in the Cayman Islands for a restructuring in its capital. The hearing date of this petition is fixed on 20 June 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group's turnover for the six months ended 31 December 2004 amounted to approximately HK\$14 million, representing a substantial decrease from the six months ended 31 December 2003 (approximately HK\$560 million). This significant decrease was mainly attributable to the deconsolidation of certain subsidiaries.

#### Suspension of trading in shares and appointment of provisional liquidators

Trading in the shares of the Company has been suspended since 17 June 2004.

On 15 September 2004, SCBHK, acting as a bank creditor, presented a winding-up petition in relation to the Company. Upon the application of SCBHK, Messrs. Lai Kar Yan Derek and Darach E. Haughey were appointed as Provisional Liquidators of the Company on 22 September 2004.

#### Deconsolidation of subsidiaries

Control over certain subsidiaries (please refer to note 2 to the 2004 financial statements for details) were lost during the year ended 30 June 2004. Therefore the results, assets and liabilities and cash flows of those subsidiaries were deconsolidated from the financial statements of the Group.

### RESTRUCTURING

Following the appointment of the Provisional Liquidators, the Investor had been identified for the restructuring of the Group. A proposal for the resumption of the trading in the shares of the Company was submitted to the Stock Exchange in March 2006.

On 10 October 2007, the Stock Exchange issued a letter to Asian Capital (Corporate Finance) Limited, the financial advisor of the Company and advised that it had decided to allow the Company to proceed with the Resumption Proposal (as supplemented by subsequent submissions), subject to prior compliance with various conditions to the satisfaction of the Listing Division of the Stock Exchange within six months from the date of the letter, i.e. on or before 9 April 2008.

The Provisional Liquidators, the Investor and their respective advisors are working towards to fulfill the conditions imposed by the Stock Exchange.

### FUTURE PROSPECTS

The Provisional Liquidators and the Investor have endeavored to reactivate the operations of the Group.

#### Co-operative joint venture

In April 2007, a co-operative joint venture ("the CJV") was established in the People's Republic of China ("PRC") for distributing pharmaceutical and healthcare products. Since then, the CJV has been utilizing the strong network of its PRC joint venture partner for distributing pharmaceutical and healthcare products in the PRC and achieved a good result. The turnover of the CJV was over HKD148 million for the six months from July to December 2007.

In view of the aging population, the increasing awareness of health care and increasing income level in the PRC, it is expected that the CJV will enjoy a stable growth in the business.

#### Laolaishou

In order to further improve and enhance the business of the Group, the CJV has also been appointed by Jinan Laolaishou Biotech Company Limited (濟南老來壽生物科技有限公司) ("Laolaishou") as its exclusive distributor in the PRC (including Hong Kong).

Laolaishou is mainly engaged in the research, manufacturing, and distribution of the pharmaceutical products and health food products. Currently, Laolaishou owns eight pharmaceutical licenses, three health products, two manufacturing rights of patented health food products, namely 老來壽膠囊 (Laolaishou Capsule) and 開元唐泰膠囊 (Kaiyuantangtai Capsule), and other patents in the application stage.

The CJV entered into an exclusive distribution agreement with Laolaishou on 20 August, 2007. Under the agreement, upon the successful resumption of trading in shares of the Company, the CJV will become the sole agent having the exclusivity right for distributing the products of Laolaishou in the PRC. In addition, the CJV will also become the sole licensee for operating "Laolaishou Health Clubs" in the PRC.

The sales of Laolaishou products are expected to grow and expected to help improving the Group's profitability.



Furthermore, the CJV will utilize the funds raised by the Company to set up its own Laolaishou Health Clubs and dedicated shops in other selected locations in the PRC. The directors believe that the setting up of own retail shops of the CJV and the assimilation of the existing licensed shops into the CJV will substantially enhance the profit margin of the Group mainly due to the capture of the retail sales margin into the Group.

#### FOREIGN EXCHANGE EXPOSURE

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong Dollars, United States Dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

#### INTERIM DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2004.

#### CAPITAL STRUCTURE

For the six months ended 31 December 2004, there was no change in the capital structure and issued share capital of the Company.

#### LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

Given that the Company has been appointed Provisional Liquidators, financial assistance from the Investor and cash inflow from operation are, at present, the major sources of funding for the Group.

#### ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

##### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 31 December 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period.

##### DIRECTORS' INTERESTS IN SHARES

At 31 December 2004, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

##### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Long/Short position	Capacity	Number of issued ordinary shares held	Note	Percentage of the issued share capital of the Company
Cai Chong Zhen	Long	Beneficiary of a trust	883,400,000	(1)	40.60%
		Beneficial owner	34,000,000		1.56%
Zhang Xiuqiong	Long	Interest of spouse	917,400,000	(2)	42.16%
Chen Ching Ken	Long	Founder of a discretionary trust	883,400,000	(1)	40.60%
Chen Lin Mei Mei	Long	Interest of spouse	883,400,000	(3)	40.60%
Great Wall Investment Group Limited	Long	Trustee	883,400,000	(1)	40.60%
Trident Corporate Services (B.V.I.) Limited (formerly known as Ansbacher (BVI) Limited)	Long	Trustee	883,400,000	(1)	40.60%

Celestial Securities Limited	Long	Other	186,200,000		8.56%
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*Notes:*

1. These shares were held by Great Wall Investment Group Limited as the trustee of The Great Wall Unit Trust, a unit trust of which all of the units in issue are owned by Trident Corporate Services (B.V.I.) Limited in its capacity as the trustee of The C&C Trust, a discretionary family trust of which the objects include Mr. Cai Chong Zhen and his spouse and the family member of Mr. Chen Ching Ken.

Accordingly, Mr. Chen Ching Ken, as founder of The C&C Trust, and Mr. Cai Chong Zhen, as one of the discretionary objects of The C&C Trust, were deemed to be interested in the shares owned by Great Wall Investment Group Limited in its capacity as the trustee of The Great Wall Unit Trust under Part XV of the SFO.

2. Ms. Zhang Xiuqiong was deemed to be interested in the 917,400,000 shares of the Company through interests of her spouse, Mr. Cai Chong Zhen.
3. Ms. Chen Lin Mei Mei was deemed to be interested in the 883,400,000 shares of the Company through interests of her spouse, Mr. Chen Ching Ken.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2004.

#### CORPORATE GOVERNANCE

Since the Company is under provisional liquidation, the Company has not complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

Appropriate personnel will be appointed to the board and arrangements will be made to comply with the Code before the resumption of the trading in shares of the Company.

#### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to Mr. Tai Kai Hing, Mr. Chiu Koon Shou, Victor, Mr. Chung Wai Man and Mr. Lo Wah Wai, Lowell, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 31 December 2004.

#### AUDIT COMMITTEE

The Company has not complied with Rule 3.21 of the Listing Rules. Throughout the six months ended 31 December 2004, no audit committee has been established. Appropriate personnel will be appointed as members of audit committee before the resumption of the trading in shares of the Company.

Since the audit committee has yet to establish, the interim results have not been reviewed by the committee.

#### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

#### SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, the trading in shares of the Company remains in suspension, the sufficiency of public float as required by the Listing Rules is not applicable.

By order of the Board  
**Far East Pharmaceutical Technology Company Limited**  
**(Provisional Liquidators Appointed)**  
**Tai Kai Hing**  
Chairman

Hong Kong, 8 April 2008

*As at the date of this announcement, the Board comprises one executive Director, namely Mr. Tai Kai Hing, two independent non-executive Directors, namely Mr. Chiu Koon Shou, Victor and Mr. Chung Wai Man.*

*Please also refer to the published version of this announcement on the Company's website: <http://www.feptcl-399.info/>.*