

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.



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 2007

The board (the "Board") of directors (the "Directors") of Far East Pharmaceutical Technology Company Limited (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 2007 (the "Period") together with the comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 31 December	
		<u>2007</u>	<u>2006</u>
	<u>Notes</u>	(unaudited) HK\$'000	(unaudited) HK\$'000
Turnover	2	162,663	14,835
Cost of sales		(159,490)	(13,299)
Gross profit		<u>3,173</u>	<u>1,536</u>
Other income		14,105	1
Selling expenses		(3,354)	(1,484)
Administrative expenses		(3,119)	(1,852)
Profit/(loss) from operations		<u>10,805</u>	<u>(1,799)</u>
Finance cost	4	(32,497)	(29,442)
Loss before tax		<u>(21,692)</u>	<u>(31,241)</u>
Income tax expense	5	(31)	-
Loss for the period	6	<u>(21,723)</u>	<u>(31,241)</u>
Attributable to:			
Equity holders of the Company		(21,740)	(31,241)
Minority interests		17	-
		<u>(21,723)</u>	<u>(31,241)</u>
Loss per share	7		
Basic (HK cents per share)		<u>(1.0)</u>	<u>(1.4)</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 31 December <u>2007</u> HK\$'000 (unaudited)	As at 30 June <u>2007</u> HK\$'000 (unaudited)
	<u>Notes</u>		
Non-current assets			
Property, plant and equipment	8	26,143	26,233
Prepaid lease payments		9,855	9,607
		35,998	35,840
Current assets			
Inventories		3,312	2,612
Prepayments, deposits and other receivables		1,611	2,221
Trade receivables	9	3,294	3,656
Prepaid lease payments		226	218
Cash and bank balances		810	1,007
		9,253	9,714
Current liabilities			
Bank loans		645,825	612,871
Trade payables	10	8,934	15,933
Accruals and other payables		128,823	133,416
		783,582	762,220
Net current liabilities		(774,329)	(752,506)
Non-current liabilities			
Deferred taxation		1,764	1,637
Net liabilities		(740,095)	(718,303)
Capital and reserves			
Share capital		54,394	54,394
Reserves		(794,720)	(772,911)
Equity attributable to equity holders of the Company		(740,326)	(718,517)
Minority interests		231	214
TOTAL EQUITY		(740,095)	(718,303)

NOTES TO THE 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 ("HKAS") 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 "Listing Rules").

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 2007, except for the adoption of the new standards, amendments to standards and interpretations which are effective for the accounting periods beginning on or after 1 July 2007.

The adoption of the above has no material impact to the Group's unaudited condensed consolidated interim financial statements.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK\$21,740,000 for the six months ended 31 December 2007 and as at 31 December 2007 the Group had net current liabilities of approximately HK\$774,329,000 and net liabilities of approximately HK\$740,095,000 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 had been 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, Best Champion Holdings Limited 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 of Hong Kong Limited (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 for 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>2007</u>	Six months ended 31 December <u>2006</u>
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Sales of pharmaceutical products	<u>162,663</u>	<u>14,835</u>

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		Consolidated	
	Six months ended 31 December		Six months ended 31 December		Six months ended 31 December	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Turnover	<u>162,663</u>	<u>14,835</u>	<u>-</u>	<u>-</u>	<u>162,663</u>	<u>14,835</u>
Segment results	<u>(3,027)</u>	<u>(1,527)</u>	<u>(304)</u>	<u>(273)</u>	<u>(3,331)</u>	<u>(1,800)</u>

4. FINANCE COST

	Six months ended 31 December <u>2007</u>	Six months ended 31 December <u>2006</u>
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Interest on bank loans and syndicated borrowings	<u>32,497</u>	<u>29,442</u>

5. INCOME TAX EXPENSE

	Six months ended 31 December <u>2007</u>	Six months ended 31 December <u>2006</u>
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Current tax - Overseas		
Provision for the Period	<u>31</u>	<u>-</u>

No provision for Hong Kong Profits Tax has been made for the period ended 31 December 2007 (2006: 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 FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 31 December <u>2007</u>	<u>2006</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation of prepaid lease payments	109	106
Depreciation	1,350	1,317
Directors' emoluments		
- As directors	90	167
- For management	-	-
	<u>90</u>	<u>167</u>

7 LOSS PER SHARE

Basic loss per share

The calculation of basic loss 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\$21,740,000 (2006: approximately HK\$31,241,000) and the weighted average number of ordinary shares of 2,175,742,000 (2006: 2,175,742,000) in issue during the period.

Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary sharing during the two periods ended 31 December 2007 and 2006.

8 ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment of the Group is approximately HK\$11,000.

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 <u>2007</u>	30 June <u>2007</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Trade receivables	13,534	13,524
Less: Allowance for bad and doubtful debts	(10,240)	(9,868)
	<u>3,294</u>	<u>3,656</u>

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

	31 December <u>2007</u>	30 June <u>2007</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
30 days or less	883	1,157
31 days to 60 days	835	1,258
61 days to 180 days	1,152	1,077
Over 180 days	424	164
	<u>3,294</u>	<u>3,656</u>

10 TRADE PAYABLES

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

	31 December <u>2007</u> HK\$'000 (unaudited)	30 June <u>2007</u> HK\$'000 (unaudited)
30 days or less	1,122	1,388
31 days to 60 days	467	1,082
61 days to 180 days	2,060	2,950
Over 180 days	5,285	10,513
	<u>8,934</u>	<u>15,933</u>

11 CONTINGENT LIABILITIES

As at 31 December 2007, the Company has contingent liabilities of about HKD110 million. It is expected that the indebtedness of the Company will be compromised and discharged in full through the schemes of arrangement to be sanctioned by the Court.

12 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 9 April 2008.

Since then, the representatives of the Provisional Liquidators of the Company, the Investor and their respective advisors have been 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 9 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 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 10 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's turnover for the six months ended 31 December 2007 amounted to approximately HKD163 million, representing a 996% increase from the six months ended 31 December 2006 (approximately HKD15 million). This significant increase was attributable by the establishment of a co-operative joint venture in the People's Republic of China (the "PRC") in April 2007 to distribute pharmaceutical and health care products.

FUTURE PROSPECTS

Restructuring of the Group

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 conditions imposed by the Stock Exchange involve a debt restructuring and a capital restructuring of the Company and other various conditions.

By an order dated 22 January 2008, the High Court of Hong Kong (the "Court") had directed that a meeting be convened for the scheme creditors of the Company for the purpose of considering and, if thought fit, approving (with or without modification) the scheme of arrangement proposed to be made between the Company and the scheme creditors.

The scheme creditors' meeting was duly held on 22 February 2008 at which the proposed scheme of arrangement (with modifications) was approved by the requisite vote of scheme creditors. The Company has made an application to the Court for a sanction to the scheme of arrangement (with modifications). This application will be heard by the Court on 8 April 2008.

In addition, 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 10 June 2008.

Once the capital restructuring is completed and other conditions are fulfilled, application will be made to the Stock Exchange to have the trading in the shares of the Company resumed.

Business Outlook

The Group is principally engaged in the manufacturing and distribution of pharmaceutical products.

During the six months ended 31 December 2007, the co-operative joint venture of the Group in the PRC, 山東特利爾醫藥有限公司 (the "CJV"), has been utilizing the network of its PRC joint venture partner (Telier Marking and Planning Company Limited, 山東特利爾營銷策劃有限公司) for distributing pharmaceutical and healthcare products in the PRC.

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.

In addition, upon the successful resumption of the trading in shares of the Company, the exclusive distribution agreement and trademark license agreement entered into between the CJV and Jinan Laolaishou Biotech Company Limited (濟南老來壽生物科技有限公司) ("Laolaishou") would become effectively. At that time, the CJV will become the sole agent having the exclusivity right for distributing the products of Laolaishou in the PRC. The CJV will also become the sole licensee for operating "Laolaishou Health Club" in the PRC.

The sales of Laolaishou products are expected to grow and expect to help improve 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 arise.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2007.

CAPITAL STRUCTURE

For the six months ended 31 December 2007, there was no change in the capital structure and issued share capital of the Group.

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 2007, 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 2007, 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 2007, 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%

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 2007.

CORPORATE GOVERNANCE

Since the Company has been appointed Provisional Liquidators, 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 of all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 31 December 2007.

AUDIT COMMITTEE

The Company has not complied with Rule 3.21 of the Listing Rules. Throughout the six months ended 31 December 2007, 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 Interim Report, 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, 31 March 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.