



**STAR PHARMACEUTICAL LIMITED**  
**(Company Registration No. 200500429W)**  
**(Incorporated in Singapore)**

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE COMPANY'S UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014**

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The Board of Directors (the “**Board**”) of STAR Pharmaceutical Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s unaudited results for the fourth quarter and full year ended 31 December 2014 released on 27 February 2015. The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 13 March 2015 (each, a “**SGX Query**”) as follows:

**SGX Query 1**

In paragraph 8 of the Announcement, the Company disclosed that “Other operating income grew 251% to RMB3.5 million in 4Q2014 due to RMB2.7 million reversal of impairment on product development cost in progress. In FY2014, other operating income rose by 1,390% to RMB38.2 million as a result of the gain on disposal of 80% of the equity interest in Beida Shijia and 60% equity interest in Jiu Sheng Yuan from the Group amounting to approximately RMB31.3 million.” Please elaborate and provide details of this impairment and why it was reversed.

**Company’s Response to SGX Query 1**

In FY2012, an intangible asset with carrying amount of RM2.7 million was fully impaired by the Group in view of unfavorable regulatory changes resulting in increased risk for obtaining regulatory approval. With this view, management did not devote further resources or effort to continue with the project and have instead sought to seek interested parties to take over the project. In November 2013, the Group successfully entered into a Conditional Sale and Purchase Agreement with a third party for sale and transfer of this intangible asset for a consideration of RMB3.5 million. The agreement provides for certain contractual obligations to be fulfilled and the Group will receive total amount of RMB3.5 million in 3 stages. At end of FY2014, the first two stages have been completed and the Group has received proceeds of RMB3 million. The final stage will be completed before November 2016. Given that the Agreement is in progress and a significant amount of the proceeds has been received, management is of the view that the impairment indication of this intangible asset is resolved and that, the previously recorded impairment charge of RMB2.7 million is no longer required and should be written back to other income in FY2014.

### **SGX Query 2**

**In paragraph 9, the Company is required to disclose any variance between the prospects statement made in paragraph 10 of its 3Q2014 Results and its actual FY2014. Please disclose accordingly.**

### **Company's Response to SGX Query 2**

The Company did not provide any prospects statement or forecast in paragraph 10 of its 3Q2014 Results announcement, accordingly there is no variance to be disclosed in paragraph 9 of its FY2014 announcement.

### **SGX Query 3**

**In paragraph 10, please elaborate on any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

### **Company's Response to SGX Query 3**

In an increasingly competitive industry in the PRC, the Group is faced with challenges including increase in costs of raw materials, human resources management and high financing costs. The Group has managed to overcome these challenges by increasing operational efficiency and plans to continue to do so.

### **BY ORDER OF THE BOARD**

Xu Zhi Bin  
Executive Chairman  
18 March 2015