

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017
PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Group 3Q 2017 RMB'000	Group 3Q 2016 RMB'000	+ / (-) %	Group 9M 2017 RMB'000	Group 9M 2016 RMB'000	+ / (-) %
Revenue	6,599	4,563	44.6	30,506	11,030	n.m.
Cost of sales	(5,850)	(2,674)	n.m.	(26,215)	(7,795)	n.m.
Gross profit	748	1,889	(60.4)	4,290	3,235	33
Other operating income	544	28	n.m.	1,189	337	n.m.
Administrative expenses	(1,896)	(1,342)	41.3	(4,949)	(5,601)	(12)
Selling and distribution expenses	(109)	(123)	(11.5)	(424)	(526)	(19)
Loss before income tax	(713)	452	n.m.	106	(2,555)	n.m.
Income tax	-	-	n.m.	(22)	(3)	n.m.
(Loss)/Gain for the period representing total comprehensive income for the period and attributable to equity holders of the company	<u>(713)</u>	<u>452</u>	n.m.	<u>84</u>	<u>(2,558)</u>	n.m.

1(a)(ii)

Other Credits/(Charges)

Staff costs	(745)	(882)	(15.6)	(2,174)	(3,044)	(28.6)
Depreciation	(524)	(492)	6.6	(1,512)	(1,805)	(16.2)
Amortisation	(109)	(104)	4.6	(327)	(307)	6.4
Exchange differences	41	(49)	n.m.	(121)	(450)	(73.0)
Interest income	274	34	n.m.	917	345	n.m.
Research and development ("R&D")	(135)	(98)	37.7	(282)	(394)	(28.5)

n.m.= not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

1(b)(i)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Group 30/09/2017 RMB'000	Group 31/12/2016 RMB'000	Company 30/09/2017 RMB'000	Company 31/12/2016 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	20,356	30,605	522	195
Structured deposit	45,600	10,500	-	-
Trade receivables	4,164	2,979	-	-
Other receivables and prepayments	4,127	3,921	-	-
Prepaid lease premium	355	355	-	-
Property held for sale	25,659	29,184	-	-
Inventories	23,982	19,720	-	-
Total current assets	124,243	97,264	522	195
Non-current assets				
Prepaid lease premium	13,916	14,183	-	-
Properties under development	1,338	19,338	-	-
Property, plant and equipment	19,147	19,392	-	-
Intangible assets	204	264	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	34,605	53,177	131,406	131,406
Total assets	158,848	150,441	131,928	131,601
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	24,978	17,682	-	-
Other payables	10,839	9,624	7,814	6,449
Tax payable	1,643	1,831	-	-
Total current liabilities	37,460	29,137	7,814	6,449
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	235	235	-	-
Accumulated losses	(41,560)	(41,644)	(38,599)	(37,561)
Net equity	121,388	121,304	124,114	125,152
Total liabilities and equity	158,848	150,441	131,928	131,601

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/2017		As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	6,790	Nil	5,399

Amount repayable after one year

As at 30/09/2017		As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017

	Group		Group	
	3Q 2017 RMB'000	3Q 2016 RMB'000	9M 2017 RMB'000	9M 2016 RMB'000
Operating activities:				
Loss before income tax	(713)	452	106	(2,555)
Adjustments for:				
Depreciation of property, plant and equipment	524	492	1,512	1,805
Amortisation on prepaid lease premium	89	87	267	265
Amortisation of intangible assets	20	17	60	42
Interest income	(274)	(34)	(917)	(345)
Unrealised exchange (gain)/loss	(41)	49	121	450
Operating (loss)/gain before working capital changes	(394)	1,063	1,150	(338)
Trade receivables	(586)	(1,709)	(1,185)	(312)
Other receivables and prepayments	(125)	(142)	(206)	(1,052)
Inventories	(1,767)	(1,655)	(4,262)	(2,430)
Property for sale	-	-	3,525	-
Property under development	18,000	(485)	18,000	(4,180)
Trade payables	2,097	8,660	7,296	14,743
Other payables	(58)	(969)	(176)	415
Cash generated from operations	17,166	4,763	24,142	6,846
Interest received	274	34	917	345
Income tax paid	(70)	209	(210)	170
Net cash generated from operating activities	17,370	5,006	24,848	7,361
Investing activities:				
Increase in structured deposits	(30,900)	-	(35,100)	-
Purchase of property, plant and equipment	(581)	(1,121)	(1,267)	(1,411)
Net cash used in investing activities	(31,481)	(1,121)	(36,367)	(1,411)
Financing activities				
Receipt of advances from a director	468	861	1,391	1,932
Net cash generated from financing activities	468	861	1,391	1,932
Net (decrease)/increase in cash and cash equivalents	(13,643)	4,746	(10,128)	7,882
Cash and cash equivalents at beginning of financial period	33,958	30,767	30,605	28,032
Effect of exchange rate changes on the balance of cash held in foreign currencies	41	(49)	(121)	(450)
Cash and cash equivalents at end of financial period	20,356	35,464	20,356	35,464

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<u>Group</u>				
Balance as at 1 January 2017	162,713	235	(41,644)	121,304
Total comprehensive income for the period	-	-	780	780
Balance as at 31 March 2017	162,713	235	(40,864)	122,084
Total comprehensive income for the period	-	-	17	17
Balance as at 30 June 2017	162,713	-	(40,847)	122,101
Total comprehensive income for the period	-	-	(713)	(713)
Balance as at 30 September 2017	162,713	-	(41,560)	121,388
Balance as at 1 January 2016	162,713	-	(43,950)	118,763
Total comprehensive income for the period	-	-	(1,830)	(1,830)
Balance as at 31 March 2016	162,713	-	(45,780)	116,933
Total comprehensive income for the period	-	-	(1,180)	(1,180)
Balance as at 30 June 2016	162,713	-	(46,960)	115,753
Total comprehensive income for the period	-	-	452	452
Balance as at 30 September 2016	162,713	-	(46,508)	116,205
<u>Company</u>				
Balance as at 1 January 2017	162,713	-	(37,561)	125,152
Total comprehensive income for the period	-	-	(170)	(170)
Balance as at 31 March 2017	162,713	-	(37,731)	124,982
Total comprehensive income for the period	-	-	(410)	(410)
Balance as at 30 June 2017	162,713	-	(38,141)	124,572
Total comprehensive income for the period	-	-	(458)	(458)
Balance as at 30 September 2017	162,713	-	(38,599)	124,114
Balance as at 1 January 2016	162,713	-	(35,598)	127,115
Total comprehensive income for the period	-	-	(492)	(492)
Balance as at 31 March 2016	162,713	-	(36,090)	126,623
Total comprehensive income for the period	-	-	(541)	(541)
Balance as at 30 June 2016	162,713	-	(36,631)	126,082
Total comprehensive income for the period	-	-	(448)	(448)
Balance as at 30 September 2016	162,713	-	(37,079)	125,634

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuers, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury share as at the end of the current financial period and as at the end of the immediate preceding year.**

	As at 30 September 2017	As at 31 December 2016
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 30 September 2017 and 31 December 2016.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period report on.**

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings Per Share

	Group 3Q 2017 RMB Cents	Group 3Q 2016 RMB Cents	Group 9M 2017 RMB Cents	Group 9M 2016 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	(1.14)	0.72	0.13	(4.08)
On a fully diluted basis	(1.14)	0.72	0.13	(4.08)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
 - (a) current financial period reported on; and
 - (b) immediately preceding financial year.

Net Asset Value

	Group 30/09/2017 RMB Cents	Group 31/12/2016 RMB Cents	Company 30/09/2017 RMB Cents	Company 31/12/2016 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	193.42	193.28	197.76	199.41

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
 - (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

Revenue from pharmaceutical ingredient product segment was RMB6.6 million for the third quarter ended 30 September 2017 ("3Q 2017"). This was an increase of RMB2.0 million from RMB4.6 million in 3Q 2016 due to higher sales volume and higher revenue from a product named Dexamethasone Sodium Phosphate. There was no revenue from property development segment in 3Q 2017. Although the Group's revenue improved in 3Q 2017, gross

profit decreased from RMB1.9 million in 3Q 2016 to RMB0.7 million in 3Q 2017 mainly attributed to the lower gross profit margin of another main product named Dexamethasone Acetate.

Other operating income for 3Q 2017 increased by RMB0.5 million as compared to the corresponding period for 3Q 2016 due to the higher interest income derived from structured deposit in 2017.

Administrative expenses increased by RMB0.6 million or 41.3% in 3Q 2017 compared to 3Q 2016 mainly due to higher research and development expense and higher office expenses. Selling and distribution expenses were lower by 11.7% in 3Q 2017 against 3Q 2016 due to lower marketing expense associated with Lan County Project.

Statement of Financial Position

As at 30 September 2017, trade receivables increased by RMB1.2 million to RMB4.2 million mainly due to higher sales in 3Q 2017.

Property held for sale decreased by RMB3.5 million from RMB29.2 million in FY2016 to RMB25.7 million as at 30 September 2017 due to the additional sales of Lan County project.

Inventory increased to RMB24.0 million from RMB19.7 million in FY2016 mainly due to increase in finished goods of pharmaceutical products.

Properties under development decreased by RMB18.0 million from RMB19.3 million in FY2016 to RMB1.3 million due to the refund of deposit placed for land use from the government authorities of Wuping County.

Trade payables increased to RMB25.0 million from RMB17.7 million mainly due to an increase in advance payment from customers in property development segment, offset by the reduction of trade payables due to outside parties.

Other payables, including advances from director of RMB6.8 million, payables from third parties of RMB2.2 million and accrued expenses of RMB1.8 million, remained stable compared to FY2016.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB13.6 million, adjusted for the effect of foreign exchange, for three months period ended 30 September 2017 mainly due to the net cash outflow in investment activities.

The Group generated positive net cash from operating activities of RMB17.4 million in 3Q 2017, an increase of RMB12.4 million compared to RMB5.0 million in 3Q 2016. The Group also received interest-free advances (repayable on demand) from a Director for the daily working cash flow requirements in Singapore amounting to RMB0.5 million.

There was a net cash outflow of \$31.5 million in 3Q 2017 for investment activities mainly due to the increase of structured deposit amounting to RMB30.9 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current results for 3Q 2017 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 2017.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group will continue to promote the sales of Lan County project which is expected to continue to contribute to the Group's revenue for the year ending 31 December 2017.

- 11. If a decision regarding dividend has been made:-**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

- (b) (i) Amount per share cents**

Nil.

- (ii) Previous corresponding period cents**

Nil.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable.

- 12. If no dividend has been declared(recommended), a statement to that effect.**

No dividends have been declared or recommended.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transaction.

- 14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual.**

The Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Company for 3Q 2017 to be false or misleading in any material aspect.

15. Use of initial public offering proceeds

Please refer to the Company's announcements through SGXnet on 14 November 2013, 19 May 2015 and 3 May 2016 for the use of IPO proceeds.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720 (1).

The Company confirms that undertakings have been procured from all Directors and Executive Officers under Rule 720 (1).

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

14 November 2017