

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (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 FIRST QUARTER ENDED 31 MARCH 2016

	Group 1Q 2016 RMB'000	Group 1Q 2015 RMB'000	+ / (-) %
Revenue	99	8,763	(98.9)
Cost of sales	(81)	(8,316)	(99.0)
Gross profit	18	447	(96.0)
Other operating income	198	336	(41.1)
Administrative expenses	(1,933)	(1,487)	30.0
Selling and distribution expenses	(110)	(248)	(55.6)
Loss before income tax	(1,827)	(952)	91.9
Income tax	(3)	-	n.m.
Loss for the year representing total comprehensive income for the period and attributable to equity holders of the company	(1,830)	(952)	92.2

1(a)(ii)

Other Credits/(Charges)

Staff costs	(728)	(916)	(20.5)
Depreciation	(643)	(388)	65.7
Amortisation	(101)	(101)	-
Foreign exchange (loss)/gain	(216)	111	n.m.
Interest income	198	336	(41.1)
Research and development ("R&D")	(74)	(272)	(72.8)

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	Group	Company	Company
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	26,480	28,032	218	164
Trade receivables	433	1,490	-	-
Other receivables and prepayments	3,026	2,745	-	-
Prepaid lease premium	355	355	-	-
Properties under development	38,488	35,842	-	-
Inventories	18,591	17,108	-	-
Total current assets	87,373	85,572	218	164
Non-current assets				
Prepaid lease premium	14,449	14,538	-	-
Properties under development	20,965	21,224	-	-
Property, plant and equipment	18,873	19,492	-	-
Intangible assets	332	344	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	54,619	55,598	131,406	131,406
Total assets	141,992	141,170	131,624	131,570
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	16,945	15,106	-	-
Other payables	6,914	6,065	5,001	4,455
Tax payable	1,200	1,236	-	-
Total current liabilities	25,059	22,407	5,001	4,455
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(45,780)	(43,950)	(36,090)	(35,598)
Net equity	116,933	118,763	126,623	127,115
Total liabilities and equity	141,992	141,170	131,624	131,570

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

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	3,747	Nil	3,322

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
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 FIRST QUARTER ENDED 31 MARCH 2016

	Group	
	1Q 2016 RMB'000	1Q 2015 RMB'000
Operating activities:		
Loss before income tax	(1,827)	(952)
Adjustments for:		
Depreciation of property, plant and equipment	643	388
Amortisation on prepaid lease premium	89	89
Amortisation of intangible assets	12	12
Interest income	(198)	(336)
Unrealised exchange gain	216	(111)
Operating loss before working capital changes	(1,065)	(910)
Trade receivables	1,057	(2,255)
Other receivables and prepayments	(281)	3,160
Inventories	(1,483)	(3,511)
Property under development	(2,387)	(3,035)
Trade payables	1,839	4,211
Other payables	424	(269)
Cash used in operations	(1,896)	(2,609)
Interest received	198	336
Income tax paid	(39)	(1,236)
Net cash used in operating activities	(1,737)	(3,509)
Investing activities:		
Purchase of property, plant and equipment	(24)	(1,170)
Net cash used in investing activities	(24)	(1,170)
Financing activities		
Receipt of advances from a director	425	245
Net cash generated from financing activities	425	245
Net decrease in cash and cash equivalents	(1,336)	(4,434)
Cash and cash equivalents at beginning of financial period	28,032	8,291
Effect of exchange rate changes on the balance of cash held in foreign currencies	(216)	111
Cash and cash equivalents at end of financial period	26,480	3,968

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	Accumulated losses RMB'000	Net equity RMB'000
<u>Group</u>			
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
Balance as at 1 January 2015	162,713	(39,382)	123,331
Total comprehensive income for the period	-	(952)	(952)
Balance as at 31 March 2015	162,713	(40,334)	122,379
<u>Company</u>			
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
Balance as at 1 January 2015	162,713	(33,907)	128,806
Total comprehensive income for the period	-	(193)	(193)
Balance as at 31 March 2015	162,713	(34,100)	128,613

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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Not applicable.

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

	As at 31 March 2016	As at 31 Dec 2015
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 December 2015 and 31 December 2014.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period report 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 1Q 2016 RMB Cents	Group 1Q 2015 RMB Cents (Restated)
Loss per ordinary share were:		
Based on the weighted average number of ordinary shares on issue;	(2.92)	(1.52)
and		
On a fully diluted basis	(2.92)	(1.52)

After the completion of share consolidation on 24 November 2015, the Company has consolidated 5 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share for the corresponding period in 2015 has been adjusted for the effect of the share consolidation.

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 31/03/2016 RMB Cents	Group 31/12/2015 RMB Cents	Company 31/03/2016 RMB Cents	Company 31/12/2015 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	186.32	189.23	201.76	202.54

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

The Group's revenue for the three months ended 31 March 2016 ("1Q 2016") decreased by RMB8.7 million or 98.9% lower than the corresponding period mainly due to reduction of sales of existing products in 1Q 2016 as the Group was in the process of applying for new Good Manufacturing Practices ("GMP") license. The Group's gross profit for 1Q 2016 decreased to RMB18,000 as compared to RMB0.4 million for the three months ended 31 March 2015 ("1Q 2015") was attributable to lower sales.

Other operating income decreased by 41.1% to RMB0.2 million against the corresponding year mainly because the higher interest income was received from structured deposit in 1Q 2015.

Administrative expenses for 1Q 2016 were higher by 30.0% to RMB1.9 million in 1Q2016 compared to 1Q 2015 mainly due to higher foreign exchange loss. Selling and distribution expenses decreased by 55.6% in 1Q 2016 as against 1Q 2015 mainly due to lower packing and distribution expenses which was in line with the decrease of revenue.

Statement of Financial Position

The Group's current assets were RMB87.3 million as at 31 March 2016, an increase of RMB1.8 million from RMB85.6 million as at 31 December 2015. This was mainly due to higher properties under development. Properties under development increased by RMB2.6 million from RMB35.8 million in FY2015 to RMB38.4 million as at 31 March 2016. Trade receivables decreased by RMB1.1 million due to the lower sales.

The Group's non-current assets decreased by RMB1.0 million from RMB55.6 million as at 31 December 2015 to RMB54.6 million. The decrease was partly due to the refund of deposit for land cost amounting to RMB0.3 million. The property, plant and equipment was decreased by RMB0.7 million due to the depreciation expense.

The Group's current liabilities were RMB25.1 million as at 31 March 2016, an increase of RMB2.7 million from RMB22.4 million as at 31 December 2015. This was mainly because payments to trade creditors were slower and advance from a Director increased during the year.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB1.3 million, adjusted for the effect of foreign exchange, for 1Q 2016. The overall net cash decrease was mainly attributable to net cash used in operating activities amounting to RMB1.7 million. The receipt of interest-free advances (with no repayment term) amounting to RMB0.4 million from a Director for the Company's daily working cash flow requirements in Singapore generated from financing activities offset the decrease partially.

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 1Q 2016 are in line with the general prospect commentary previously disclosed in the results announcement for the financial year ended 31 December 2015.

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 Company has obtained the new GMP license on 25 March 2016. The new official GMP license will allow the Company to produce and sell pharmaceutical end products instead of pharmaceutical intermediates. The shift to sales of end products is expected to improve gross profit margin of the pharmaceutical ingredients products segment in the future.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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 1Q 2016 to be false or misleading in any material aspect.

15. Use of initial public offering proceeds

Please refer to the company's announcement through SGXnet on 14 November 2013 for the use of IPO proceeds.

The amount of S\$7,482,000 was used for general working capital purposes, as announced on 14 November 2013, was utilized by the Company's then principal subsidiary, Jiangxi New Reyphon Biochemical Co., Ltd., in year 2007. The details for general working capital purposes of the Group are as follows:-

	S\$'000
Purchase of raw materials	6,162
Employee salary expenses	1,012
Tax expenses	76
Miscellaneous expenses	232
Total	<u>S\$7,482</u>

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

3 May 2016