

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2017
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 SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2017

	Group 2Q 2017 RMB'000	Group 2Q 2016 RMB'000	+ / (-) %	Group 1H 2017 RMB'000	Group 1H 2016 RMB'000	+ / (-) %
Revenue	10,067	6,368	58.1	23,907	6,467	n.m.
Cost of sales	(8,398)	(5,040)	66.6	(20,365)	(5,121)	n.m.
Gross profit	1,669	1,328	25.7	3,542	1,346	n.m.
Other operating income	304	111	n.m.	645	309	n.m.
Administrative expenses	(1,720)	(2,326)	(26.1)	(3,053)	(4,259)	(28.3)
Selling and distribution expenses	(153)	(293)	(47.8)	(315)	(403)	(21.8)
Gain/(loss) before income tax	100	(1,180)	n.m.	819	(3,007)	n.m.
Income tax	(83)	-	n.m.	(22)	(3)	n.m.
Gain/(loss) for the period representing total comprehensive income for the period and attributable to equity holders of the company	17	(1,180)	n.m.	797	(3,010)	n.m.

1(a)(ii)

Other Credits/(Charges)

Staff costs	(789)	(1,434)	(45.0)	(1,430)	(2,162)	(33.9)
Depreciation	(494)	(670)	(26.3)	(988)	(1,313)	(24.8)
Amortisation	(109)	(102)	6.5	(218)	(203)	7.2
Exchange differences	(135)	(185)	(27.1)	(163)	(401)	(59.4)
Interest income	302	113	n.m.	643	311	n.m.
Research and development ("R&D")	(65)	(222)	(70.7)	(147)	(296)	(50.3)

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 30/06/2017 RMB'000	Group 31/12/2016 RMB'000	Company 30/06/2017 RMB'000	Company 31/12/2016 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	33,958	30,605	575	195
Structured deposit	14,700	10,500	-	-
Trade receivables	3,578	2,979	-	-
Other receivables and prepayments	4,002	3,921	-	-
Prepaid lease premium	355	355	-	-
Property held for sale	25,659	29,184	-	-
Inventories	22,215	19,720	-	-
Total current assets	104,467	97,264	575	195
Non-current assets				
Prepaid lease premium	14,005	14,183	-	-
Properties under development	19,338	19,338	-	-
Property, plant and equipment	19,090	19,392	-	-
Intangible assets	224	264	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	52,657	53,177	131,406	131,406
Total assets	157,124	150,441	131,981	131,601
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	22,881	17,682	-	-
Other payables	10,429	9,624	7,409	6,449
Tax payable	1,713	1,831	-	-
Total current liabilities	35,023	29,137	7,409	6,449
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	235	235	-	-
Accumulated losses	(40,847)	(41,644)	(38,141)	(37,561)
Net equity	122,101	121,304	124,572	125,152
Total liabilities and equity	157,124	150,441	131,981	131,601

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

Amount repayable in one year or less, or on demand

As at 30/06/2017		As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	6,322	Nil	5,399

Amount repayable after one year

As at 30/06/2017		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 SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2017

	Group		Group	
	2Q 2017 RMB'000	2Q 2016 RMB'000	1H 2017 RMB'000	1H 2016 RMB'000
Operating activities:				
Loss before income tax	100	(1,180)	819	(3,007)
Adjustments for:				
Depreciation of property, plant and equipment	494	670	988	1,313
Amortisation on prepaid lease premium	89	89	178	178
Amortisation of intangible assets	20	13	40	25
Interest income	(302)	(113)	(643)	(311)
Unrealised exchange loss	135	185	163	401
Operating gain/(loss) before working capital changes	536	(336)	1,545	(1,401)
Trade receivables	1,629	340	(599)	1,397
Other receivables and prepayments	(1,743)	(629)	(81)	(910)
Inventories	(1,850)	708	(2,495)	(775)
Property for sale	-	-	3,525	-
Property under development	-	(1,308)	-	(3,695)
Trade payables	8,163	4,244	5,199	6,083
Other payables	(267)	960	(118)	1,384
Cash generated from operations	6,468	3,979	6,976	2,083
Interest received	302	113	643	311
Income tax paid	205	-	(140)	(39)
Net cash generated from operating activities	6,975	4,092	7,478	2,355
Investing activities:				
Decrease/(increase) in structured deposits	1,300	-	(4,200)	-
Purchase of property, plant and equipment	(584)	(266)	(686)	(290)
Net cash generated from/(used in) investing activities	716	(266)	(4,886)	(290)
Financing activities				
Receipt of advances from a director	923	646	923	1,071
Net cash generated from financing activities	923	646	923	1,071
Net increase in cash and cash equivalents	8,614	4,472	3,515	3,136
Cash and cash equivalents at beginning of financial period	25,478	26,480	30,605	28,032
Effect of exchange rate changes on the balance of cash held in foreign currencies	(135)	(185)	(163)	(401)
Cash and cash equivalents at end of financial period	33,958	30,767	33,958	30,767

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
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
<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
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

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 excuding treasury share as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 30 June 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 June 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 2Q 2017 RMB Cents	Group 2Q 2016 RMB Cents	Group 1H 2017 RMB Cents	Group 1H 2016 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	0.03	(1.88)	1.27	(4.80)
On a fully diluted basis	0.03	(1.88)	1.27	(4.80)

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 30/06/2017 RMB Cents	Group 31/12/2016 RMB Cents	Company 30/06/2017 RMB Cents	Company 31/12/2016 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	194.55	193.28	198.49	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 RMB10.1 million for the second quarter ended 30 June 2017 ("2Q 2017"). This was an increase of RMB3.7 million from RMB6.4 million in 2Q 2016. There was no revenue from property development segment in 2Q 2017. The Group's gross profit increased from RMB1.3 million in 2Q 2016 to RMB1.7 million in 2Q 2017 mainly due to higher contribution from higher gross margin product.

Other operating income for 2Q 2017 increased by RMB0.2 million as compared to the corresponding period for 2Q 2016 due to the higher interest income derived from structured deposit in 2017.

Administrative expenses decreased by RMB0.6 million or 26.1% in 2Q 2017 compared to 2Q 2016 mainly due to lower staff cost and lower research and development expense. Selling and distribution expenses were lower by 47.8% in 2Q 2017 against 2Q 2016 due to lower marketing expense associated with Lan County Project.

Statement of Financial Position

As at 30 June 2017, trade receivables increased by RMB0.6 million to RMB3.6 million mainly due to higher sales in 2Q 2017.

Inventory increased to RMB22.2 million from RMB19.7 million in FY2016 mainly due to increase in finished goods of pharmaceutical products.

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

Trade payables increased to RMB22.9 million from RMB17.7 million mainly due to the increase in advance payment from customers.

Statement of Cash Flows

Overall, the Group registered a net cash increase of approximately RMB3.5 million, adjusted for the effect of foreign exchange, for three months period ended 30 June 2017. The overall net cash increase was mainly attributable to net cash generated from operating activities amounting to RMB7.5 million and receipt of interest-free advances (repayable on demand) from a Director for the daily working cash flow requirements in Singapore amounting to RMB1.0 million. The increase of structured deposit amounting to RMB4.2 million from investing activities offset the increase 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 2Q 2017 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 31 March 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 has commenced 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. 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/recommendeded, 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 2Q 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 August 2017