

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 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 SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2016

	Group 2Q 2016 RMB'000	Group 2Q 2015 RMB'000	+ / (-) %	Group 1H 2016 RMB'000	Group 1H 2015 RMB'000	+ / (-) %
Revenue	6,368	6,244	2.0	6,467	15,007	(56.9)
Cost of sales	(5,040)	(5,588)	(9.8)	(5,121)	(13,904)	(63.2)
Gross profit	1,328	656	n.m.	1,346	1,103	22.0
Other operating income	111	357	(68.9)	309	693	(55.4)
Administrative expenses	(2,326)	(1,789)	30.0	(4,259)	(3,276)	30.0
Selling and distribution expenses	(293)	(278)	5.4	(403)	(526)	(23.4)
Finance cost	-	(62)	n.m.	-	(62)	n.m.
Loss before income tax	(1,180)	(1,116)	5.7	(3,007)	(2,068)	45.4
Income tax	-	-	n.m.	(3)	-	n.m.
Loss for the period representing total comprehensive income for the period and attributable to equity holders of the company	(1,180)	(1,116)	5.7	(3,010)	(2,068)	45.6

1(a)(ii)
Other Credits/(Charges)

Staff costs	(1,434)	(1,712)	(16.2)	(2,162)	(2,628)	(17.7)
Depreciation	(670)	(389)	72.2	(1,313)	(777)	69.0
Amortisation	(102)	(89)	-	(203)	(178)	-
Exchange differences	(185)	(60)	n.m.	(401)	51	n.m.
Interest income	113	355	(68.2)	311	691	(55.0)
Research and development ("R&D")	(222)	(184)	20.7	(296)	(456)	(35.1)

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 30/06/2016 RMB'000	Group 31/12/2015 RMB'000	Company 30/06/2016 RMB'000	Company 31/12/2015 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	30,767	28,032	345	164
Trade receivables	93	1,490	-	-
Other receivables and prepayments	3,655	2,745	-	-
Prepaid lease premium	355	355	-	-
Properties under development	39,796	35,842	-	-
Inventories	17,883	17,108	-	-
Total current assets	92,549	85,572	345	164
Non-current assets				
Prepaid lease premium	14,360	14,538	-	-
Properties under development	20,965	21,224	-	-
Property, plant and equipment	18,469	19,492	-	-
Intangible assets	319	344	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	54,113	55,598	131,406	131,406
Total assets	146,662	141,170	131,751	131,570
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	21,189	15,106	-	-
Other payables	8,520	6,065	5,669	4,455
Tax payable	1,200	1,236	-	-
Total current liabilities	30,909	22,407	5,669	4,455
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(46,960)	(43,950)	(36,631)	(35,598)
Net equity	115,753	118,763	126,082	127,115
Total liabilities and equity	146,662	141,170	131,751	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 30/06/2016		As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	4,393	Nil	3,322

Amount repayable after one year

As at 30/06/2016		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 SECOND QUARTER AND FIRST HALF YEAR ENDED 30 JUNE 2016

	Group		Group	
	2Q 2016	2Q 2015	1H 2016	1H 2015
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities:				
Loss before income tax	(1,180)	(1,116)	(3,007)	(2,068)
Adjustments for:				
Depreciation of property, plant and equipment	670	389	1,313	777
Amortisation on prepaid lease premium	89	89	178	178
Amortisation of intangible assets	13	13	25	25
Interest income	(113)	(355)	(311)	(691)
Unrealised exchange loss/(gain)	185	60	401	(51)
Operating loss before working capital changes	(336)	(920)	(1,401)	(1,830)
Trade receivables	340	1,502	1,397	(753)
Other receivables and prepayments	(629)	(551)	(910)	2,609
Inventories	708	748	(775)	(2,763)
Property under development	(1,308)	(5,365)	(3,695)	(8,400)
Trade payables	4,244	(2,573)	6,083	1,638
Other payables	960	1,763	1,384	1,494
Cash generated from /(used in) operations	3,979	(5,396)	2,083	(8,005)
Interest received	113	355	311	691
Income tax paid	-	-	(39)	(1,236)
Net cash generated from/(used) in operating activities	4,092	(5,041)	2,355	(8,550)
Investing activities:				
Decrease in financial receivables	-	3,092	-	3,092
Purchase of property, plant and equipment	(266)	(445)	(290)	(1,615)
Net cash (used in)/generated from investing activities	(266)	2,647	(290)	1,477
Financing activities				
Receipt of advances from a director	646	948	1,071	1,193
Net cash generated from financing activities	646	948	1,071	1,193
Net increase/(decrease) in cash and cash equivalents	4,472	(1,446)	3,136	(5,880)
Cash and cash equivalents at beginning of financial period	26,480	3,968	28,032	8,291
Effect of exchange rate changes on the balance of cash held in foreign currencies	(185)	(60)	(401)	51
Cash and cash equivalents at end of financial period	30,767	2,462	30,767	2,462

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	Total 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
Total comprehensive income for the period	-	(1,180)	(1,180)
Balance as at 30 June 2016	162,713	(46,960)	115,753
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
Total comprehensive income for the period	-	(1,116)	(1,116)
Balance as at 30 June 2015	162,713	(41,450)	121,263
<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
Total comprehensive income for the period	-	(541)	(541)
Balance as at 30 June 2016	162,713	(36,631)	126,082
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
Total comprehensive income for the period	-	(407)	(407)
Balance as at 30 June 2015	162,713	(34,507)	128,206

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

There are no treasury shares as at 30 June 2015, 31 December 2015 and 30 June 2016.

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 2Q 2016 RMB Cents	Group 2Q 2015 RMB Cents	Group 1H 2016 RMB Cents	Group 1H 2015 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	(1.88)	(1.78)	(4.80)	(3.30)
On a fully diluted basis	(1.88)	(1.78)	(4.80)	(3.30)

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 30/06/2016 RMB Cents	Group 31/12/2015 RMB Cents	Company 30/06/2016 RMB Cents	Company 31/12/2015 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	184.44	189.23	200.90	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

Revenue from pharmaceutical ingredient product segment was RMB6.4 million for the second quarter ended 30 June 2016 ("2Q 2016"). This was an increase of RMB0.1 million from RMB6.2 million in 2Q 2015. The Group's gross profit doubled from RMB0.66 million in 2Q

2015 to RMB1.3 million in 2Q 2016 mainly due to higher contribution from higher gross margin product.

Other operating income for 2Q 2016 decreased by RMB0.2 million or 68.9% as compared to the corresponding period for 2Q 2015 due to the higher interest income derived from structured deposit in 2015.

Administrative expenses were higher by RMB0.5 million in 2Q 2016 as against 2Q 2015 mainly due to higher depreciation expense and foreign exchange loss in 2Q 2016. There was no significant changes in the selling and distribution expenses in 2Q 2016 against 2Q 2015.

Statement of Financial Position

The Group's current assets were RMB92.5 million as at 30 June 2016, an increase of RMB6.9 million from RMB85.6 million as at 31 December 2015. This was mainly due to higher properties under development, advance to suppliers and inventories. The total amount of these three current assets increased by RMB5.6 million. Trade receivables decreased by RMB1.4 million in line with the lower sales in 1H 2016 and higher collection from the customers.

The Group's non-current assets were RMB54.1 million as at 30 June 2016, a decrease by RMB1.5 million from RMB55.6 million as at 31 December 2015. The decrease was partly due to the refund of deposit for land cost amounting to RMB0.3 million. The property, plant and equipment decreased by RMB1.0 million due to higher depreciation expense.

The Group's current liabilities were RMB30.9 million as at 30 June 2016, an increase of RMB8.5 million from RMB22.4 million as at 31 December 2015. This was mainly due to the increase in advance payment from customers and advances from a director in the first half of 2016.

Statement of Cash Flows

Overall, the Group registered a net cash increase of approximately RMB3.1 million, adjusted for the effect of foreign exchange, for six months period ended 30 June 2016. The overall net cash increase was mainly attributable to net cash generated from operating activities amounting to RMB2.4 million and receipt of interest-free advances (repayable on demand) from a Director for the daily working cash flow requirements in Singapore amounting to RMB1.1 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 2Q 2016 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 31 March 2016.

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

The Group has also commenced sales of the residential project in Lan County which is expected to contribute to the Group's revenue this financial year if the Group is able to recognize the revenue in relation to completed sales of the residential units.

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. Statement by Directors pursuant to Rule 705(5) of the Listing Manual.

The Directors hereby confirm that, to the best of our 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 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, 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

12 August 2016