
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 2014

	Group 3Q 2014 RMB'000	Group 3Q 2013 RMB'000	+ / (-) %	Group 9M 2014 RMB'000	Group 9M 2013 RMB'000	+ / (-) %
Revenue	1,221	6,270	(80.5)	3,279	30,770	(89.3)
Cost of sales	(1,184)	(6,207)	(80.9)	(4,346)	(30,036)	(85.5)
Gross profit	37	63	(41.3)	(1,067)	734	n.m.
Other operating income	397	228	74.1	1,068	473	n.m.
Administrative expenses	(2,414)	(1,169)	n.m.	(3,966)	(5,856)	(32.3)
Finance cost	-	-	-	(45)	-	n.m.
Selling and distribution expenses	(21)	(20)	(5.0)	(63)	(115)	(45.2)
Loss before income tax	(2,001)	(898)	n.m.	(4,073)	(4,764)	(14.5)
Income tax	-	-	-	-	-	-
Loss for the period representing total comprehensive income for the period and attributable to equity holders of the company	(2,001)	(898)	n.m.	(4,073)	(4,764)	(14.5)

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

Staff costs	(1,136)	(944)	(20.3)	(2,220)	(3,433)	(35.3)
Depreciation	(353)	(356)	(0.8)	(1,073)	(1,118)	(4.0)
Amortisation	(89)	(89)	-	(267)	(267)	-
Exchange differences	(155)	447	n.m.	1,002	(1,262)	n.m.
Interest income	425	228	86.4	946	473	100.0
Research and development ("R&D")	(491)	(3)	n.m.	(856)	(15)	n.m.

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
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	42,340	58,392	157	199
Trade receivables	5,583	12,456	-	-
Other receivables and prepayments	2,179	9,506	-	-
Prepaid lease premium	357	357	-	-
Inventories	12,732	6,321	-	-
Total current assets	<u>63,191</u>	<u>87,032</u>	<u>157</u>	<u>199</u>
Non-current assets				
Prepaid lease premium	15,034	15,299	-	-
Properties under development	38,442	23,401	-	-
Property, plant and equipment	17,348	16,975	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	<u>70,824</u>	<u>55,675</u>	<u>131,406</u>	<u>131,406</u>
Total assets	<u><u>134,015</u></u>	<u><u>142,707</u></u>	<u><u>131,563</u></u>	<u><u>131,605</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	3,948	1,587	-	-
Other payables	2,389	4,986	2,108	1,163
Bank loan	-	3,137	-	-
Tax payable	-	1,246	-	-
Total current liabilities	<u>6,337</u>	<u>10,956</u>	<u>2,108</u>	<u>1,163</u>
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(35,035)	(30,962)	(33,258)	(32,271)
Net equity	<u>127,678</u>	<u>131,751</u>	<u>129,455</u>	<u>130,442</u>
Total liabilities and equity	<u><u>134,015</u></u>	<u><u>142,707</u></u>	<u><u>131,563</u></u>	<u><u>131,605</u></u>

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 30/09/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	1,207	3,137	Nil

Amount repayable after one year

As at 30/09/2014		As at 31/12/2013	
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 2014

	Group		Group	
	3Q 2014	3Q 2013	9M 2014	9M 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities:				
Loss before income tax	(2,001)	(898)	(4,073)	(4,764)
Adjustments for:				
Depreciation of property, plant and equipment	353	356	1,073	1,118
Amortisation on prepaid lease premium	89	89	267	267
Interest income	(425)	(228)	(946)	(473)
Unrealised exchange loss/(gain)	155	(447)	(1,002)	1,262
Operating loss before working capital changes	(1,829)	(1,128)	(4,681)	(2,590)
Trade receivables	912	577	6,873	492
Other receivables and prepayments	3,824	(149)	7,327	356
Inventories	(4,302)	(523)	(6,411)	(59)
Property under development	(227)	(369)	(15,041)	(903)
Trade payables	3,241	779	2,361	(538)
Other payables	(1,805)	478	(3,804)	6,085
Cash (used in)/generated from operations	(186)	(335)	(13,376)	2,843
Interest received	425	228	946	473
Income tax paid	-	(80)	(1,246)	(63)
Net cash (used in)/generated from operating activities	239	(187)	(13,676)	3,253
Investing activities:				
Receipt of loan repayment from a non-related company	-	-	-	8,000
Proceeds from sale of property, plant and equipment	-	-	-	8
Purchase of property, plant and equipment	(177)	(4)	(1,448)	(82)
Net cash (used in)/generated from investing activities	(177)	(4)	(1,448)	7,926
Financing activities				
Repayment of bank loans	-	-	(3,137)	-
Repayment of advance from a third party	-	-	-	(1,205)
Receipt of advances from controlling shareholder	-	-	1,207	-
Net cash used in financing activities	-	-	(1,930)	(1,205)
Net (decrease)increase in cash and cash equivalents	62	(191)	(17,054)	9,974
Cash and cash equivalents at beginning of financial period	42,433	55,940	58,392	47,484
Effect of exchange rate changes on the balance of cash held in foreign currencies	(155)	447	1,002	(1,262)
Cash and cash equivalents at end of financial period	42,340	56,196	42,340	56,196

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 2014	162,713	(30,962)	131,751
Total comprehensive income for the period	-	(713)	(713)
Balance as at 31 March 2014	162,713	(31,675)	131,038
Total comprehensive income for the period	-	(1,359)	(1,359)
Balance as at 30 June 2014	162,713	(33,034)	129,679
Total comprehensive income for the period	-	(2,001)	(2,001)
Balance as at 30 September 2014	<u>162,713</u>	<u>(35,035)</u>	<u>127,678</u>
Balance as at 1 January 2013	162,713	(30,512)	132,201
Total comprehensive income for the period	-	(1,582)	(1,582)
Balance as at 31 March 2013	162,713	(32,094)	130,619
Total comprehensive income for the period	-	(2,284)	(2,284)
Balance as at 30 June 2013	162,713	(34,378)	128,335
Total comprehensive loss for the period	-	(898)	(898)
Balance as at 30 September 2013	<u>162,713</u>	<u>(35,276)</u>	<u>127,437</u>
<u>Company</u>			
Balance as at 1 January 2014	162,713	(32,271)	130,442
Total comprehensive income for the period	-	(245)	(245)
Balance as at 31 March 2014	162,713	(32,516)	130,197
Total comprehensive income for the period	-	(393)	(393)
Balance as at 30 June 2014	162,713	(32,909)	129,804
Total comprehensive income for the period	-	(349)	(349)
Balance as at 30 September 2014	<u>162,713</u>	<u>(33,258)</u>	<u>129,455</u>
Balance as at 1 January 2013	162,713	(31,244)	131,469
Total comprehensive income for the period	-	(170)	(170)
Balance as at 31 March 2013	162,713	(31,414)	131,299
Total comprehensive income for the period	-	(553)	(553)
Balance as at 30 June 2013	162,713	(31,967)	130,746
Total comprehensive loss for the period	-	(280)	(280)
Balance as at 30 September 2013	<u>162,713</u>	<u>(32,247)</u>	<u>130,466</u>

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 September 2014	As at 31 December 2013
Total number of issued shares	<u>313,800,000</u>	<u>313,800,000</u>

There are no treasury shares as at 30 June 2013, 31 December 2013 and 30 September 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 3Q 2014 RMB Cents	Group 3Q 2013 RMB Cents	Group 9M 2014 RMB Cents	Group 9M 2013 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	(0.64)	(0.29)	(1.30)	(1.52)
On a fully diluted basis	(0.64)	(0.29)	(1.30)	(1.52)

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 30/09/2014 RMB Cents	Group 31/12/2013 RMB Cents	Company 30/09/2014 RMB Cents	Company 31/12/2013 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	40.69	41.99	41.25	41.57

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 for the third quarter ended 30 September 2014 ("3Q 2014") decreased by RMB5.0 million, approximately 80.5% as compared to the third quarter ended 30 September 2013 ("3Q 2013"), mainly due to the reduction of sales of existing products. The Group recorded gross profit of RMB37,000 for 3Q 2014 as compared to gross profit of RMB63,000 for 3Q 2013. The decreased gross profit was attributable to lower gross profit margin due to higher unit cost of raw material.

Other operating income for 3Q 2014 increased by RMB169,000 as compared to the corresponding period for 3Q 2013 mainly due to higher interest income generated from fixed deposit placed with a bank.

Administrative expenses were higher by 106.5% in 3Q 2014 as against 3Q 2013, which was mainly due to foreign exchange loss of RMB155,000 in 3Q 2014 against a foreign exchange gain of RMB447,000 in 3Q 2013 on cash at banks' balance in SGD, and higher research and development expenses of RMB488,000.

Statement of Financial Position

As at 30 September 2014, trade receivables decreased to RMB5.6 million from RMB12.5 million as at 31 December 2013 ("FY2013") mainly due to lower sales volume in 3Q 2014 and higher collection from customers.

Other receivables and prepayment decreased to RMB2.2 million from RMB9.5 million in FY2013 mainly due to collection of RMB7.4 million from the sale of technology know-how.

Inventories increased to RMB12.7 million from RMB6.3 million mainly because of the increase in purchase of raw material for manufacturing of new pharmaceutical products and higher finished goods of new products.

Properties under development increased by RMB15.0 million from RMB23.4 million in FY2013 to RMB38.4 million as at 30 September 2014 due to acquisition of land use right of RMB13.4 million and related development cost.

Trade payables increased to RMB3.9 million from RMB1.6 million mainly due to higher volume of purchases from suppliers.

Other payables decreased to RMB2.4 million from RMB5.0 million mainly due to lower advances received from customers.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB16.1 million, adjusted for the effect of foreign exchange, for nine months period ended 30 September 2014. The overall net cash decrease was mainly attributable to net cash used in operating activities amounting to RMB13.7 million, net cash used in investing activities amounting to RMB1.4 million due to the purchase of fixed assets and repayment of bank loans amounting to RMB3.1 million in financing activities. The receipt of interest-free advances (with no repayment term) amounting to RMB1.2 million from the controlling shareholder for the 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 3Q 2014 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 2014.

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 land use right of the smaller parcel of land for residential property development of Lan County project in Wuping County, Fujian, China on 10 April 2014. Development of the said parcel of land has commenced on 30 June 2014.

The Company observed that the pharmaceutical ingredients industry in the People's Republic of China has remained competitive and raw material prices had remained high. Therefore the Company would expect some downward pressure on the profit margin for the industry. The Company has generated revenue from the sale of new products in 3Q 2014. The Company is still in the process of further testing of the new technology for new products in its manufacturing processes as at 30 September 2014.

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 in cents

Not applicable.

(ii) Previous corresponding period in cents

None.

(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 financial results of the Company for 3Q 2014 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.

BY ORDER OF THE BOARD

**Lan Chunguang
Executive Director and Chief Executive Officer**

07 November 2014