



**STAR**

**STAR PHARMACEUTICAL LIMITED**

Registration No. 200500429W

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016**

**PART 1 – 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.**

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2016	3 months ended 31 December 2015	Increase/ (decrease) +/-	Year ended 31 December 2016	Year ended 31 December 2015	Increase/ (decrease) +/-
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
<b>Revenue</b>	16,600	23,123	(28)	61,678	90,192	(32)
Cost of sales	(10,481)	(18,262)	(43)	(40,273)	(59,913)	(33)
<b>Gross Profit</b>	<b>6,119</b>	<b>4,861</b>	26	<b>21,405</b>	<b>30,279</b>	(29)
Other operating income	1,005	514	96	2,281	3,747	(39)
Selling and distribution expenses	(1,954)	(3,821)	(49)	(5,853)	(8,649)	(32)
Administrative expenses	(4,487)	(3,115)	44	(15,443)	(16,056)	(4)
Other operating expenses	(1,579)	(3,064)	(48)	(2,380)	(3,373)	(29)
<b>Profit / (Loss) from operations</b>	<b>(896)</b>	<b>(4,625)</b>	(81)	<b>10</b>	<b>5,948</b>	(100)
Financial income	2,463	968	154	3,874	2,544	52
Financial expenses	225	33	582	(94)	(169)	(44)
<b>Profit / (Loss) before income tax</b>	<b>1,792</b>	<b>(3,624)</b>	n.m	<b>3,790</b>	<b>8,323</b>	(54)
Income tax expense	(652)	(76)	758	(1,198)	(2,299)	(48)
<b>Profit / (Loss) for the period/year</b>	<b>1,140</b>	<b>(3,700)</b>	n.m	<b>2,592</b>	<b>6,024</b>	(57)
<b>Attributable to equity holders of the Company</b>	<b>1,140</b>	<b>(3,700)</b>	n.m	<b>2,592</b>	<b>6,024</b>	(57)
<b>Profit / (Loss) per share (RMB cents)</b>						
- Basic (weighted average)	2.44	(7.90)		5.54	12.86	
- Fully diluted	2.44	(7.90)		5.54	12.86	

n.m – not meaningful.

Consolidation Statement of Comprehensive Income for the year

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2016 (Unaudited)	3 months ended 31 December 2015 (Unaudited)	Increase/ (decrease) +/(–)	Year ended 31 December 2016 (Unaudited)	Year ended 31 December 2015 (Audited)	Increase/ (decrease) +/(–)
<b>Profit / (Loss) for the period/year</b>	<b>1,140</b>	<b>(3,700)</b>	n.m	<b>2,592</b>	<b>6,024</b>	(57)
Other comprehensive income:						
Exchange difference on consolidation	-	-		-	-	
<b>Other comprehensive income / (loss) for the period/year, net of tax</b>	<b>1,140</b>	<b>(3,700)</b>	n.m	<b>2,592</b>	<b>6,024</b>	(57)
<b>Total comprehensive income attributable to equity holders of the period/year</b>	<b>1,140</b>	<b>(3,700)</b>	n.m	<b>2,592</b>	<b>6,024</b>	(57)

Notes to Income Statement:

1.	Group		Group	
	RMB'000		RMB'000	
	3 months ended 31 December 2016 (Unaudited)	3 months ended 31 December 2015 (Unaudited)	Year ended 31 December 2016 (Unaudited)	Year ended 31 December 2015 (Audited)
<b>Profit / (Loss) before tax is arrived at after charging / (crediting) :</b>				
Interest income	7	2,526	1,756	2,544
Interest on borrowings	56	-	56	-
Foreign exchange (gain) / loss	(1,672)	(42)	(2,117)	134
Depreciation of property, plant and equipment	1,421	1,545	5,854	5,888
Depreciation of investment property	56	56	230	230
Amortization of deferred development costs	-	5	-	20
Amortization of lease prepayment	19	19	76	76
Loss /(Gain) on disposal of property, plant and equipment	6	2	15	(36)
Loss on disposal of available-for-sale financial assets	-	-	1,562	-
Allowance for impairment of product development cost in progress	-	2,784	-	2,784

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

	Note	Group		Company	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
		RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current assets</b>					
Property, plant and equipment		54,003	54,445	6,596	4,049
Investment property		2,365	2,595	-	-
Investment in subsidiary		-	-	76,607	76,607
Lease prepayments		690	766	-	-
Intangible assets	(a)	6,128	6,128	-	-
Refundable deposits		22,174	21,889	-	-
Deferred tax assets		1,220	1,567	-	-
		<b>86,580</b>	<b>87,390</b>	<b>83,203</b>	<b>80,656</b>
<b>Current assets</b>					
Inventories		22,321	16,027	-	-
Trade and bills receivables		1,565	7,886	-	-
Other receivables, prepayments and deposits		10,673	12,330	-	-
Income tax recoverable		33	963	-	-
Due from subsidiary (non-trade)		-	-	18,000	44,850
Available-for-sale financial assets		-	43,674	-	-
Cash and bank balances		69,670	9,807	65,974	4,788
		<b>104,262</b>	<b>90,687</b>	<b>83,974</b>	<b>49,638</b>
<b>Total assets</b>		<b>190,842</b>	<b>178,077</b>	<b>167,177</b>	<b>130,294</b>
<b>Equity</b>					
Share capital		144,975	144,975	144,975	144,975
Treasury Shares		(170)	-	(170)	-
Statutory reserves		21,906	21,314	-	-
Accumulated (losses) / profits		(11,033)	(13,033)	21,263	(15,933)
<b>Total equity</b>		<b>155,678</b>	<b>153,256</b>	<b>166,068</b>	<b>129,042</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		42	121	-	-
		42	121	-	-
<b>Current liabilities</b>					
Trade and other payables		23,122	24,700	1,109	1,252
Short-term borrowing		12,000	-	-	-
		35,122	24,700	1,109	1,252
<b>Total liabilities</b>		<b>35,164</b>	<b>24,821</b>	<b>1,109</b>	<b>1,252</b>
<b>Total equity and liabilities</b>		<b>190,842</b>	<b>178,077</b>	<b>167,177</b>	<b>130,294</b>

Notes:

(a) Intangible assets comprise mainly of Product Development in Progress of RMB6,128,000 (31/12/2015: RMB 6,128,000).

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

	As at 31 December 2016		As at 31 December 2015	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
(a) Amount repayable in one year or less, or on demand	-	12,000 *	-	-
(b) Amount repayable after one year	-	-	-	-

\* The short-term borrowing of RMB12.0 million as at 31 December 2016 was unsecured and the interest was charged at 0.36% per month.

**1(c) Consolidated Statement of Cash Flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Cash Flow statement for the period ended 31 December**

<u>Group</u>	RMB'000		RMB'000	
	3 months ended 31 December 2016	3 months ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2015
<b>Cash flow from operating activities</b>				
<b>Profit / (Loss) before income tax</b>	<b>1,792</b>	<b>(3,624)</b>	<b>3,790</b>	<b>8,323</b>
Adjustments for:				
Amortisation of deferred development costs	-	5	-	20
Amortisation of lease prepayments	19	19	76	76
Depreciation of property, plant and equipment	1,421	1,545	5,854	5,888
Depreciation of investment property	56	56	230	230
Loss / (Gain) on disposal of property, plant and equipment	6	2	15	(36)
Loss on disposal of available-for-sale financial assets	-	-	1,562	-
Allowance for impairment of product development in progress	-	2,784	-	2,784
Interest expense	56	-	56	-
Interest income	(7)	(2,526)	(1,756)	(2,544)
Foreign exchange gain	(2,022)	-	(2,841)	-
<b>Operating profit before working capital changes</b>	<b>1,321</b>	<b>1,739</b>	<b>6,986</b>	<b>14,741</b>
<b>Changes in working capital:</b>				

Inventories	(2,567)	118	(6,294)	16,743
Trade and bills receivables	527	(3,293)	6,321	(7,425)
Other receivables, prepayments and deposits	(482)	5,727	2,570	459
Trade and other payables	3,340	(5,309)	(1,578)	(11,870)
<b>Cash generated from / (used in) operations</b>	<b>2,139</b>	<b>(4,496)</b>	<b>8,005</b>	<b>12,648</b>
Income tax refund	-	248	-	-
<b>Net cash generated from / (used in) operating activities</b>	<b>2,139</b>	<b>(4,248)</b>	<b>8,005</b>	<b>12,648</b>
<b>Cash flows from investing activities</b>				
Payments for product development in progress	-	-	-	(840)
Purchase of property, plant and equipment	(1,607)	(1,710)	(5,438)	(8,203)
Prepayment for plant and equipment	229	151	(913)	(317)
Advances for product manufacturing rights and technical know-how	(285)	-	(7,285)	(19,746)
Proceeds from disposal of property, plant and equipment	5	6	11	66
Refund of deposit from potential investments	-	-	7,000	11,000
Purchase of available-for-sale financial assets	-	2,486	(52,500)	(43,674)
Proceeds from disposal of available-for-sale financial assets	-	-	94,612	36,000
Interest received	7	2,526	1,756	2,544
<b>Net cash (used in) / generated from investing activities</b>	<b>(1,651)</b>	<b>3,459</b>	<b>37,243</b>	<b>(23,170)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowing	12,000	-	12,000	-
Purchase of treasury shares	(159)	-	(170)	-
Interest paid	(56)	-	(56)	-
<b>Net cash generated from financing activities</b>	<b>11,785</b>	<b>-</b>	<b>11,774</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>12,273</b>	<b>(789)</b>	<b>57,022</b>	<b>(10,522)</b>
Cash and cash equivalents at beginning of the period/year	55,375	10,596	9,807	20,329
Effects of exchange rate changes in cash and cash equivalents	2,022	-	2,841	-
<b>Cash and cash equivalents at end of the period/year</b>	<b>69,670</b>	<b>9,807</b>	<b>69,670</b>	<b>9,807</b>

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

**Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December**

<u>Group</u>	Share capital	Treasury Shares	Statutory reserves	Accumulated (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2015</b>	<b>144,975</b>	-	<b>19,910</b>	<b>(17,653)</b>	<b>147,232</b>
Total comprehensive income for the year	-	-	-	6,024	6,024
Transfer	-	-	1,404	(1,404)	-
<b>At 31 December 2015</b>	<b>144,975</b>	-	<b>21,314</b>	<b>(13,033)</b>	<b>153,256</b>
<b>At 1 January 2016</b>	<b>144,975</b>	-	<b>21,314</b>	<b>(13,033)</b>	<b>153,256</b>
Total comprehensive income for the year	-	-	-	2,592	2,592
Purchase of treasury shares	-	(170)	-	-	(170)
Transfer	-	-	592	(592)	-
<b>At 31 December 2016</b>	<b>144,975</b>	<b>(170)</b>	<b>21,906</b>	<b>(11,033)</b>	<b>155,678</b>

<u>Company</u>	Share capital	Treasury Shares	Accumulated (losses) / profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2015</b>	<b>144,975</b>	-	<b>(31,195)</b>	<b>113,780</b>
Total comprehensive income for the year	-	-	15,262	15,262
<b>At 31 December 2015</b>	<b>144,975</b>	-	<b>(15,933)</b>	<b>129,042</b>
<b>At 1 January 2016</b>	<b>144,975</b>	-	<b>(15,933)</b>	<b>129,042</b>
Total comprehensive income for the year	-	-	37,196	37,196
Purchase of treasury shares	-	(170)	-	(170)
<b>At 31 December 2016</b>	<b>144,975</b>	<b>(170)</b>	<b>21,263</b>	<b>166,068</b>

**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 issuer, 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.**

The number of issued ordinary shares (excluding treasury shares) of the Company was as follows:

<b><u>Issued and Paid-Up Capital</u></b>	<b>Number of Shares</b>
As at 31 December 2015 (audited)	46,824,999
As at 31 December 2016 (unaudited)	46,610,499

The Company did not have treasury shares as at 31 December 2015. Movements in the Company's issued share capital (excluding treasury shares) during the year ended 31 December 2016 were as follows:

	<b><u>Number of shares</u></b>
Balance as at 1 January 2016	46,824,999
Shares buy back and held as treasury shares	(214,500)
Balance as at 31 December 2016	<b><u>46,610,499</u></b>

During the financial year ended 31 December 2016, the Company purchased a total of 214,500 (31 December 2015: Nil) of its ordinary shares by way of on-market purchase. These shares were held as treasury shares and presented as a component within shareholders' equity

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

	<b>Year ended 31 December 2016</b>	<b>Year ended 31 December 2015</b>
Total number of issued shares excluding treasury shares	46,610,499	46,824,999

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

The Company acquired 214,500 of its own shares in the open market during the current financial year. These shares are held as treasury shares.

Movements in the Company's treasury shares during the financial year ended 31 December 2016 were as follows:

<b><u>Group and Company</u></b>	<b>Number of Shares</b>
Balance as at 1 January 2016	-
Shares buy back on 17 August 2016	14,500
Shares buy back on 19 October 2016	70,000
Shares buy back on 21 October 2016	90,000
Shares buy back on 14 November 2016	40,000
Balance as at 31 December 2016	214,500

The Company did not hold any treasury shares as at 31 December 2015.

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

The figures have neither been audited nor reviewed by the Group'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 and methods of computation applied in the financial statements for the current financial year are consistent with those of the audited financial statements for the year ended 31 December 2015.

**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.**

The adoption of certain new/revised accounting standards effected on 1 January 2016 have no significant impact on the Group's result of operations.



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.

	Group		Group	
	3 months ended 31 December 2016	3 months ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2015
Net amount attributable to equity shareholders for the period/year (RMB'000)	1,140	(3,700)	2,592	6,024
No. of ordinary shares used in calculation of basic profit / (loss) per share	46,764,629	46,824,999	46,782,468	46,824,999
<b>Profit / (Loss) per ordinary share of the group, based on net profit / (loss) attributable to the shareholders of the Company (in RMB cents):</b>				
(a) Based on weighted average number of ordinary share on issue: and (in RMB cents)	2.44	(7.90)	5.54	12.86
(b) On a fully diluted basis (in RMB cents)	2.44	(7.90)	5.54	12.86

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-  
 (a) current financial year reported on ; and  
 (b) immediate preceding financial year.

	Group		Company	
	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2016	Year ended 31 December 2015
Net asset value per ordinary share capital at the end of the year (in RMB cents)	334.00	327.30	356.29	275.58
Number of shares (in issued)	46,610,499	46,824,999	46,610,499	46,824,999

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 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.

## Overview

In FY2016 the Group managed to achieve RMB2.6 million in net profit attributable to equity holders and revenue recorded of RMB61.7 million in spite of the challenging business conditions during the year of 2016 and the ongoing price pressure from the drug prices intervention regulation by the China government.

## Revenue

Group revenue decreased 32% from RMB90.2 million in FY2015 to RMB61.7 million in FY2016 resulting from lower antibiotics and other specialized drug sales.

	3 months ended 31 December 2016	3 months ended 31 December 2015	Change		Year ended 31 December 2016	Year ended 31 December 2015	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000
Antibiotics	4,539	7,556	(40)	(3,017)	20,099	32,921	(39)	(12,822)
Cardiovascular drugs and cerebrovascular drugs	747	1,349	(45)	(602)	2,968	3,928	(24)	(960)
Other specialized drugs	11,314	14,218	(20)	(2,904)	38,611	53,343	(28)	(14,732)
<b>Total</b>	<b>16,600</b>	<b>23,123</b>	<b>(28)</b>	<b>(6,523)</b>	<b>61,678</b>	<b>90,192</b>	<b>(32)</b>	<b>(28,514)</b>

Antibiotics sales dipped 39% to RMB20.1 million in FY2016 due to the decrease in the sales of Cefoxitin Sodium for Injection and Cefminox Sodium for Injection. Antibiotics accounted for 32% of Group revenue in FY2016, making it the second largest revenue contributor.

Cardiovascular drugs and cerebrovascular drugs sales declined 24% to RMB3.0 million in FY2016. This is mainly due to lower sale of Vinpocetine for Injection. Cardiovascular drugs and cerebrovascular drugs represented 5% of Group revenue in FY2016.

Other specialized drugs fell 28% to RMB38.6 million in FY2016 on softening demand for Potassium Sodium Dehydroandrographolide Succinate for Injection, Bocobal Mecobalamin Injection and Amoxicillin and Dicloxacillin Sodium Tablets. Other specialized drugs remained the largest revenue contributor constituting 63% of Group revenue in FY2016.

## Profitability

Gross profit fell 29% to RMB21.4 million in FY2016 owing to lower antibiotics and other specialized drug sales.

Other operating income decreased 39% from RMB3.7 million in FY2015 to RMB2.3 million in FY2016 as a result of lower income earned from subcontracting service provided for the manufacturing pharmaceutical products.

Selling and distribution expenses fell 32% to RMB5.9 million in FY2016 from RMB8.6 million in FY2015 as entertainment and promotion expense reduced in FY2016. Administrative expenses declined 4% to RMB15.4 million due to the Group managed to keep operating expenses in check.

Other expenses dropped by 29% to RMB2.4 million in FY2016 mainly result from the RMB2.8 million impairment charges of product development in progress in FY2015.

Finance income increased 52% to RMB3.9 million mainly due to RMB2.1 million exchange gains in FY2016.

Finance expenses down 44% to RMB0.09 million primarily due to higher foreign exchange loss in FY2015.

Tax expenses decreased by 48% to RMB1.2 million in FY2016 in line with lower profits for the year.

Overall, the Group recorded a 57% decrease in net profit attributable to equity holders from RMB6.0 million in FY2015 to RMB2.6 million in FY2016.

### **Financial Position**

*(31 December 2016 vs. 31 December 2015)*

Non-current assets decreased from RMB87.4 million to RMB86.6 million. Property, plant and equipment fell slightly from RMB54.4 million to RMB54.0 million due to depreciation offset by the additional equipment purchased to improve productivity. Intangible assets remained at approximately RMB6.1 million as deferred development cost was fully amortized in FY2015. Refundable deposits rose to RMB22.2 million in FY2016 mainly due to prepayment of RMB0.3 million to third party research and development vendor to develop a new medical product during the year.

Current assets increased from RMB90.7 million to RMB104.3 million. Inventories rose from RMB16.0 million to RMB22.3 million due to additional raw material purchases to support the subcontracting manufacturing services and anticipation of further inflation of raw material. Trade & bills receivables decreased from RMB7.9 million to RMB1.6 million as bill receivables in FY2015 were fully redeemed during 2016. Other receivables, prepayments and deposits decreased from RMB12.3 million to RMB10.7 million as a result of the deposit refund from R&D agreement terminated in FY2015. Available-for-sale financial assets down to zero from RMB43.7 million as all of the financial products were redeemed upon maturity in 2016. Cash and bank balances increased from RMB9.8 million to RMB69.7 million mainly attributed to the RMB43.7 million proceeds from the redemption of available-for sale financial assets.

Non-current liabilities comprising deferred tax liabilities fell from RMB0.1 million to RMB0.04 million.

Current liabilities rose from RMB24.7 million to RMB35.1 million primarily due to a short-term borrowing of RMB12.0 million obtained in 4Q2016 and partially offset by decreased of trade and other payables during the year.

## Cash Flow Statement

The Group's net cash inflow from operating activities was RMB8.0 million in FY2016 and RMB2.1 million in 4Q2016. This was mainly due to the Group's usual operating business.

Net cash generated from investing activities in FY2016 amounted to RMB37.2 million and net cash used in 4Q2016 amounted to RMB1.7 million. This was primarily due to the proceeds from the redemption of available-for sale financial assets upon maturity but these were partially offset by purchase of property, plant and equipment during the year.

The Group's net cash generated from financing activities in FY2016 and 4Q2016 amounted to RMB11.8 million respectively. This was primarily due to the RMB12 million proceeds from short-term borrowing during current financial year.

As a result, the net cash inflow in FY2016 amounted to RMB57.0 million and RMB12.3 million in 4Q2016.

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

No forecast or prospect statement had been previously issued for the financial period under review.

**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 expects business conditions to remain challenging in 2017 due to regulatory and economic outlook in the People's Republic of China ("PRC").

The cornerstone of the Group's strategic efforts continues to be sustainable long term growth, backed by continuous investments in the Group's Research and Development efforts to roll out new products. These initiatives are well-supported by the Group's ramping up of its business development engine aimed at further expanding domestic sales and capturing opportunities to grow both internally and externally.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

**Ordinary Shares:**

No.

**(b) Corresponding Period of the immediately preceding financial year**

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

**Ordinary Shares:**

No.

**(c) Date payable**

**Ordinary Shares:**

Not applicable.

**(d) Book Closure Date**

**Ordinary Shares:**

Not applicable.

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

No dividend has been declared or recommended for the current period reported on.

**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.**

<b>Name of interested person</b>	<b>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
Hainan Selection Pharmaceutical Co., Ltd.	RMB1,416,000	Nil

The value of IPT of the Group is below 3% of the Group's latest net tangible assets as at 31 December 2016.

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group's main businesses are those relating to the manufacturing and sales of pharmaceutical products and it operates mainly in the PRC. Accordingly, the Group is not subjected to different risks and returns in its activities and geographical regions in which it operates.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8 for the review of performance by business.

17. A breakdown of sales.

	<b>FY2016</b>	<b>FY2015</b>	<b>Increases/(Decreases)</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue for first half of the year</b>	29,302	43,377	(14,075)	(32.45)
<b>Operating profit after tax for the first half of the year</b>	800	6,221	(5,421)	(87.14)
<b>Revenue for second half of the year</b>	32,376	46,815	(14,439)	(30.84)
<b>Operating profit / (loss) after tax for the second half of the year</b>	1,792	(197)	n.m.	n.m.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	<b>FY2016</b>	<b>FY2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Ordinary Shares	-	-
Preference Shares	-	-
<b>Total</b>	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
NIL				

**By Order of the Board**

**Xu Zhi Bin**  
**Executive Chairman**  
**24 February 2017**