

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2016**

	Group 12M 2016 RMB'000	Group 12M 2015 RMB'000	+ / (-) %
Revenue	40,272	31,878	26.3
Cost of sales	(30,697)	(29,615)	3.7
Gross profit	9,575	2,263	n.m.
Other operating income	2,690	1,367	96.8
Administrative expenses	(7,600)	(7,429)	2.3
Selling and distribution expenses	(290)	(727)	(60.1)
Gain/(Loss) before income tax	4,375	(4,526)	n.m.
Income tax	(665)	(42)	n.m.
Gain/(Loss) for the period representing total comprehensive income for the period and attributable to equity holders of the company	3,710	(4,568)	n.m.

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

Staff costs	(3,406)	(3,308)	3.0
Depreciation	(2,196)	(1,640)	33.9
Amortisation	(435)	(411)	5.8
Exchange differences	(180)	14	n.m.
Interest income	772	1,049	(26.4)
Research and development ("R&D")	(325)	(587)	(44.6)

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 31/12/2016 RMB'000	Group 31/12/2015 RMB'000	Company 31/12/2016 RMB'000	Company 31/12/2015 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	30,605	28,032	195	164
Structured deposit	10,500	-	-	-
Trade receivables	10,040	1,490	-	-
Other receivables and prepayments	3,617	2,745	-	-
Prepaid lease premium	355	355	-	-
Properties under development	-	35,842	-	-
Property for sale	25,087	-	-	-
Inventories	19,720	17,108	-	-
Total current assets	99,924	85,572	195	164
Non-current assets				
Prepaid lease premium	14,183	14,538	-	-
Properties under development	19,338	21,224	-	-
Property, plant and equipment	19,392	19,492	-	-
Intangible assets	264	344	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	53,177	55,598	131,406	131,406
Total assets	153,101	141,170	131,601	131,570
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	19,066	15,106	-	-
Other payables	9,624	6,065	6,449	4,455
Tax payable	1,938	1,236	-	-
Total current liabilities	30,628	22,407	6,449	4,455
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(40,240)	(43,950)	(37,561)	(35,598)
Net equity	122,473	118,763	125,152	127,115
Total liabilities and equity	153,101	141,170	131,601	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 31/12/2016		As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	5,399	Nil	3,322

Amount repayable after one year

As at 31/12/2016		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.

	Group	
	12M 2016 RMB'000	12M 2015 RMB'000
Operating activities:		
Profit/(loss) before income tax	4,375	(4,526)
Adjustments for:		
Depreciation of property, plant and equipment	2,196	1,640
Amortisation on prepaid lease premium	355	355
Amortisation of intangible assets	80	56
Interest income	(772)	(1,049)
Allowance for doubtful debts	-	149
Allowance for inventories	-	671
Gain on disposal of property, plant and equipment	1	-
Unrealised exchange (gain)/loss	(12)	5
Operating gain/(loss) before working capital changes	6,223	(2,699)
Trade receivables	(8,550)	(395)
Other receivables and prepayments	(872)	1,104
Inventories	(2,612)	2,087
Property for sale	(25,087)	0
Property under development	37,728	(17,354)
Trade payables	3,960	3,709
Other payables	1,482	(172)
Cash generated from/(used in) operations	12,272	(13,720)
Interest received	772	1,049
Income tax received/(paid)	37	(42)
Net cash generated from /(used in) operating activities	13,081	(12,713)
Investing activities:		
(Increase)/Decrease in structured deposits	(10,500)	33,830
Purchase of property, plant and equipment	(2,249)	(3,067)
Proceeds from disposal of property, plant and equipment	152	-
Net cash (used in)/generated from investing activities	(12,597)	30,763
Financing activity		
Receipt of advances from a director	2,077	1,696
Net cash generated from financing activity	2,077	1,696
Net increase in cash and cash equivalents	2,561	19,746
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	12	(5)
Cash and cash equivalents at end of financial period	30,605	28,032

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 2015	162,713	(39,382)	123,331
Total comprehensive income for the year	-	(4,568)	(4,568)
Balance as at 31 December 2015	162,713	(43,950)	118,763
Total comprehensive income for the year	-	3,710	3,710
Balance as at 31 December 2016	162,713	(40,240)	122,473
<u>Company</u>			
Balance as at 1 January 2015	162,713	(33,907)	128,806
Total comprehensive income for the period	-	(1,691)	(1,691)
Balance as at 31 December 2015	162,713	(35,598)	127,115
Total comprehensive income for the year	-	(1,963)	(1,963)
Balance as at 31 December 2016	162,713	(37,561)	125,152

- 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 31 December 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 31 December 2015 and 31 December 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 12M 2016 RMB Cents	Group 12M 2015 RMB Cents
Loss per ordinary share were:		
Based on the weighted average number of ordinary shares on issue; and	5.91	(7.28)
On a fully diluted basis	5.91	(7.28)

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 31/12/2016 RMB Cents	Group 31/12/2015 RMB Cents	Company 31/12/2016 RMB Cents	Company 31/12/2015 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	195.14	189.23	199.41	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 achieved revenue of RMB40.3 million for the financial year ended 31 December 2016 ("FY2016"), an increase of 26.3% or RMB8.4 million from RMB31.9 million in the corresponding period in 2015. This was mainly due to the new contribution from the sales of residential project in Lan County and partially offset by lower contributions from pharmaceutical ingredients products segment.

The Group's gross profit improved by RMB7.3 million from RMB2.3 million in FY2015 to RMB9.6 million in FY2016 mainly driven by the contribution from new property development segment as well as better performance from pharmaceutical ingredients products segment. Although the revenue from pharmaceutical ingredients products segment declined in FY2016,

the Group saw an increase in the gross profit margin for this segment, from 7.1% in FY2015 to 25.7% in FY2016. This was due to higher contribution from higher gross margin products such as pharmaceutical end products instead of pharmaceutical intermediates. The Group's overall gross profit margin improved to 23.8% in FY2016.

Other income increased by RMB1.3 million from RMB1.4 million in FY2015 to RMB2.7 million in FY2016 mainly due to the income from disposal of saplings. The lower interest income partially offset the increase.

There was no significant change in the administrative expenses in FY2016 against FY2015. Selling and distribution expenses decreased by 60.1% in FY2016 as against FY2015 mainly due to the Lan County project which had higher expenses due to the construction of show flats in FY2015.

Statement of Financial Position

Trade receivables increased by RMB8.6 million to RMB10.0 million as at 31 December 2016 mainly due to slower collection from customers in the pharmaceutical ingredients products segment and receivables arising from the sales of Lan County project.

With the completion and sales of Lan County project, current properties under development was reclassified to property for sale amounting to RMB25.1 million as at 31 December 2016.

Non-current properties under development decreased by RMB1.9 million to RMB19.4 million as at 31 December 2016 mainly due to the sales of saplings.

Trade payables increased to RMB19.1 million from RMB15.1 million mainly due to the advances received from customers for the sale of pharmaceutical ingredients products.

Other payables increased to RMB9.6 million in FY2016 from RMB6.1 million in FY2015 mainly due to receipt of advances from a Director.

Statement of Cash Flows

Overall, the Group registered a net cash increase of approximately RMB2.6 million, adjusted for the effect of foreign exchange, for FY2016. The overall net cash increase was mainly attributable to net cash generated from operating activities amounting to RMB13.1 million and receipt of interest-free advances (repayable on demand) from a Director for the daily working cash flow requirements in Singapore amounting to RMB2.1 million. Cash used in investing in structured deposits of RMB10.5 million and purchase of fixed asset of RMB2.2 million, 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 4Q2016 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 September 2016.

The Group has obtained the new GMP license on 25 March 2016. The new official GMP license allows the Group to produce and sell pharmaceutical end products instead of pharmaceutical intermediates. The shift to sales of end products has improved gross profit margin of the pharmaceutical ingredients products segment, in line with previous general prospect commentary.

- 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 also 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. 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.

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.**

	Pharmaceutical ingredients <u>products</u> RMB'000	Property <u>development</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Total</u> RMB'000
<u>2016</u>				
Revenue				
External customers	20,901	19,371	-	40,272
Result				
Segment result	384	3,622	369	4,375
Income tax expense		(665)	-	(665)
Profit for the year				<u>3,710</u>
Assets and liabilities				
Segment assets	62,789	88,274	2,038	<u>153,101</u>
Segment liabilities	17,539	5,591	7,498	<u>30,628</u>
Other segment information				
Capital expenditure	2,242	-	7	2,249
Depreciation and amortisation	2,566	17	48	2,631

In 2015, the property development segment has not commenced any sales of property, the Group's revenue, profit or loss for the year was mainly from the pharmaceutical ingredients products segment arising from the manufacturing and sale of hormone-type pharmaceutical products.

	Pharmaceutical ingredients <u>products</u> RMB'000	Property <u>development</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Total</u> RMB'000
<u>2015</u>				
Assets and liabilities				
Segment assets	55,707	84,253	1,210	<u>141,170</u>
Segment liabilities	10,842	6,887	4,678	<u>22,407</u>
Other segment information				
Capital expenditure	3,028	39	0	3,067
Depreciation and amortisation	1,988	15	48	2,051

As the Group's main assets and revenue are in People's Republic of China. Accordingly, no geographical segment information is presented.

Information about major customers

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2016 RMB'000	2015 RMB'000
Customer A	8,202	12,229
Customer B	4,103	7,268
Customer C	<u>-</u>	<u>4,355</u>

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 section 8.

17. A breakdown of sales.

		Group RMB'000 31/12/2016	Group RMB'000 31/12/2015	+ / (-) %
(a)	Sales reported for first half year	6,467	15,007	n.m.
(b)	Operating loss before deducting minority interest reported for first half year	(3,010)	(2,068)	45.6
(c)	Sales reported for second half year	33,805	16,871	n.m.
(d)	Operating profit/(loss) before deducting minority interest reported for second half year	6,723	(2,500)	n.m.

n.m. – not meaningful

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

		Latest full year RMB'000 31/12/2016	Previous full year RMB'000 31/12/2015
(a)	Ordinary	-	-
(b)	Preference	-	-
	Total	-	-

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.**

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
Lan Weiguang	53	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	49	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	30	Son of Lan Weiguang, Non-Independent Non-Executive Chairman	Executive Director and Finance Director, 2015	Nil

20. **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

1 March 2017