

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016
PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

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 2016

	Group 3Q 2016 RMB'000	Group 3Q 2015 RMB'000	+ / (-) %	Group 9M 2016 RMB'000	Group 9M 2015 RMB'000	+ / (-) %
Revenue	4,563	10,766	(57.6)	11,030	25,773	(57.2)
Cost of sales	(2,674)	(9,394)	(71.5)	(7,795)	(23,298)	(66.5)
Gross profit	1,889	1,372	37.7	3,235	2,475	30.7
Other operating income	28	266	(89.5)	337	959	(64.9)
Administrative expenses	(1,342)	(1,426)	(5.9)	(5,601)	(4,764)	17.6
Selling and distribution expenses	(123)	(324)	(62.0)	(526)	(850)	(38.1)
Finance cost	-	-	n.m.	-	-	n.m.
Profit/(Loss) before income tax	452	(112)	n.m.	(2,555)	(2,180)	17.2
Income tax	-	(41)	n.m.	(3)	(41)	(92.7)
Profit/(Loss) for the period representing total comprehensive income for the period and attributable to equity holders of the company	<u>452</u>	<u>(153)</u>	n.m.	<u>(2,558)</u>	<u>(2,221)</u>	15.2

1(a)(ii)

Other Credits/(Charges)

Staff costs	(882)	(1,257)	(29.8)	(3,044)	(3,885)	(21.6)
Depreciation	(492)	(509)	(3.4)	(1,805)	(1,286)	40.4
Amortisation	(104)	(101)	2.9	(307)	(304)	1.0
Exchange differences	(49)	47	n.m.	(450)	36	n.m.
Interest income	34	235	(85.5)	345	926	(62.7)
Research and development ("R&D")	(98)	(69)	42.5	(394)	(525)	(25.0)

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 30/09/2016 RMB'000	Group 31/12/2015 RMB'000	Company 30/09/2016 RMB'000	Company 31/12/2015 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	35,464	28,032	774	164
Trade receivables	1,802	1,490	-	-
Other receivables and prepayments	3,797	2,745	-	-
Prepaid lease premium	355	355	-	-
Properties under development	40,280	35,842	-	-
Inventories	19,538	17,108	-	-
Total current assets	101,236	85,572	774	164
Non-current assets				
Prepaid lease premium	14,273	14,538	-	-
Properties under development	20,966	21,224	-	-
Property, plant and equipment	19,098	19,492	-	-
Intangible assets	302	344	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	54,639	55,598	131,406	131,406
Total assets	155,875	141,170	132,180	131,570
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	29,849	15,106	-	-
Other payables	8,412	6,065	6,546	4,455
Tax payable	1,409	1,236	-	-
Total current liabilities	39,670	22,407	6,546	4,455
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(46,508)	(43,950)	(37,079)	(35,598)
Net equity	116,205	118,763	125,634	127,115
Total liabilities and equity	155,875	141,170	132,180	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 30/09/2016		As at 31/12/2015	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	5,254	Nil	3,322

Amount repayable after one year

As at 30/09/2016		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 THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

	Group		Group	
	3Q 2016 RMB'000	3Q 2015 RMB'000	9M 2016 RMB'000	9M 2015 RMB'000
Operating activities:				
Profit/(Loss) before income tax	452	(112)	(2,555)	(2,180)
Adjustments for:				
Depreciation of property, plant and equipment	492	509	1,805	1,286
Amortisation on prepaid lease premium	87	89	265	267
Amortisation of intangible assets	17	12	42	37
Interest income	(34)	(235)	(345)	(926)
Unrealised exchange loss/(gain)	49	(47)	450	(36)
Operating gain /(loss) before working capital changes	1,063	216	(338)	(1,552)
Trade receivables	(1,709)	(93)	(312)	(846)
Other receivables and prepayments	(142)	(1,601)	(1,052)	1,008
Inventories	(1,655)	2,791	(2,430)	28
Property under development	(485)	(65)	(4,180)	(8,466)
Trade payables	8,660	(4,558)	14,743	(2,920)
Other payables	(969)	1,576	415	3,070
Cash generated from/(used in) operations	4,763	(1,735)	6,846	(9,678)
Interest received	34	235	345	926
Income tax paid/(refund)	209	(41)	170	(1,277)
Net cash generated from/(used in) operating activities	5,006	(1,541)	7,361	(10,029)
Investing activities:				
Decrease in financial receivables	-	1,836	-	4,928
Purchase of property, plant and equipment	(1,121)	(488)	(1,411)	(2,103)
Net cash (used in)/generated from investing activities	(1,121)	1,348	(1,411)	2,825
Financing activity				
Receipt of advances from a director	861	165	1,932	1,358
Net cash generated from financing activity	861	165	1,932	1,358
Net increase/(decrease) in cash and cash equivalents	4,746	(28)	7,882	(5,846)
Cash and cash equivalents at beginning of financial period	30,767	2,462	28,032	8,291
Effect of exchange rate changes on the balance of cash held in foreign currencies	(49)	47	(450)	36
Cash and cash equivalents at end of financial period	35,464	2,481	35,464	2,481

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
Total comprehensive income for the period	-	452	452
Balance as at 30 September 2016	162,713	(46,508)	116,205
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
Total comprehensive income for the period	-	(153)	(153)
Balance as at 30 September 2015	162,713	(41,603)	121,110
<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
Total comprehensive income for the period	-	(448)	(448)
Balance as at 30 September 2016	162,713	(37,079)	125,634
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
Total comprehensive income for the period	-	(108)	(108)
Balance as at 30 September 2015	162,713	(34,615)	128,098

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 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 30 September 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 3Q 2016 RMB Cents	Group 3Q 2015 RMB Cents	Group 9M 2016 RMB Cents	Group 9M 2015 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	0.72	(0.24)	(4.08)	(3.54)
On a fully diluted basis	0.72	(0.24)	(4.08)	(3.54)

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 30/09/2016 RMB Cents	Group 31/12/2015 RMB Cents	Company 30/09/2016 RMB Cents	Company 31/12/2015 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	185.16	189.23	200.18	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 for the third quarter ended 30 September 2016 ("3Q 2016") decreased by RMB6.2 million, approximately 57.6% compared to the third quarter ended 30 September 2015 ("3Q 2015") mainly due to the slowdown in pharmaceutical industry. But the Group's gross profit increased from RMB1.4 million in 3Q

2016 to RMB1.9 million in 3Q 2016 mainly due to higher contribution from higher gross margin product.

Other operating income for 3Q 2016 decreased by RMB0.2 million or 89.5% as compared to the corresponding period for 3Q 2015 due to the higher interest income derived from structured deposit in 2015.

There was no significant changes in the administrative expenses in 3Q 2016 against 3Q 2015. Selling and distribution expenses decreased by 62.0% in 3Q 2016 as against 3Q 2015 mainly due to lower packing and distribution expenses as a result of reduction in sales.

Statement of Financial Position

As at 30 September 2016, trade receivables increased by RMB0.3 million to RMB1.8 million mainly due to slower collection from customers.

Other receivables and prepayment increased to RMB3.8million from RMB2.7 million in FY2015 mainly due to increased prepayment for purchases.

Properties under development increased by RMB4.1 million from RMB57.1 million in FY2015 to RMB61.2 million as at 30 September 2016 due to the increase in development cost.

Trade payables increased to RMB29.8 million from RMB15.1 million mainly due to the advances received from customers for the sales of residential project in Lan County.

Other payables increased to RMB8.4 million for 3Q 2016 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 RMB7.9 million, adjusted for the effect of foreign exchange, for nine months period ended 30 September 2016. The overall net cash increase was mainly attributable to net cash generated from operating activities amounting to RMB7.4 million and receipt of interest-free advances (repayable on demand) from a Director for the daily working cash flow requirements in Singapore amounting to RMB1.9 million. Cash used in investing activities amounting to RMB1.4 million due to the purchase of fixed assets.

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 2016 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 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 pre-sales of the residential project in Lan County which is expected to contribute to the Group's revenue for the year ended 31 December 2016, if the Group is able recognise the sales upon completion of the residential project.

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 (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 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 3Q 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) of the Listing Manual.

The Company confirms that undertakings have been procured from all directors and Executive Officers under Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive chairman

11 November 2016