
FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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 YEAR ENDED 31 DECEMBER 2020

	Group FY2020 RMB'000	Group FY 2019 RMB'000 (Restated)	+ / (-) %
<u>Continuing Operation</u>			
Revenue	22,204	3,250	583.2
Cost of sales	(21,657)	(2,359)	818.1
Gross profit	547	891	(38.6)
Other operating income	2,023	2,991	(32.4)
Administrative expenses	(3,274)	(3,055)	7.2
Selling and distribution expenses	(214)	(274)	(21.9)
Share of profit of associates	1,691	-	n.m.
Profit before income tax	773	553	n.m.
Income tax	(308)	(569)	(45.9)
Profit (loss) from continuing operations, after taxation	465	(16)	n.m.
<u>Discontinued Operation</u>			
(Loss) profit from discontinued operation, after taxation	(29)	42	n.m.
Profit for the year representing total comprehensive income for the year and attributable to equity holders of the company	436	26	n.m.

n.m. = not meaningful

1(a)(ii) Profit (loss) before taxation arrived at after charging (crediting) the following:

Profit (loss) from continuing operations

	Group FY2020 RMB'000	Group FY 2019 RMB'000	+ / (-) %
Depreciation of right-of-use asset	(272)	-	n.m.
Depreciation of property, plant and equipment	(34)	(40)	(15.0)
Net foreign exchange gain	47	438	(89.3)
Staff costs	(1,004)	(1,164)	(13.7)
Interest income	1,745	2,412	(27.7)

Profit (loss) from discontinued operations

	Group FY2020 RMB'000	Group FY 2019 RMB'000 (Restated)	+ / (-) %
Revenue	-	23,595	n.m.
Cost of sales	-	(25,480)	n.m.
Gross profit	-	(1,885)	n.m.
Other operating income	2	7,538	n.m.
Administrative expenses	(31)	(381)	n.m.
Selling and distribution cost	-	(4,898)	n.m.
Other operating expenses	-	-332	n.m.
Profit (loss) before income tax	(29)	42	n.m.
Income tax	-	-	n.m.
Profit (loss) from discontinued operations	(29)	42	n.m.

Profit (loss) from discontinued operations is arrived at after charging/(crediting) the following:

	Group FY2020 RMB'000	Group FY 2019 RMB'000	+ / (-) %
Depreciation of right-of-use asset	-	(272)	n.m.
Depreciation of property, plant and equipment	-	(1,299)	n.m.
Staff costs	-	(1,596)	n.m.
Interest income	-	7	n.m.
Gain on disposal of intangible asset	-	(1,900)	n.m.
Gain on disposal of property, plant and equipment	-	(4,666)	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.

UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Group	Group	Company	Company
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	49,022	80,946	233	278
Trade receivables	120	5,142	-	-
Other receivables and prepayments	13,622	7,884	32	7
Completed properties for sale	11,649	11,732	-	-
Inventories	50	93	-	-
Total current assets	74,463	105,797	265	285
Non-current assets				
Right-of-use asset	14,018	14,290	-	-
Property, plant and equipment	169	64	-	-
Subsidiaries	-	-	131,406	131,406
Associates	22,951	-	-	-
Total non-current assets	37,138	14,354	131,406	131,406
Total assets	111,601	120,151	131,671	131,691
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	3,293	6,826	-	-
Other payables and accruals	16,786	22,122	13,567	11,793
Income tax payable	1,755	1,872	-	-
Total current liabilities	21,834	30,820	13,567	11,793
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	911	776	-	-
Accumulated losses	(73,857)	(74,158)	(44,609)	(42,815)
Net equity	89,767	89,331	118,104	119,898
Total liabilities and equity	111,601	120,151	131,671	131,691

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

Amount repayable in one year or less, or on demand

As at 31/12/2020		As at 31/12/2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	12,192	Nil	10,167

Amount repayable after one year

As at 31/12/2020		As at 31/12/2019	
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	
	FY2020 RMB'000	FY2019 RMB'000
Operating activities:		
Profit (loss) before income tax		
Continuing operations	773	553
Discontinued operations	(29)	42
	<hr/> 744	<hr/> 595
Adjustments for:		
Depreciation of right-of-use asset	272	272
Depreciation of property, plant and equipment	34	1,339
Gain on disposal of intangible asset	-	(1,900)
Gain on disposal of property, plant and equipment	-	(4,666)
Interest income	(1,745)	(2,419)
share of profit of associates	(1,691)	-
	<hr/> (2,386)	<hr/> (6,779)
Operating loss before working capital changes		
Trade receivables	5,008	5,156
Other receivables and prepayments	6,262	(5,340)
Inventories	43	20,115
Completed properties for sale	83	2,063
Trade payables	(3,533)	(14,079)
Other payables	(7,361)	(5,394)
	<hr/> (1,884)	<hr/> (4,258)
Cash used in operations		
Interest received	1,745	2,419
Income tax paid	(425)	(347)
	<hr/> (564)	<hr/> (2,186)
Net cash generated from (used in) operating activities		
Investing activities:		
Purchase of property, plant and equipment	(139)	(141)
Proceed from disposal of intangible asset	-	1,900
Proceeds from disposal of property, plant and equipment	-	5,121
Loan to third party	(12,000)	
Investment in associates	(21,260)	-
	<hr/> (33,399)	<hr/> 6,880
Net cash used in investing activities		
Financing activities		
Receipt of advances from a director, representing net cash generated from financing activity	2,025	1,230
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(31,938)	5,924
Cash and cash equivalents at beginning of financial period	80,946	75,019
Effect of exchange rate changes on the balance of cash held in foreign currencies	14	3
	<hr/> 49,022	<hr/> 80,946
Cash and cash equivalents at end of financial period		

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.

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Group				
Balance as at 1 January 2020	162,713	776	(74,158)	89,331
Profit for the year, representing total comprehensive income for the year	-	-	436	436
Transfer to statutory reserves	-	135	(135)	-
Balance as at 31 December 2020	162,713	911	(73,857)	89,767
Balance as at 1 January 2019	162,713	577	(73,985)	89,305
Profit for the year, representing total comprehensive income for the year	-	-	26	26
Transfer to statutory reserves	-	199	(199)	-
Balance as at 31 December 2019	162,713	776	(74,158)	89,331
Company				
Balance as at 1 January 2020	162,713	-	(42,815)	119,898
Loss for the year, representing total comprehensive loss for the year	-	-	(1,794)	(1,794)
Balance as at 31 December 2020	162,713	-	(44,609)	118,104
Balance as at 1 January 2019	162,713	-	(41,198)	121,515
Loss for the year, representing total comprehensive loss for the year	-	-	(1,617)	(1,617)
Balance as at 31 December 2019	162,713	-	(42,815)	119,898

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 excuding treasury share as at the end of the immediate preceding year.

	As at 31 December 2020	As at 31 December 2019
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 December 2019 and 31 December 2020.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period report on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported 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.

3A. Where the latest financial statements are subject an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issue on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current period as those of the audited financial statements as of 31 December 2019.

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 Group and the Company adopted all the new and revised Singapore Financial Reporting Standard (International) ("SFRS(I)") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2019. The adoption of the new and revised SFRS(I) does not have significant impact to the Group's and the Company's accounting policies.

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 FY201209 RMB Cents	Group FY2019 RMB Cents
Profit(loss) per share based on the weighted average number of ordinary shares on issue:		
-from continuing operations - basic and fully diluted	0.74	(0.03)
-from discontinued operations - basic and fully diluted	(0.05)	0.07
-from both continuing and discontinued operations - basic and fully diluted	0.69	0.04

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 31/12/2019 RMB Cents	Group 31/12/2018 RMB Cents	Company 31/12/2019 RMB Cents	Company 31/12/2018 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	143.03	142.34	188.18	191.04

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

CONTINUING OPERATIONS

The Group's revenue for the financial year ended 31 December 2020 ("FY2020") increased by 583.2% or RMB 18.95 million, to RMB 22.20 million, mainly due to the revenue generated from the health and nutrition segment. In FY2020, the Group property development segment has generated revenue of RMB 95,000 from the sales of 1 parking lot compared to 4 residential units and 4 parking lots sold in the prior year. The remaining RMB 22.11 million revenue was generated by the health and nutrition segment.

Despite the increase in revenue, the Group's gross profit decreased by 38.6% from RMB 891,000 in FY2019 to RMB 547,000 in FY2020. The Group reported gross margin of 2% in FY2020 from 27% in FY2019 due to the lower gross profit margin of the health and nutrition segment. As the Group is transitioning into the new health and nutrition segment, the strategic position taken is to explore the sector with sales and trading businesses with lower initial margins to capture the market access.

Other operating income decreased by 32.4% or RMB 968,000 from RMB 3.0 million in FY2019 to RMB 2.0 million in FY2020, mainly due to decrease in interest income generated from structure deposits and decrease in exchange gain.

The increase in administrative expenses by 7.2% or RMB 219,000 from RMB 3.1 million in FY2019 to RMB 3.3 million in FY2020. Despite the decrease in staff cost in FY2020, the increase in administrative expenses was attributable mainly to the land depreciation expense and land tax recategorized into continuing operations from discontinued operations in FY2020.

DISCONTINUED OPERATIONS

The Group disposed domain subsidiary in Suzhou in FY2020 and discontinued its manufacturing operations relating to the pharmaceutical product ingredients in Suzhou in connection with a change in business strategy in FY2019.

Statement of Financial Position

Trade receivables decreased by RMB 5.0 million from RMB 5.1 million to RMB 120,000 as at 31 December 2020. The trade receivables as at 31 December 2019 were fully associated to the pharmaceutical ingredients products segment and were fully recovered in FY2020. The trade receivables as at 31 December 2020 were fully associated to the health and nutrition segment.

Other receivables increased to RMB 13.6 million from RMB 7.9 million. The increase is mainly attributed to a RMB 12.0 million loan to third party, offset by the conversion of the RMB 6.4 million for the proposed investment for the health and nutrition segment ("Huawei investment") from a deposit to investment in associates.

The RMB 21.3 million investment into Huawei, as well as RMB 1.7 million share of profits for the year, has been recorded under investment in associate for a total of RMB 23.0 million, reflecting Huawei's role as a revenue generating asset. The current reported RMB 1.7 million for share of profit of associates is based on unaudited figures from Huawei. This is due to the COVID-19 imposed lockdown in Shijiazhuang, resulting in a delay in audit procedures.

Other payables and accruals have decrease by RMB 7.4 million to RMB 16.8 million from RMB 22.1 million mainly due to advance payments from customers.

Statement of Cash Flows

The overall net cash decrease in cash and cash equivalent of RMB 31.9 million for FY2020 was mainly attributable to the cash outflow of RMB 21.3 million in investment in associate and RMB 12 million loan to third party, offset by receipt of interest-free advances from a Director for the daily working cash flow requirements in Singapore amounting to RMB 2.0 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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 executed capital increase agreement with North China Pharmaceutical Co., Ltd ("NCPC") to subscribe 26% of equity interest in Hebei Huawei Health Industry Co., Ltd ("Huawei"), a wholly-owned subsidiary of NCPC, with a total consideration of RMB 21.3 million. NCPC is a well-established Pharmaceutical SOE based in Shijiazhuang, Hebei, that was the first pharmaceutical factory set up during China's First Five Year Plan. The investment is part of the Group's strategic plans for the purpose of expanding into the manufacturing and distribution of health and nutritional products. Huawei was established by NCPC in 1997, with core business segments in bottled water, vitamin water, vitamin supplements and other supplements production and distribution. In light of the Covid-19 crisis, the health consciousness and awareness has surged amongst the general population. To capture the rapidly growing market, Huawei has strengthened its footstep in exploring the business opportunities in the health and nutritional products segment by producing and distributing the highly in-demand immunity boosting products such as vitamin C and small peptides.

The transaction was completed in April 2020 and the Group's share of Huawei's profits have been consolidated to the Group through equity method accounting starting May 2020. In addition, the Group has started its own sales and trading operations of health and nutritional products.

The Group is also exploring new business opportunities in the bottled water market. The Group is in the process of searching for a suitable regional market in China to launch its product as well as set up manufacturing and distribution operations.

Sales of the remaining units in the Lan County project will be expected to continue to contribute to the Group's revenue.

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 cents

Nil.

(ii) Previous corresponding period cents

Nil.

- (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 and the reason(s) for the decision.**

No dividends have been declared or recommended as there was no operating profit.

- 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.**

	<u>Health & Nutrition</u>	<u>Property development</u>	<u>Unallocated</u>	<u>Discontinued operation</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>2020</u>					
Revenue					
External customers	22,109	95	-	-	<u>22,204</u>
Result					
Segment result	179	1,657	(2,754)	(29)	(947)
Share of profit of associates					1,691
Tax expenses					<u>(308)</u>
Profit for the year					<u>436</u>
Assets					
Segment assets	17,578	59,855	-	-	77,433
Unallocated assets	-	-	36,168	-	<u>36,168</u>
Total assets					<u>113,601</u>
Liabilities					
Segment liabilities	2,031	672	-	-	2,703
Unallocated liabilities	-	-	21,131	-	<u>21,131</u>
Total liabilities					<u>23,834</u>

	<u>Property development</u>	<u>Unallocated</u>	<u>Discontinued operation</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
<u>2019</u>				
Revenue				
External customers	3,250	-	23,595	<u>26,845</u>
Result				
Segment result	2,563	(2,032)	64	595
Tax expenses				<u>(569)</u>
Profit for the year				<u>26</u>
Assets				
Segment assets	100,189	-		112,579
Unallocated assets		7,572		<u>7,572</u>
Total assets				<u>120,151</u>

Liabilities

Segment liabilities	916	-	17,949
Unallocated liabilities		12,871	12,871
Total liabilities			<u>30,820</u>

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:

	<u>2020</u> RMB'000	<u>2019</u> RMB'000
Customer A	19,794	-
Customer B	-	8,634

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 as follow:-

		Group RMB'000 31/12/2020	Group RMB'000 31/12/2019	Increase / (decrease) %
(a)	Sales reported for first half year	12,724	9,353	36.0
(b)	Operating profit (loss) after tax reported for first half year	227	-4,339	n.m.
(c)	Sales reported for second half year	9,480	17,492	(45.8)
(d)	Operating profit (loss) after tax before reported for second half year	209	4,365	(95.2)

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 as follows:-

		Latest full year RMB'000 31/12/2020	Previous full year RMB'000 31/12/2019
(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	57	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	53	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	34	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

26 February 2021