

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2015

	Group 3Q 2015 RMB'000	Group 3Q 2014 RMB'000	+ / (-) %	Group 9M 2015 RMB'000	Group 9M 2014 RMB'000	+ / (-) %
Revenue	10,766	1,221	n.m.	25,773	3,279	n.m.
Cost of sales	(9,394)	(1,184)	n.m.	(23,298)	(4,346)	n.m.
Gross profit	1,372	37	n.m.	2,475	(1,067)	n.m.
Other operating income	266	397	(33.0)	959	1,068	(10.2)
Administrative expenses	(1,426)	(2,414)	(40.9)	(4,764)	(3,966)	20.1
Finance cost	-	-	-	-	(45)	n.m.
Selling and distribution expenses	(324)	(21)	n.m.	(850)	(63)	n.m.
Gain/(Loss) before income tax	(112)	(2,001)	(94.4)	(2,180)	(4,073)	(46.5)
Income tax	(41)	-	n.m.	(41)	-	n.m.
Gain/(Loss) for the period representing total comprehensive income for the period and attributable to equity holders of the company	(153)	(2,001)	(92.4)	(2,221)	(4,073)	(45.5)

1(a)(ii)

Other Credits/(Charges)

Staff costs	(1,257)	(1,136)	10.7	(3,885)	(2,220)	75.0
Depreciation	(509)	(353)	44.2	(1,286)	(1,073)	19.9
Amortisation	(89)	(89)	-	(267)	(267)	-
Exchange differences	47	(155)	n.m.	36	1,002	(96.4)
Interest income	235	425	(44.7)	926	946	(2.1)
Research and development ("R&D")	(69)	(491)	(85.9)	(525)	(856)	(38.7)

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
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	2,481	8,291	36	204
Structured deposit	28,902	33,830	-	-
Trade receivables	2,090	1,244	-	-
Other receivables and prepayments	2,841	3,849	-	-
Prepaid lease premium	357	357	-	-
Properties under development	25,744	15,278	-	-
Inventories	19,838	19,866	-	-
Total current assets	82,253	82,715	36	204
Non-current assets				
Prepaid lease premium	14,624	14,891	-	-
Properties under development	22,434	24,434	-	-
Property, plant and equipment	18,882	18,065	-	-
Intangible assets	363	400	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	56,303	57,790	131,406	131,406
Total assets	138,556	140,505	131,442	131,610
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	8,477	11,397	-	-
Other payables	8,969	4,541	3,344	2,804
Tax payable	-	1,236	-	-
Total current liabilities	17,446	17,174	3,344	2,804
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(41,603)	(39,382)	(34,615)	(33,907)
Net equity	121,110	123,331	128,098	128,806
Total liabilities and equity	138,556	140,505	131,442	131,610

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

Amount repayable in one year or less, or on demand

As at 30/09/2015		As at 31/12/2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	2,984	Nil	1,626

Amount repayable after one year

As at 30/09/2015		As at 31/12/2014	
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 2015

	Group		Group	
	3Q 2015	3Q 2014	9M 2015	9M 2014
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities:				
Loss before income tax	(112)	(2,001)	(2,180)	(4,073)
Adjustments for:				
Depreciation of property, plant and equipment	509	353	1,286	1,073
Amortisation on prepaid lease premium	89	89	267	267
Amortisation of intangible assets	12	-	37	-
Interest income	(235)	(425)	(926)	(946)
Unrealised exchange loss/(gain)	(47)	155	(36)	(1,002)
Operating gain/(loss) before working capital changes	216	(1,829)	(1,552)	(4,681)
Trade receivables	(93)	912	(846)	6,873
Other receivables and prepayments	(1,601)	3,824	1,008	7,327
Inventories	2,791	(4,302)	28	(6,411)
Property under development	(65)	(227)	(8,466)	(15,041)
Trade payables	(4,558)	3,241	(2,920)	2,361
Other payables	1,576	(1,805)	3,070	(3,804)
Cash used in operations	(1,735)	(186)	(9,678)	(13,376)
Interest received	235	425	926	946
Income tax paid	(41)	0	(1,277)	(1,246)
Net cash (used in)/generated from operating activities	(1,541)	239	(10,029)	(13,676)
Investing activities:				
Decrease in financial receivables	1,836	-	4,928	-
Purchase of property, plant and equipment	(488)	(177)	(2,103)	(1,448)
Net cash generated from/(used in) investing activities	1,348	(177)	2,825	(1,448)
Financing activities				
Repayment of bank loans	-	-	-	(3,137)
Receipt of advances from a director	165	-	1,358	1,207
Net cash generated from/ (used in) financing activities	165	-	1,358	(1,930)
Net decrease in cash and cash equivalents	(28)	62	(5,846)	(17,054)
Cash and cash equivalents at beginning of financial period	2,462	42,433	8,291	58,392
Effect of exchange rate changes on the balance of cash held in foreign currencies	47	(155)	36	1,002
Cash and cash equivalents at end of financial period	2,481	42,340	2,481	42,340

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 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
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	162,713	(35,035)	127,678
<u>Company</u>			
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
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	162,713	(33,258)	129,455

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 2015	As at 31 December 2014
Total number of issued shares	<u>313,800,000</u>	<u>313,800,000</u>

There are no treasury shares as at 30 September 2014, 31 December 2014 and 30 September 2015.

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 2015 RMB Cents	Group 3Q 2014 RMB Cents	Group 9M 2015 RMB Cents	Group 9M 2014 RMB Cents
Loss per ordinary share were:				
Based on the weighted average number of ordinary shares on issue; and	(0.05)	(0.64)	(0.71)	(1.30)
On a fully diluted basis	(0.05)	(0.64)	(0.71)	(1.30)

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 30/09/2015 RMB Cents	Group 31/12/2014 RMB Cents	Company 30/09/2015 RMB Cents	Company 31/12/2014 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	38.59	39.30	40.82	41.05

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's revenue improved in the third quarter period ended 30 September 2015 ("3Q 2015") and increased to RMB10.8 million compared to the revenue of RMB1.2 million of the corresponding period in 2014 ("3Q 2014") mainly due to the contribution from our new pharmaceutical ingredient products. As a result of improved sales, gross profit amount rose to RMB 1.4 million as compared to RMB37,000 with the same period last year.

Other operating income for 3Q 2015 decreased by 33.0% to RMB0.3 million as compared to the corresponding period for 3Q 2014 mainly due to lower interest income generated from structured deposit placed with the bank.

Administrative expenses were lower by 40.9% from RMB2.4 million in 3Q 2014 to RMB1.4 million in 3Q 2015. The decrease was mainly due to the lower research and development expenses in 3Q 2015 and foreign exchange gain of RMB47,000 in 3Q 2015 compared to foreign exchange loss of RMB155,000 in 3Q 2014.

Selling and distribution expenses comprising mainly delivery and packaging expenses were significantly higher in current third quarter period than the previous third quarter in 2014 in line with revenue growth.

Statement of Financial Position

As at 30 September 2015, trade receivables increased by RMB0.8 million from RMB1.2 million as at 31 December 2014 ("FY2014") to RMB2.0 million for 3Q 2015, mainly due to higher sales in 3Q 2015.

Structured deposits decreased to RMB28.9 million for 3Q 2015 from RMB33.8 million in FY2014 mainly due to maturity of the deposits in 3Q 2015.

Property under development increased by RMB8.5 million from RMB39.7 million in FY2014 to RMB48.2 million for 3Q 2015 due to the increase of development cost amounting to RMB10.5 million. The increase was offset by the decrease of deposit for land cost of RMB2.0 million.

Trade payables decreased to RMB8.5 million for 3Q 2015 from RMB11.4 million in FY2014, mainly due to the scheduled payment to suppliers for the period under review.

Other payables increased to RMB9.0 million for 3Q 2015 from RMB4.5 million in FY2014 mainly due to receipt of advance from a Director and higher advances from customers.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB5.8 million, adjusted for the effect of foreign exchange, for nine months period ended 30 September 2015. The overall net cash decrease was mainly attributable to net cash used in operating activities amounting to RMB10.0 million and cash used in investing activities amounting to RMB2.1 million due to the purchase of fixed assets. The decrease of structured deposit amounting to

RMB4.9 million from investing activities and receipt of interest-free advances (with no repayment term) amounting to RMB1.4 million from a Director for the Company's 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.

As disclosed in the results announcement for the financial period ended 30 June 2015, the sales of the residential project of Suntar Eco-city was targeted to commence in current financial year ending 31 December 2015. The Company wishes to update that as at 30 September 2015, the Company completed 90% of the development of the residential project of Suntar Eco-city. The Company will fund the remaining development of the project through the use of its internal funds. The sales of the said project is targeted to commence in the next financial year ending 31 December 2016. Barring unforeseen circumstances, the Company expects the said project to generate positive cash flow to the Company in FY2016.

Save as aforesaid, the current results for 3Q 2015 are in line with the general prospect commentary disclosed previously.

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 observed that the pharmaceutical ingredients industry in the People's Republic of China ("PRC") 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 FY2014. 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 2015.

With regards to the property market, the Company observed that lower tier cities in the PRC face the common problems of high inventory levels and weak demand, resulting in depressed housing prices. However, the Wuping local government had recently implemented some favorable policies and these policies are expected to benefit the local property market. Management would monitor and opt for the appropriate timing to launch the sales of the residential project of Suntar Eco-city.

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. 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 interim financial results of the Company for 3Q 2015 to be false or misleading in any material aspect.

15. Use of initial public offering proceeds

Please refer to the company's announcements through SGXnet on 14 November 2013 and 19 May 2015 for the use of IPO proceeds.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

13 November 2015