

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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 FIRST QUARTER ENDED 31 MARCH 2014

	Group	Group	
	1Q 2014	1Q 2013	+ / (-)
	RMB'000	RMB'000	%
Revenue	528	13,377	(96.1)
Cost of sales	(404)	(13,195)	(96.9)
Gross profit	124	182	(31.9)
Other operating income	211	107	97.2
Administrative expenses	(982)	(1,809)	(45.7)
Selling and distribution expenses	(21)	(62)	(66.1)
Finance cost	(45)	-	100.0
(Loss) before income tax	(713)	(1,582)	(54.9)
Income tax	-	-	-
(Loss) / Profit for the period representing total comprehensive income for the period and attributable to equity holders of the company	(713)	(1,582)	(54.9)

1(a)(ii)

	Group	Group	
	1Q 2014	1Q 2013	+ / (-)
	RMB'000	RMB'000	%
<u>Other Credits/(Charges)</u>			
Staff costs	(829)	(1,177)	(29.6)
Depreciation	(361)	(403)	(10.4)
Amortisation	(89)	(89)	-
Foreign exchange (loss) / gain	763	(572)	n.m.
Interest income	211	107	97.2
Research and development ("R&D")	(365)	(12)	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.

1(b)(i)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Group	Group	Company	Company
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
	RMB'000	RMB'000	RMB'000	RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	56,586	58,392	370	199
Trade receivables	6,649	12,456	-	-
Other receivables and prepayments	9,106	9,506	-	-
Prepaid lease premium	357	357	-	-
Inventories	6,544	6,321	-	-
Total current assets	79,242	87,032	370	199
Non-current assets				
Prepaid lease premium	15,210	15,299	-	-
Properties under development	23,873	23,401	-	-
Property, plant and equipment	17,295	16,975	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	56,378	55,675	131,406	131,406
Total assets	135,620	142,707	131,776	131,605
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	327	1,587	-	-
Other payables	4,255	4,986	1,579	1,163
Bank loan	-	3,137	-	-
Tax payable	-	1,246	-	-
Total current liabilities	4,582	10,956	1,579	1,068
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(31,675)	(30,962)	(32,516)	(32,271)
Net equity	131,038	131,751	130,197	130,442
Total liabilities and equity	135,620	142,707	131,776	131,605

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

Amount repayable in one year or less, or on demand

As at 31/03/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	3,137	Nil

Amount repayable after one year

As at 31/03/2014		As at 31/12/2013	
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 FIRST QUARTER ENDED
31 MARCH 2014**

	Group	
	1Q 2014	1Q 2013
	RMB'000	RMB'000
Operating activities:		
Loss before income tax	(713)	(1,582)
Adjustments for:		
Depreciation of property, plant and equipment	361	403
Amortisation on prepaid lease premium	89	89
Interest income	(211)	(107)
Unrealised exchange loss / (gain)	(763)	572
Operating loss before working capital changes	<u>(1,237)</u>	<u>(625)</u>
Trade receivables	5,807	496
Other receivables and prepayments	400	(1,073)
Inventories	(223)	697
Property under development	(472)	(323)
Trade payables	(1,260)	1,631
Other payables	(731)	3,744
Cash generated from operations	<u>2,284</u>	<u>4,547</u>
Interest received	211	107
Income tax paid	(1,246)	(413)
Net cash generated from operating activities	<u>1,249</u>	<u>4,241</u>
Investing activities:		
Receipt of loan repayment from a non-related company	-	8,000
Proceeds from sale of property, plant and equipment	-	10
Purchase of property, plant and equipment	(681)	(76)
Net cash (used in) /generated from investing activities	<u>(681)</u>	<u>7,934</u>
Financing activity:		
Repayments of bank loans	(3,137)	-
Repayment of advance from a third party	-	(1,205)
Net cash used in financing activities	<u>(3,137)</u>	<u>(1,205)</u>
Net (decrease) increase in cash and cash equivalents	(2,569)	10,970
Cash and cash equivalents at beginning of financial period	58,392	47,484
Effect of exchange rate changes on the balance of cash held in foreign currencies	763	(572)
Cash and cash equivalents at end of financial period	<u>56,586</u>	<u>57,882</u>

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	Accumulated losses	Net equity
	RMB'000	RMB'000	RMB'000
Group			
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	<u>162,713</u>	<u>(31,675)</u>	<u>131,038</u>
Balance as at 1 January 2013	162,713	(30,512)	132,201
Total comprehensive income for the period	-	(1,582)	(1,582)
Balance as at 31 March 2013	<u>162,713</u>	<u>(32,094)</u>	<u>130,619</u>
 Company			
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	<u>162,713</u>	<u>(32,516)</u>	<u>130,197</u>
Balance as at 1 January 2013	162,713	(31,244)	131,469
Total comprehensive income for the period	-	(170)	(170)
Balance as at 31 March 2013	<u>162,713</u>	<u>(31,414)</u>	<u>131,299</u>

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 shares as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 31 March 2014	As at 31 December 2013
Total number of issued shares	<u>313,800,000</u>	<u>313,800,000</u>

There are no treasury shares as at 31 December 2013 and 31 March 2014.

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 1Q 2014 RMB Cents	Group 1Q 2013 RMB Cents
Loss per ordinary share were:		
Based on the weighted average number of ordinary shares on issue; and	(0.23)	(0.50)
On a fully diluted basis	(0.23)	(0.50)

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 31/03/2014 RMB Cents	Group 31/12/2013 RMB Cents	Company 31/03/2014 RMB Cents	Company 31/12/2013 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the financial period	41.62	41.99	41.49	41.57

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 for the three months ended 31 March 2014 ("1Q 2014") decreased by RMB12.8 million or 96.1% lower than the corresponding period mainly due to the reduction of sales of existing products as the Group was testing the new technology in its manufacturing processes in 1Q 2014. The Group's gross profit for 1Q 2014 decreased to RMB0.1 million as compared to RMB0.2 million for the three months ended 31 March 2013 ("1Q 2013") was attributable to lower sales.

Other operating income for 1Q 2014 increased by RMB0.1 million as compared to the corresponding period mainly due to higher interest income generated from fixed deposit amount placed with bank.

Administrative expenses for 1Q 2014 was RMB0.8 million lower than the corresponding period due to higher foreign exchange gain of RMB1.3 million on cash at banks' balance in SGD. The higher research and development expenses offset the decrease partially.

Selling and distribution expenses for 1Q 2014 decreased by 66.1% as compared to corresponding period due to lower packing and distribution expenses.

Statement of Financial Position

As at 31 March 2014, trade receivables decreased by RMB5.9 million from RMB12.5 million as at 31 December 2013 ("FY2013") to RMB6.6 million for 1Q 2014, mainly due to lower sales in 1Q 2013.

Other receivables and prepayments decreased by RMB0.4 million from RMB9.5 million in FY2013 to RMB9.1 million for 1Q 2014 mainly due to collection of RMB1.0 million from the sale of technology know-how.

Property under development increased by RMB0.5 million from RMB23.4 million in FY2013 to RMB23.9 million for 1Q 2014 due to development cost.

Trade payables decreased to RMB0.3 million for 1Q 2014 from RMB1.6 million in FY2013, mainly due to lower purchases for the period under review.

Other payables decreased to RMB4.3 million for 1Q 2014 from RMB5.0 million mainly due to lower advances received.

Statements of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB1.8 million, adjusted for the effect of foreign exchange, for 1Q 2014. The overall net cash decrease was mainly attributable to net cash used in investing activities amounting to RMB0.7 million due to the purchase of fixed assets and repayment of bank loan amounting to RMB3.1 million from financing activities. Net cash generated from operating activities amounting to RMB1.2 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.

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 Company has obtained the land use right of the smaller parcel of land for residential property development in Wuping County, Fujian, China on 10 April 2014. Further development will commence after obtaining the relevant licenses.

The Company observed that the pharmaceutical ingredients industry in the People's Republic of China has remained competitive and raw material prices had remained high. Therefore the Company would expect some downward pressure on the profit margin for the industry. In addition, the Company is in process of testing a new technology in its manufacturing processes. The new technology is to be used for the production in the second quarter of FY2014 and is expected to contribute to the Group's revenue in FY2014.

The Company is still in the midst of negotiating with Wuping Authorities on a parcel of land with forest rights and related operations ("Acquisition of Forest Rights"). The Company shall make announcement in due course once the said Acquisition of Forest Rights is finalised.

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.

Not applicable.

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. Statement by Directors 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 1Q 2014 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 for the use of IPO proceeds.

BY ORDER OF THE BOARD

Lan Chunguang
Executive Director and Chief Executive Officer

15 May 2014