

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

**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 2015**

|   | <b>Group</b>   | <b>Group</b>   |                |
|---|----------------|----------------|----------------|
|   | <b>1Q 2015</b> | <b>1Q 2014</b> | <b>+ / (-)</b> |
|   | <b>RMB'000</b> | <b>RMB'000</b> | <b>%</b>       |
| <b>Revenue</b>  | 8,763          | 528            | n.m.           |
| Cost of sales   | (8,316)        | (404)          | n.m.           |
| Gross profit  | 447            | 124            | n.m.           |
| Other operating income  | 336            | 211            | 59.2           |
| Administrative expenses   | (1,487)        | (982)          | 51.4           |
| Selling and distribution expenses   | (248)          | (21)           | n.m.           |
| Finance cost  | -              | (45)           | (100.0)        |
| <b>Loss before income tax</b>   | (952)          | (713)          | 33.5           |
| Income tax  | -              | -              | -              |
| <b>Loss for the period representing total comprehensive income for the period and attributable to equity holders of the company</b> | (952)          | (713)          | 33.5           |

**1(a)(ii)**

|                                       | <b>Group</b>   | <b>Group</b>   |                |
|---------------------------------------|----------------|----------------|----------------|
|                                       | <b>1Q 2015</b> | <b>1Q 2014</b> | <b>+ / (-)</b> |
|                                       | <b>RMB'000</b> | <b>RMB'000</b> | <b>%</b>       |
| <b><u>Other Credits/(Charges)</u></b> |                |                |                |
| Staff costs                           | (916)          | (829)          | 10.5           |
| Depreciation                          | (388)          | (361)          | 7.5            |
| Amortisation                          | (89)           | (89)           | -              |
| Foreign exchange (loss) / gain        | 111            | 763            | (85.5)         |
| Interest income                       | 336            | 211            | 59.2           |
| Research and development ("R&D")      | (272)          | (365)          | (25.5)         |

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**

|                                      | <b>Group</b>      | <b>Group</b>      | <b>Company</b>    | <b>Company</b>    |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                      | <b>31/03/2015</b> | <b>31/12/2014</b> | <b>31/03/2015</b> | <b>31/12/2014</b> |
|                                      | <b>RMB'000</b>    | <b>RMB'000</b>    | <b>RMB'000</b>    | <b>RMB'000</b>    |
| <b><u>ASSETS</u></b>                 |                   |                   |                   |                   |
| <b>Current assets</b>                |                   |                   |                   |                   |
| Cash and cash equivalents            | 3,968             | 8,291             | 209               | 204               |
| Structured deposit                   | 33,830            | 33,830            | -                 | -                 |
| Trade receivables                    | 3,499             | 1,244             | -                 | -                 |
| Other receivables and prepayments    | 689               | 3,849             | -                 | -                 |
| Prepaid lease premium                | 356               | 357               | -                 | -                 |
| Properties under development         | 19,153            | 15,278            | -                 | -                 |
| Inventories                          | 23,377            | 19,866            | -                 | -                 |
| <b>Total current assets</b>          | <b>84,872</b>     | <b>82,715</b>     | <b>209</b>        | <b>204</b>        |
| <b>Non-current assets</b>            |                   |                   |                   |                   |
| Prepaid lease premium                | 14,803            | 14,891            | -                 | -                 |
| Properties under development         | 23,594            | 24,434            | -                 | -                 |
| Property, plant and equipment        | 18,847            | 18,065            | -                 | -                 |
| Intangible assets                    | 388               | 400               | -                 | -                 |
| Subsidiaries                         | -                 | -                 | 131,406           | 131,406           |
| <b>Total non-current assets</b>      | <b>57,632</b>     | <b>57,790</b>     | <b>131,406</b>    | <b>131,406</b>    |
| <b>Total assets</b>                  | <b>142,504</b>    | <b>140,505</b>    | <b>131,615</b>    | <b>131,610</b>    |
| <b><u>LIABILITIES AND EQUITY</u></b> |                   |                   |                   |                   |
| <b>Current liabilities</b>           |                   |                   |                   |                   |
| Trade payables                       | 15,608            | 11,397            | -                 | -                 |
| Other payables                       | 4,517             | 4,541             | 3,003             | 2,804             |
| Bank loan                            | -                 | -                 | -                 | -                 |
| Tax payable                          | -                 | 1,236             | -                 | -                 |
| <b>Total current liabilities</b>     | <b>20,125</b>     | <b>17,174</b>     | <b>3,003</b>      | <b>2,804</b>      |
| <b>Capital and reserves</b>          |                   |                   |                   |                   |
| Share capital                        | 162,713           | 162,713           | 162,713           | 162,713           |
| Accumulated losses                   | (40,334)          | (39,382)          | (34,100)          | (33,907)          |
| <b>Net equity</b>                    | <b>122,379</b>    | <b>123,331</b>    | <b>128,613</b>    | <b>128,806</b>    |
| <b>Total liabilities and equity</b>  | <b>142,504</b>    | <b>140,505</b>    | <b>131,616</b>    | <b>131,610</b>    |

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

**Amount repayable in one year or less, or on demand**

| As at 31/03/2015   |                      | As at 31/12/2014   |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>RMB'000 | Unsecured<br>RMB'000 | Secured<br>RMB'000 | Unsecured<br>RMB'000 |
| Nil                | 1,871                | Nil                | 1,626                |

**Amount repayable after one year**

| As at 31/03/2015   |                      | As at 31/12/2014   |                      |
|--------------------|----------------------|--------------------|----------------------|
| Secured<br>RMB'000 | Unsecured<br>RMB'000 | Secured<br>RMB'000 | Unsecured<br>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 2015**

|  | Group               |                      |
|--|---------------------|----------------------|
|  | 1Q 2015             | 1Q 2014              |
|  | RMB'000             | RMB'000              |
| <b>Operating activities:</b>   |                     |                      |
| Loss before income tax   | (952)               | (713)                |
| Adjustments for:   |                     |                      |
| Depreciation of property, plant and equipment  | 388                 | 361                  |
| Amortisation of intangible assets  | 12                  | -                    |
| Amortisation on prepaid lease premium  | 89                  | 89                   |
| Unrealised exchange gain   | (111)               | (763)                |
| Interest income  | (336)               | (211)                |
| <b>Operating loss before working capital changes</b>   | <u>(910)</u>        | <u>(1,237)</u>       |
| Trade receivables  | (2,255)             | 5,807                |
| Other receivables and prepayments  | 3,160               | 400                  |
| Inventories  | (3,511)             | (223)                |
| Properties under development   | (3,035)             | (472)                |
| Trade payables   | 4,211               | (1,260)              |
| Other payables   | (269)               | (731)                |
| <b>Cash (used in) / generated from operations</b>  | <u>(2,609)</u>      | <u>2,284</u>         |
| Interest received  | 336                 | 211                  |
| Income tax paid  | (1,236)             | (1,246)              |
| <b>Net cash (used in) / generated from operating activities</b>                                    | <u>(3,509)</u>      | <u>1,249</u>         |
| <b>Investing activity:</b>   |                     |                      |
| Purchase of property, plant and equipment, <b>representing net cash used in investing activity</b> | <u>(1,170)</u>      | <u>(681)</u>         |
| <b>Financing activities:</b>   |                     |                      |
| Repayments of bank loans   | -                   | (3,137)              |
| Receipt of advances from a director  | 245                 | -                    |
| <b>Net cash generated from/ (used in) financing activities</b>                                     | <u>245</u>          | <u>(3,137)</u>       |
| Net decrease in cash and cash equivalents  | (4,434)             | (2,569)              |
| Cash and cash equivalents at beginning of financial period   | 8,291               | 58,392               |
| Effect of exchange rate changes on the balance of cash held in foreign currencies                  | 111                 | 763                  |
| <b>Cash and cash equivalents at end of financial period</b>  | <u><u>3,968</u></u> | <u><u>56,586</u></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**

|   | <b>Share capital</b> | <b>Accumulated losses</b> | <b>Net equity</b> |
|---|----------------------|---------------------------|-------------------|
|   | <b>RMB'000</b>       | <b>RMB'000</b>            | <b>RMB'000</b>    |
| <b>Group</b>                              |                      |                           |                   |
| 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               | <u>162,713</u>       | <u>(40,334)</u>           | <u>122,379</u>    |
| <br>                                      |                      |                           |                   |
| 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>    |
| <b>Company</b>                            |                      |                           |                   |
| 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               | <u>162,713</u>       | <u>(34,100)</u>           | <u>128,613</u>    |
| <br>                                      |                      |                           |                   |
| 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>    |

**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.**

|                               | <b>As at<br/>31 March 2015</b> | <b>As at<br/>31 December 2014</b> |
|-------------------------------|--------------------------------|-----------------------------------|
| Total number of issued shares | <u>313,800,000</u>             | <u>313,800,000</u>                |

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

|   | <b>Group<br/>1Q 2015<br/>RMB Cents</b> | <b>Group<br/>1Q 2014<br/>RMB Cents</b> |
|---|--|--|
| Loss per ordinary share were:   |  |  |
| Based on the weighted average number of ordinary shares on issue; and | (0.30)                                 | (0.23)                                 |
| On a fully diluted basis  | (0.30)                                 | (0.23)                                 |

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.**

| <b>Net Asset Value</b>  | <b>Group<br/>31/03/2015<br/>RMB Cents</b> | <b>Group<br/>31/12/2014<br/>RMB Cents</b> | <b>Company<br/>31/03/2015<br/>RMB Cents</b> | <b>Company<br/>31/12/2014<br/>RMB Cents</b> |
|---|---|---|---|---|
| Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the financial period | 39.00                                     | 39.30                                     | 40.99                                       | 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 for the three months ended 31 March 2015 ("1Q 2015") increased to RMB8.8 million as compared to the revenue of RMB0.5 million of the corresponding period in 2014 mainly due to the increase of sales of new products in 1Q 2015. The Group's gross profit for 1Q 2015 increased to RMB0.4 million as compared to RMB0.1 million for the three months ended 31 March 2014 ("1Q 2014") which was attributable to higher sales volume.

Other operating income for 1Q 2015 increased by RMB0.1 million as compared to the corresponding period mainly due to higher interest income generated from structured deposit placed with the bank.

Administrative expenses for 1Q 2015 was RMB0.5 million higher than the corresponding period mainly due to lower foreign exchange gain of RMB0.7 million.

Selling and distribution expenses for 1Q 2015 increased by RMB0.2 million as compared to corresponding period due to higher packing and distribution expenses.

#### **Statement of Financial Position**

As at 31 March 2015, trade receivables increased by RMB2.3 million from RMB1.2 million as at 31 December 2014 ("FY2014") to RMB3.5 million for 1Q 2015, mainly due to higher sales in 1Q 2015.

Other receivables and prepayments decreased by RMB3.2 million from RMB3.8 million in FY2014 to RMB0.7 million for 1Q 2015 mainly due to collection of RMB1.0 million from the sale of technology know-how and lower advances to suppliers.

Inventories increased to RMB23.4 million from RMB19.9 million in FY2014 due to increase in finished goods of new pharmaceutical products.

Property under development increased by RMB3.0 million from RMB39.7 million in FY2014 to RMB42.7 million for 1Q 2015 due to development cost.

Trade payables increased to RMB15.6 million for 1Q 2015 from RMB11.4 million in FY2014, mainly due to higher purchases for the period under review.

### **Statements of Cash Flows**

Overall, the Group registered a net cash decrease of approximately RMB4.3 million, adjusted for the effect of foreign exchange, for 1Q 2015. The overall net cash decrease was mainly attributable to net cash used in operating activities amounting to RMB3.5 million, net cash used in investing activities amounting to RMB1.2 million due to the purchase of fixed assets. The receipt of interest-free advances (with no repayment term) amounting to RMB0.2 million from a Director for the 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.**

The current results for 1Q 2015 are in line with the general prospect commentary previously disclosed in the results announcement for the financial year ended 31 December 2014.

**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 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 31 March 2015.

**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.**

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 2015 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**

**04 May 2015**