

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2017

	Group 1Q 2017 RMB'000	Group 1Q 2016 RMB'000	+ / (-) %
Revenue	13,840	99	n.m.
Cost of sales	(11,967)	(81)	n.m.
Gross profit	1,873	18	n.m.
Other operating income	341	198	72.2
Administrative expenses	(1,333)	(1,933)	(31.0)
Selling and distribution expenses	(162)	(110)	47.3
Gain/(Loss) before income tax	719	(1,827)	n.m.
Income tax	61	(3)	n.m.
Gain/(Loss) for the period representing total comprehensive income for the period and attributable to equity holders of the company	<u>780</u>	<u>(1,830)</u>	n.m.

1(a)(ii)

Other Credits/(Charges)

Staff costs	(641)	(728)	(12.0)
Depreciation	(494)	(643)	(23.2)
Amortisation	(109)	(101)	7.9
Exchange differences	(28)	(216)	n.m.
Interest income	341	198	72.2
Research and development ("R&D")	(82)	(74)	10.8

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 31/03/2017 RMB'000	Group 31/12/2016 RMB'000	Company 31/03/2017 RMB'000	Company 31/12/2016 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	25,478	30,605	173	195
Structured deposit	16,000	10,500	-	-
Trade receivables	5,207	2,979	-	-
Other receivables and prepayments	2,259	3,921	-	-
Prepaid lease premium	355	355	-	-
Property held for sale	25,659	29,184	-	-
Inventories	20,365	19,720	-	-
Total current assets	95,324	97,264	173	195
Non-current assets				
Prepaid lease premium	14,094	14,183	-	-
Properties under development	19,338	19,338	-	-
Property, plant and equipment	19,000	19,392	-	-
Intangible assets	244	264	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	52,676	53,177	131,406	131,406
Total assets	148,000	150,441	131,579	131,601
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	14,718	17,682	-	-
Other payables	9,773	9,624	6,597	6,449
Tax payable	1,425	1,831	-	-
Total current liabilities	25,916	29,137	6,597	6,449
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	235	235	-	-
Accumulated losses	(40,864)	(41,644)	(37,731)	(37,561)
Net equity	122,084	121,304	124,982	125,152
Total liabilities and equity	148,000	150,441	131,579	131,601

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

Amount repayable in one year or less, or on demand

As at 31/03/2017		As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	5,399	Nil	5,399

Amount repayable after one year

As at 31/03/2017		As at 31/12/2016	
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 2017

	Group	
	1Q 2017	1Q 2016
	RMB'000	RMB'000
Operating activities:		
Profit/(Loss) before income tax	719	(1,827)
Adjustments for:		
Depreciation of property, plant and equipment	494	643
Amortisation on prepaid lease premium	89	89
Amortisation of intangible assets	20	12
Interest income	(341)	(198)
Unrealised exchange loss	28	216
Operating gain/(loss) before working capital changes	1,009	(1,065)
Trade receivables	(2,228)	1,057
Other receivables and prepayments	1,662	(281)
Inventories	(645)	(1,483)
Property for sale	3,525	-
Property under development	-	(2,387)
Trade payables	(2,964)	1,839
Other payables	149	424
Cash generated from/(used) in operations	507	(1,896)
Interest received	341	198
Income tax paid	(345)	(39)
Net cash generated from/(used in) operating activities	503	(1,737)
Investing activities:		
Increase in structured deposits	(5,500)	-
Purchase of property, plant and equipment	(102)	(24)
Net cash used in investing activities	(5,602)	(24)
Financing activities		
Receipt of advances from a director	-	425
Net cash generated from financing activities	-	425
Net decrease in cash and cash equivalents	(5,099)	(1,336)
Cash and cash equivalents at beginning of financial period	30,605	28,032
Effect of exchange rate changes on the balance of cash held in foreign currencies	(28)	(216)
Cash and cash equivalents at end of financial period	25,478	26,480

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	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<u>Group</u>				
Balance as at 1 January 2017	162,713	235	(41,644)	121,304
Total comprehensive income for the period	-	-	780	780
Balance as at 31 March 2017	<u>162,713</u>	<u>235</u>	<u>(40,864)</u>	<u>122,084</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	<u>162,713</u>	<u>-</u>	<u>(45,780)</u>	<u>116,933</u>
<u>Company</u>				
Balance as at 1 January 2017	162,713	-	(37,561)	125,152
Total comprehensive income for the period	-	-	(170)	(170)
Balance as at 31 March 2017	<u>162,713</u>	<u>-</u>	<u>(37,731)</u>	<u>124,982</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	<u>162,713</u>	<u>-</u>	<u>(36,090)</u>	<u>126,623</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 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 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. 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 excluding treasury share as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 31 March 2017	As at 31 December 2016
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 March 2017 and 31 December 2016.

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.

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 2017 RMB Cents	Group 1Q 2016 RMB Cents
Loss per ordinary share were:		
Based on the weighted average number of ordinary shares on issue; and	1.24	(2.92)
On a fully diluted basis	1.72	(2.92)

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 31/03/2017 RMB Cents	Group 31/12/2016 RMB Cents	Company 31/03/2017 RMB Cents	Company 31/12/2016 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	194.53	193.28	199.14	199.41

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 increased by RMB13.7 million to RMB13.8 million for the three months ended 31 March 2017 ("1Q 2017") as compared to the corresponding period for the three months ended 31 March 2016 ("1Q 2016"). The revenue consisted of contribution of RMB8.6

million from pharmaceutical ingredients products segment and contribution of RMB5.1 million from property development segment.

The Group's gross profit increased to RMB1.9 million in 1Q 2017 mainly attributable to higher contribution from all business segments.

Other operating income for 1Q 2017 increased by RMB0.1 million or 72.2% as compared to the corresponding period for 1Q 2016 due to the higher interest income derived from structured deposit in 2017.

Administrative expenses decreased by 31.0% in 1Q 2017 compared to 1Q 2016 mainly due to lower staff cost and exchange losses. There was no significant changes in the selling and distribution expenses in 1Q 2017 against 1Q 2016.

Statement of Financial Position

As at 31 March 2017, trade receivables increased by RMB2.2 million to RMB5.2 million mainly due to slower collection from customers.

Other receivables and prepayment decreased to RMB2.3 million from RMB3.9 million in FY2016 mainly due to collection from the receivables for sale of sapling.

Property held for sale decreased by RMB3.5 million from RMB29.2 million in FY2016 to RMB25.7 million as at 31 March 2017 due to the additional sales of Lan County project.

Trade payables decreased to RMB14.7 million from RMB17.7 million mainly due to a decrease in the amount payable to the suppliers.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB5.1 million, adjusted for the effect of foreign exchange, for three months period ended 31 March 2017. The overall net cash decrease was mainly attributable to cash invested in structured deposits amounting to RMB5.5 million, partially offset by net cash generated from operating activities amounting to RMB0.5 million.

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 2017 are in line with the general prospect commentary previously disclosed in the results announcement for the financial year ended 31 December 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 commenced sales of Lan County project which is expected to continue to contribute to the Group's revenue for the year ending 31 December 2017.

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 1Q 2017 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).

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

27 April 2017