

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2017**

**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 2017**

	<b>Group</b>	<b>Group</b>	
	<b>12M 2017</b>	<b>12M 2016</b>	<b>+ / (-)</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue</b>	47,724	34,899	36.7
Cost of sales	(43,801)	(26,600)	64.7
Gross profit	3,923	8,299	(52.7)
Other operating income	551	2,690	n.m.
Administrative expenses	(11,667)	(7,600)	53.5
Selling and distribution expenses	(537)	(290)	85.1
<b>(Loss) Profit before income tax</b>	(7,730)	3,099	n.m.
Income tax	(452)	(558)	(19.0)
<b>(Loss) Profit for the year representing total comprehensive income for the year, attributable to owners of the company</b>	<u>(8,182)</u>	<u>2,541</u>	n.m.

**1(a)(ii)**

**(Loss) Profit is arrived after (charging) crediting:**

Staff costs	(3,031)	(3,406)	(11.0)
Depreciation	(2,059)	(2,196)	(6.2)
Amortisation	(435)	(435)	-
Exchange differences	(101)	(180)	(43.9)
Interest income	1,523	772	97.3
Research expenses	(3,802)	(325)	n.m.
Allowance for inventories	(983)	-	n.m.
Loss on disposal of property, plant and equipment	(1,214)	-	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 AS AT 31 DECEMBER 2017**

	<b>Group</b> <b>31/12/2017</b> <b>RMB'000</b>	<b>Group</b> <b>31/12/2016</b> <b>RMB'000</b>	<b>Company</b> <b>31/12/2017</b> <b>RMB'000</b>	<b>Company</b> <b>31/12/2016</b> <b>RMB'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	66,363	30,605	365	195
Structured deposits	-	10,500	-	-
Trade receivables	7,805	2,979	-	-
Other receivables and prepayments	5,134	3,921	8	-
Prepaid lease premium	355	355	-	-
Property held for sale	19,343	29,184	-	-
Inventories	17,220	19,720	-	-
<b>Total current assets</b>	<b>116,220</b>	<b>97,264</b>	<b>373</b>	<b>195</b>
<b>Non-current assets</b>				
Prepaid lease premium	13,828	14,183	-	-
Properties under development	-	19,338	-	-
Property, plant and equipment	16,824	19,392	-	-
Intangible assets	184	264	-	-
Subsidiaries	-	-	131,406	131,406
<b>Total non-current assets</b>	<b>30,836</b>	<b>53,177</b>	<b>131,406</b>	<b>131,406</b>
<b>Total assets</b>	<b>147,056</b>	<b>150,441</b>	<b>131,779</b>	<b>131,601</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	19,889	17,682	-	-
Other payables	12,135	9,624	8,232	6,449
Tax payable	1,910	1,831	-	-
<b>Total current liabilities</b>	<b>33,934</b>	<b>29,137</b>	<b>8,232</b>	<b>6,449</b>
<b>Capital and reserves</b>				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	235	235	-	-
Accumulated losses	(49,826)	(41,644)	(39,166)	(37,561)
<b>Net equity</b>	<b>113,122</b>	<b>121,304</b>	<b>123,547</b>	<b>125,152</b>
<b>Total liabilities and equity</b>	<b>147,056</b>	<b>150,441</b>	<b>131,779</b>	<b>131,601</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 31/12/2017		As at 31/12/2016	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	7,014	Nil	5,399

**Amount repayable after one year**

As at 31/12/2017		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.**

	Group	
	12M 2017 RMB'000	12M 2016 RMB'000
<b>Operating activities:</b>		
(Loss) Profit before income tax	(7,730)	3,099
Adjustments for:		
Depreciation of property, plant and equipment	2,059	2,197
Amortisation on prepaid lease premium	355	355
Amortisation of intangible assets	80	80
Interest income	(1,523)	(772)
Loss on disposal of property, plant and equipment	1,214	-
Allowance for inventories	983	-
Unrealised exchange loss (gain)	101	(12)
<b>Operating loss (profit) before working capital changes</b>	<b>(4,461)</b>	<b>4,947</b>
Trade receivables	(4,826)	(1,489)
Other receivables and prepayments	(375)	(1,176)
Inventories	1,517	(2,612)
Property for sale	9,841	8,544
Trade payables	2,207	2,576
Other payables	896	1,482
<b>Cash used in operations</b>	<b>4,799</b>	<b>12,272</b>
Interest received	1,523	772
Income tax paid	(373)	37
<b>Net cash used in operating activities</b>	<b>5,949</b>	<b>13,081</b>
<b>Investing activities:</b>		
Decrease (Increase) in structured deposits	10,500	(10,500)
Purchase of property, plant and equipment	(740)	(2,249)
Proceeds from disposal of property, plant and equipment	35	152
Refund of deposit and development cost for property for development	18,500	-
<b>Net cash generated from (used in) investing activities</b>	<b>28,295</b>	<b>(12,597)</b>
<b>Financing activities</b>		
Receipt of advances from a director, representing net cash generated from financing activity	1,615	2,077
Net decrease in cash and cash equivalents	35,859	2,561
Cash and cash equivalents at beginning of year	30,605	28,032
Effect of exchange rate changes on the balance of cash held in foreign currencies	(101)	12
<b>Cash and cash equivalents at end of year</b>	<b>66,363</b>	<b>30,605</b>

**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 RMB'000</b>	<b>Statutory reserves RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total equity RMB'000</b>
<b><u>Group</u></b>				
Balance as at 1 January 2016	162,713	-	(43,950)	118,763
Transfer to statutory reserves	-	235	(235)	-
Total comprehensive income for the year	-	-	2,541	2,541
Balance as at 31 December 2016	162,713	235	(41,644)	121,304
Total comprehensive income for the year	-	-	(8,182)	(8,182)
Balance as at 31 December 2017	<u>162,713</u>	<u>235</u>	<u>(49,826)</u>	<u>113,122</u>
<b><u>Company</u></b>				
Balance as at 1 January 2016	162,713	-	(35,598)	127,115
Total comprehensive income for the year	-	-	(1,963)	(1,963)
Balance as at 31 December 2016	162,713	-	(37,561)	125,152
Total comprehensive income for the year	-	-	(1,605)	(1,605)
Balance as at 31 December 2017	<u>162,713</u>	<u>-</u>	<u>(39,166)</u>	<u>123,547</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 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 excluding treasury share as at the end of the immediate preceding year.**

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

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

**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 12M 2017 RMB Cents	Group 12M 2016 RMB Cents
Loss per ordinary share were:		
(a) Based on the weighted average number of ordinary shares on issue; and	(13.04)	4.05
(b) On a fully diluted basis	(13.04)	4.05

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 31/12/2017 RMB Cents	Group 31/12/2016 RMB Cents	Company 31/12/2017 RMB Cents	Company 31/12/2016 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	180.25	193.28	196.86	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 for the financial year ended 31 December 2017 ("FY2017") rose by 36.7% or RMB12.8 million, to RMB47.7 million. This was mainly due to higher contributions from pharmaceutical ingredients products segment and partially offset by slight decrease in revenue from property development segment. In FY2017, the Group sold 23 residential units of Lan County residential project compared to 27 residential units in prior year. The Group did

not sell any commercial units and car park lots in 2016 and 2017. There were 19 residential units, 10 commercial units and 44 parking lots available for sale as at 31 December 2017.

The Group's gross profit decreased by RMB4.4 million from RMB8.3 million in FY2016 to RMB3.9 million in FY2017. The gross profit margin of our main pharmaceutical ingredients product named Dexamethasone Acetate dropped due to the intense market competition.

Other operating income decreased by RMB2.1 million against the corresponding year mainly due to absence of a gain from disposal of saplings RMB1.9 million in FY 2016. The Group recorded a loss on disposal of property, plant and equipment RMB1.2 million in FY2017, while interest income received from financial assets increased by RMB0.8 million as compared to FY2016.

Administrative expenses were higher by 53.5% or RMB4.0 million in FY2017 compared to FY2016 mainly due to higher research expenses amounting to RMB3.8 million and allowance for inventories amounting to RMB1.0 million. Selling and distribution expenses comprising mainly delivery and packaging expenses were higher by RMB0.2 million in line with revenue growth from pharmaceutical ingredients products.

### **Statement of Financial Position**

Trade receivables increased by RMB4.8 million to RMB7.8 million as at 31 December 2017 mainly due to higher sales in FY 2017 and slower collection from customers in the pharmaceutical ingredients products segment.

Property held for sale decreased by RMB9.9 million from RMB29.2 million in FY2016 to RMB19.3 million as at 31 December 2017 due to the sales of 23 units of Lan County residential project.

There is no balance for properties under development as at 31 December 2017 compared to RMB19.3 million in FY2016 due to the refund of deposit placed for land use and partial development cost from the government authorities of Wuping County in conjunction with the cancellation of Suntar Eco-city tourism project. The remaining development cost which is expected to be recovered from the government authorities of Wuping County of RMB0.8 million has been reclassified to other receivables and prepayments.

Trade payables increased to RMB19.9 million from RMB17.7 million mainly due to an increase in advance payment from customers in property development segment, offset by the reduction of trade payables due to outside parties.

Other payables increased to RMB12.1 million in FY2017 from RMB9.6 million in FY2016 mainly due to receipt of advances from a director.

### **Statement of Cash Flows**

Overall, the Group registered a net cash increase of approximately RMB35.8 million, adjusted for the effect of foreign exchange, for FY2017. The overall net cash increase was mainly attributable to net cash generated from operating activities amounting to RMB5.9 million, the refund of deposit and development cost for property for development amounting to RMB18.5 million and the receipt of cash amounting to RMB10.5 million due to the maturity of structured deposit. The receipt of interest-free advances (with no repayment term) was amounting to RMB1.6 million from a director for the Company's daily working cash flow requirements in Singapore.

## **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 4Q2017 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 September 2017.



- 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.**

We expect continued market volatility for the two main products Dexamethasone Acetate and Dexamethasone Sodium phosphate in terms of average sales price, volume as well as raw material cost, which could lead into continued volatility for the pharmaceutical ingredients segment in terms of revenue and gross profit.

The Group continued sales of Lan County project is expected to continue to contribute to the Group's revenue for the next financial year.

- 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.**

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. 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.**

	Pharmaceutical ingredients products RMB'000	Property development RMB'000	Unallocated RMB'000	Total RMB'000
<b><u>2017</u></b>				
<b>Revenue</b>				
External customers	34,602	13,122	-	<u>47,724</u>
<b>Result</b>				
Segment result	(8,012)	2,116	(1,834)	(7,730)
Income tax expense				<u>(452)</u>
<b>Loss for the year</b>				<u><u>(8,182)</u></u>
<b>Assets</b>				
Segment assets	59,590	85,522	-	145,112
Unallocated assets			1,944	<u>1,944</u>
Total assets				<u><u>147,056</u></u>
<b>Liabilities</b>				
Segment liabilities	22,352	2,507	-	24,859
Unallocated liabilities			9,075	<u>9,075</u>
Total liabilities				<u><u>33,934</u></u>

	Pharmaceutical ingredients <u>products</u> RMB'000	Property <u>development</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Total</u> RMB'000
<b><u>2016</u></b>				
<b>Revenue</b>				
External customers	20,901	13,998	-	<u>34,899</u>
<b>Result</b>				
Segment result	384	4,705	(1,990)	3,099
Income tax expense				<u>(558)</u>
<b>Profit for the year</b>				<u>2,541</u>
<b>Assets</b>				
Segment assets	59,858	88,545	-	148,403
Unallocated assets			2,038	<u>2,038</u>
Total assets				<u>150,441</u>
<b>Liabilities</b>				
Segment liabilities	14,608	7,031	-	21,639
Unallocated liabilities			7,498	<u>7,498</u>
Total liabilities				<u>29,137</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>2017</u> RMB'000	<u>2016</u> RMB'000
Customer A	5,220	8,202
Customer B	4,938	4,103
Customer C	<u>4,389</u>	<u>3,970</u>

**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:-**

		<b>Group RMB'000 31/12/2017</b>	<b>Group RMB'000 31/12/2016</b>	Increase / (decrease) %
(a)	Sales reported for first half year	23,907	6,467	n.m
(b)	Operating profit (loss) after tax reported for first half year	797	(3,010)	n.m
(c)	Sales reported for second half year	23,817	28,432	(16.2)
(d)	Operating profit (loss) after tax before reported for second half year	(8,979)	5,551	n.m.

*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 31/12/2017	Previous full year RMB'000 31/12/2016
(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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lan Weiguang	54	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	50	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	31	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**

**1 March 2018**