

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 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 TWELVE MONTHS ENDED 31 DECEMBER 2014

	Group 12M 2014 RMB'000	Group 12M 2013 RMB'000	+ / (-) %
Revenue	10,174	41,133	(75.3)
Cost of sales	(10,311)	(43,278)	(76.2)
Gross profit	(137)	(2,145)	(93.6)
Other operating income	1,475	12,000	(87.7)
Administrative expenses	(9,602)	(8,411)	14.2
Finance cost	-	(390)	100.0
Selling and distribution expenses	(132)	(132)	-
(Loss)/profit before income tax	(8,396)	922	n.m.
Income tax	(24)	(1,372)	(98.3)
Loss for the year representing total comprehensive income for the year and attributable to equity holders of the company	(8,420)	(450)	n.m.

1(a)(ii)

Other Credits/(Charges)

Staff costs	(6,589)	(4,583)	43.8
Depreciation	(1,460)	(1,468)	(0.5)
Amortisation	(357)	(357)	-
Foreign exchange gain/(loss)	1,092	(1,795)	n.m.
Interest income	1,291	602	n.m.
Research and development ("R&D")	(1,608)	(75)	n.m.
Organization expenses	(657)	-	100.0

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 STATEMENT OF FINANCIAL POSITION

	Group 31/12/2014 RMB'000	Group 31/12/2013 RMB'000	Company 31/12/2014 RMB'000	Company 31/12/2013 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	8,291	58,392	204	199
Trade receivables	1,244	12,456	-	-
Financial assets	33,830	-	-	-
Other receivables and prepayments	5,507	9,506	-	-
Prepaid lease premium	357	357	-	-
Property under development	15,278	-	-	-
Inventories	19,866	6,321	-	-
Total current assets	<u>84,373</u>	<u>87,032</u>	<u>204</u>	<u>199</u>
Non-current assets				
Prepaid lease premium	14,942	15,299	-	-
Properties under development	24,434	23,401	-	-
Property, plant and equipment	18,065	16,975	-	-
Deferred tax	-	-	-	-
Intangible assets	349	-	-	-
Subsidiaries	-	-	131,406	131,406
Total non-current assets	<u>57,790</u>	<u>55,675</u>	<u>131,406</u>	<u>131,406</u>
Total assets	<u>142,163</u>	<u>142,707</u>	<u>131,610</u>	<u>131,605</u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	13,055	1,587	-	-
Other payables	4,541	4,986	2,804	1,163
Bank loan	-	3,137	-	-
Tax payable	1,236	1,246	-	-
Total current liabilities	<u>18,832</u>	<u>10,956</u>	<u>2,804</u>	<u>1,163</u>
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Accumulated losses	(39,382)	(30,962)	(33,907)	(32,271)
Net equity	<u>123,331</u>	<u>131,751</u>	<u>128,806</u>	<u>130,442</u>
Total liabilities and equity	<u>142,163</u>	<u>142,707</u>	<u>131,610</u>	<u>131,605</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	1,626	3,137	Nil

Amount repayable after one year

As at 31/12/2014		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.

**1(c)
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE MONTHS ENDED 31
DECEMBER 2014**

	Group	
	12M 2014	12M 2013
	RMB'000	RMB'000
Operating activities:		
(Loss)/Profit before income tax	(8,396)	922
Adjustments for:		
Depreciation of property, plant and equipment	1,460	1,468
Amortisation on prepaid lease premium	357	357
Interest income	(1,291)	(602)
Interest expense	-	390
Allowance for doubtful trade receivables	-	-
Allowance for inventories	-	331
Unrealised exchange (gain)/loss	(1,092)	1,795
Operating cash flows before working capital changes	(8,962)	4,661
Trade receivables	11,212	(6,937)
Other receivables and prepayments	3,999	(7,746)
Inventories	(13,545)	10,040
Properties under development	(16,311)	3,531
Trade payables	11,468	(3,330)
Other payables	(2,071)	1,134
Cash (used in)/generated from operations	(14,210)	1,353
Interest received	1,291	602
Income tax paid	(34)	(390)
Net cash (used in)/generated from operating activities	(12,953)	1,565
Investing activities:		
Loan repayment from a non-related company	-	8,000
Increase in financial assets	(33,830)	-
Purchase of intangible assets	(349)	-
Proceeds from disposal of property, plant and equipment	-	7
Purchase of property, plant and equipment	(2,550)	(147)
Net cash (used in)/generated from investing activities	(36,729)	7,860
Financing activities:		
Drawdown on bank loans	-	9,226
Repayment of bank loans	(3,137)	(6,089)
Advance from a non-related party	-	2,646
Receipt of advances from controlling shareholder	1,626	-
Repayment of advance from a non-related party	-	(2,505)
Net cash (used in)/ generated from financial activities	(1,511)	3,278
Net(decrease)/increase in cash and cash equivalents	(51,193)	12,703
Cash and cash equivalents at beginning of financial year	58,392	47,484
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,092	(1,795)
Cash and cash equivalents at end of financial year	8,291	58,392

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	Net equity RMB'000
<u>Group</u>			
Balance as at 1 January 2013	162,713	(30,512)	132,201
Total comprehensive income for the year	-	(450)	(450)
Balance as at 31 December 2013	162,713	(30,962)	131,751
Total comprehensive income for the year	-	(8,420)	(8,420)
Balance as at 31 December 2014	<u>162,713</u>	<u>(39,382)</u>	<u>123,331</u>
<u>Company</u>			
Balance as at 1 January 2013	162,713	(31,244)	131,469
Total comprehensive income for the year	-	(1,027)	(1,027)
Balance as at 31 December 2013	162,713	(32,271)	130,442
Total comprehensive income for the year	-	(1,636)	(1,636)
Balance as at 31 December 2014	<u>162,713</u>	<u>(33,907)</u>	<u>128,806</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 share as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 31 Dec 2014	As at 31 Dec 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 2014 and 31 December 2013.

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 12M 2014 RMB Cents	Group 12M 2013 RMB Cents
Loss per ordinary share were:		
Based on the weighted average number of ordinary shares on issue;	(2.68)	(0.14)
and		
On a fully diluted basis	(2.68)	(0.14)

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.

	Group 31/12/2014 RMB Cents	Group 31/12/2013 RMB Cents	Company 31/12/2014 RMB Cents	Company 31/12/2013 RMB Cents
Net Asset Value				
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	39.30	41.99	41.05	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 full year ended 31 December 2014 ("12M 2014" or "FY 2014") decreased by RMB31.0 million or 75.3% compared to the corresponding period mainly due to the reduction of sales of previous products of corticosteroids. The Group recorded gross loss of RMB137,000 for 12M 2014 as compared to RMB2.1 million for the twelve months ended 31 December 2013 ("12M 2013" or "FY 2013"). The lower gross loss was attributable to higher gross profit margin generated by the sale of new products since Q3 2014.

Other operating income decreased by RMB10.5 million against the corresponding year mainly due to lack of income from sale of technology know-how in FY 2014. The higher interest income received from financial assets offset the decrease partially.

Administrative expenses were higher by 14.2% or RMB1.2 million in 12M 2014 compared to 12M 2013 mainly due to higher research and development expenses amounting to RMB1.6 million, higher staff cost amounting to approximately RMB6.6 million and organization expenses amounting to approximately RMB657,000 for the development of Lan County

project in Wuping County, Fujian, China and development of new pharmaceutical products. The foreign exchange gain of RMB1.1 million in FY 2014 against the foreign exchange loss of RMB1.8 million in FY 2013 offset the increase in administrative expenses partially.

Finance cost decreased by 100.0% as the Group did not obtain any bank loan in FY 2014.

Statement of Financial Position

As at 31 December 2014, trade receivables decreased to RMB1.2 million from RMB12.5 million mainly due to lower sales volume in FY 2014 and higher collection from customers.

Financial assets increased to RMB33.8 million compared to nil balance in FY 2013 due to the investment of the said amount of cash in bank financial products for higher interest income in FY 2014.

Other receivables and prepayment decreased to RMB5.5 million from RMB9.5 million in FY2013 mainly due to collection of RMB8.3 million from the sale of technology know-how. The higher advance to suppliers offset the decrease partially.

Inventories increased to RMB19.9 million from RMB6.3 million mainly due to increase in work-in-progress of new pharmaceutical products and higher finished goods of new products.

Properties under development increased by RMB16.3 million from RMB23.4 million in FY2013 to RMB39.7 million as at 31 December 2014 due to acquisition of land use right of RMB13.4 million and related development cost.

Trade payables increased to RMB13.1 million from RMB1.6 million mainly due to higher volume of purchases from suppliers.

Other payables decreased to RMB4.5 million from RMB5.0 million mainly due to lower advances received from customers.

Statement of Cash Flows

Overall, the Group registered a net cash decrease of approximately RMB50.1 million, adjusted for the effect of foreign exchange, for FY 2014. The overall net cash decrease was mainly attributable to net cash used in operating activities amounting to RMB13.0million, net cash used in investing activities amounting to RMB36.7 million due to the investment in financial assets of RMB33.8 million, purchase of fixed assets of RMB2.6 million and repayment of bank loans amounting to RMB3.1 million in financing activities. The receipt of interest-free advances (with no repayment term) amounting to RMB1.6 million from the controlling shareholder 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 12M 2014 are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 September 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 has obtained the land use right of the smaller parcel of land for residential property development of Lan County project in Wuping County, Fujian, China on 10 April 2014. Development of the said parcel of land has commenced on 30 June 2014.

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. The Company has generated revenue from the sale of new products in FY 2014. The Company is still in the process of further testing of the new technology for new products in its manufacturing processes as at 31 December 2014.

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. 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.

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.

As the property development division has not commenced any sales of property, the Group's revenue, profit or loss for the year is mainly from the pharmaceutical ingredients products division, which is the manufacturing and sale of hormone-type pharmaceutical products.

As the Group's main assets and revenue are in People's Republic of China. Accordingly, no geographical segment information is presented.

	Pharmaceutical ingredients products RMB'000	Property development RMB'000	Unallocated RMB'000	Total RMB'000
<u>Statement of Net Assets</u>				
<u>2014</u>				
Assets:				
Segment assets	62,100	79,811	-	141,911
Unallocated assets			252	<u>252</u>
Total assets				<u>142,163</u>
Liabilities:				
Segment liabilities	14,571	1,263	-	15,834
Unallocated liabilities			2,998	<u>2,998</u>
Total liabilities				<u>18,832</u>
	Pharmaceutical ingredients products RMB'000	Property development RMB'000	Unallocated RMB'000	Total RMB'000
<u>2013</u>				
Assets:				
Segment assets	64,870	77,569	-	142,439
Unallocated assets			268	<u>268</u>
Total assets				<u>142,707</u>
Liabilities:				
Segment liabilities	9,607	242	-	9,849
Unallocated liabilities			1,107	<u>1,107</u>
Total liabilities				<u>10,956</u>

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>2014</u> RMB'000	<u>2013</u> RMB'000
Customer A	4,494	21,240
Customer B	3,910	8,793
Customer C	<u>1,994</u>	<u>3,774</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.

		Group RMB'000 31/12/2014	Group RMB'000 31/12/2013	+ / (-) %
(a)	Sales reported for first half year	2,058	24,500	(91.6)
(b)	Operating loss before deducting minority interest reported for first half year	(2,072)	(3,866)	(46.4)
(c)	Sales reported for second half year	8,116	16,633	(51.2)
(d)	Operating profit/(loss) before deducting minority interest reported for second half year	(6,348)	3,416	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.

		Latest full year RMB'000 31/12/2014	Previous full year RMB'000 31/12/2013
(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.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lan Weiguang	50	Brother of Lan Chunguang, Executive Director and Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	46	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Executive Director and Chief Executive Officer, 2010	Nil

BY ORDER OF THE BOARD

Lan Chunguang
Executive Director and Chief Executive Officer

27 February 2015