



STAR

STAR PHARMACEUTICAL LIMITED

Registration No. 200500429W

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

PART 1 – 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.

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2010	3 months ended 31 December 2009	Increase/ (decrease) +/-	Year ended 31 December 2010	Year ended 31 December 2009	Increase/ (decrease) +/-
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Revenue	27,449	39,038	(30)	127,803	141,213	(9)
Cost of sales	(21,984)	(25,976)	(15)	(84,887)	(88,107)	(4)
Gross Profit	5,465	13,062	(59)	42,916	53,106	(19)
Other income	8,063	2,902	178	9,389	3,930	139
Selling and distribution expenses	(2,066)	(7,470)	(72)	(11,911)	(17,361)	(31)
Administrative expenses	(8,165)	(12,977)	(37)	(24,689)	(30,135)	(18)
Other expenses	(7,520)	(50,684)	(85)	(8,391)	(51,568)	(84)
(Loss) / Profit from operations	(4,223)	(55,167)	(92)	7,314	(42,028)	(117)
Finance income	478	-	100	881	312	182
Finance expenses	(838)	(1,399)	(40)	(3,442)	(6,514)	(47)
(Loss) / profit before income tax	(4,583)	(56,566)	(92)	4,753	(48,230)	n.m
Income tax	631	(682)	n.m	(2,080)	(4,077)	(49)
(Loss) / profit for the period/year	(3,952)	(57,248)	(93)	2,673	(52,307)	n.m
Attributable to:						
Equity holders of the parent	(3,829)	(56,707)	(93)	3,799	(50,580)	n.m
Minority interest	(123)	(541)	(77)	(1,126)	(1,727)	(35)
(Loss) / profit for the period/year	(3,952)	(57,248)	(93)	2,673	(52,307)	n.m
Earnings per share (RMB cents)						
- Basic (weighted average)	(1.64)	(24.22)		1.62	(21.60)	
- Fully diluted	(1.64)	(24.22)		1.62	(21.60)	

n.m – not meaningful.

Consolidation statement of Comprehensive Income for the year

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2010 (Unaudited)	3 months ended 31 December 2009 (Unaudited)	Increase/ (decrease) +/(–)	Year ended 31 December 2010 (Unaudited)	Year ended 31 December 2009 (Audited)	Increase/ (decrease) +/(–)
(Loss) / profit for the period/year	(3,952)	(57,248)	(93)	2,673	(52,307)	n.m
Other comprehensive income:						
Exchange difference on consolidation	-	-		-	-	
Other comprehensive (loss) / income for the period/year, net of tax	(3,952)	(57,248)	(93)	2,673	(52,307)	n.m
Total comprehensive (loss) / income attributable to :						
Equity holders of the period/year	(3,829)	(56,707)	(93)	3,799	(50,580)	n.m
Minority interest	(123)	(541)	(77)	(1,126)	(1,727)	(35)
	(3,952)	(57,248)	(93)	2,673	(52,307)	n.m

Notes to Income Statement:

	Group		Group	
	RMB'000		RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	3 months ended 31 December 2010	3 months ended 31 December 2009	Year ended 31 December 2010	Year ended 31 December 2009
Profit before tax is arrived at after charging / (crediting) :				
Interest income	258	-	650	312
Interest on borrowings	833	887	3,400	2,951
Foreign exchange (gain) / loss	(220)	209	(231)	2,285
Dividend on RCPS	-	-	-	977
Depreciation of property, plant and equipment	1,523	1,419	6,080	5,945
Amortisation of deferred development costs	1,014	946	3,566	4,166
Amortisation of lease prepayment	14	14	57	57
Amortisation of RCPS transaction cost	-	-	-	185
Loss/(Gain) on disposal of property, plant and equipment	440	(13)	627	19
Impairment loss on goodwill	5,091	5,000	5,091	5,000
Impairment loss on investment deposit	1,952	-	1,952	-
Product development in progress written off	-	43,987	-	45,457

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		31 Dec 2010 RMB'000 (Unaudited)	31 Dec 2009 RMB'000 (Unaudited)	31 Dec 2010 RMB'000 (Unaudited)	31 Dec 2009 RMB'000 (Audited)
Non-current assets					
Property, plant and equipment		55,452	44,870	23	36
Investment in subsidiaries		-	-	76,607	76,607
Lease prepayments		1,105	1,162	-	-
Intangible assets	(a)	169,590	176,604	-	-
		226,147	222,636	76,630	76,643
Current assets					
Inventories		25,305	23,247	-	-
Trade and bills receivables		4,567	2,289	-	-
Other receivables, prepayments and deposits		84,319	57,778	8,892	29,817
Due from a subsidiary (non-trade)		-	-	54,301	50,000
Cash and bank balances		20,055	63,733	2,996	3,938
		134,246	147,047	66,189	83,755
Total assets		360,393	369,683	142,819	160,398
Equity					
Share capital		144,975	144,975	144,975	144,975
Statutory reserves		18,810	18,810	-	-
Accumulated profits/(losses)		61,755	69,328	(4,428)	13,412
		225,540	233,113	140,547	158,387
Minority interests		16,456	17,582	-	-
Total equity		241,996	250,695	140,547	158,387
Non-current liabilities					
Deferred tax liabilities		15,175	15,254	-	-
		15,175	15,254	-	-
Current liabilities					
Trade and other payables		50,362	49,944	2,272	1,983
Secured bank loan		49,200	50,000	-	-
Due to related parties (non-trade)		2,931	1,851	-	28
Current tax payable		729	1,939	-	-
		103,222	103,734	2,272	2,011
Total liabilities		118,397	118,988	2,272	2,011
Total equity and liabilities		360,393	369,683	142,819	160,398

Notes:

- (a) Intangible assets comprise mainly of Deferred Development Cost with carrying value of RMB9,564,000. (At 31/12/2009: RMB1,878,000) and Product Development in Progress of RMB160,026,000 (At 31/12/2009: RMB169,635,000) and Goodwill of Nil (At 31/12/2009: RMB5,091,000).

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 December 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)		(Audited)	
Bank Loan	49,200 *	-	50,000	-

Details of any collateral:

* The bank loan of RMB49.2 million as at 31 December 2010 was secured by property, plant and equipments of NBV of approximately RMB38.2 million of a subsidiary. Net carrying amount of the pledged property, plant and equipment in Hainan STAR's books amounted to approximately RMB38.2 million.

1(c) Consolidated Statement of Cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the period ended 31 December

Group	RMB'000		RMB'000	
	3 months ended 31 December 2010	3 months ended 31 December 2009	Year ended 31 December 2010	Year ended 31 December 2009
Cash flow from operating activities				
(Loss)/Profit before income tax	(4,583)	(56,566)	4,753	(48,230)
Adjustments for:				
Amortisation of deferred development costs	1,014	946	3,566	4,166
Amortisation of lease prepayment	14	14	57	57
Amortisation of RCPS transaction cost		-	-	185
Impairment loss on goodwill	5,091	5,000	5,091	5,000
Depreciation of property, plant and equipment	1,523	1,419	6,080	5,945
Loss on disposal of property, plant and equipment	439	(13)	626	19
Product development in progress written off	-	43,987	-	45,457
Interest expense	833	887	3,400	2,951
Interest income	(258)	-	(650)	(312)
Exchange gain on RCPS	-	-	-	(9,621)
Dividend on RCPS	-	-	-	977
Operating profit / (loss) before working capital changes	4,073	(4,326)	22,923	6,594
Changes in working capital:				
Inventories	(9,397)	8,763	(2,058)	8,877
Trade and bills receivables	6,517	6,945	(2,278)	2,444
Other receivables, prepayments and deposits	1,659	3,984	(7,661)	(4,993)
Trade and other payables	(8,742)	2,226	418	104
Cash (used in) / generated from operations	(5,890)	17,592	11,344	13,026
Income tax paid	(821)	(816)	(3,369)	(4,177)
Net cash (used in) / generated from operating activities	(6,711)	16,776	7,975	8,849

Cash flows from investing activities				
Payments for product development in progress	(1,351)	(4,763)	(1,643)	(6,719)
Purchase of property, plant and equipment	(13,436)	(99)	(19,691)	(3,168)
Proceeds from disposal of property, plant and equipment	975	133	2,402	264
Proceeds from disposal of product development in progress	-	1,470	-	1,470
Deposit for patents	-	-	-	(22,404)
Deposits for Product manufacturing rights and technical know-how	(25,000)	-	(40,000)	-
Refund of deposit from potential investment	18,438	-	19,169	5,000
Impairment loss on investment deposit	1,952	-	1,952	-
Interest received	258	-	650	312
Net cash used in from investing activities	(18,164)	(3,259)	(37,161)	(25,245)
Cash flows from financing activities				
Advance from a related parties	972	-	1,080	-
Proceeds from bank loan	-	-	-	50,000
Repayment to related parties	-	247	-	(160)
Repayment of bank loan	-	-	(800)	-
Repayment of RCPS principal	-	-	-	(123,856)
Payment of RCPS dividends	-	-	-	(7,170)
Payment of dividend to shareholders	-	-	(11,372)	-
Interest paid	(833)	(887)	(3,400)	(2,951)
Net cash generated / (used in) from financing activities	139	(640)	(14,492)	(84,137)
Net (decrease) / increase in cash and cash equivalents	(24,736)	12,877	(43,678)	(100,533)
Cash and cash equivalents at beginning of the period/year	44,791	50,856	63,733	164,266
Cash and cash equivalents at end of the period/year	20,055	63,733	20,055	63,733

1d(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) change in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December

<u>Group</u>	Share capital	Statutory reserves	Accumulated profits	Total attributable to equity holders of the parents	Minority interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	144,975	17,668	107,476	270,119	31,883	302,002
Total comprehensive loss for the year	-	-	(50,580)	(50,580)	(1,727)	(52,307)
Transferred to statutory reserves	-	1,142	(1,142)	-	-	-
Gain/(loss) on dilution of Minority Interest in a subsidiary	-	-	13,574	13,574	(13,574)	-
Additional investment contribution by Minority interest	-	-	-	-	1,000	1,000
At 31 December 2009	144,975	18,810	69,328	233,113	17,582	250,695
At 1 January 2010	144,975	18,810	69,328	233,113	17,582	250,695
Total comprehensive income / (loss) for the year	-	-	3,799	3,799	(1,126)	2,673
Dividend Paid	-	-	(11,372)	(11,372)	-	(11,372)
At 31 December 2010	144,975	18,810	61,755	225,540	16,456	241,996

<u>Company</u>	Share capital	Accumulated profit/(losses)	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2009	144,975	(28,455)	116,520
Total comprehensive income for the year	-	41,867	41,867
At 31 December 2009	144,975	13,412	158,387
At 1 January 2010	144,975	13,412	158,387
Total comprehensive loss for the year	-	(6,468)	(6,468)
Dividend Paid	-	(11,372)	(11,372)
At 31 December 2010	144,975	(4,428)	140,547

- 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 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.**

The Company issued and allotted 46,668,000 RCPS on 29 December 2006, at a subscription price of S\$0.60 for each RCPS to various subscribers, successfully raising net proceeds of S\$26.5 million. The RCPS are convertible to 46,668,000 ordinary shares at a conversion ratio of 1 RCPS to 1 Conversion Share at any time during the 5-year period from the issue date to the maturity date (i.e. 28 December 2011), subject to adjustment in the event of, amongst other things, the Company not attaining the target net profit before tax of RMB120 million for financial year 2009. A cumulative preference dividend of 5% will be paid on an annual basis to the RCPS holders.

The Company convened a RCPS Class Meeting in September 2008 whereby the RCPS Holders sought approval for the maturity date for the RCPS to be amended and brought forward from 29 December 2011 to 27 February 2009. Accordingly, the outstanding balance as at 31 December 2008 was reclassified as a current liability.

Payment of the preference cash dividends and cash redemption of RCPS has been made on 27 February 2009.

- 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 immediately preceding year.**

Total number of issued shares excluding treasury shares: 234,125,000 (31 December 2009: 234,125,000).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of the treasury shares 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 nor reviewed by the Group'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 and methods of computation applied in the financial statements for the current financial year are consistent with those of the audited financial statements for the financial year ended 31 December 2009.

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.

The adoption of certain new/revised accounting standards effected on 1 January 2010 has no significant impact on the Group's result of operations.

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.

	Group		Group	
	3 months ended 31 December 2010	3 months ended 31 December 2009	Year ended 31 December 2010	Year ended 31 December 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Amount attributable to equity shareholders for the period/year (RMB'000)	(3,829)	(56,707)	3,799	(50,580)
No. of ordinary shares used in calculation of basic earning per share	234,125,000	234,125,000	234,125,000	234,125,000
Earnings per ordinary share of the group, based on net profit attributable to the shareholders of the Company (in RMB cents):				
(a) Based on weighted average number of ordinary share on issue (in RMB cents)	(1.65)	(24.22)	1.61	(21.60)
(b) On a fully diluted basis (in RMB cents)	(1.65)	(24.22)	1.61	(21.60)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-

- (a) current financial year reported on ; and
(b) immediate preceding financial year.**

	Group		Company	
	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2010	Year ended 31 December 2009
Net asset value per ordinary share capital at the end of the year (in RMB cents)	103.4	107.08	60.0	67.65

- 8. A review of the performance for the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings :-**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for 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.**

Overview

The Group turned around in FY2010 with a net profit attributable to equity holders of RMB3.8 million from a loss of RMB50.6 million in FY2009. This was supported by successful efficiency enhancement which more than offset the 9% lower revenue posted in FY2010 due to decreased antibiotics and cardiovascular drugs and cerebrovascular drugs sales.

Revenue

Group revenue fell 9% to RMB127.8 million in FY2010 mainly due to lower demand for 2 of the Group's key antibiotics products, as well as the Group's voluntary in-house review and suspension of certain cardiovascular drugs and cerebrovascular drugs to take into account new regulatory policy.

	3 months ended 31 December 2010	3 months ended 31 December 2009	Change		Year ended 31 December 2010	Year ended 31 December 2009	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000
Antibiotics	19,977	28,276	(29)	(8,299)	89,703	100,594	(11)	(10,891)
Cardiovascular drugs and cerebrovascular drugs	152	154	(2)	(2)	724	5,221	(86)	(4,497)
Other specialized drugs	7,263	10,608	(32)	(3,345)	37,030	35,298	5	1,732
TCM R&D	57	-	100	57	346	100	246	246
Total	27,449	39,038	(30)	(11,589)	127,803	141,213	(9)	(13,410)

Sales of the Group's major products, antibiotics, fell 11% to RMB89.7 million in FY2010 due to lower sales of Ceftriaxone Sodium for Injection and Cefpiramide Sodium for Injection. Antibiotics remained the largest revenue contributor, accounting for 70% of Group revenue in FY2010.

Cardiovascular drugs and cerebrovascular drugs sales fell 86% to RMB0.7 million due to the voluntary temporary suspension of the sales of major products, Cerebroprotein Hydrolysate Injection and Puerarin Injection, as the products undergo review by in-house R&D team to take into account new safety requirements by China authority.

Other specialized drugs sales rose 5% to RMB37.0 million in FY2010 on strong demand for Potassium Sodium Dehydroandrographolide, Potassium Sodium Dehydroandrographolide Succinate for Injection, and Amoxicillin and Dicloxacillin Sodium Tablets.

TCM (Traditional Chinese Medicine) R&D business is currently still in the gestation stage and has yet to contribute consistent sales revenue.

Profitability

Gross profit fell 19% to RMB42.9 million in FY2010 mainly on lower sales.

Other operating income rose 138% to RMB9.4 million in FY2010 due to receipt of clinical research subsidy funds received from government for the implementation of new drug development and write-back of long outstanding payment from third parties in the amount of RMB5 million in 4Q2010.

Selling and distribution expenses dropped 31% to RMB11.9 million while administrative expenses fell 18% to RMB24.7 million on the Group's successfully cost control and productivity enhancement initiatives.

Other expenses fell 84% to RMB8.4 million due to write-back of FY2008 over-provision in 2009. In 4Q2010, the Group also recognized an impairment loss in the amount of RMB 1.9 million on investment deposit.

Finance income increased from RMB0.3 million in FY2009 to RMB0.9 million in FY2010 due to increased interest income based on increased bank fixed deposits year-on-year.

Finance expenses dropped from RMB6.5 million in FY2009 to RMB3.4 million in FY2010 as the Group no longer incurs interest on the RCPS which had been fully redeemed in 1Q2009.

Income tax slid 49% to RMB2.1 million on lower taxable profit.

Overall, the Group achieved net profit attributable to equity holders of RMB3.8 million in FY2010 compared with a loss of RMB50.6 million in FY2009.

Financial Position

(31 December 2010 vs. 31 December 2009)

Non-current assets rose from RMB222.6 million to RMB226.1 million. Property, plant and equipment increased from RMB44.9 million to RMB55.5 million on plant upgrades to improve productivity and meet the requirements for the implementation of the new government policy in relation to new drugs registration. Intangibles assets dropped from RMB176.6 million to RMB169.5 million as a result of amortization.

Current assets fell from RMB147.0 million to RMB136.2 million. Inventories level rose from RMB23.2 million to RMB25.3 million as the Group made purchases of raw materials in anticipation of further inflation. Trade & bills receivables rose from RMB2.3 million to RMB4.6 million due to new trade debts from domestic customers. Other receivables, prepayments and deposits increased from RMB57.8 million to RMB84.3 million due to the Group's manufacturing facility upgrade to meet the requirements for the new government policy in relation to new drugs registration, and to expand the factory, equipment and facilities to improve productivity and in order to develop some new product lines in FY2010. Cash and bank balances fell from RMB63.7 million to RMB20.1 million due to dividend payment of RMB11.4 million in June 2010, the utilization of funds for the repayment of \$0.8 million in bank loan, and prepayments for facility upgrade and expansion of plant and machinery and raw materials in order to develop the new product lines in FY2010. This decrease in cash level led to the overall decline in total current asset balance.

Non-current liabilities comprising deferred tax liabilities remained at approximately RMB15-million level.

Current liabilities decreased slightly from RMB103.2 million to RMB103.3 million. Trade and other payables rose from RMB49.9 million to RMB50.4 million due to additional purchase of raw materials in anticipation of further inflation. The Group obtained an RMB50.0 million bank loan in 2Q09 to partially finance the redemption of RCPS. The bank loan was revalued to RMB49.2 million in FY2010.

Cash Flow Statement

The Group's net cash inflow from operating activities in FY2010 was RMB8.0 million. This was mainly due to the Group's usual operating business. The net cash outflow of RMB 6.7 million in 4Q2010 was mainly due to plant upgrades and the purchases of new machinery and equipment in order to improve productivity and meet the new government policy of new drugs registration requirements.

Net cash used in from investing activities in FY2010 was RMB 37.1 million. This was mainly due to the deposits fund of RMB 40.0 million for product manufacturing rights and technical know-how of new drugs. The decrease in the Group's net cash flow of investing activities was partially offset by the refund of investment deposit from Hainan Selection Pharmaceutical Limited.

The Group's net cash outflow from financing activities was RMB14.5million. This was due to the dividend payment to public shareholders of RMB11.4 million in June 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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 maintains a cautious outlook for FY2011 against the backdrop of inflationary cost pressure and ongoing pharmaceutical industry policy changes.

To drive sustainable long term growth in the challenging business environment, the Group will stay focused on enhancing the production lines while it upgrades its manufacturing plant to improve operational efficiency and productivity.

The backbone of the Group's growth strategy centers on continuous investments to identify and launch new products. These initiatives are well-supported by the Group's ramping up of its business development engine aimed at further expanding domestic sales and capture opportunities to grow both internally and externally. The Chinese government's industry-stimulus package, the ongoing healthcare reform to further extend health insurance coverage and the growing economic wealth will provide impetus for the growth of the Chinese pharmaceutical market.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Ordinary Shares:

Nil.

(b) Corresponding Period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Ordinary Shares:

The Board has declared the following amount for FY2009:

Name of Dividend:	First and Final Dividend
Dividend Type:	Cash
Amount per share:	S\$0.01 per share

(c) **Date payable**

Ordinary Shares:

Not applicable.

(d) **Book Closure Date**

Ordinary Shares:

Not applicable.

12. If no dividend has been declared/recommend, a statement to that effect.

Not applicable.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. 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.

The Group's main businesses are those relating to the research and development, manufacturing and sales of pharmaceutical products and it operates mainly in the PRC. Accordingly, the Group is not subject to different risks and returns in its activities and geographical regions in which it operates.

14. 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 Note 8 for the review of performance by business.

15. A breakdown of sales.

	FY2010	FY2009	Increases/(Decreases)	
	RMB'000	RMB'000	RMB'000	%
Revenue for first half of the year	67,732	64,189	3,543	5.52
Operating profit after tax for the first half of the year	4,882	1,335	3,547	265.69
Revenue for second half of the year	60,071	77,024	(16,953)	(22.01)
Operating loss after tax for the second half of the year	(2,209)	(53,642)	51,433	(95.88)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2010	FY2009
	RMB'000	RMB'000
Ordinary Shares	11,372	Nil
RCPS	Nil	7,170

17. Interested parties transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than RMB 100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than RMB 100,000)	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Purchases from:				
Zhou Ya Wei (Director of a subsidiary)				
Payment on behalf for a subsidiary	2,863	15,000	-	-

By Order of the Board

Wong Kai
Chairman
1 March 2011