



**STAR STAR PHARMACEUTICAL LIMITED**  
Registration No. 200500429W

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 2013	3 months ended 31 December 2012	Increase/(decrease) +/-	Year ended 31 December 2013	Year ended 31 December 2012	Increase/(decrease) +/-
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
<b>Revenue</b>	27,198	22,309	22	88,367	87,817	1
Cost of sales	(12,939)	(16,067)	(19)	(53,685)	(53,937)	0
<b>Gross Profit</b>	<b>14,259</b>	<b>6,242</b>	128	<b>34,682</b>	<b>33,880</b>	2
Other income	1,004	3,197	(69)	2,561	3,990	(36)
Selling and distribution expenses	(2,390)	(2,998)	(20)	(6,397)	(6,126)	4
Administrative expenses	(8,455)	(5,798)	46	(24,211)	(21,485)	13
Other expenses	(449)	(151,746)	(100)	(1,251)	(152,174)	(99)
<b>Profit/(Loss) from operations</b>	<b>3,969</b>	<b>(151,103)</b>	n.m.	<b>5,384</b>	<b>(141,915)</b>	n.m.
Finance income	60	7	757	218	60	263
Finance expenses	(77)	(437)	(82)	(888)	(4,290)	(79)
<b>Profit/(Loss) before income tax</b>	<b>3,952</b>	<b>(151,533)</b>	n.m.	<b>4,714</b>	<b>(146,145)</b>	n.m.
Income tax	(1,063)	13,295	(108)	(1,769)	11,675	n.m.
<b>Profit/(Loss) for the period/year</b>	<b>2,889</b>	<b>(138,238)</b>	n.m.	<b>2,945</b>	<b>(134,470)</b>	n.m.
<b>Attributable to:</b>						
Equity holders of the parent	2,681	(124,512)	n.m.	3,704	(120,153)	n.m.
Minority interest	208	(13,726)	n.m.	(759)	(14,317)	(94)
<b>Profit/(Loss) for the period/year</b>	<b>2,889</b>	<b>(138,238)</b>	n.m.	<b>2,945</b>	<b>(134,470)</b>	n.m.
<b>Profit/(Loss) per share (RMB cents)</b>						
- Basic (weighted average)	1.15	(53.18)		1.58	(51.32)	
- Fully diluted	1.15	(53.18)		1.58	(51.32)	

n.m – not meaningful.

Consolidation statement of Comprehensive Income for the year

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2013 (Unaudited)	3 months ended 31 December 2012 (Unaudited)	Increase/ (decrease) +/(-)	Year ended 31 December 2013 (Unaudited)	Year ended 31 December 2012 (Audited)	Increase/ (decrease) +/(-)
<b>Profit/(Loss) for the period/year</b>	2,889	(138,238)	n.m.	2,945	(134,470)	n.m.
Other comprehensive income:						
Exchange difference on consolidation	-	-		-	-	
<b>Other comprehensive loss for the period/year, net of tax</b>	<b>2,889</b>	<b>(138,238)</b>	n.m.	<b>2,945</b>	<b>(134,470)</b>	n.m.
<b>Total comprehensive loss attributable to :</b>						
Equity holders of the period/year	2,681	(124,512)	n.m.	3,704	(120,153)	n.m.
Minority interest	208	(13,726)	n.m.	(759)	(14,317)	(95)
	<b>2,889</b>	<b>(138,238)</b>	n.m.	<b>2,945</b>	<b>(134,470)</b>	n.m.

Notes to Income Statement:

	Group		Group	
	RMB'000		RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	3 months ended 31 December 2013	3 months ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
<b>Profit/(Loss) before tax is arrived at after charging / (crediting) :</b>				
Interest income	74	7	209	60
Interest on borrowings	69	425	855	3,899
Foreign exchange loss	14	2	(9)	54
Depreciation of property, plant and equipment	1,873	4,567	9,217	8,417
Amortisation of deferred development costs	602	608	2,406	2,454
Amortisation of lease prepayment	31	15	74	58
Loss/(Gain) on disposal of property, plant and equipment	-	132	(4)	126
Other receivables and prepayment written off	-	19,800	-	19,800
Allowance for impairment of product development in progress	-	131,968	-	131,968

**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 2013 RMB'000 (Unaudited)	31 Dec 2012 RMB'000 (Audited)	31 Dec 2013 RMB'000 (Unaudited)	31 Dec 2012 RMB'000 (Audited)
<b>Non-current assets</b>					
Property, plant and equipment		55,487	59,343	-	4
Investment Property		3,055	3,285	-	-
Investment in subsidiaries		-	-	76,607	76,607
Lease prepayments		916	990	-	-
Intangible assets	(a)	6,720	32,357	-	-
Deferred tax assets		1,986	1,352	-	-
		<b>68,164</b>	<b>97,327</b>	<b>76,607</b>	<b>76,611</b>
<b>Assets held for sale</b>	(b)	<b>29,705</b>	-	-	-
<b>Current assets</b>					
Inventories		15,168	10,779	-	-
Trade and bills receivables		3,202	1,527	-	-
Other receivables, prepayments and deposits		19,713	48,127	25	48
Due from a subsidiary (non-trade)		-	-	42,850	46,150
Cash and bank balances		20,546	31,638	588	1,301
		<b>58,629</b>	<b>92,071</b>	<b>43,463</b>	<b>47,499</b>
<b>Total assets</b>		<b>156,498</b>	<b>189,398</b>	<b>120,070</b>	<b>124,110</b>
<b>Equity</b>					
Share capital		144,975	144,975	144,975	144,975
Statutory reserves		18,810	18,810	-	-
Accumulated losses		(66,433)	(70,137)	(27,656)	(23,753)
		<b>97,352</b>	<b>93,648</b>	<b>117,319</b>	<b>121,222</b>
Minority interests		470	1,229	-	-
<b>Total equity</b>		<b>97,822</b>	<b>94,877</b>	<b>117,319</b>	<b>121,222</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		279	2,454	-	-
		279	2,454	-	-
<b>Liabilities held for sale</b>	(b)	<b>33,316</b>	-	-	-
<b>Current liabilities</b>					
Trade and other payables		23,436	44,978	2,751	2,075
Secured bank loan		-	40,000	-	-
Due to related parties (non-trade)		-	5,351	-	813
Income tax payable		1,645	1,738	-	-
		25,081	92,067	2,751	2,888
<b>Total liabilities</b>		<b>58,676</b>	<b>94,521</b>	<b>2,751</b>	<b>2,888</b>

<b>Total equity and liabilities</b>	<b>156,498</b>	<b>189,398</b>	<b>120,070</b>	<b>124,110</b>
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Notes:

- (a) Intangible assets comprise mainly of Deferred Development Cost with carrying value of RMB2,882,000. (At 31/12/2012: RMB5,289,000) and Product Development in Progress of RMB3,838,000 (At 31/12/2012: RMB27,068,000).

**(b) Assets and liabilities held for sale**

During the financial year of 2013, the Group was actively sourcing potential buyer and propose to sell its entire shareholding in Beida Shijia Technology Development Co.,Ltd (“Beida Shijia”) and Beijing Shijia JiuShengYuan Pharmaceutical Technology Co.Ltd (“JiuShengYuan”) to a third party. As of 31 December 2013, substantially all of the assets and liabilities in Beida Shijia and JiuShengYuan were reclassified to assets and liabilities held for sale. Therefore, the accompanying Consolidated Balance Sheet at 31 December 2013 includes the following:

	<b>31 December 2013</b>
	<b>RMB'000</b>
<b>Assets held for sale</b>	
Property, plant and equipment	529
Intangible assets	27,356
Inventories	123
Cash and bank balances	261
Trade receivables	734
Other receivables, prepayments and deposits	702
	<b>29,705</b>
<b>Liabilities held for sale</b>	
Trade and other payables	25,628
Secured bank loan	220
Due to related parties (non-trade)	5,372
Deferred tax liabilities	2,096
	<b>33,316</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 December 2013		As at 31 December 2012	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)		(Audited)	
Bank Loan	-	-	40,000 *	-

**Details of any collateral:**

\* The bank loan was secured on property, plant and equipment, investment property and land use rights with carrying amounts of RMB57.2 million, RMB3.3 million and RMB1.0 million respectively. The interest was charged at 6.6% per annum.

**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**

<u>Group</u>	RMB'000		RMB'000	
	3 months ended 31 December 2013	3 months ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flow from operating activities</b>				
<b>Profit/(Loss) before income tax</b>	<b>3,952</b>	<b>(151,533)</b>	<b>4,714</b>	<b>(146,145)</b>
Adjustments for:				
Amortisation of deferred development costs	602	608	2,406	2,454
Amortisation of lease prepayments	31	15	74	58
Government grants, net	(278)	(1,234)	701	(1,234)
Other receivables and prepayment written off	-	19,800	-	19,800
Depreciation of property, plant and equipment	1,873	4,739	9,217	8,417
Depreciation of investment property	58	59	230	231
(Profit) / Loss on disposal of property, plant and equipment	-	132	(4)	126
(Profit) / Loss on disposal of product development in progress	(2,920)	-	(2,920)	-
Allowance for impairment of product development in progress	-	131,968	-	131,968
Interest expense	69	425	855	3,899
Interest income	(74)	(7)	(209)	(60)

<b>Operating profit before working capital changes</b>	<b>3,313</b>	<b>4,972</b>	<b>15,064</b>	<b>19,514</b>
<b>Changes in working capital:</b>				
Inventories	(1,970)	(670)	(4,512)	(1,097)
Trade and bills receivables	(1,788)	(187)	(2,409)	1,000
Other receivables, prepayments and deposits	3,358	8,232	(1,288)	7,334
Trade and other payables	3,275	(1,246)	3,385	4,267
<b>Cash generated from operations</b>	<b>6,188</b>	<b>11,101</b>	<b>10,240</b>	<b>31,018</b>
Income tax paid	(496)	(2)	(2,575)	(608)
<b>Net cash generated from operating activities</b>	<b>5,692</b>	<b>11,099</b>	<b>7,665</b>	<b>30,410</b>

<b>Cash flows from investing activities</b>				
Payments for product development in progress	1,009	(21)	(205)	(21)
Purchase of property, plant and equipment	(382)	(684)	(5,906)	(1,784)
Prepayments for plant and equipment	-	46	-	(484)
Proceeds from disposal of property, plant and equipment	-	105	20	150
Proceeds from disposal of product development in progress	3,000	-	3,000	-
Advances for product manufacturing rights and technical know-how	-	(9,530)	(11,000)	(9,530)
Refund of deposit from potential investment	6,000	2,000	36,000	17,000
Interest received	74	7	209	60
<b>Net cash generated / (used in) from investing activities</b>	<b>9,701</b>	<b>(8,077)</b>	<b>22,118</b>	<b>5,391</b>
<b>Cash flows from financing activities</b>				
Advance from a related party	21	581	21	581
Government grants received	-	950	-	950
Drawdown of bank loan	-	20,000	220	20,000
Repayment to related party	(924)	(260)	-	-
Repayment of bank loan	(10,000)	-	(40,000)	(40,000)
Interest paid	(69)	(425)	(855)	(3,899)
<b>Net cash (used in) / generated from financing activities</b>	<b>(10,972)</b>	<b>20,846</b>	<b>(40,614)</b>	<b>(22,368)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>4,421</b>	<b>23,868</b>	<b>(10,831)</b>	<b>13,433</b>
Cash and cash equivalents at beginning of the period/year	16,386	7,770	31,638	18,205
<b>Cash and cash equivalents at end of the period/year</b>	<b>20,807</b>	<b>31,638</b>	<b>20,807</b>	<b>31,638</b>

- 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
<b>At 1 January 2012</b>	<b>144,975</b>	<b>18,810</b>	<b>50,016</b>	<b>213,801</b>	<b>15,546</b>	<b>229,347</b>
Total comprehensive loss for the year	-	-	(120,153)	(120,153)	(14,317)	(134,470)
<b>At 31 December 2012</b>	<b>144,975</b>	<b>18,810</b>	<b>(70,137)</b>	<b>93,648</b>	<b>1,229</b>	<b>94,877</b>
<b>At 1 January 2013</b>	<b>144,975</b>	<b>18,810</b>	<b>(70,137)</b>	<b>93,648</b>	<b>1,229</b>	<b>94,877</b>
Total comprehensive profit for the year	-	-	3,704	3,704	(759)	2,945
<b>At 31 December 2013</b>	<b>144,975</b>	<b>18,810</b>	<b>(66,433)</b>	<b>97,352</b>	<b>470</b>	<b>97,822</b>

<u>Company</u>	Share capital	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
<b>At 1 January 2012</b>	144,975	(11,780)	133,195
Total comprehensive loss for the year	-	(11,973)	(11,973)
<b>At 31 December 2012</b>	<b>144,975</b>	<b>(23,753)</b>	<b>121,222</b>
<b>At 1 January 2013</b>	144,975	(23,753)	121,222
Total comprehensive loss for the year	-	(3,903)	(3,903)
<b>At 31 December 2013</b>	<b>144,975</b>	<b>(27,656)</b>	<b>117,319</b>

- 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.**

There were no movements in the Company's share capital for the financial period ended 31 December 2013.

The Company did not have any outstanding convertibles and treasury shares 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.

**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 2012: 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 2012.

**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 2013 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 2013	3 months ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net Amount attributable to equity shareholders for the period/year (RMB'000)	2,681	(124,512)	3,704	(120,153)
No. of ordinary shares used in calculation of basic earning per share	234,125,000	234,125,000	234,125,000	234,125,000
<b>Profit / (Loss) per ordinary share of the group, based on net loss attributable to the shareholders of the Company (in RMB cents):</b>				
(a) Based on weighted average number of ordinary share on issue (in RMB cents)	1.15	(53.18)	1.58	(51.32)
(b) On a fully diluted basis (in RMB cents)	1.15	(53.18)	1.58	(51.32)

**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 2013	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2012
Net asset value per ordinary share capital at the end of the year (in RMB cents)	41.78	40.52	50.11	51.78

- 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 with net profit attributable to equity holder of RMB3.7 million in FY2013 from net loss attributable to equity holder of RMB120.2 million in FY2012. This was mainly due to continuing operational improvement made in FY2013 and the sizable impairment charges incurred in FY2012, which was not repeated in FY2013.

The Group's continuous efforts in reviewing its production processes also yielded improvements in product quality and sales performance. The slight increase in Group revenue combined with lower cost of sales helped shore up gross profit and margin.

## Revenue

Group revenue increased a marginal 1% to RMB88.4 million in FY2013 supported by better performances of the cardiovascular drugs and cerebrovascular drugs and other specialized drugs segments.

	3 months ended 31 December 2013	3 months ended 31 December 2012	Change		Year ended 31 December 2013	Year ended 31 December 2012	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000
Antibiotics	9,605	10,322	(7)	(717)	35,830	39,445	(9)	(3,615)
Cardiovascular drugs and cerebrovascular drugs	856	799	7	57	3,107	2,003	55	1,104
Other specialized drugs	13,731	8,134	69	5,597	46,046	42,124	9	3,922
TCM R&D	3,006	3,054	(2)	(48)	3,384	4,245	(20)	(861)
<b>Total</b>	<b>27,198</b>	<b>22,309</b>	<b>22</b>	<b>4,889</b>	<b>88,367</b>	<b>87,817</b>	<b>1</b>	<b>550</b>

Antibiotics sales softened 9% to RMB35.8 million in FY2013. This is mainly due to lower demand for the Group's Aztreonam for Injection and Sultamicillin Tosilate Tablets. Antibiotics accounted for 41% of Group revenue in FY2013, making it the second largest revenue contributor.

Cardiovascular drugs and cerebrovascular drugs sales jumped 55% to RMB3.1 million boosted by increases in the sales of Vinpocetine for Injection and Aceglutamide for Injection. Cardiovascular drugs and cerebrovascular drugs represented 4% of Group revenue in FY2013.

Other specialized drugs sales rose 9% to RMB46.0 million in FY2013 on stronger demand for Potassium Sodium Dehydroandrographolide Succinate for Injection and Bocobal Mecobalamin Injection. Other specialized drugs remained the largest revenue contributor constituting 52% of Group revenue in FY2013.

## Profitability

Gross profit grew 2% to RMB34.7 million in FY2013 on improved sales and result of the reclassification of RMB 1.4 million under-capacity overhead cost of new factory from cost of sales to administrative expenses, which fully offset by the accelerated depreciation for old plant and equipment of old factory.

Selling and distribution expenses rose 4% to RMB6.4 million as the Group strengthened its sales team as well as sales promotions and advertising initiatives in preparation for new product launch and for brand building.

Administrative expenses increased 13% to RMB24.2 million due to the reclassification of RMB 1.4 million under-capacity overhead costs of new factory from cost of sale.

Other expenses dived to RMB1.2 million in FY2013 from RMB152.2 million in FY2012 when the Group took substantial hit mainly from massive research and development related impairment charges.

Finance income increased 263% to RMB0.2million due to increased interest income earned on higher bank fixed deposits

Finance expenses fell 79% to RMB0.9 million as the Group paid down its bank loan from RMB40 million as of 30 June 2012 to RMB0.2 million as of 31 December 2013.

Tax expenses turned around with RMB 1.8 million in FY2013 from reversal RMB11.7 million in FY2012, this was due to the RMB12.3 million of deferred tax liabilities was reversed in 2012 due to the impairment of intangibles assets.

On these, the Group turned around with net profit attributable to equity holder of RMB3.7 million in FY2013 from net loss attributable to equity holder of RMB120.2 million in FY2012.

## **Financial Position**

*(31 December 2013 vs. 31 December 2012)*

Non-current assets fell from RMB97.3 million to RMB68.2 million, it was due to the reallocation of RMB27.9 million to assets held for sale. Property, plant and equipment decreased from RMB59.3 million to RMB55.5 million due to depreciation and disposal of some fixed assets and accelerated depreciation for old plant and equipment of old factory. Intangible assets decrease from RMB32.4 million to RMB6.7 million, this was cushioned by the reallocation of RMB 27.3 million to assets held for sale.

Current assets dropped from RMB92.1 million to RMB58.6 million, there was due to the reallocation of RMB 1.8 million to assets held for sale. Inventories level rose from RMB10.8 million to RMB15.2 million due to additional raw material purchases. Trade & bills receivables increased from RMB1.5 million to RMB3.2 million on higher bills receivables from daily operations. Other receivables, prepayments and deposits dropped from RMB48.1 million to RMB19.5 million due to the refund of RMB36 million in deposit after the discontinuation of the acquisition of a potential patent rights from third party research company, partially offset by an advance payment of RMB11 million to a third party company to develop two different types of drugs. Cash and bank balances decreased from RMB31.6 million to RMB20.8 million mainly due to bank loan repayment.

Non-current liabilities fell from RMB2.4 million to RMB0.3 million. Approximately RMB2.1 million of the deferred tax liabilities was reallocated to liabilities held for sale.

Current liabilities fell from RMB92.1 million to RMB25.1 million, which relocation of RMB31.2 million to liabilities held for sale. Trade and other payables decreased from RMB45.0 million to RMB23.4 million due to the relocation. Secured bank loan dropped from RMB40 million to nil on loan repayment.

## **Cash Flow Statement**

The Group's net cash inflow from operating activities in 12M2013 was RMB7.7 million. This was mainly due to the Group's usual operating business. The net cash inflow of RMB 5.7 million in 4Q2013 was mainly due to collection of other receivables.

Net cash generated from investing activities in 12M2013 was RMB 22.1 million and 4Q2013 amounted to RMB9.7 million. This was primarily due to the refund of RMB18 million deposits from the discontinued R&D investments and RMB18 million discontinued purchase of certain medical know-how but partially offset by an advance payment of RMB11 million to third party research company to develop new medical products on behalf of the Group.

The Group's net cash outflow from financing activities in 12M2013 amounted to RMB40.6million. This was primarily due to the RMB30 million bank loan repayments in 1H2013 and total RMB20 million repayments in 2Q2013 and 4Q2013.

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.**

Having overcome another trying year fraught with challenging business, operating and regulatory climate plaguing the industry, the Group will stay its course in its drive to enhance value for its shareholders even as it anticipates the uncertainties to persist into 2014.

One way to sustain long-term growth is by continuing to invest in Research and Development to ensure strong pipeline of 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 capturing opportunities to grow both internally and externally. The Chinese government's industry-stimulus package and ongoing health care reform extending health insurance coverage to the rural population 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 FY2012:

Nil

**(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.

**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.**

Not applicable.

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

**14. 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 subjected to different risks and returns in its activities and geographical regions in which it operates.

**15. 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.

**16. A breakdown of sales.**

	<b>FY2013</b>	<b>FY2012</b>	<b>Increases/(Decreases)</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue for first half of the year</b>	40,667	41,257	(590)	(1.43)
<b>Operating profit after tax for the first half of the year</b>	24	1,922	(1,898)	(98.75)
<b>Revenue for second half of the year</b>	47,700	46,560	1,140	2.45
<b>Operating loss after tax for the second half of the year</b>	2,921	(136,392)	n.m.	n.m.

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

	<b>FY2013</b>	<b>FY2012</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Ordinary Shares	-	-
Preference Shares	-	-
<b>Total</b>	-	-

**18. 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. If there are no such persons, the issuer must make an appropriate negative statement.**

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
NIL				

**By Order of the Board**

**Xu Zhi Bin**  
**Executive Chairman**  
**28 February 2014**