



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

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 2014	3 months ended 31 December 2013	Increase/ (decrease) +/-	Year ended 31 December 2014	Year ended 31 December 2013	Increase/ (decrease) +/-
	(a)	(b)	(a) – (b)	(a)	(b)	(a) – (b)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
<b>Revenue</b>	27,628	27,198	2	97,570	88,367	10
Cost of sales	(19,560)	(12,939)	51	(61,259)	(53,685)	14
<b>Gross Profit</b>	<b>8,068</b>	<b>14,259</b>	(43)	<b>36,311</b>	<b>34,682</b>	5
Other operating income	3,528	1,004	251	38,167	2,561	1,390
Selling and distribution expenses	(1,188)	(2,390)	(50)	(7,376)	(6,397)	15
Administrative expenses	(4,977)	(8,455)	(41)	(17,945)	(24,211)	(26)
Other operating expenses	(1,130)	(449)	152	(2,342)	(1,251)	87
<b>Profit from operations</b>	<b>4,301</b>	<b>3,969</b>	8	<b>46,815</b>	<b>5,384</b>	770
Finance income	550	60	817	925	218	324
Finance expenses	(89)	(77)	16	(293)	(888)	(67)
<b>Profit before income tax</b>	<b>4,762</b>	<b>3,952</b>	20	<b>47,447</b>	<b>4,714</b>	907
Income tax credit/ (expense)	4,346	(1,063)	n.m	2,433	(1,769)	n.m
<b>Profit for the period/year</b>	<b>9,108</b>	<b>2,889</b>	215	<b>49,880</b>	<b>2,945</b>	1,594
<b>Attributable to:</b>						
Equity holders of the parent	9,108	2,681	240	49,880	3,704	1,247
Minority interest	-	208	(100)	-	(759)	(100)
<b>Profit for the period/year</b>	<b>9,108</b>	<b>2,889</b>	215	<b>49,880</b>	<b>2,945</b>	1,594
<b>Profit per share (RMB cents)</b>						
- Basic (weighted average)	3.89	1.15		21.30	1.58	
- Fully diluted	3.89	1.15		21.30	1.58	

n.m – not meaningful.

Consolidation statement of Comprehensive Income for the year

	Group			Group		
	RMB'000		(%)	RMB'000		(%)
	3 months ended 31 December 2014 (Unaudited)	3 months ended 31 December 2013 (Unaudited)	Increase/ (decrease) +/(-)	Year ended 31 December 2014 (Unaudited)	Year ended 31 December 2013 (Audited)	Increase/ (decrease) +/(-)
<b>Profit for the period/year</b>	9,108	2,889	215	49,880	2,945	1,594
Other comprehensive income:						
Exchange difference on consolidation	-	-		-	-	
<b>Other comprehensive income for the period/year, net of tax</b>	<b>9,108</b>	<b>2,889</b>	<b>215</b>	<b>49,880</b>	<b>2,945</b>	<b>1,594</b>
<b>Total comprehensive income attributable to :</b>						
Equity holders of the period/year	9,108	2,681	240	49,880	3,704	1,247
Minority interest	-	208	(100)	-	(759)	(100)
	<b>9,108</b>	<b>2,889</b>	<b>215</b>	<b>49,880</b>	<b>2,945</b>	<b>1,594</b>

Notes to Income Statement:

	Group		Group	
	RMB'000		RMB'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	3 months ended 31 December 2014	3 months ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
<b>Profit before tax is arrived at after charging / (crediting) :</b>				
Interest income	550	83	925	218
Interest on borrowings	-	69	111	855
Foreign exchange loss	82	-	145	-
Depreciation of property, plant and equipment	2,277	1,873	6,243	9,217
Amortisation of deferred development costs	597	603	2,390	2,407
Amortisation of lease prepayment	17	31	74	74
Loss/(Gain) on disposal of property, plant and equipment	17	-	17	(4)
Allowance for impairment of deferred development cost	472	-	472	-
Reversal of impairment on product development cost in progress	2,578	-	2,578	-
Gain on disposal of subsidiaries	-	-	31,269	-

**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 2014 RMB'000 (Unaudited)	31 Dec 2013 RMB'000 (Audited)	31 Dec 2014 RMB'000 (Unaudited)	31 Dec 2013 RMB'000 (Audited)
<b>Non-current assets</b>					
Property, plant and equipment		52,160	55,487	-	-
Investment property		2,824	3,055	-	-
Investment in subsidiaries		-	-	76,607	76,607
Lease prepayments		842	916	-	-
Intangible assets	(a)	8,092	6,720	-	-
Deferred tax assets		3,945	1,986	-	-
		<b>67,863</b>	<b>68,164</b>	<b>76,607</b>	<b>76,607</b>
<b>Assets held for sale</b>	Note A	-	<b>29,705</b>	-	-
<b>Current assets</b>					
Inventories		32,771	15,168	-	-
Trade and bills receivables		461	3,202	-	-
Other receivables, prepayments and deposits		26,578	19,713	19	25
Due from a subsidiary (non-trade)		-	-	35,850	42,850
Cash and bank balances		56,329	20,546	2,565	588
		<b>116,139</b>	<b>58,629</b>	<b>38,434</b>	<b>43,463</b>
<b>Total assets</b>		<b>184,002</b>	<b>156,498</b>	<b>115,041</b>	<b>120,070</b>
<b>Equity</b>					
Share capital		144,975	144,975	144,975	144,975
Statutory reserves		19,910	19,910	-	-
Accumulated losses		(17,653)	(67,533)	(31,195)	(27,656)
		<b>147,232</b>	<b>97,352</b>	<b>113,780</b>	<b>117,319</b>
Minority interests		-	470	-	-
<b>Total equity</b>		<b>147,232</b>	<b>97,822</b>	<b>113,780</b>	<b>117,319</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities		200	279	-	-
		200	279	-	-
<b>Liabilities held for sale</b>	Note A	-	<b>33,316</b>	-	-
<b>Current liabilities</b>					
Trade and other payables		36,445	23,436	1,261	2,751
Due to related parties (non-trade)		125	-	-	-
Income tax payable		-	1,645	-	-
		<b>36,570</b>	<b>25,081</b>	<b>1,261</b>	<b>2,751</b>
<b>Total liabilities</b>		<b>36,770</b>	<b>58,676</b>	<b>1,261</b>	<b>2,751</b>

<b>Total equity and liabilities</b>	<b>184,002</b>	<b>156,498</b>	<b>115,041</b>	<b>120,070</b>
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Notes:

- (a) Intangible assets comprise mainly of Deferred Development Cost with carrying value of RMB20,000. (At 31/12/2013: RMB2,882,000) and Product Development in Progress of RMB8,072,000 (At 31/12/2013: RMB3,838,000).

### 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 2014		As at 31 December 2013	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
	(Unaudited)		(Audited)	
Secured bank loan	-	-	-	-

### 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 2014 RMB'000	3 months ended 31 December 2013 RMB'000	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
<b>Cash flow from operating activities</b>				
<b>Profit before income tax</b>	4,762	3,952	47,447	4,714
Adjustments for:				
Amortisation of deferred development costs	597	603	2,390	2,407
Amortisation of lease prepayments	17	31	74	74
Government grants, net	-	(279)	-	700
Depreciation of property, plant and equipment	2,277	1,873	6,243	9,217
Depreciation of investment property	58	59	231	231
Loss / (Profit) on disposal of property, plant and equipment	17	-	17	(4)
Allowance for impairment of deferred development cost	472	-	472	-
Reversal of impairment on product development cost in progress	(2,578)	-	(2,578)	-
Gain on disposal of subsidiaries	-	-	(31,269)	-
Interest expense	-	69	111	855

Interest income	(550)	(83)	(925)	(218)
<b>Operating profit before working capital changes</b>	<b>5,072</b>	<b>6,225</b>	<b>22,213</b>	<b>17,976</b>
<b>Changes in working capital:</b>				
Inventories	(12,881)	(1,891)	(17,611)	(4,433)
Trade and bills receivables	(15)	(1,788)	2,741	(2,409)
Other receivables, prepayments and deposits	(1,122)	4,448	(2,483)	(198)
Trade and other payables	12,861	3,275	16,961	3,385
<b>Cash generated from operations</b>	<b>3,915</b>	<b>10,269</b>	<b>21,821</b>	<b>14,321</b>
Income tax paid	(338)	(496)	(2,213)	(2,575)
<b>Net cash generated from operating activities</b>	<b>3,577</b>	<b>9,773</b>	<b>19,608</b>	<b>11,746</b>

<b>Cash flows from investing activities</b>				
Payments for product development in progress	(1,656)	(81)	(1,656)	(1,295)
Purchase of property, plant and equipment	(1,581)	(382)	(2,888)	(5,906)
Prepayments for plant and equipment	247	-	(267)	-
Proceeds from disposal of property, plant and equipment	10	-	10	20
Advances for product manufacturing rights and technical know-how	(880)	-	(3,200)	(11,000)
Refund of deposit from potential investment	-	6,000	-	36,000
Proceeds from disposal of subsidiaries, net of cash disposed of (Note A)	-	-	23,101	-
Interest received	550	83	925	218
<b>Net cash (used in) / generated from investing activities</b>	<b>(3,310)</b>	<b>5,620</b>	<b>16,025</b>	<b>18,037</b>
<b>Cash flows from financing activities</b>				
Advance from a related party	-	21	-	21
Drawdown of bank loan	-	-	-	220
Repayment to related party	-	(924)	-	-
Repayment of bank loans	-	(10,000)	-	(40,000)
Interest paid	-	(69)	(111)	(855)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(10,972)</b>	<b>(111)</b>	<b>(40,614)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>267</b>	<b>4,421</b>	<b>35,522</b>	<b>(10,831)</b>
Cash and cash equivalents at beginning of the period/year	56,062	16,386	20,807	31,638
<b>Cash and cash equivalents at end of the period/year</b>	<b>56,329</b>	<b>20,807</b>	<b>56,329</b>	<b>20,807</b>

## **Note A**

On 12 March 2014, the Company announced that the Company's wholly-owned subsidiary, Hainan STAR Pharmaceutical Co., Ltd ("Hainan STAR") had entered into the sale and purchase agreements on 11 March 2014 with Mr. Zhou Ya Wei (director for disposal group) for the disposal of its 14% equity interest in Jiu Sheng Yuan at a consideration of RMB 1 in cash; and with Jin Merchants Alliance Holding Co., Ltd (the Purchaser") for the net consideration of RMB 25,000,001 for:

- (i) The sale of 80% of the equity interest in Beida Shijia, being the entire equity interest in Beida Shijia held by Hainan Star;
- (ii) The sale of 46% of the equity interest in Jiu Sheng Yuan, being the remaining equity interest in Jiu Sheng Yuan held by Hainan Star after the disposal to Mr. Zhou Ya Wei as disclosed above.

As at 31 December 2013, all the assets and liabilities in Beida Shijia and Jiu Sheng Yuan ("Disposal Group") were reclassified to assets and liabilities held for sale.

On 30 April 2014, the shareholders approved the disposal of the Disposal Group at the Extraordinary General Meeting ("EGM") convened on the event date. Thus, the Group deconsolidated the Disposal Group from that date, which has resulted in a gain on disposal amounting to approximately RMB 31,269,000. Completion of the disposal agreements are completed on 10 June 2014.

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2013 were as follows:-

Analysis of the net liabilities disposed of:	31 December 2013
	RMB'000
<b>Assets:</b>	
Property, plant and equipment	529
Intangible assets	27,355
Inventories	123
Trade receivables	734
Other receivables, prepayments and deposits	703
Cash and bank balances	261
<b>Assets classified as held for sale</b>	<b>29,705</b>
<b>Liabilities:</b>	
Trade and other payables	25,628
Due to related parties (non-trade)	5,372
Deferred tax liabilities	2,096
Secured bank loan	220
<b>Liabilities classified as held for sale</b>	<b>33,316</b>
<b>Net liabilities directly associated with the Disposed Group</b>	<b>3,611</b>

Net liabilities of the Disposal Group as at the date on which control was lost were as follow:

Analysis of the net liabilities disposed of:	As at date of disposal
	RMB'000
<b>Assets:</b>	
Property, plant and equipment	474
Intangible assets	27,355

Inventories	132
Trade receivables	734
Other receivables, prepayments and deposits	751
Cash and bank balances	1,899
	<b>31,345</b>
<b>Liabilities:</b>	
Trade and other payables	29,455
Due to related parties (non-trade)	5,372
Deferred tax liabilities	2,096
Secured bank loan	220
	<b>37,143</b>
Net liabilities derecognised	(5,798)
Less: Non-controlling interest	(471)
	(6,269)
<b>Gain on disposal of subsidiaries</b>	<b>31,269</b>
<b>Net consideration received and receivable</b>	<b>25,000</b>
	<b>RMB'000</b>
<b>Net cash inflow on disposal</b>	
Net consideration received in cash	25,000
Less: Cash and cash equivalent disposed	(1,899)
	<b>23,101</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 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 income for the year	-	-	3,704	3,704	(759)	2,945
Transfer to statutory reserve	-	1,100	(1,100)	-	-	-
<b>At 31 December 2013</b>	<b>144,975</b>	<b>19,910</b>	<b>(67,533)</b>	<b>97,352</b>	<b>470</b>	<b>97,822</b>
<b>At 1 January 2014</b>	<b>144,975</b>	<b>19,910</b>	<b>(67,533)</b>	<b>97,352</b>	<b>470</b>	<b>97,822</b>
Total comprehensive income for the year	-	-	49,880	49,880	-	49,880
Disposal of subsidiaries	-	-	-	-	(470)	(470)
<b>At 31 December 2014</b>	<b>144,975</b>	<b>19,910</b>	<b>(17,653)</b>	<b>147,232</b>	<b>-</b>	<b>147,232</b>

<u>Company</u>	Share capital	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
<b>At 1 January 2013</b>	<b>144,975</b>	<b>(23,753)</b>	<b>121,222</b>
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>
<b>At 1 January 2014</b>	<b>144,975</b>	<b>(27,656)</b>	<b>117,319</b>
Total comprehensive loss for the year	-	(3,539)	(3,539)
<b>At 31 December 2014</b>	<b>144,975</b>	<b>(31,195)</b>	<b>113,780</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 2014.

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 2013: 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 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 2013.

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 2014 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 2014	3 months ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Net amount attributable to equity shareholders for the period/year (RMB'000)	9,108	2,681	49,880	3,704
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 per ordinary share of the group, based on net profit 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)	3.89	1.15	21.30	1.58
(b) On a fully diluted basis (in RMB cents)	3.89	1.15	21.30	1.58

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 2014	Year ended 31 December 2013	Year ended 31 December 2014	Year ended 31 December 2013
Net asset value per ordinary share capital at the end of the year (in RMB cents)	62.89	41.78	48.60	50.11

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 following:-
- (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 surged a 1,247% jump in profit attributable to equity holders to RMB49.9 million in FY2014 from RMB3.7 million in FY2013. This was mainly due to the Group's continuous efforts in improving its production processes and sales performance from other specialized drugs and cardiovascular drugs and cerebrovascular drugs in FY2014 and the result of disposal of 80% of the equity interest in Beida Shijia Technology Development Co., Ltd ("Beida Shijia") and 60% equity interest in Beijing Shijia Jiu Sheng Yuan Pharmaceutical Technology Co., Ltd ("Jiu Sheng Yuan").

### Revenue

Group revenue increased 10% to RMB97.6 million in FY2014 supported by better performances of other specialized drugs and cardiovascular drugs and cerebrovascular drugs segments.

	3 months ended 31 December 2014	3 months ended 31 December 2013	Change		Year ended 31 December 2014	Year ended 31 December 2013	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000
Antibiotics	11,481	10,264	12	1,217	38,693	36,489	6	2,204
Cardiovascular drugs and cerebrovascular drugs	1,062	856	24	206	3,696	3,107	19	589
Other specialized drugs	15,085	13,072	15	2,013	55,181	45,387	22	9,794
TCM R&D	0	3,006	(100)	(3,006)	0	3,384	(100)	(3,384)
<b>Total</b>	<b>27,628</b>	<b>27,198</b>	<b>2</b>	<b>430</b>	<b>97,570</b>	<b>88,367</b>	<b>10</b>	<b>9,203</b>

Antibiotics sales rose 6% to RMB38.7 million in FY2014. This is mainly due to increase in demand for the Group's Cefepime hydrochloride for Injection and Cefoxitin Sodium for Injection. Antibiotics accounted for 40% of Group revenue in FY2014, making it the second largest revenue contributor.

Cardiovascular drugs and cerebrovascular drugs sales rose 19% to RMB3.7 million due to increase in demand for the Group's Vinpocetine for Injection products. Cardiovascular drugs and cerebrovascular drugs represented 4% of Group's revenue in FY2014.

The main impetus, other specialized drugs, jumped 22% to RMB55.2 million in FY2014 on higher demand for Potassium Sodium Dehydroandrographolide Succinate for Injection and Amoxicillin and Water-soluble Vitamin for Injection. Other specialized drugs remained the largest revenue contributor, accounting for 56% of Group's revenue in FY2014.

### **Profitability**

Gross profit grew 5% to RMB36.3 million in FY2014 on improved sales and result of continuous efforts in reviewing its production processes also yielded improvements in product quality and sales performance.

Other operating income grew 251% to RMB3.5 million in 4Q2014 due to RMB2.7 million reversal of impairment on product development cost in progress. In FY2014, other operating income rose by 1,390% to RMB38.2 million as a result of the gain on disposal of 80% of the equity interest in Beida Shijia and 60% equity interest in Jiu Sheng Yuan from the Group amounting to approximately RMB 31.3 million.

Selling and distribution expenses rose to RMB7.4 million in FY2014 from RMB6.4 million in FY2013 as a result of the Group strengthening its sales force and marketing and branding activities. Administrative expenses decreased 26% to RMB17.9 million in FY2014 due to the decrease in expenses resulting from the disposal of subsidiaries.

Other expenses increased to RMB1.1 million in 4Q2014 and RMB2.3 million in FY2014 due to the RMB0.5 million impairment charges of deferred development cost in 4Q2014 and RMB0.6 million on research and development expenditure increased in FY2014 as compared to FY2013.

Finance income rose 324% from RMB0.2 million in FY2013 to RMB0.9 million in FY2014 as higher fixed deposit balance generated more interest income.

Finance expenses fell 67% to RMB0.3 million in FY2014 as compared to RMB0.9 million in FY2013, mainly due to the bank loan being fully paid off in November 2013.

Tax expenses turned around from RMB1.8 million in FY2013 to RMB2.4 million of tax credit in FY2014. This was due to RMB0.4 million reversal of overprovision of corporate tax in prior year and RMB2.0 million of deferred tax assets that was recognised in 2014 due to unutilized tax loss in 2014.

As a result, the Group recorded a 1,247% increase in net profit attributable to equity holders from RMB3.7 million in FY2013 to RMB49.9 million in FY2014.

## **Financial Position**

*(31 December 2014 vs. 31 December 2013)*

Non-current assets fell from RMB68.2 million to RMB67.9 million. Property, plant and equipment decreased from RMB55.5 million to RMB52.2 million due to depreciation. Intangibles assets rose from RMB6.7 million to RMB8.1 million due to capitalization of two product development in progress which is approximately RMB1.7 million.

Assets held for sale comprise the assets of Beida Shijia and Jiu Sheng Yuan which the Group completed the disposal on 10 June 2014.

Current assets increased from RMB58.6 million to RMB116.1 million. Inventories level rose from RMB15.2 million to RMB32.8 million due to additional raw material purchases to support higher demand and subcontracting manufacturing services. Trade & bills receivables decreased from RMB3.2 million to RMB0.5 million on bills receivables collected from daily operations. Other receivables, prepayments and deposits increased from RMB19.7 million to RMB26.6 million due to an advance payment of RMB3.2 million to third party companies to develop the new medical products. Cash and bank balances increased from RMB20.5 million to RMB56.3 million mainly due to the RMB25 million proceeds from disposal of 80% of the equity interest in Beida Shijia and 60% equity interest in Jiu Sheng Yuan in FY2014.

Non-current liabilities comprise of deferred tax liabilities remained at approximately RMB0.2million level.

Liabilities held for sales comprise the liabilities of Beida Shijia and Jiu Sheng Yuan which the Group completed the disposal on 10 June 2014.

Current liabilities increased from RMB25.1 million to RMB36.6 million. Trade and other payables rose from RMB23.4 million to RMB36.4 million due to additional purchases of raw materials for subcontracting services.

## **Cash Flow Statement**

The Group's net cash inflow from operating activities in FY2014 amounted to RMB19.6 million and 4Q2014 amounted to RMB3.6 million. The net cash inflow of RMB3.6 million in 4Q2014 was mainly due to the Group's usual operating business.

Net cash generated from investing activities in FY2014 amounted to RMB 16.0 million and net cash used in 4Q2014 amounted to RMB3.3 million. This was primarily due to the proceeds from disposal of subsidiaries of RMB25 million partially offset by an advanced payment of RMB3.2 million to research companies to develop new medical products on behalf of the Group and RMB2.9 million for purchase of property, plant and equipment in FY2014.

The Group's net cash outflow from financing activities in FY2014 amounted to RMB0.1 million and nil in 4Q2014. This was primarily due the bank loan being fully repaid in November 2013.

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.**

One way to sustain long-term growth is by continuing to invest and 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 Group will continue to drive revenue expansion and operational efficiency.

**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:**

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.**

No dividend has been declared.

- 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 manufacturing and sales of pharmaceutical products and it operates mainly in the People’s Republic of China (“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>FY2014</b>	<b>FY2013</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>	45,846	40,667	5,179	12.74
<b>Operating profit after tax for the first half of the year</b>	37,526	24	37,502	156,258.33
<b>Revenue for second half of the year</b>	51,724	47,700	4,024	8.44
<b>Operating profit after tax for the second half of the year</b>	12,354	2,921	9,433	322.94

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

	<b>FY2014</b>	<b>FY2013</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**  
**27 February 2015**