



STAR STAR PHARMACEUTICAL LIMITED
Registration No. 200500429W

The initial public offering of the Company's shares was sponsored by Kim Eng Capital Pte. Ltd.

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007 (a)	3 months ended 31 December 2006 (b)	Increase/ (decrease) +/- (a) – (b)	Year ended 31 December 2007 (a)	Year ended 31 December 2006 (b)	Increase/ (decrease) +/- (a) – (b)
Revenue	22,534	21,092	7	122,066	134,427	(9)
Cost of sales	(13,877)	(11,188)	24	(54,296)	(49,990)	9
Gross Profit	8,657	9,904	(13)	67,770	84,437	(20)
Other income	7,621	1,171	551	9,018	3,331	171
Selling and distribution expenses	(3,859)	(3,814)	1	(10,604)	(9,304)	14
Administrative expenses	(11,694)	(5,867)	99	(27,143)	(16,887)	61
Other expenses	(5,926)	(2,226)	166	(8,389)	(3,042)	176
Financial income	1,583	957	65	4,189	957	338
Financial expenses	(3,198)	(653)	390	(11,495)	(1,856)	519
(Loss)/Profit before taxation	(6,816)	(528)	1,190	23,346	57,636	(59)
Taxation	1,604	(476)	n.m.	(755)	(4,224)	(82)
(Loss)/Profit for the period/year	(5,212)	(1,004)	419	22,591	53,412	(58)
Attributable to:						
Equity holders of the parent	(3,495)	(422)	728	21,581	54,006	(60)
Minority interest	(1,717)	(582)	195	1,010	(594)	n.m.
(Loss)/Profit for the period/year	(5,212)	(1,004)	419	22,591	53,412	(58)
Earnings per share (RMB cents)						
- Basic (weighted average)	(1.49)	(0.18)		9.22	23.70	
- Fully diluted	(1.49)	(0.18)		9.22	23.60	

Notes to the Income Statement:

	Group		Group	
	RMB'000		RMB'000	
	3 months ended 31 December 2007	3 months ended 31 December 2006	Year ended 31 December 2007	Year ended 31 December 2006
Profit before taxation includes the following:				
Other income including Value Added Tax (“VAT”) refund	7,621	1,171	9,018	3,331
Interest income	1,583	957	4,189	957
Interest on borrowings	1,501	653	4,692	1,856
Foreign exchange (gain)/loss	1,598	-	3,864	(884)
Dividend on RCPS	1,697	-	6,803	-
Depreciation and amortization expenses	1,099	3,065	8,999	10,820
Overprovision of PRC income tax	1,857	-	1,857	-
Loss on disposal of fixed and intangible assets	3,530	-	3,530	-

1(b)(i) A balance sheet (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-07 RMB'000	31 Dec-06 RMB'000	31 Dec-07 RMB'000	31-Dec-06 RMB'000
Non-current assets					
Property, plant and equipment		48,079	45,532	37	37
Investment in subsidiaries		-	-	76,607	76,607
Lease prepayments		1,276	1,333	-	-
Intangible assets	(a)	242,979	246,140	-	-
		292,334	293,005	76,644	76,644
Current assets					
Inventories		17,178	9,575	-	-
Due from subsidiary (non-trade)		-	-	151,033	72,938
Trade and bills receivables		5,918	17,481	-	-
Other receivables, prepayments and deposits		28,248	140,915	23,186	137,004
Due from ultimate holding company		130	-	-	-
Due from related corporations		2,146	11,627	-	10,228
Cash and cash equivalents		199,948	66,467	28,091	4,896
		253,568	246,065	202,310	225,066
Total assets		545,902	539,070	278,954	301,710
Equity					
Share capital		144,975	144,975	144,975	144,975
Reserves		15,948	12,225	-	-
Accumulated profits/(losses)		116,405	113,750	(13,398)	16,758

		277,328	270,950	131,577	161,733
Minority interests	(b)	31,176	30,166	-	-
Total equity		308,504	301,116	131,577	161,733
Non-current liabilities					
Redeemable Convertible Cumulative Preference Share	(c)	141,873	135,070	141,873	135,070
Deferred tax liabilities		15,401	15,430	-	-
		157,274	150,500	141,873	135,070
Current liabilities					
Trade and other payables		36,179	40,005	2,897	2,295
Secured bank loan		30,000	29,850	-	-
Provision for legal claim		-	2,000	-	-
Due to related corporations		9,449	12,497	2,607	2,607
Due to minority shareholders		1,606	-	-	-
Current tax payable		2,890	3,102	-	5
		80,124	87,454	5,504	4,907
Total liabilities		237,398	237,954	147,377	139,977
Total equity and liabilities		545,902	539,070	278,954	301,710

Notes :

(a) Intangible assets comprise mainly of Deferred Development Cost with carrying value of RMB12,246,000. (At 31/12/2006: RMB13,507,000) and Product Development in Progress of RMB211,551,000 (At 31/12/2006: RMB213,451,000) and Goodwill of RMB19,182,000 (At 31/12/2006: RMB19,182,000).

(b) Pursuant to a sales and purchase agreement dated 17 April 2006 and a supplementary agreement dated 1 September 2006, Hainan STAR Pharmaceutical Co. Ltd. (“Hainan Star”), the wholly owned subsidiary of the Company, acquired 60% equity interest in Beijing Beida Shijia Technology Development Co. Ltd. (北大世佳科技开发有限公司) (“Beida Shijia”) for a consideration of RMB55,000,000. The acquisition resulted in an increase in minority interest. The identifiable assets acquired comprise mainly intangible assets of RMB103,994,000, fixed assets of RMB348,000, inventory of RMB13,000, other payable of RMB26,989,000 and trade and other receivable of RMB12,426,000, determined on a provisional basis. The net cash outflow on acquisition of the Beida Shijia amount of RMB53,125,000, net of cash balance acquired.

Further to both sales and purchase agreements, Hainan Star also acquired 60% equity interest in Beijing Shijia JiuShengYuan Pharmaceutical Technology Co. Ltd. (北京世佳九生源药业科技有限公司) (“Shijia JiuShengYuan”) for a consideration of RMB4,600,000. The acquisition also resulted in an increase in minority interest. The identifiable assets acquired comprise mainly intangible assets of RMB2,744,000 and inventory of RMB20,325,000, fixed assets of RMB1,006,000, and trade and other receivable of RMB239,000, determined on a provisional basis. The net cash inflow on acquisition of the Shijia JiuShengYuan amount of RMB2,505,000, net of cash balance acquired.

The provisional goodwill that results from the difference between the purchase price and the adjusted carrying amounts of the assets and liabilities acquired from these two subsidiaries amounts to RMB19,182,000.

(c) The Company issued and allotted 46,668,000 Redeemable Convertible Cumulative Preference Shares (“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, after the deduction of issuing expense of S\$1.5 million.

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 2007		As at 31 December 2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
30,000	-	29,850	-

Amount repayable after one year

As at 31 December 2007		As at 31 December 2006	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	141,873	-	135,070

Details of any collateral:

* The bank loan is secured over Hainan STAR's assets amounted to RMB30,000,000. (At 31/12/2006: RMB29,850,000)

1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	RMB'000	
	Year ended 31 December 2007	Year ended 31 December 2006
Cash flow from operating activities		
Profit before taxation	23,346	57,636
Adjustments for:		
Amortization of deferred development costs	2,361	5,145
Amortization of lease prepayment	57	61
Loss on disposal of property, plant and equipment	762	216
Depreciation of property, plant and equipment	6,581	5,614
Loss on disposal of product development in progress	2,768	-
Interest expense	4,692	1,856
Dividend on RCPS	6,803	-
Interest income	(4,189)	(957)

Operating profit before working capital changes	43,181	69,571
Changes in working capital:		
Inventories	(7,603)	1,741
Trade and bills receivables	11,563	(5,829)
Other receivables, prepayments and deposits	(1,243)	924
Trade and other payables	(5,381)	(1,584)
Cash generated from operations	40,517	64,823
Income tax paid	(967)	(2,811)
Cash flows from operating activities	39,550	62,012
Cash flows from investing activities		
Payments for product development in progress	(1,968)	(16,248)
Purchase of property, plant and equipment	(9,890)	(8,717)
Proceeds from disposal of property, plant and equipment	-	201
Net cash outflow on acquisition of subsidiaries	-	(53,155)
Advance to related parties	-	(1,269)
Deposit for potential investment	(21,094)	(2,000)
Interest received	4,189	572
Net cash (used in) investing activities	(28,763)	(80,616)
Cash flows from financing activities		
Proceeds from issue of shares	-	81,419
Proceeds from RCPS	135,004	-
Payment of share issue expenses	-	(8,476)
Advances from a related party	9,481	-
Repayment of loan from immediate holding company	-	(45,396)
Repayment due to related parties	(1,072)	(2,060)
Advances from minority shareholders	1,606	-
Proceeds from bank loan, net	150	29,850
Dividend Paid	(15,203)	-
Interest paid	(4,692)	(1,790)
Net cash generated from financing activities	125,274	53,547
Net increase in cash and cash equivalents	136,061	34,943
Cash and cash equivalents at beginning of the year	63,887	28,944
Cash and cash equivalents at end of the year	199,948	63,887

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.

Group	Share capital	Statutory surplus reserve	Statutory public welfare fund	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	RMB'000
At 1 January 2006	76,000	5,799	4	66,166	147,969	-	147,969
Issue of shares	81,419	-	-	-	81,419	-	81,419
Share issue expenses	(12,444)	-	-	-	(12,444)	-	(12,444)
Acquisition of subsidiary	-	-	-	-	-	30,760	30,760
Net profit for the year	-	-	-	54,006	54,006	(594)	53,412
Transfer	-	6,426	(4)	(6,422)	-	-	-
At 31 December 2006	144,975	12,225	-	113,750	270,950	30,166	301,116
At 1 January 2007	144,975	12,225	-	113,750	270,950	30,166	301,116
Net profit for the year	-	-	-	21,581	21,581	1,010	22,591
Dividend Paid	-	-	-	(15,203)	(15,203)	-	(15,203)
Transfer	-	3,723	-	(3,723)	-	-	-
At 31 December 2007	144,975	15,948	-	116,405	277,328	31,176	308,504

Company	Share capital	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006	76,000	(2,492)	73,508
Issue of shares	81,419	-	81,419
Share issue expenses	(12,444)	-	(12,444)
Net profit for the year	-	19,250	19,250
At 31 December 2006	144,975	16,758	161,733
At 1 January 2007	144,975	16,758	161,733
Net loss for the year	-	(14,953)	(14,953)
Dividend Paid	-	(15,203)	(15,203)
At 31 December 2007	144,975	(13,398)	131,577

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.

On 15 February 2006, the Company launched its initial public offering ("IPO"). Total 46,825,000 ordinary shares were issued to the public. As a result of the Amendments, as at the date of our invitation, our Company has an issued and paid-up capital of S\$14,984,227, comprising 187,300,000 ordinary shares of no par value and has no authorized share capital.

As at 31 December 2006, the issued and paid-up capital of the Company was RMB 144,975,729 comprising 234,125,000 ordinary shares.

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 payable on an annual basis to the RCPS holders.

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 2006: 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 year ended 31 December 2006.

- 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 2007 have 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 2007	3 months ended 31 December 2006	Year ended 31 December 2007	Year ended 31 December 2006
(Loss)/ Profit for the period (RMB'000)	(3,495)	(422)	21,581	54,006
No. of ordinary shares used in calculation of basic earning per share	234,125,000	234,125,000	234,125,000	228,735,627
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: and (in RMB cents)	(1.49)	(0.18)	9.22	23.7
(b) On a fully diluted basis (in RMB cents)	(1.49)	(0.18)	9.22	23.6

* - after the launch of IPO on 15 February 2006 and the issuance of 46,668,000 RCPS on 29 December 2006.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 2007	Year ended 31 December 2006	Year ended 31 December 2007	Year ended 31 December 2006
Net asset value per ordinary share capital at the end of the period (in RMB cents)	131.8	128.6	56.2	70.8

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

FY2007 was characterized by ongoing regulatory reforms of the PRC pharmaceutical industry and lackluster export market led by a series of counterfeit drug scandals involving other drug-makers in the PRC. Against such adversities, the Group managed to achieve RMB21.5 million in net profit attributable to equity holders on revenue of RMB122.1 million for FY2007.

Revenue

Group revenue fell 9% from RMB134.4 million in FY2006 to RMB122.1 million in FY2007 amidst ongoing restructuring and consolidation in the PRC pharmaceutical industry led by regulatory reforms initiated by the PRC authorities to improve transparency and healthcare industry structure.

	3 months ended 31 December 2007	3 months ended 31 December 2006	Change		Year ended 31 December 2007	Year ended 31 December 2006	Change	
	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	%	RMB'000
Antibiotics	13,429	11,862	13	1,567	73,882	69,548	6	4,334
Cardiovascular drugs and cerebrovascular drugs	2,460	2,735	-10	-275	14,584	24,347	-40	-9,763
Other specialized drugs	5,572	6,495	-14	-923	24,192	40,532	-40	-16,340
TCM R&D	1,073	-	n.m	1,073	9,408	-	n.m	9,408
Total	22,534	21,092	7	1,442	122,066	134,427	-9	-12,361

Against such backdrop, antibiotics continued to ring in rising sales on growing demand, especially for key product, Azithromycin Aspartate Lyophilised Powder for Injection. Antibiotics sales increased 6% to RMB73.9 million in FY2007 on higher sales volume which more than offset the decrease in average antibiotics selling price led by government price control on antibiotics. Antibiotics remained the largest revenue contributor, accounting for 60.5% of Group revenue in FY2007.

Sales of cardiovascular drugs and other specialised drugs fell 40% to RMB14.6 million in FY2007 as sales of major products, Cerebroprotein Hydrolysate Injection dropped on lower export sales indirectly due to scandals of bogus drugs from other medicine manufacturers in the PRC, which affected general foreign perception of drugs produced in the PRC.

Other specialized drugs sales declined 40% to RMB24.2 million in FY2007 mainly on decrease in sales of major product, Potassium Sodium Dehydroandrographolide Succinate for Injection.

The nascent revenue segment, TCM R&D - upfront fee and share of future profit from preliminary TCM R&D results - registered a maiden RMB9.4 million in revenue in FY2007.

Profitability

Gross profit fell 20% from RMB84.4 million in FY2006 to RMB67.8 million in FY2007 on lower sales and lower gross profit margins due to price controls and soft export sales.

Selling and distribution expenses rose from RMB9.3 million in FY2006 to RMB10.6 million in FY2007 due to increased sales and promotion activities and addition of liaison offices and sales personnel during the year .

Administrative expenses increased from RMB16.9 million in FY2006 to RMB27.1 million in FY2007. This was due to higher salary expenses as new staff were hired to support the Group's expansion plans, higher depreciation & amortization expenses and professional expenses resulting from increased business and R&D activities and the Company's listing status. In addition, the first full-year consolidation of the expenses of Beida Shijia and Beijing Shijia Jiushengyuan acquired on 31 August 2006 and 31 October 2006 respectively also added to this year's expenditures.

Financial income of RMB4.2 million in FY2007 comprised interest income. Financial expenses of RMB11.5 million comprised mainly dividend payable on the Redeemable Convertible Cumulative Preference Shares ("RCPS") issued in December 2006.

Minority interest arose due to maiden contributions from 60%-owned subsidiaries, Beida Shijia and Shijia Jiushengyuan.

Due to the above, Group net profit attributable to equity holders fell 60% to RMB21.6 million in FY2007 from RMB54.0 million in FY2006.

Financial Position

(31 December 2007 vs. 31 December 2006)

Total non-current assets fell marginally from RMB293.0 million in FY2006 to RMB292.3 million in FY2007. Property, plant and equipment increased from RMB45.5 million to RMB48.1 million due to purchases or upgrades of manufacturing facilities and office equipment. Increase was offset by lower intangibles assets from RMB246.1 million to RMB243.0 million as a result of write-off of capitalised projects cost amounting to RMB 1.7 million for 4 projects in the current financial year as these projects were assessed by the management to be no longer feasible. .

Current assets increased from RMB246.1 million in FY2006 to RMB253.6 million in FY2007. Inventories rose from RMB9.6 million to RMB17.2 million in accordance with GMP requirements of carrying two months' inventory for inspection and test purposes as well as more stocks available due to reduced sales. Trade receivables decreased from RMB17.5 million to RMB5.9 million in line with lower sales. Other receivables, prepayments and deposits dropped from RMB140.9 million to RMB28.2 million mainly due to the receipt of the proceeds from convertible loan as well as attributed to better debt collection control. Cash and cash equivalents jumped from RMB66.5 million to RMB199.9 million on positive operating cash flow generated in FY2007 and proceeds from RCPS issued in December 2006.

Current liabilities fell from RMB87.5 million in FY2006 to RMB80.1 million in FY2007. Trade and other payables decreased from RMB40.0 million to RMB36.2 million due to lower purchases compared to a year ago. As the Group made repayments for prior year's bank loan, additional bank loan was taken up to partially repay the loan due to Harvest Year Group Limited.

Non-current liabilities rose from RMB150.5 million to RMB157.3 million due to increased RCPS balance led by accrued interest RMB6,803 on the RCPS.

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.

Prospects

FY2007 was a year when the Group maintained stability while the industry continues to restructure and consolidate. Laying the groundwork for future expansion in the robust PRC healthcare industry, the Group carried out various upgrades of its manufacturing facilities and warehouse to comply with the more stringent requirements of the GMP, produce highest quality drugs and to prepare for future launches of drugs upon successful application.

During the year, the Group's leading antibiotic products, Azithromycin Aspartate Lyophilized Powder for Injection, was patented for its unique chemical compound structure and formulation. The patent award is set to further entrench the product's market position as it enhances the product's brand image, boosts selling price and enhances the chances of winning more bids to supply to hospitals, thus further increasing its market share.

The Group continues to make progress in new drug development. During FY2007 Category I Traditional Chinese Medicine (TCM) drug, Yanning Capsules, used as adjunct

therapy to improve immune function of patients with tumor, has successfully completed phase III clinical trials. Also during FY2007, we have submitted to the SFDA application for production approvals for Da Qing Long Granules and Gan Ju Qing Yan Granules, which are TCM formulated drugs and are used for treatment of throat infection and respiratory tract infections respectively. The Group targets to launch the three abovementioned new products in FY2008 subject to relevant government approval. Recently acquired TCM research subsidiaries, Beida Shijia and Shijia Jiushengyuan, is expected to further boost Group's prospects in the vibrant TCM-formulated drug market in the coming years. 14 new TCM-formulated drugs at various stages of development at Beida Shijia and Shijia Jiushengyuan have made good R&D progress during FY2007, and will continue to make progress in the next financial year. The Group believes that modern TCM will be its core competitive strength and growth driver going forward.

The Group is expanding its sales team and had increased the number of its liaison offices across various parts of China from 25 to 32 to support potential increase in domestic sales in the coming year. The number of distributors has also increased from 300 at the beginning of FY2006 to 398 now.

In FY2007, the Group entered into an MOU for the potential acquisition of Elite View Group Limited which engages in the brand development, management & distribution of consumer products in the health, beauty & lifestyle segment through its subsidiary based in Singapore. The potential acquisition will be funded with proceeds raised from the RCPS issued in December 2006. The Group is performing financial and legal due diligence on Elite View Group Limited and targets to complete the acquisition in 2Q08 subject to shareholder's approval.

Policy developments and stricter implementation of GMP requirements have increased the barrier of entry for the pharmaceutical industry, which is expected to benefit established companies like Star Pharmaceutical Limited. The new rural Cooperative Medical Schemes introduced in 2002 are being constantly enlarged to further increase coverage of basic medical services in rural areas. This further increases consumption of medical products and the Group is well-poised to capture the tremendous opportunities to further penetrate into smaller hospitals in various parts of China, and the steady growth in the drug retail market in 2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Ordinary Shares:

No.

RCPS:

The Board recommended the following amount to be declared, subject to SAFE's approval:

Name of Dividend: Preference Dividend

Dividend Type: Cash

Amount per RCPS: S\$0.03 per share

(b) Corresponding Period of the immediately preceding financial year

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

The following amount was declared for FY2006:

Ordinary Shares:

Name of Dividend: First and Final Dividend

Dividend Type: Cash

Amount per share: S\$0.013 per share

RCPS:

NIL

(c) Date payable

Ordinary Shares:

Not applicable.

RCPS:

To be announced at a later date.

(d) Book Closure Date

Ordinary Shares:

Not applicable.

RCPS:

To be announced at a later date.

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 trading 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.**

	FY2007	FY2006	Increases/(Decreases)	
	RMB’000	RMB’000	RMB’000	%
Revenue for first half of the year	68,058	79,466	(11,408)	(14)%
Operating profit after tax for the first half of the year	18,998	39,218	(20,220)	(52)%
Revenue for second half of the year	54,008	54,961	(953)	(2)%
Operating profit after tax for the second half of the year	3,593	14,194	(10,601)	(75)%

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

	FY2007	FY2006
	RMB'000	RMB'000
Ordinary Shares	Nil	15,433
RCPS	6,803	Nil

- 17. Interested parties transactions**

Not Applicable

By Order of the Board

Wong Kai
Chairman
29 February 2008