Regulatory Story

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Cathay International Holdings Limited

("Cathay" or the "Company")

Annual Results for the Year Ended 31 December 2012

Hong Kong, 27 March 2013 - Cathay International Holdings Ltd. (LSE: CTI.L), an investment holding company and a leading investor in the growing healthcare sector in the People's Republic of China, today announces its Annual Results for the year ended 31 December 2012.

Group

- Revenues up by 19.6% to USD109.3 million (2011: USD91.4 million)
- Gross profit up by 22.1% to USD57.1 million (2011: USD46.8 million)
- Operating profit decreased to USD3.7 million (2011: USD10.2 million)
- Operating profit excluding one-off items up by 27.9% to USD8.4 million (2011: USD6.6 million)
- Loss attributable to owners of the parent USD6.8 million (2011: profit of USD1.4 million)
- Loss attributable to owners of the parent excluding one-off items USD2.0 million (2011: USD2.2 million)
- Net assets per share as at 31 December 2012 were USD0.52 (2011: USD0.53)

Lansen

- Revenues up by 26.0% to USD93.8 million (2011: USD74.5 million)
- 22.4% growth in sales of rheumatic drugs (mainly Pafulin, Tuoshu,

and MMF)
- 22.6% rise in gross profit to USD54.4 million (2011: USD44.4 million)
- 20.0% increase in operating profit to USD16.7 million (2011: 13.9 million)
- Net profit up by 14.4% to USD14.6 million (2011: USD12.7 million)

Haotian
- Disappointing year, with a delay in scale production of inositol, resulting in no significant revenue from sales of inositol and DCP
- Revenues of USD2.6 million (2011: USD5.0 million), significant drop due to continued strategic focus of non-inositol business primarily on bilberry
- Gross profit decreased by 19.6% to USD0.6 million (2011: USD0.8 million)
- Operating loss increased to USD8.9 million (2011: USD1.9 million)
- Operating loss significantly affected by one-off items that were negative in 2012 but positive in 2011
- Operating loss excluding one-off items USD4.1 million (2011: USD3.1 million)
- Haotian expects to start commercial production of inositol in the third quarter of 2013

Botai
- Operating loss reduced to USD0.6 million (2011: USD0.9 million) through cost controls
- Trial quantities of collagen-based injectable cosmetic filler are being evaluated at several hospitals
- Marketing strategy to be based on physician and patient feedback

Hotel
- Revenues grew by 8.0% to USD12.9 million (2011: USD11.9 million)
- Occupancy rate stable at 54.4% (2011: 54.6%) while Shenzhen market average declined by 9.2%
- Average room rate up by 6.7% to USD144 (2011: USD135)
- Gross profit increased by 26.6% to USD2.1 million (2011: USD1.6 million)
- Operating profit up by 54.2% to USD2.0 million (2011: USD1.3 million)
- Hotel independently revalued to USD131 million (2011: USD129 million)

Commenting on the Annual Results, Mr. Lee Jin-Yi, CEO of Cathay International Holdings Limited, said:

"*Despite the challenging Chinese operating environment in 2012 with slow economic growth, signs of a rebound in inflation and increasing labour costs, Lansen and our Hotel both delivered improved performance. However, a delay in reaching scale production and sales of inositol meant that Haotian's performance was disappointing. The Group's reported net loss of USD6.8 million was significantly affected by one-off items that were negative in 2012 but positive in 2011: excluding one-off items in both years, the net loss in 2012 was USD2.0 million, 7% less than in 2011.*

"We are optimistic about our business in 2013. We expect Lansen to continue to benefit from the strong growth in rheumatoid arthritis related markets. Haotian's management team has been reinforced and we now expect to commence commercial production and sales of inositol in the third quarter of this year. We also anticipate a further improvement in the performance of our Hotel. Finally we will continue to look for opportunities to take advantage of the growth and ongoing consolidation in the Chinese pharmaceutical market."

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About Cathay
Cathay International Holdings Limited (CTI.L) is an investment holding company and a leading investor in the growing healthcare sector in the People's Republic of China ("PRC"). Taking advantage of the strong and growing domestic demand for high quality healthcare products in China, Cathay aims to identify investment opportunities with emphasis on high growth healthcare markets and build them into market sector leaders, with a clear exit strategy. Cathay has already demonstrated a strong track record of identifying high-growth potential investment opportunities in this area including: Lansen Group, China's leading specialty pharmaceutical company focused on rheumatology and Haotian Group, a company engaged in the manufacture, marketing and sale of key active ingredients for healthcare products, including dietary supplement inositol. To complement its healthcare portfolio, Cathay has a research and product development business focused on bringing new products to the growing Chinese market.

The Group employs more than 2,000 people across the PRC, including over 30 specialist corporate and business development staff based at the holding company's offices in Hong Kong and Shenzhen. Cathay also has a private equity investment arm focused on minority investment opportunities and a hotel investment.

For more information please visit the Company's website: www.cathay-intl.com.hk

Chairman's Statement

2012 was a challenging year for all Chinese corporates. Chinese economic growth slowed to 7.8% (2011: 9.2%), the lowest growth level seen in the last three years. Inflation, although eased to 1.9% (2011: 5.8%) at the end of the third quarter of 2012, showed signs of a renewed increase in the fourth quarter of 2012. Urban and rural wages grew by 13% and 17% respectively in 2012, reflected the increasing demand for labour. With the slower growth and cost pressures, the average Chinese corporate year-on-year earnings growth contracted in the first half to 6.7%, compared to 36.1% a year earlier, and continued to shrink in the second half of 2012.

Against this tough operating environment, disciplined execution of our strategies at Lansen and our Hotel delivered improved performance. However, the performance at Haotian was disappointing due to a delay in reaching scale production and sales of inositol.

Group revenue grew 19.6% at USD109.3 million and gross profit was up 22.1% at USD57.1 million. The performance reflected mainly the double-digit sales and profit growth in Lansen's core rheumatoid arthritis drugs. The Group, however, recorded a net loss of USD6.8 million, down from a net profit of USD1.4 million in 2011, partly due to one-off items adversely affected our results in 2012 but helped the results in 2011. While Lansen and our Hotel continued to record increased net profits at respectively USD7.6 million (up 16.6%) and USD1.3 million (up 154%) and more than covered the corporate overheads of USD5.8 million, Haotian suffered net losses of USD9.3 million. Haotian's losses were in part due to a one-off provision of USD4.1 million on slow moving inventories and aged receivables related to its non-inositol business, and damaged resin for phytin extraction. Haotian will continue to make efforts to clear those inventories and to recover the aged receivables.

Lansen The Chinese pharmaceutical market grew at a slower rate of 18.4% in 2012, compared with an average of around 30% in the past five years. The Chinese Government continues to manage down healthcare costs by lowering prices through series of drug-price cut since 2011 and proposing to limit margins paid by drug manufacturers to their supply chain to further improve distribution efficiencies. Since 2011, Lansen has taken initiatives to improve cost efficiencies of its operations and expand its product range to counter the margin pressure. Such efforts continued in 2012, and are reflected in Lansen's credible results. Our extraction plant, after the expansion last year, will nearly double its capacity for Pafulin and will further strengthen Lansen's market position in the health supplement business.

Haotian encountered several technical issues in starting up the inositol plant in Dunhua, Jilin. Two trial run scale productions, at 80% of design capacity, were conducted in the second half of 2012 after addressing these issues. The results were satisfactory and met our target efficiency. However, our phytin plants still cannot continuously generate the intermediate raw material for inositol. We have recruited experienced managers at the beginning of 2013 to concentrate on resolving the remaining phytin production and management issues. As attestation to its products' market acceptability, Haotian was able to sell all its inositol output at prevailing market prices. Haotian also formed a dedicated sales team for feedstock grade dicalcium phosphate ("DCP") to penetrate the local north eastern China markets. The successful sale of DCP will offer Haotian additional cost advantage over its competition.

Botai has begun trial sales of collagen injection fillers to a few targeted hospitals. Botai will develop its marketing strategy based on feedback from doctors and patients from these trial sales.

Our **Hotel** continued to improve, benefited from its superior service quality and its expanding client base. Our Hotel managed to increase its average room rates and hold the occupancy level while the Shenzhen market average occupancy recorded a 9.2% drop.

Outlook

While global uncertainties still exist, the Chinese economy is projected to grow in 2013 at 7.5%, partly due to Government fiscal stimulus and partly to an expected upswing in the business cycle. Pharmaceutical markets should continue to grow healthily, helped by the determined Chinese Government policies to provide access to affordable drugs, targeted to cover over 95% of its population. China's healthcare spending is projected to increase nearly 20% annually from 2010 to 2016.

The Group remains optimistic about our business in 2013.

- Lansen should continue to benefit from the growth in rheumatoid arthritis related markets, improved cost efficiency in our extraction facilities, and better economy of scale for its immunosuppressant Mycophenolate Mofetil Capsules ("MMF") which is now in its third year after launch. The recent change of CEO at Lansen is not expected to immediately or significantly change the direction of Lansen. We will continue to focus on the rheumatic and autoimmune related fields. Other than self-developed products, such as loxoprofen which was launched in late 2012, we will proactively seek marketing and acquisition opportunities with potential partners to enhance our product portfolio.

- Haotian's strengthened management team is resolving outstanding phytin related issues to start commercial production of inositol in the third quarter of this year. The inositol price has increased during the last few months as our competitors have experienced environmental and technical difficulties and reduced their supply. Our sales team is accelerating the certification process with target customers to secure long term contracts for both inositol and DCP.

- Botai's contribution will not likely to be significant in 2013. It will explore ways to build up a viable collagen injection fillers business. Our hotel should continue to improve its performance in 2013 benefiting from a better Shenzhen market and well recognized service quality level from our expanded clientele.

The Chinese Government's ongoing healthcare reform programme is likely to force further consolidation in China's pharmaceutical sector, and this will present opportunities for the Group to further leverage on our portfolio companies, Lansen, Haotian and Botai, through acquisitions, alliances or market arrangements to create synergies.

On behalf of the Board, I am grateful for your continued support of Cathay International Holdings and would like to thank all of our employees for their contributions in a challenging year 2012.

Sum Soon Lim
Chairman

FINANCIAL REVIEW

GROUP RESULTS

The Group's revenue recorded a 19.6% increase to USD109,293,000 (2011: USD91,385,000). This reflected the continued growth in Lansen which increased 26.0% in revenue to USD93,844,000 (2011: USD74,475,000), and in the Hotel which revenue grew 8.0% to USD12,865,000 (2011: USD11,915,000). Haotian focused on optimizing the inositol and DCP production process and no significant sales of either inositol or DCP were recorded during the year. On the other hand, due to soaring raw material costs of its non-inositol products, Haotian continued its strategy to restrict its business primarily to bilberry production. As a result, Haotian's revenue dropped by 48.3% to USD2,584,000 (2011: USD4,995,000).

The Group's gross profits increased by 22.1% or USD10,322,000 to USD57,092,000 (2011: USD46,770,000). This was primarily due to the increase in Lansen's gross profits by 22.6% or USD10,037,000 to USD54,424,000 (2011: USD44,387,000), despite a small drop in the gross margin of 2% when compared to 2011.

The Group's operating profits dropped by USD6,526,000 to USD3,678,000 (2011: USD10,204,000). Both years' operating profits included one-off items which masked the underlying trend. The operating profits in 2012 included one off provisions totaled USD4,059,000 on stocks and receivables of Haotian's non-inositol business and damaged resin for phytin extraction; and relocation expenses of USD710,000 for one of Haotian's phytin plants. In 2011, the operating profits included one off items, which were interest income of USD2,431,000 on maturity of loan receivables and a Government grant of USD1,197,000 received by Haotian. Excluding such one-off items in the respective years, the Group's operating profits in 2012 recorded a 27.9% increase to USD8,408,000 (2011: USD6,576,000).

The Group's finance costs increased by 38.6% to USD2,898,000 (2011: USD2,091,000), mainly due to increase in the Group's total borrowings and the rise in average borrowing costs. The average borrowing cost during the year was 3.38% (2011: 2.41%). As most of the new borrowings were for the capital expenditure of expansion projects, the capitalised interest expenses were USD1,414,000 (2011: USD571,000).

Starry, a 21.5% owned associate company of the Group contributed USD588,000 less in earnings to the Group when compared to last year. Starry suffered a cost increase from its core raw material, iodine, from USD31 per kg in 2011 to USD63 per kg this year, and an increase in interest expense. Starry has worked on diversifying its iodine sourcing and improved the recovery rate from the production process.

The Group's loss for the year attributable to owners of the parent was USD6,766,000 (2011: profit of USD1,428,000). The loss was mainly due to the significant operating loss of Haotian, which included the one off provision and relocation expenses described above. Excluding one-off items in the respective years as described above, the Group improved with a 7.0% decrease in loss attributable to owners of the parent of USD2,048,000 (2011: loss of USD2,200,000).

Corporate office expenses

The corporate office expenses for the year were USD5,538,000 (2011: USD2,198,000). As described above, last year's corporate office expenses included the one off interest income of USD2,431,000 on maturity of loan receivables.

Excluding this one off interest income from last year's results, corporate office expenses for the year were USD5,577,000 (2011: USD4,629,000). The increase was mainly due to bank charges on new bank facilities.

	Healthcare			Hotel Operations	Corporate Office	Total
(Stated in USD'000)	Lansen Group	Haotian Group	Botai			
For the year ended 31 December 2012						
Segment revenue	93,844	2,584	-	12,865	-	109,293
Segment gross profit	54,424	608	-	2,060	-	57,092
One off items	-	(4,769)	-	-	39	(4,730)
Segment operating profit/(loss)	16,732	(8,868)	(631)	1,983	(5,538)	3,678
Segment finance costs	(1,005)	(415)	-	(713)	(765)	(2,898)
Segment share of post-tax profit of associate	1,402	-	-	-	96	1,498
Segment profit/(loss) before income tax	17,129	(9,283)	(631)	1,270	(6,207)	2,278
Segment income tax expense	(2,568)	(1)	-	-	367	(2,202)
Segment profit/(loss) for the year before non-controlling interests	14,561	(9,284)	(631)	1,270	(5,840)	76
Segment profit/(loss) for the year attributable to owners of the parent	7,641	(9,251)	(586)	1,270	(5,840)	(6,766)
For the year ended 31 December 2011						
Segment revenue	74,475	4,995	-	11,915	-	91,385
Segment gross profit	44,387	756	-	1,627	-	46,770
One off items	-	1,197	-	-	2,431	3,628
Segment operating profit/(loss)	13,942	(1,946)	(880)	1,286	(2,198)	10,204
Segment finance costs	(459)	(316)	-	(786)	(530)	(2,091)
Segment share of post-tax profit of associate	1,941	-	-	-	145	2,086
Segment profit/(loss) before income tax	15,424	(2,262)	(880)	500	(2,583)	10,199
Segment income tax expense	(2,695)	(1)	-	-	-	(2,696)
Segment profit/(loss) for the year before non-controlling interests	12,729	(2,263)	(880)	500	(2,583)	7,503
Segment profit/(loss) for the year attributable to owners of the parent	6,552	(2,239)	(802)	500	(2,583)	1,428

Group's Net Assets and Gearing

The Group's net assets as at 31 December 2012 were USD197,008,000 (2011: USD200,177,000). Net assets per share as at 31 December 2012 were USD0.52 (2011: USD0.53).

To fund expansion, the Group increased its net borrowings to USD110,227,000 (2011: USD106,139,000), out of which there was a net increase of USD12.8 million related to Lansen; a net increase of USD4.5 million related to Haotian and a repayment of USD12.7 million at the corporate level. Net gearing reached 49.6%, up from 44.4%. As at year end, short term borrowings were USD76,704,000 (2011: USD114,511,000). During the year, the management has extended the maturity of USD55,000,000 of the loan facilities to a three year term loan facility.

Subsequent to the year end, on 20 February 2013, the Group obtained a new three year term loan facility of USD15,000,000 and a revolving facility of USD3,000,000. On 28 February, the Group repaid in full a bank loan of USD5,160,000 upon maturity.

OPERATION REVIEW

HEALTHCARE BUSINESSES

The Lansen Group

In 2012, the Chinese Government continued with two rounds of drug price cuts. While Lansen's core products, Pafulin and MMF, were not affected, Lansen's other core product, Tuoshu, being in the leflunomide tablets category, was on the list. Our price of Tuoshu, however, was below the price ceiling and therefore there was no direct impact. Operating under the general trend of drug price cut pressure across China, Lansen has strengthened its product marketing by conducting clinical researches on additional indications for Pafulin and targeted to increase its market penetration in major cities such as Beijing and Shanghai to maintain its leading position in rheumatology in China.

Lansen's revenue increased by 26.0% to USD93,844,000 (2011: USD74,475,000). Revenue from rheumatic specialty prescription western pharmaceuticals amounted to USD60.1 million (2011: USD49.1 million), an increase of 22.4% over 2011, while revenue from other pharmaceuticals amounted to USD33.7 million (2011: USD25.3 million), an increase of 33.1% over 2011.

Revenue growth in rheumatic specialty prescription western pharmaceuticals was driven by 23.2% growth in Pafulin, 21.8% in Tuoshu and 147.6% in MMF. Representing 59.7% (2011: 58.3%) of the Lansen group's revenue, revenue from these three core products increased by 28.9% (2011: 28.8%) amounted to USD56.0 million (2011: USD43.4 million). MMF generated revenue of USD5.3 million in 2012 (2011: USD2.1 million). Revenue growth in other pharmaceuticals was primarily due to a 50.2% growth in generic drugs.

Lansen's gross profit increased by 22.6% to USD54,424,000 (2011: USD44,387,000). However, its gross profit margin dropped 1.6% to 58.0% in 2012 (2011: 59.6%). The gross profit margin of Pafulin decreased from 77.0% to 73.8% while Tuoshu, the agency product increased its gross profit margin at 79.5% (2011: 78.1%). MMF's gross profit margin was lowered by 1.6% to 69.9% (2011: 71.5%). The decrease in gross profit margin was mainly due to rise in raw material and packaging material costs. Generic drugs' gross profit margin increased from 39.6% to 43.3% mainly due to the sales of Jahwa Yu Ze brand series of special skin care products, under the exclusive distribution agreement announced by Lansen in January last year.

Lansen's operating profit increased by 20.0% to USD16,732,000 (2011: USD13,942,000). The operating profit margin was reduced to 17.8% (2011: 18.7%), a drop of 0.9% in margin which was better than the 1.6% decline in gross profit margin. The improvement was due to Lansen's effort to manage down its administration expenses to 9.9% of revenue (2011: 11.3%).

Lansen recorded an increase in profits after income tax of 14.4% to USD14,561,000 (2011: USD12,729,000). In 2012, the contribution from Starry (in which Lansen has a 21.5% equity interest) dropped to USD 1,402,000 (2011: USD1,941,000), due to the increase in raw material prices and interest expenses. Starry has received the GMP licence for its expanded iohexol production capacity and should be in a position to increase its contribution to Lansen in 2013.

Loxoprofen sodium tablets, a new non-steroidal anti-inflammatory drug in Lansen's product portfolio, was approved by the State Food and Drug Administration of China during the year. The drug was launched on the market in the second half of 2012. This product widens the treatment choices offered by Lansen for doctors and patients. The product is currently in the preliminary stage of marketing and promotion.

Lansen completed the quality control facility and should further improve its product quality. Lansen also doubled production capacity for its lead anti-inflammatory product Pafulin and for bulk pharmaceutical extraction. These facilities are targeted to commence operation in the first half of 2013 to meet anticipated increase in demand for Pafulin and other herbal healthcare products.

The recent change of CEO indicated a leadership transition from the founding entrepreneur, who has built a strong foundation for Lansen, to a group of professional managers. Lansen will further strengthen its top management team by recruiting talents to enhance its marketing, product development and human resource capabilities.

In 2013, Lansen will carry out the necessary upgrades of the production facilities to meet the new China GMP standards and to further improve product quality.

The Haotian Group

Haotian's performance in 2012 was disappointing. There was delay in the scale production and sales of inositol and continued shrinking of non-inositol business.

During the year, Haotian conducted several trial runs and two scale trial runs of up to 80% of the capacity on its inositol and DCP production. Haotian has streamlined the inositol process and achieved target efficiency during the trial runs. Current efforts centered around the remaining issues in the phytin plants to provide continuous production of phytin and to build up scale production of inositol. We have set up a profit center in Haotian to manage the inositol and DCP businesses and reinforced our management team to implement changes before commercial production, which is expected in the third quarter of 2013. Such changes mainly include modifications to improve corn fluid circulation from and to the suppliers and to regulate the phytin extraction process.

On the marketing and sales side, in the fourth quarter of 2012, Haotian set up a dedicated sales team to promote our feed grade DCP in northeastern cities of China where Haotian has a geographical advantage in terms of DCP supply. The inositol market was soft throughout 2012. Despite Haotian had not reached scale production of inositol and therefore limited its marketing efforts, it sold all its inositol products at prevailing market prices. Since the beginning of this year, our competitors have also experienced shortage of phytin supply, partly due to environmental restrictions and partly due to technical difficulties. As the market faced supply shortages, we saw a rebound in inositol pricing. While ironing out the remaining production issues, the new management team is also approaching potential customers to get certification for long term sales contracts. We remain positive on Haotian's inositol project in 2013.

Regarding Haotian's non-inositol business, due to the fast rising raw material prices, Haotian continued its strategy to restrict production primarily to bilberry. Accordingly, Haotian's revenue in 2012, comprising primarily bilberry sales, dropped by 48.3% to USD2,584,000 (2011: USD4,995,000) and the gross profit decreased by 19.6% to USD608,000 (2011: USD756,000).

Haotian's operating loss increased to USD8,868,000 (2011: USD1,946,000). Haotian made a one off provision of USD3,504,000 on slow moving stocks and aged receivables in its non-inositol business and USD555,000 on damaged resin. Haotian will continue to clear the slow moving stocks and recover these receivables. During the second half of 2012, Haotian has relocated its Gongzhuling Hua Tian phytin plant and incurred relocation expenses of USD710,000. There were also less Government grants received in 2012.

Haotian has delayed its efforts on commercial production of curcumin due to its price volatility. Management continues to explore a viable business model through different technology and product mix. Haotian will manage down the operating costs of its non-inositol business.

Botai

Operating loss in Botai decreased from USD880,000 in 2011 to USD631,000 in 2012. The improvement was mainly due to tighter cost management.

Botai has sold a small quantity of its collagen products to a few targeted hospitals. Botai will develop its marketing strategy based on feedback from doctors and patients and expects to complete the expansion of the production facilities for its collagen injection fillers around mid-2013.

Hotel operations

Revenue of the Hotel increased 8.0% to USD12,865,000 (2011: USD11,915,000). This was mainly due to an improvement of 6.7% in average room rate to USD144 (2011: USD135). The room occupancy was 54.4% (2011:54.6%).

In 2012, the Hotel has outperformed the Shenzhen market. It has broadened the business client base and increased the average room rate by better revenue management. Through intensive training, the Hotel lowered its staff turnover rate and achieved superior service quality. Thus, it held its occupancy level while the Shenzhen industry average occupancy dropped by 9.2% in 2012. Revenue from Food and Beverage segment increased by 12.4% to USD3,975,000 (2011: USD3,536,000) mainly due to an increase in the number of wedding functions throughout the year.

The Hotel's gross profits increased by 26.6% to USD2,060,000 (2011: USD1,627,000), and operating profits increased 54.2% to USD1,983,000 (2011: USD1,286,000). The gross profit margin increased to 16.0% (2011: 13.7%) and the operating profit margin improved to 15.4% (2011: 10.8%).

Colliers International HK Limited, an independent firm of qualified professional valuers, revalued the Hotel at USD131,000,000 (2011: USD129,000,000). The increase in revaluation was mainly due to the better performance of the hotel in 2012.

Our Hotel consistently achieved high customer satisfactions among all Crowne Plaza hotels in China. Brand Karma (collective guest website ranking) ranked our Hotel fifth out of 673 hotels in Shenzhen, which is a positive recognition of our services standard in the market place.

The Hotel will continue to improve service quality by conducting staff training and addressing individual customer needs. We will focus on growing more corporate clients to further position Landmark as one of the high end business hotels in Shenzhen.

CONSOLIDATED INCOME STATEMENT

	Notes	**2012 USD'000**	2011 USD'000
Revenue	2	**109,293**	91,385
Cost of sales		**(52,201)**	(44,615)
Gross profit		**57,092**	46,770
Other income		**3,376**	7,394
Selling and distribution expenses		**(32,030)**	(25,413)
Administrative expenses		**(24,760)**	(18,547)
Profit from operations		**3,678**	10,204
Finance costs		**(2,898)**	(2,091)
Share of post-tax profit of associate		**1,498**	2,086
Profit before income tax		**2,278**	10,199
Income tax expense		**(2,202)**	(2,696)
Profit for the year		**76**	7,503
(Loss)/Profit for the year attributable to:			
Owners of the parent		**(6,766)**	1,428
Non-controlling interests		**6,842**	6,075
		76	7,503
(Losses)/Earnings per share attributable to owners of the parent			
Basic and diluted	3	**(1.79 cents)**	0.38 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012 USD'000	2011 USD'000
Profit for the year	**76**	7,503
Other comprehensive income		
Exchange differences on translating foreign operations	**723**	7,206
Surplus on revaluation of hotel properties	**1,475**	6,719
Deferred tax relating to surplus on revaluation of hotel properties	**(1,633)**	(4,784)
Other comprehensive income, net of tax	**565**	9,141
Total comprehensive income for the year	**641**	16,644
Total comprehensive income attributable to:		
Owners of the parent	**(6,616)**	8,200
Non-controlling interests	**7,257**	8,444
	641	16,644

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2012 USD'000	2011 USD'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment, comprise:	**206,036**	190,863
Hotel properties, at valuation (of which, equity investment cost was USD89,953,000 (2010: USD93,135,000))	**130,877**	128,871
Other property, plant and equipment	**75,159**	61,992
Prepaid land lease payment	**5,372**	4,103
Intangible assets	**9,064**	6,994
Goodwill	**25,622**	25,622
Interest in associate	**32,031**	29,760
Available-for-sale financial assets	**385**	385
Loans to non-controlling interests	**686**	686
	279,196	258,413
CURRENT ASSETS		
Inventories	**17,428**	18,102
Trade and other receivables	**61,428**	66,187
Prepaid land lease payment	**123**	94
Pledged bank deposits	**18,727**	17,529
Cash and cash equivalents	**14,603**	20,166
	112,309	122,078
TOTAL ASSETS	**391,505**	380,491
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Called up share capital	**19,062**	19,062
Share premium	**51,035**	51,035
Share option reserve	**930**	408
Treasury shares	**(1,737)**	(1,737)
Capital and special reserve	**97,502**	97,502
Revaluation reserve	**8,669**	8,827
Foreign exchange reserve	**(17,729)**	(18,037)
Statutory reserve	**6,654**	5,293
Profit and loss account	**(27,264)**	(19,137)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**137,122**	143,216
NON-CONTROLLING INTERESTS	**59,886**	56,961
TOTAL EQUITY	**197,008**	200,177
NON-CURRENT LIABILITIES		
Borrowings	**52,250**	9,157
Deferred tax liabilities	**26,788**	25,155
	79,038	34,312
CURRENT LIABILITIES		
Borrowings	**76,704**	114,511
Current tax liabilities	**969**	1,656
Trade and other payables	**37,786**	29,835
	115,459	146,002
TOTAL LIABILITIES	**194,497**	180,314
TOTAL EQUITY AND LIABILITIES	**391,505**	380,491

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share Capital	**Share Premium**	**Share Option Reserve**	**Treasury Shares**	**Capital and Special Reserve**	**Revaluation Reserve**	**E**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	
Balance at 1 January 2011	19,062	51,035	60	(1,737)	97,502	6,892	
Acquisition of non-controlling interests	-	-	-	-	-	-	
Dividends to non-controlling interests	-	-	-	-	-	-	
Recognition of share-based payments	-	-	348	-	-	-	
Transaction with owners	-	-	348	-	-	-	
Profit for the year	-	-	-	-	-	-	
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	
Surplus on revaluation of hotel properties	-	-	-	-	-	6,719	
Income tax relating to components of other comprehensive income	-	-	-	-	-	(4,784)	
Total comprehensive income for the year	-	-	-	-	-	1,935	
Appropriations to statutory reserve	-	-	-	-	-	-	
Balance at 31 December 2011	19,062	51,035	408	(1,737)	97,502	8,827	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the parent						
	Share Capital USD'000	Share Premium USD'000	Share Option Reserve USD'000	Treasury Shares USD'000	Capital and Special Reserve USD'000	Revaluation Reserve USD'000	E
Balance at 1 January 2012	19,062	51,035	408	(1,737)	97,502	8,827	
Dividends to non-controlling interests	-	-	-	-	-	-	
Recognition of share-based payments	-	-	522	-	-	-	
Transaction with owners	-	-	522	-	-	-	
(Loss)/Profit for the year	-	-	-	-	-	-	
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	
Surplus on revaluation of hotel properties	-	-	-	-	-	1,475	
Income tax relating to components of other comprehensive income	-	-	-	-	-	(1,633)	
Total comprehensive income for the year	-	-	-	-	-	(158)	
Appropriations to statutory reserve	-	-	-	-	-	-	
Balance at 31 December 2012	19,062	51,035	930	(1,737)	97,502	8,669	

CONSOLIDATED STATEMENT OF CASH FLOWS

	2012 USD'000	2011 USD'000
Cash flows from operating activities		
Profit before income tax	**2,278**	10,199
Adjustments for:		
Finance costs recognised	**2,898**	2,091
Interest income	**(598)**	(3,365)
Provision for impairment of trade receivables	**310**	85
Provision for impairment of other receivables	**638**	9
Depreciation of property, plant and equipment	**3,179**	2,738
Amortisation of prepaid land lease payment	**129**	93
Write off of intangible assets	**-**	137
Losses/(Gains) on disposals of property, plant and equipment	**754**	(17)
Provision for impairment of obsolete inventories	**3,215**	9
Share-based payments expenses	**522**	348
Write back of other payables	**(39)**	(264)
Share of post-tax profit of associate	**(1,498)**	(2,086)
Operating cash flows before movements in working capital	**11,788**	9,977
Increase in inventories	**(2,377)**	(3,066)
Decrease/(Increase) in trade and other receivables	**4,493**	(12,124)
Increase in trade and other payables	**5,283**	9,464
Cash generated from operations	**19,187**	4,251
Interest paid	**(2,898)**	(2,091)
Income tax paid	**(2,904)**	(2,753)
Net cash generated from/(used in) operating activities	**13,385**	(593)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(16,921)**	(17,367)
Purchase of prepaid land lease payment	**(1,372)**	(558)
Purchase of intangible assets	**(2,009)**	(1,212)
Proceeds on disposal of property, plant and equipment	**26**	135
Capital contribution to associate	**(4,637)**	(429)
Dividend received from associate	**4,174**	386
Interest received	**3,742**	291
Increase in pledged bank deposits	**(1,098)**	(7,120)
Increase in pledged other receivables	**(3,261)**	-
Net cash used in investing activities	**(21,356)**	(25,874)
Cash flows from financing activities		
Proceeds from borrowings	**95,510**	30,193
Repayment of borrowings	**(90,615)**	(6,649)
Dividends paid to non-controlling interests	**(4,332)**	(5,006)
Acquisition of non-controlling interests	**-**	(1,209)
Increase in amount due to an intermediate parent undertaking	**2,401**	2,584
Net cash generated from financing activities	**2,964**	19,913
Net decrease in cash and cash equivalents	**(5,007)**	(6,554)
Cash and cash equivalents at beginning of year	**20,166**	25,860
Effects of exchange rate changes	**(556)**	860
Cash and cash equivalents at end of year	**14,603**	20,166

NOTES:

1. Basis of preparation

This preliminary results statement and the consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards, International Accounting Standards and Interpretations (hereinafter collectively referred to as "IFRSs") issued by the International Accounting Standards Board("IASB"). The consolidated financial statements also comply with IFRS as issued by the IASB as adopted by the European Union. The differences between IFRS as adopted by the European Union and IFRS as issued by the IASB have not had a material impact on the consolidated financial statements for the years presented.

The consolidated financial statements have been prepared under historical cost convention as modified by the revaluation of hotel properties and financial instruments. The consolidated financial statements are presented in United States Dollars ("USD") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements have been prepared on a going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately USD3,150,000 as at 31 December 2012. The current liabilities include long term bank borrowings of USD10,320,000 (31 December 2011:USD1,048,000) which are classified as current liabilities as the related loan agreements contain a repayment on demand clause. The Company regularly monitors its compliance with covenants and scheduled repayments of its long term bank borrowings and the directors do not consider it probable that the bank will exercise their discretion to demand repayment so long as the Company continues to meet these requirements. The net gearing of the Group was 49.6% (2011: 44.4%) which is considered reasonable.

The financials have been prepared based on the assumption that the Group can be operated as a going concern and will have sufficient working capital to finance its operation in the next twelve months from 31 December 2012.

In February 2013, the Group obtained a 3-year bank facility with the amount of USD15 million. This facility will be used to re-finance existing borrowings and for corporate funding requirements. Also, as in the past, the Group will start negotiation with the banks on extension or renewal of the banks borrowings a few months prior to their maturities and will obtain the bank approvals before maturity. The Group does not foresee that the bank borrowings will not be renewed or extended before maturity. Accordingly, the Group should be able to meet in full its financial obligations as and when they fall due for the next twelve months from 31 December 2012 without significant curtailment of operations and are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to the financial statements accordingly.

2. Segment information

Management currently identifies the Group's four products and service lines as operating segments as follows:

1) the Lansen Group segment is focused on the manufacture, marketing and sale of speciality western pharmaceuticals, modern Chinese medicine extracts and generic pharmaceuticals in the People's Republic of China (the "PRC");

2) the Haotian Group segment is involved in the manufacture, marketing and sale of key active ingredients for healthcare products. The Haotian Group is also in the process of building an inositol plant;

3) the Botai segment is engaged in the development of pharmaceutical products; and

4) the hotel operations segment is a hotel located in the Lowu district of Shenzhen in the PRC.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Segment information can be analysed as follows for the reporting periods under review.

	Healthcare			**Hotel Operations**	**Total**
	Lansen Group	**Haotian Group**	**Botai**		
	2012	**2012**	**2012**	**2012**	**2012**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
Segment revenue	**93,844**	**2,584**	**-**	**12,865**	**109,293**
Segment operating profit/(loss)	**16,732**	**(8,868)**	**(631)**	**1,983**	**9,216**
Segment finance costs	**(1,005)**	**(415)**	**-**	**(713)**	**(2,133)**
Segment share of post-tax profit of associate	**1,402**	**-**	**-**	**-**	**1,402**
Segment profit/(loss) before income tax	**17,129**	**(9,283)**	**(631)**	**1,270**	**8,485**
Depreciation and amortisation of non-financial assets	**1,582**	**1,311**	**215**	**165**	**3,273**
Provision for impairment of trade and other receivables	**125**	**823**	**-**	**-**	**948**
(Reverse of)/Provision for impairment of obsolete inventories	**(21)**	**3,236**	**-**	**-**	**3,215**
Losses on disposals of property, plant and equipment	**(1)**	**(753)**	**-**	**-**	**(754)**
Segment assets	**163,792**	**75,073**	**5,205**	**135,940**	**380,010**
Segment liabilities	**63,278**	**18,641**	**81**	**13,349**	**95,349**
Additions to non-current segment assets	**9,806**	**9,593**	**330**	**573**	**20,302**

	Healthcare			Hotel Operations	Total
	Lansen Group	Haotian Group	Botai		
	2011	2011	2011	2011	2011
	USD'000	USD'000	USD'000	USD'000	USD'000
Segment revenue	74,475	4,995	-	11,915	91,385
Segment operating profit/(loss)	13,942	(1,946)	(880)	1,286	12,402
Segment finance costs	(459)	(316)	-	(786)	(1,561)
Segment share of post-tax profit of associate	1,941	-	-	-	1,941
Segment profit/(loss) before income tax	15,424	(2,262)	(880)	500	12,782
Depreciation and amortisation of non-financial assets	1,352	1,007	215	192	2,766
Provision for impairment of trade and other receivables	94	-	-	-	94
Provision for impairment of obsolete inventories	9	-	-	-	9
(Losses)/Gains on disposals of property, plant and equipment	(9)	35	-	(9)	17
Segment assets	138,734	71,637	4,152	134,301	348,824
Segment liabilities	44,924	13,772	49	13,756	72,501
Additions to non-current segment assets	4,236	14,338	144	413	19,131

The totals presented for the Group's operating segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	2012 USD'000	2011 USD'000
Reportable segment finance costs	**(2,133)**	(1,561)
Unallocated corporate finance costs	**(765)**	(530)
Finance costs	**(2,898)**	(2,091)
Reportable segment profit	**8,485**	12,782
Unallocated corporate income	**314**	3,513
Unallocated corporate expenses	**(6,521)**	(6,096)
Profit before income tax	**2,278**	10,199
Reportable segment assets	**380,010**	348,824
Other corporate assets	**11,495**	31,667
Group assets	**391,505**	380,491
Reportable segment liabilities	**95,349**	72,501
Deferred tax liabilities	**26,788**	25,155
Unallocated corporate borrowings	**64,762**	77,260
Other corporate liabilities	**7,598**	5,398
Group liabilities	**194,497**	180,314
Reportable depreciation and amortisation of non-financial assets	**3,273**	2,766
Unallocated corporate depreciation	**35**	65
Group depreciation and amortisation of non-financial assets	**3,308**	2,831

The Group's revenue and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue		**Non-current assets**	
	2012 USD'000	2011 USD'000	**2012 USD'000**	2011 USD'000
The PRC (domicile)	**103,330**	85,752	**278,125**	257,342
Overseas	**5,963**	5,633	**-**	-
Total	**109,293**	91,385	**278,125**	257,342

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities, the Group has the majority of its operations and workforce in the PRC, and therefore, the PRC is considered as the Group's country of domicile for the purpose of the disclosures as required by IFRS 8 "Operating Segments". The geographical location of the non-current assets is based on the physical location of the asset.

During the year, 13% of the Group's revenue was derived from a single customer in 'Lansen Group' segment. No single customer's revenue amounted to 10% or more of the Group's revenue for 2011.

3. (Losses)/Earnings per share attributable to owners of the parent

Basic and diluted (losses)/earnings per share is based upon the loss after tax attributable to owners of the parent of USD6,766,000 (2011: profit of USD1,428,000) and the following weighted average number of A Shares and Common Shares in issue during the year:

	2012		2011	
	Common Shares	**A Shares**	Common Shares	A Shares
Amounts in thousand:				
Weighted average number of shares used in basic and diluted (losses)/earnings per share	**367,822**	**10,221**	367,571	10,472

For the year ended 31 December 2012, the computation of diluted losses per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares nor does it include the 1,292,353 Common Shares contingently issuable to Mr. Lee Jin-Yi, as the conditions for their issue were not met throughout the year.

4. Financial information

This preliminary results statement was approved by the Board of Directors on 26 March 2013. The above results for the year ended 31 December 2012 have been abridged from the full Group accounts for that year, which received an unqualified auditor's report and which will be delivered to the Registrar of Companies shortly.

The Annual Report and Financial Statements will be posted to shareholders as soon as practicable. Further copies will be available from the Company's registrars and transfer office at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

The Annual General Meeting will be held at the Company's Hong Kong office at Suites 1203-4, 12/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on 21 May 2013 at 9:30 a.m. (Hong Kong time).

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