



This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound November 2018 Monthly News Reports and is published on our Website.

SPRING PHARMACEUTICAL GROUP INC

Company Website: www.yctgroup.com

History: Incorporated in Florida in Jan. 1989 as Southstar Productions, Inc. Name subsequently changed to Medical Technology & Innovations Inc. Reincorporated in Delaware on Apr. 4, 2007. Name changed to itLinkz Group, Inc., on Apr. 5, 2007. Name changed to China YCT International Group Inc. on Nov. 23, 2007. Present name adopted on Aug. 31, 2018.

In Oct. 1995, Co. acquired Medical Technology, Inc.

On Aug. 1, 1996, Co. acquired the net assets and the right to the name of Steridyne Corporation.

On Apr. 1, 1999, Co. acquired certain key operating assets of the thermometer business of Florida Medical Corporation.

On Sept. 6, 2002, Co. disposed of all of its assets and ceased operations pertaining to the medical products side of the business.

On June 22, 2005, Co. formed a subsidiary called World Nurse Space, Inc.

On Sept. 25, 2006, Co. formed a subsidiary called itLinkz Corporation.

On Sept. 28, 2007, Co. acquired the outstanding capital stock of Landway Nano Bio-Tech Group for a consideration of 500 shares of Series B Preferred Stock.

In Mar. 2010, Co. purchased a patent from Shandong Yong Chun Tang for \$6,740,000, which enables Co. to manufacture and distribute the Huoliuyan Capsule.

On Feb. 28, 2011, Co. acquired U.S. patent No. 6,475,531 B1 titled Safe Botanical Drug for Treatment and Prevention of Influenza and Increasing Immune Function (the Influenza Patent) through a purchase agreement with L.Y. Research Corp. and its subsidiary, and LY. (HK) Biotech Limited., as amended as of Aug. 15, 2011 (the Acquisition Agreement.) In consideration for the purchase of the patent, Co. issued LY Holding Limited, an affiliate of LY Research Corp., 44,254,952 shares of common stock, which consideration may increase to a maximum of 75,865,631 shares of Co.'s common stock pursuant to the Acquisition Agreement. The total value of the consideration on the acquisition date is \$32,748,665 which is calculated by the total issuing shares, multiplying Co.'s quoted stock price \$0.74 per share on Feb. 28, 2011. On Oct. 21, 2011, Co. entered into an Amendment Agreement with L.Y. Research to amend the purchase agreement, dated as of Feb. 28, 2011, and amended and restated as of Aug. 15, 2011 (the Purchase Agreement) with respect to the acquisition of U.S. Patent #6,475,531B titled Safe Botanical Drug for Treatment and Prevention of Influenza and Increasing Immune Function (the LY Patent). The Amendment Agreement added the following terms: in the event that Co. cannot, within one year from Oct. 21, 2011, either raise a minimum of \$20,000,000 in gross proceeds from a debt or equity financing, or a series of debt and/or equity financings, or list its common stock on NASDAQ or a foreign stock exchange, then the shares issued pursuant to the Purchase Agreement shall be returned to Co. and the LY Patent shall be returned to LY Research and the Purchase Agreement, as amended, shall be cancelled and of no further force or effect; and LY Research agrees that it waives its right to vote the shares and receive any dividends or other distributions from Co. until the earlier of (a) completion of the financing or (b) the listing of the shares of common stock of Co. on NASDAQ or a foreign stock exchange.

On Oct. 19, 2018, Paritz & Company, P.A. resigned as Co.'s

independent public accounting firm, subsequently, Co. engaged Prager Metis CPAs LLC as its new independent public accounting firm.

Business: Spring Pharmaceutical Group is a health care company, which is engaged in developing, manufacturing and selling Chinese medicines, including manufacturing its medicines made primarily from panax ginseng leaves extract, developing acer truncatum bunge planting bases, processing and selling acer truncatum bunge seed oils, and distributing health care products manufactured by another company in the People's Republic of China. The Huoliuyan capsule is used with respect to various medical conditions for the human cardiovascular system and as an aid in the treatment of chronic hepatitis, diabetes, insomnia, memory loss, menopause syndrome, and other maladies.

Property: Co. maintains its principal executive offices in Shandong Province, China. Co.'s subsidiary, Shandong Spring Pharmaceutical Co., Ltd., operates on a property of approx. 56,894 sq. m. (approx. 14.06 acres) in Shandong Province. Besides housing Co.'s executive offices, the property includes a manufacturing facility measuring 17,200 sq. m. (approx. 185,139.25 sq. ft.) and a research facility measuring 3,000 sq. m. (approx. 32,291.73 sq. ft.). As of Mar. 31, 2018, Co. leased a total of approx. 2,324.77 acres of farmland.

Subsidiaries

(wholly owned unless otherwise noted)

Landway Nano Bio-Tech Group, Inc.
Shandong Spring Pharmaceutical Co., Ltd. (China (Peoples Rep. Of)) (97%)

Officers

Tinghe Yan, Chairman; Chief Executive Officer; Subsidiary Officer
Li Chuanmin, Chief Financial Officer; Subsidiary Officer
Sun Maogang, Subsidiary Officer
Zhang Qiang, Subsidiary Officer
Ding Xuzhong, Subsidiary Officer
Shao Zecheng, Subsidiary Officer

Directors

Tinghe Yan, Chairman
Jirui Zhang, Director
Dong Li, Director
Robert J. Fanella, Director
Wengao Zhang, Director

Auditors: Prager Metis CPAs, LLC

Transfer agent and Registrar: Interwest Transfer Co., Inc, Holaday, UT

Annual Meeting: In October

Shareholder Relations: Zecheng Shao, Vice President **Tel:** 86 537 4268271

No. of Stockholders: Aug. 29, 2018, 777, record

No. of Employees: June 15, 2018, 313

Address: 11 Quanxing Road Sishui County, , Shandong Province 373200, China (Peoples Rep. Of)

Tel: 86 537 4268271

Web: www.yctgroup.com

Email: yct@yongchuntang.com

Consolidated Income Statement, Years Ended Mar. 31 (\$):

	2018	2017	2016
		(revised)	(revised)
Sales	64,942,737	56,463,164	47,827,108
Cost of goods sold ...	39,603,995	33,284,237	26,554,022
Gross profit	25,338,742	23,178,927	21,273,086
Selling expenses	4,984,794	3,934,334	3,759,920
General & administrative expenses	4,719,402	4,248,095	4,446,983
Research & development expenses	492,078	809,485	724,287
Impairment of assets	332,090	986,406	1,114,942
Total operating expenses	10,528,364	9,978,320	10,046,132
Income (loss) from operations	14,810,378	13,200,607	11,226,954
Gain on disposal of acer truncatum bunge plants	642,532
Interest income (expense)	124,410	54,672	30,850
Income (loss) before tax provision	15,577,320	13,255,279	11,257,804
Current income taxes	3,499,474	3,520,126	3,055,958
Deferred income taxes	339,358	(319,501)	(214,923)
Income tax provision	3,838,832	3,200,625	2,841,035
Net income (loss)	11,738,488	10,054,654	8,416,769
Less: Net loss attributable to non-controlling interest	(352,155)	23,649	...
Net income attributable to company	11,386,333	10,078,303	8,416,769
Weighted average outstanding shares - basic	29,789,168	29,763,531	29,709,706
Weighted average outstanding shares - diluted	29,789,168	29,763,531	29,709,706
Year end shares outstanding	29,789,168	29,789,168	29,720,690
Net income (loss) per share - basic	\$0.38	\$0.34	\$0.28
Net income (loss) per share - diluted ...	\$0.38	\$0.34	\$0.28
Number of full time employees	313	312	313
Number of common stockholders	777	770	768

<p>□ Reclassified to conform with 2017 presentation; □ Including amount from a related party - cost of good sold: \$14,404,967; □ Including amount from a related party - cost of good sold: \$11,015,268; □ Including amount from a related party - cost of good sold: \$8,623,417; □ As of June 15, 2018; □ As of August 29, 2018</p> <p>Consolidated Balance Sheet, Years Ended Mar. 31 (\$):</p> <table border="0"> <tr> <td></td> <td style="text-align: right;">2018</td> <td style="text-align: right;">□2017 (revised)</td> </tr> <tr> <td>Assets:</td> <td></td> <td></td> </tr> <tr> <td>Cash & cash equivalents</td> <td style="text-align: right;">25,353,360</td> <td style="text-align: right;">10,308,622</td> </tr> <tr> <td>Accounts receivable</td> <td style="text-align: right;">174,558</td> <td style="text-align: right;">1,134,967</td> </tr> <tr> <td>Raw materials</td> <td style="text-align: right;">233,138</td> <td style="text-align: right;">1,276,254</td> </tr> <tr> <td>Packaging materials</td> <td style="text-align: right;">652,179</td> <td style="text-align: right;">476,803</td> </tr> <tr> <td>Work-in-process</td> <td style="text-align: right;">686,234</td> <td style="text-align: right;">1,373,919</td> </tr> <tr> <td>Finished goods</td> <td style="text-align: right;">811,831</td> <td style="text-align: right;">2,356,064</td> </tr> <tr> <td>Inventories</td> <td style="text-align: right;">2,383,382</td> <td style="text-align: right;">5,483,040</td> </tr> <tr> <td>Purchase deposit to related party</td> <td style="text-align: right;">1,412,864</td> <td style="text-align: right;">650,790</td> </tr> <tr> <td>Prepaid leases - 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Spring Pharmaceutical Group Inc 12% series A noncumulative preferred; par \$ 500.. AUTHORIZED—45 shs. OUTSTANDING—Mar. 31, 2018, 45 shs; par \$ 500.. CONVERTIBLE—The preferred stock is convertible into 599 shares of Co.'s common stock. CAPITAL HISTORY—On Apr. 4, 2007, the number of shares authorized preferred stock was changed to 45, \$500 par value. 2. Spring Pharmaceutical Group Inc common; par \$ 0.001. AUTHORIZED—100,000,000 shs. OUTSTANDING—Mar. 31, 2018, 29,789,168 shs; par \$ 0.001. STOCK SPLITS—No par shares reverse split 1-for-25 Dec. 4, 2001 \$0.001 par shares reverse split 1-for-28 Nov. 26, 2007. OWNERSHIP—As of June 29, 2018, officers and directors as a group beneficially owned 38.19% of Co.'s outstanding common stock. OPTIONS—Mar. 31, 2016, outstanding, 2,600,000. PRIMARY EXCHANGE—National Bulletin Board (NBB): CYIG. OFFERED—(2,300,000 shares) at \$0.13 a share on Jan. 16, 2007. PAR CHANGE—To \$0.00 in 2007. (From no par) CAPITAL HISTORY—On Apr. 4, 2007, the number of shares of authorized common stock was increased from 28,000,000 shares, no par value, to 100,000,000 shares, \$0.001 par value.</p>	equipment, gross	22,211,740	18,176,444	Less: accumulated depreciation & amortization	5,418,327	3,689,309	Plant, property & equipment, net	16,793,413	14,487,135	Intangible assets, net	11,862,017	12,042,758	Deferred tax assets	200,387	508,521	Security deposit to related party	1,590,305	1,449,422	Total assets	110,138,099	90,287,026	Liabilities:			Accounts payable to related party	706,048	Accounts payable & other accrued expense	372,782	251,307	Advance from customer	445,829	...	Corporate income tax	519,875	1,382,382	Value-added tax	580,429	576,086	Other tax & fees	63,894	69,722	Taxes payable	1,164,198	2,028,190	Total current liabilities	1,982,809	2,985,545	Preferred stock	22,500	22,500	Common stock	29,789	29,789	Additional paid-in capital	4,322,838	4,322,838	Statutory reserve	1,828,504	1,828,504	Retained earnings (accumulated deficit)	94,447,937	83,061,604	Accumulated other comprehensive income	4,455,017	(4,386,845)	Total stockholders' equity attributable to the Company	105,106,585	84,878,390	Non-controlling interests	3,048,705	2,423,091	Total stockholders' equity	108,155,290	87,301,481
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