PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

Financial Statements and Dividend Announcement for the 12 months ended 31 December 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

1. UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

	Group			Group		
	3 months ended 31.12.2019 RMB'000	3 months ended 31.12.2018 RMB'000	+ / (-) %	12 months ended 31.12.2019 RMB'000	12 months ended 31.12.2018 RMB'000	+ / (-) %
Revenue	12,033	16,385	(26.6)	37,203	64,332	(42.2)
Cost of sales	(4,947)	(8,305)	(40.4)	(17,333)	(33,045)	(47.5)
Gross profit	**7,086**	**8,080**	(12.3)	**19,870**	**31,287**	(36.5)
Other income	45	3,010	(98.5)	100	5,084	(98.0)
Selling and distribution costs	(4,594)	(4,671)	(1.7)	(18,131)	(20,043)	(9.5)
Administrative costs	(3,826)	(1,665)	129.8	(12,567)	(9,450)	33.0
Other costs	(7,063)	-	n.m.	(7,910)	-	n.m.
(Loss)/profit from operations	**(8,352)**	**4,754**	n.m.	**(18,638)**	**6,878**	n.m.
Finance income	9	28	(67.9)	65	119	(45.4)
Finance costs	(277)	(225)	23.1	(961)	(885)	8.6
Net finance costs	(268)	(197)	36.0	(896)	(766)	17.0
(Loss)/profit before tax	**(8,620)**	**4,557**	n.m.	**(19,534)**	**6,112**	n.m.
Income tax expense	308	(603)	n.m.	277	(1,053)	n.m.
(Loss)/profit for the period/year	**(8,312)**	**3,954**	n.m.	**(19,257)**	**5,059**	n.m.
Attributable to:						
Equity holders of the Company	**(8,104)**	**2,319**	n.m.	**(17,671)**	**1,289**	n.m.
Non-controlling interest	(208)	1,635	n.m.	(1,586)	3,770	n.m.
(Loss)/profit for the period/year	**(8,312)**	**3,954**	n.m.	**(19,257)**	**5,059**	n.m.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

(a) Profit/(loss) for the period is arrived at after crediting/(charging):

	Group			Group		
	3 months ended 31.12.2019 RMB'000	3 months ended 31.12.2018 RMB'000	+ / (-) %	12 months ended 31.12.2019 RMB'000	12 months ended 31.12.2018 RMB'000	+ / (-) %
Interest income	9	28	(67.9)	65	119	(45.4)
Interest expense	(277)	(225)	23.1	(961)	(885)	8.6
Write-back of doubtful debts – trade & non trade	1	853	n.m.	1	985	n.m.
(Allowance for)/ write back of allowance for stock obsolescence	(107)	33	n.m.	(107)	33	n.m.
Depreciation and amortisation	(636)	(638)	(0.3)	(2,041)	(1,675)	21.9
Government grants	24	3,017	(99.2)	42	3,699	(98.9)
Foreign exchange gain/(loss)	3	(7)	n.m.	(6)	109	n.m.
Inventories written off	-	-	n.m.	(847)	-	n.m.
Impairment loss on right-of-use assets	(493)	-	n.m.	(493)	-	n.m.
Impairment loss on construction-in -progress	(6,073)	-	n.m.	(6,073)	-	n.m.
Impairment loss on property, plant and equipment	(497)	-	n.m.	(497)	-	n.m.
Rental expense	(2)	(118)	(98.3)	(70)	(474)	(85.2)

n.m. denotes not meaningful

2. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

	Group			
	3 months ended 31.12.2019 RMB'000	3 months ended 31.12.2018 RMB'000	12 months ended 31.12.2019 RMB'000	12 months ended 31.12.2018 RMB'000
(Loss)/profit for the period/year	**(8,312)**	**3,954**	**(19,257)**	**5,059**
Other comprehensive income for the period/year	-	-	-	-
Total comprehensive income for the period/year	**(8,312)**	**3,954**	**(19,257)**	**5,059**
Total comprehensive income attributable to:				
Equity holders of the Company	**(8,104)**	**2,319**	**(17,671)**	**1,289**
Non-controlling interest	(208)	1,635	(1,586)	3,770
	(8,312)	**3,954**	**(19,257)**	**5,059**

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 31.12.2019 RMB'000	As at 31.12.2018 RMB'000	As at 31.12.2019 RMB'000	As at 31.12.2018 RMB'000
Non-current assets				
Property, plant and equipment	18,095	12,176	6	-
Right-of-use assets	7,716	7,620	55	-
Construction-in-progress	27,875	28,408	-	-
Investments in subsidiaries	-	-	54,999	54,999
Goodwill on consolidation	1,323	1,323	-	-
	55,009	**49,527**	**55,060**	**54,999**
Current assets				
Inventories	6,875	9,725	-	-
Trade receivables	13,557	19,527	-	-
Prepaid expenses	225	167	75	73
Other receivables	3,418	14,530	21	21
Tax recoverable	107	107	-	-
Cash and cash equivalents	14,688	34,715	824	3,040
	38,870	**78,771**	**920**	**3,134**
Current liabilities				
Bank borrowings	15,000	15,000	-	-
Trade payables	1,653	3,380	-	-
Accrued liabilities and other payables	12,180	9,872	678	837
Lease liabilities	259	-	56	-
Tax payable	78	312	5	3
	29,170	**28,564**	**739**	**840**
Net current assets	**9,700**	**50,207**	**181**	**2,294**
Non-current liabilities				
Lease liabilities	689	-	-	-
Deferred tax liabilities	-	757	-	-
	689	**757**	**-**	**-**
Net assets	**64,020**	**98,977**	**55,241**	**57,293**
Equity attributable to equity holders of the Company				
Share capital	83,714	83,714	83,714	83,714
Reserves	(21,594)	6,548	(28,473)	(26,421)
Share capital and reserves	**62,120**	**90,262**	**55,241**	**57,293**
Non-controlling interest	1,900	8,715	-	-
Total equity	**64,020**	**98,977**	**55,241**	**57,293**

1(b)(ii) Aggregate amount of group's borrowing and debt securities

Amount repayable in one year or less, or on demand

In RMB'000

As at 31 December 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
15,000	-	15,000	-

Amount repayable after one year

In RMB'000

As at 31 December 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

The above does not include the lease liabilities recognised under SFRS(I) 16.

Details of any collateral

The bank borrowings are secured over the land use rights and buildings of a subsidiary.

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

UNAUDITED STATEMENT OF CASH FLOWS FOR THE FULL YEAR ENDED 31 DECEMBER 2019

	Group			
	3 months ended 31.12.2019 RMB'000	3 months ended 31.12.2018 RMB'000	12 months ended 31.12.2019 RMB'000	12 months ended 31.12.2018 RMB'000
Cash flows from operating activities				
(Loss)/profit before tax	(8,620)	4,557	(19,534)	6,112
Adjustments for:				
Write-back of doubtful debts – trade & non trade	(1)	(853)	(1)	(985)
Allowance/(write-back of) for stock obsolescence	107	(33)	107	(33)
Depreciation and amortisation	636	638	2,041	1,675
Interest income	(9)	(28)	(65)	(119)
Interest expense	277	225	961	885
Impairment loss on right-of-use assets	493	-	493	-
Impairment loss on construction-in-progress	6,073	-	6,073	-
Impairment loss on property, plant and equipment	497	-	497	-
Operating (loss)/profit before changes in working capital	(547)	4,506	(9,428)	7,535
Changes in working capital				
Trade receivables	310	(3,822)	6,131	2,869
Prepayments, deposits and other receivables	1,210	(3,386)	3,920	(1,146)
Inventories	(16)	2,163	2,743	(2,453)
Trade payables	(4)	(1,844)	(1,727)	1,473
Accrued liabilities and other payables	5,434	4,117	2,321	(3,189)
Cash generated from operations	6,387	1,734	3,960	5,089
Interest received	9	28	65	119
Interest paid	(277)	(225)	(961)	(885)
Income tax paid	-	(154)	(714)	(408)
Net cash flows from operating activities	**6,119**	**1,383**	**2,350**	**3,915**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(735)	(875)	(873)	(2,554)
Acquisition of non-controlling interest	-	-	(15,700)	-
Additions to construction in progress	(5,540)	(1,746)	(5,540)	(2,183)
Proceeds from disposal of property, plant & equipment	-	-	-	52
Net cash flows used in investing activities	**(6,275)**	**(2,621)**	**(22,113)**	**(4,685)**
Cash flows from financing activities				
Proceeds from bank borrowing	-	-	15,000	15,000
Repayment of bank borrowing	-	-	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	(264)	-	(264)	-
Net cash flows used in financing activities	**(264)**	**-**	**(264)**	**-**
Net decrease in cash and cash equivalents	(420)	(1,238)	(20,027)	(770)
Cash and cash equivalents at beginning of period/year	15,108	35,953	34,715	35,485
Cash and cash equivalents at end of period/year	**14,688**	**34,715**	**14,688**	**34,715**

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
Group In RMB'000	**Share capital**	**Premium paid on acquisition of non-controlling interest**	**Statutory reserve**	**Accumulated losses**	**Total**	**Non-controlling Interest**	**Total Equity**
At 1 January 2019	83,714	-	12,392	(5,844)	90,262	8,715	98,977
Total comprehensive income	-	-	-	(2,724)	(2,724)	(848)	(3,572)
At 31 March 2019	83,714	-	12,392	(8,568)	87,538	7,867	95,405
Acquisition of non-controlling interest	-	(10,860)	-	-	(10,860)	(4,840)	(15,700)
Total comprehensive income	-	-	-	(2,200)	(2,200)	10	(2,190)
At 30 June 2019	83,714	(10,860)	12,392	(10,768)	74,478	3,037	77,515
Total comprehensive income	-	-	-	(4,643)	(4,643)	(540)	(5,183)
At 30 September 2019	83,714	(10,860)	12,392	(15,411)	69,835	2,497	72,332
Total comprehensive income	-	-	-	(8,104)	(8,104)	(208)	(8,312)
Acquisition of non-controlling interest	-	389	(909)	909	389	(389)	-
Transfer to statutory reserve	-	-	119	(119)	-	-	-
At 31 December 2019	**83,714**	**(10,471)**	**11,602**	**(22,725)**	**62,120**	**1,900**	**64,020**

Group In RMB'000	**Share Capital**	**Employee Share Options Reserve**	**Statutory Reserve**	**Accumulated Losses**	**Total**	**Non-controlling interest**	**Total Equity**
At 1 January 2018							
- As previously reported	83,714	4,431	11,924	(11,020)	89,049	4,964	94,013
- Effects of adopting of SFRS(I)9	-	-	-	(76)	(76)	(19)	(95)
- As restated	83,714	4,431	11,924	(11,096)	88,973	4,945	93,918
Expiry of employee share options	-	(4,431)	-	4,431	-	-	-
Total comprehensive income	-	-	-	255	255	796	1,051
At 31 March 2018	83,714	-	11,924	(6,410)	89,228	5,741	94,969
Total comprehensive income	-	-	-	(77)	(77)	672	595
At 30 June 2018	83,714	-	11,924	(6,487)	89,151	6,413	95,564
Total comprehensive income	-	-	-	(1,208)	(1,208)	667	(541)
At 30 September 2018	83,714	-	11,924	(7,695)	87,943	7,080	95,023
Total comprehensive income	-	-	-	2,319	2,319	1,635	3,954
Transfer to statutory reserve	-	-	468	(468)	-	-	-
At 31 December 2018	**83,714**	**-**	**12,392**	**(5,844)**	**90,262**	**8,715**	**98,977**

UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company In RMB'000	Share Capital	Employee Share Options Reserve	Accumulated Losses	Total Equity
At 1 January 2019	83,714	-	(26,421)	57,293
Total comprehensive income	-	-	(1,059)	(1,059)
At 31 March 2019	83,714	-	(27,480)	56,234
Total comprehensive income	-	-	(74)	(74)
At 30 June 2019	83,714	-	(27,554)	56,160
Total comprehensive income	-	-	(996)	(996)
At 30 September 2019	83,714	-	(28,550)	55,164
Total comprehensive income	-	-	77	77
At 31 December 2019	**83,714**	**-**	**(28,473)**	**55,241**
At 1 January 2018	83,714	4,431	(27,156)	60,989
Expiry of employee share options	-	(4,431)	4,431	-
Total comprehensive income	-	-	(1,001)	(1,001)
At 31 March 2018	83,714	-	(23,726)	59,988
Total comprehensive income	-	-	(869)	(869)
At 30 June 2018	83,714	-	(24,595)	59,119
Total comprehensive income	-	-	(830)	(830)
At 30 September 2018	83,714	-	(25,425)	58,289
Total comprehensive income	-	-	(996)	(996)
At 31 December 2018	**83,714**	**-**	**(26,421)**	**57,293**

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.**

Share Capital
There is no change in the Company's issued share capital since the previous financial year ended 31 December 2018.

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 as at:
31 December 2018 and 31 December 2019: 23,000,000 ordinary shares

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as 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 or reviewed by the Company'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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

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 Group and the Company adopted the following new Singapore Financial Reporting Standards (International) ("SFRS(I)"), amendments and interpretations of SFRS(I)s effective for annual periods beginning on or after 1 January 2019:

- SFRS(I)16 *Leases*

SFRS(I) 16 introduces a single, on statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has applied SFRS(I) 16 using the modified retrospective approach.

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			
	3 months ended		Year ended	
(Loss)/earnings per ordinary share	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
(i) Based on weighted average number of shares (RMB cents)	(35.2)	10.1	(76.8)	5.6
Weighted average number of shares	23,000,000	23,000,000	23,000,000	23,000,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
In RMB	**31.12.2019**	**31.12.2018**	**31.12.2019**	**31.12.2018**
Net asset value per ordinary share	2.70	3.92	2.40	2.49
No. of shares in computing NAV	23,000,000	23,000,000	23,000,000	23,000,000

8. A review of the performance of 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 the 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.

INCOME STATEMENT

Three Months Ended 31 December 2019

At the end of 2018, the Chinese government implemented a new purchase-with-target-quantity policy in "4+7" cities, which caused a significant decrease in drug prices in the pharmaceutical industry. This new policy has also led to intense price wars between pharmaceutical companies. Consequently, the Group's sales has decreased significantly starting from FY2019 and affected its results in 2019.

The Group's revenue decreased by RMB 4.4 million or 26.6% from RMB 16.4 million for 4Q 2018 to RMB 12.0 million for 4Q 2019. Revenue from Group's non-prescribed drugs/distribution segment decreased by RMB 3.3 million and revenue from prescribed drugs segment decreased by RMB 1.1 million.

Gross profit margin increased from 49.3% in 4Q 2018 to 58.9% in 4Q 2019 mainly due to the larger decrease in revenue from lower margin non-prescribed drugs/distribution segment as compared to the decrease in revenue from the prescribed drugs segment. Other income decreased from RMB 3.0 million in 4Q 2018 to RMB 45,000 in 4Q 2019, mainly due to lower government grant.

Selling and distribution costs decreased by RMB 0.1 million or 1.7% to RMB 4.6 million for 4Q 2019 mainly due to lower corresponding sales. Administrative costs increased by RMB 2.2 million to RMB 3.8 million for 4Q 2019 mainly due to the RMB 1.2 million losses incurred following temporary closure of Longlife's plant as a result of severe flooding in September 2019 and RMB 0.9 million write-back of allowance for doubtful debts in 4Q 2018.

Other costs of RMB 7.1 million in 4Q 2019 were RMB 0.5 million impairment loss on right-of-use assets, RMB 6.1 million impairment loss on Jiangyou's construction-in-progress and RMB 0.5 million impairment loss on property, plant & equipment.

Finance income for 4Q 2019 decreased from RMB 28,000 in 4Q 2018 to RMB 9,000, mainly due to lower interest income from cash and cash equivalents. Finance costs increased from RMB 225,000 in 4Q 2018 to RMB 277,000 in 4Q 2019 mainly due to finance costs arising from lease liabilities.

As a result of the above, the Group recorded net loss after tax attributable to equity holders of the Company of RMB 8.1 million for 4Q 2019, as compared to a net profit after tax of RMB 2.3 million for 4Q 2018.

Full Year Ended 31 December 2019

The Group's FY 2019 revenue decreased by RMB 27.1 million or 42.2% from RMB 64.3 million in FY 2018 to RMB 37.2 million in FY 2019. Revenue from Group's non-prescribed drugs/distribution segment decreased by RMB 24.1 million and revenue from prescribed drugs segment decreased by RMB 3.0 million.

Gross profit margin increased from 48.6% in FY 2018 to 53.4% in FY 2019 mainly due to the larger decrease in revenue from lower margin non-prescribed drugs/distribution segment as compared to the decrease in revenue from the prescribed drugs segment.

Other income decreased by RMB 5.0 million from RMB 5.1 million in FY 2018 to RMB 0.1 million in FY 2019 mainly due to lower government grant, absence of one-off relocation compensation and foreign exchange loss in FY2019.

Selling and distribution costs decreased by RMB 1.9 million or 9.5% from RMB 20.0 million in FY 2018 to RMB 18.1 million in FY 2019 mainly due to lower revenue. Administrative costs increased by RMB 3.1 million or 33.0% from RMB 9.5 million in FY 2018 to RMB 12.6 million in FY 2019 mainly due to the RMB 1.2 million losses incurred following temporary closure of Longlife's plant as a result of severe flooding in September 2019, RMB0.1 million allowance for stock obsolescence, RMB0.3 million increase in contribution to China's Disabled Persons' Employment Security Fund and RMB 1.0 million write-back of allowance for doubtful debts in FY 2018.

Other costs of RMB 7.9 million in FY 2019 were RMB 0.5 million impairment loss on right-of-use assets, RMB 6.1 million impairment loss on Jiangyou's construction-in-progress, RMB 0.5 million impairment loss on property, plant & equipment and RMB 0.8 million inventories written off. Finance income decreased from RMB 119,000 in FY 2018 to RMB 65,000 in FY 2019, mainly due to lower interest income from cash and cash equivalents. Finance costs increased from RMB 0.9 million in FY2018 to RMB 1.0 million in FY 2019 mainly due to finance costs arising from lease liabilities.

As a result of the above, the Group recorded a net loss attributable to shareholders of RMB 17.7 million for FY 2019 compared to a profit of RMB 1.3 million for FY 2018.

STATEMENT OF FINANCIAL POSITION

The Group's non-current assets were RMB 55.0 million as at 31 December 2019, an increase of RMB 5.5 million from RMB 49.5 million as at 31 December 2018. This was mainly due to the increase in property, plant and equipment, right of use assets and decrease in construction-in-progress.

The Group's current assets were RMB 38.9 million as at 31 December 2019, a decrease of RMB 39.9 million from RMB 78.8 million as at 31 December 2018. This was mainly due to lower inventories, trade receivables, other receivables and cash and cash equivalents.

The Group's current liabilities were RMB 29.2 million as at 31 December 2019, an increase of RMB 0.6 million from RMB 28.6 million as at 31 December 2018 mainly due to higher accrued liabilities & other payables, lease liabilities and lower trade payables and tax payable.

The Group's non-current liabilities were RMB 0.7 million as at 31 December 2019, mainly due to long term lease liabilities.

STATEMENT OF CASH FLOWS

The Group's net cash flow from operating activities of RMB 2.4 million for the FY 2019 was mainly brought by its operating loss, changes in working capital and interest and income tax paid.

Net cash used in investing activities amounted to RMB 22.1 million, incurred mainly for the acquisition of non-controlling interest, additions to construction-in-progress and purchase of property, plant and machinery.

Net cash used in financing activities amounted to RMB 0.3 million, incurred mainly for repayment of lease liabilities.

As at the end of 31 December 2019, the Group had a cash and cash equivalents of RMB 14.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In line with the prospect statement made in 3Q FY 2019.

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.

As explained in paragraph 8, the intense competition between pharmaceutical companies caused by China's newly introduced purchase-with-target-quantity policy in "4+7" cities, to drive down drug prices has affected the Group's revenue and profitability negatively. Starting from the year 2020, the drug, Anethole Trithione (ATT) has been withdrawn from the list of medicines eligible for reimbursement under government-backed insurance plans. The recent outbreak of the COVID-19 (Coronavirus Disease 2019) in the People's Republic of China had led to an extension of the Lunar New Year holidays and temporary closure of our production facilities in 2020. The Group's business environment will remain very challenging in the next 12 months. Management will remain focus on exploring ways to improve sales and managing the operations cost-effectively.

Following the amendment to the Singapore Exchange Securities Trading Limited's Listing Rules on Risk-based Approach to Quarterly Reporting which took effect on 7 February 2020, the Group is no longer required to perform quarterly reporting. The Group wishes to inform shareholders that the Group will cease quarterly reporting and will be doing half-yearly reporting instead. The Group's next financial results announcement will be in relation to the Group's half year results ending 30 June 2020. Notwithstanding the adoption of this new reporting framework, the Group will continue to announce material developments on a timely manner to keep the shareholders informed of the Group's state of affairs.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the current financial year ended 31 December 2019 in view of the accumulated losses.

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.

The Group has not obtained a general mandate from shareholders for IPTs.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company has procured all the required undertakings as required under Rule 720(1).

15. Disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use.

The Company has not utilised the net proceeds of SGD 1.4 million from the issuance of 3 million new ordinary shares at the issue price of SGD 0.50 per share in 2015.

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

16. 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.

Analysis by business segment

Year ended 31 December 2019	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	13,400	12,980	10,823	-	37,203
Inter segment	2,902	6,634	-	(9,536)	-
Total Revenue	**16,302**	**19,614**	**10,823**	**(9,536)**	**37,203**
Result					
Segment result	(1,631)	(10,256)	(2,707)		(14,594)
Unallocated corporate expenses					(4,044)
Loss from operations					(18,638)
Finance income	56	5	4		65
Finance costs	(74)	(879)	(8)		(961)
Income tax expense	757	(480)	-		277
Loss before non-controlling interest					(19,257)
Non-controlling interest					1,586
Net loss attributable to equity holders of the Company					(17,671)
Assets and liabilities					
Segment assets	24,753	65,174	2,970		92,897
Unallocated corporate assets					982
Total assets					93,879
Segment liabilities	3,067	25,569	484		29,120
Unallocated corporate liabilities					739
Total liabilities					29,859
Other segment information					
Capital expenditure	7,759	5,619	8		13,386
Depreciation and amortisation	958	998	85		2,041
Interest income	(56)	(5)	(4)		(65)
Interest expense	74	879	8		961
Inventories written off	-	847	-		847
Impairment loss on property, plant and equipment	497	-	-		497
Impairment loss on construction-in-progress	-	6,073	-		6,073
Impairment loss on right-of-use assets	-	493	-		493
Write-back of allowance for doubtful debts – trade & non-trade	(125)	(49)	173		(1)
Allowance for stock obsolescence	-	(8)	115		107

Year ended 31 December 2018	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	16,430	14,716	33,186	-	64,332
Inter segment	3,132	29,960	-	(33,092)	-
Total Revenue	**19,562**	**44,676**	**33,186**	**(33,092)**	**64,332**
Result					
Segment result	1,674	8,813	88		10,575
Unallocated corporate expenses					(3,697)
Profit from operations					6,878
Finance income	85	6	28		119
Finance costs	(6)	(877)	(2)		(885)
Income tax expense	(221)	(832)	-		(1,053)
Profit before non-controlling interest					5,059
Non-controlling interest					(3,770)
Net profit attributable to equity holders of the Company					1,289
Assets and liabilities					
Segment assets	47,680	68,696	8,788		125,164
Unallocated corporate assets					3,134
Total assets					128,298
Segment liabilities	5,187	22,887	407		28,481
Unallocated corporate liabilities					840
Total liabilities					29,321
Other segment information					
Capital expenditure	362	4,370	5		4,737
Depreciation and amortisation	763	902	10		1,675
Interest income	(85)	(6)	(28)		(119)
Interest expense	6	877	2		885
Write-back of allowance for doubtful debts – trade	(235)	(385)	(365)		(985)
Impairment loss on property, plant and equipment	(33)	-	-		(33)

No segmented analysis by geographical segment is provided as the principal assets employed by the Group are located in the PRC and the Group's turnover and profits were mainly derived from the sale of medicines to domestic customers in the PRC.

17. 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 item 8 of Part I above.

18. A breakdown of sales.

	Group		
	2019	2018	Increase / (Decrease)
First Half	**RMB'000**	**RMB'000**	**%**
(a) Revenue	18,444	34,656	(46.8)
(b) Operating (loss)/profit after tax before non-controlling interest	(5,762)	1,646	n.m.
Second Half			
(a) Revenue	18,759	29,676	(36.8)
(b) Operating (loss)/profit after tax before non-controlling interest	(13,495)	3,413	n.m.

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

Not applicable.

20. 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.

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

WU XUEDAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

27 February 2020