

# PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

## Financial Statements and Dividend Announcement for the 12 months ended 31 December 2014

### 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 2014

	Group			Group		
	3 months ended	3 months ended		12 months ended	12 months ended	
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	15,130	17,607	(14.1)	60,848	64,679	(5.9)
Cost of sales	(6,465)	(6,939)	(6.8)	(27,163)	(25,720)	5.6
<b>Gross profit</b>	<b>8,665</b>	<b>10,668</b>	(18.8)	<b>33,685</b>	<b>38,959</b>	(13.5)
Other income	163	74	120.3	176	80	120.0
Selling and distribution costs	(6,578)	(5,636)	16.7	(24,820)	(23,290)	6.6
Administrative costs	(2,128)	(3,144)	(32.3)	(12,642)	(14,891)	(15.1)
Other costs	(3,670)	-	100.0	(3,670)	-	100.0
<b>(Loss)/profit from operations</b>	<b>(3,548)</b>	<b>1,962</b>	n.m.	<b>(7,271)</b>	<b>858</b>	n.m.
Finance income	805	82	881.7	3,093	159	1,845.3
Finance costs	(155)	(32)	384.4	(424)	(54)	685.2
<b>Net finance income</b>	<b>650</b>	<b>50</b>	1200.0	<b>2,669</b>	<b>105</b>	2,441.9
<b>(Loss)/profit before tax</b>	<b>(2,898)</b>	<b>2,012</b>	n.m.	<b>(4,602)</b>	<b>963</b>	n.m.
Income tax expense	(11)	-	100.0	(37)	-	100.0
<b>(Loss)/profit for the period</b>	<b>(2,909)</b>	<b>2,012</b>	n.m.	<b>(4,639)</b>	<b>963</b>	n.m.
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>(3,106)</b>	<b>1,763</b>	n.m.	<b>(3,805)</b>	<b>475</b>	n.m.
Non-controlling interest	197	249	(20.9)	(834)	488	n.m.
<b>(Loss)/profit for the period</b>	<b>(2,909)</b>	<b>2,012</b>	n.m.	<b>(4,639)</b>	<b>963</b>	n.m.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

(a) (Loss)/profit for the period is arrived at after crediting/(charging):-

	Group			Group		
	3 months ended	3 months ended		12 months ended	12 months ended	
	31.12.2014	31.12.2013	+ / (-)	31.12.2014	31.12.2013	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	805	82	(881.7)	3,093	159	1,845.3
Interest expense	(142)	-	100.0	(392)	-	100.0
Reversal of/(allowance for) doubtful debts – trade	696	497	40.0	(82)	163	n.m.
Allowance for stock obsolescence	(74)	-	100.0	(74)	-	100.0
Depreciation and amortisation	(599)	(771)	(22.3)	(2,756)	(3,516)	(21.6)
Foreign exchange gain - realised	21	7	200	23	17	35.3
Inventories written off	-	-	-	(209)	-	100.0
Loss on disposal of property, plant and equipment	-	-	-	(17)	-	100.0
Product rights written off	(3,670)	-	100.0	(3,670)	-	100.0

n.m. denotes not meaningful

## 2. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net (loss)/profit for the period	(2,909)	2,012	(4,639)	963
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>(2,909)</b>	<b>2,012</b>	<b>(4,639)</b>	<b>963</b>
Total comprehensive income attributable to:				
Equity holders of the Company	(3,106)	1,763	(3,805)	475
Non-controlling interest	197	249	(834)	488
	<b>(2,909)</b>	<b>2,012</b>	<b>(4,639)</b>	<b>963</b>

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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31.12.2014 RMB'000</b>	<b>As at 31.12.2013 RMB'000</b>	<b>As at 31.12.2014 RMB'000</b>	<b>As at 31.12.2013 RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	13,703	15,262	58	87
Land use rights	3,051	3,152	-	-
Intangible assets	-	4,453	-	-
Investment in subsidiaries	-	-	54,999	54,999
Goodwill on consolidation	1,323	1,323	-	-
	<b>18,077</b>	<b>24,190</b>	<b>55,057</b>	<b>55,086</b>
<b>Current assets</b>				
Structured deposit	15,000	15,000	-	-
Inventories	5,402	5,749	-	-
Trade receivables	23,279	29,562	-	-
Prepaid expenses	314	241	57	59
Other receivables	5,960	3,568	1,521	21
Tax recoverable	328	328	-	-
Cash and cash equivalents	36,316	22,950	1,724	3,062
	<b>86,599</b>	<b>77,398</b>	<b>3,302</b>	<b>3,142</b>
<b>Current liabilities</b>				
Bank borrowing	5,000	-	-	-
Trade payables	2,028	1,783	-	-
Accrued liabilities and other payables	5,775	3,304	720	750
Tax payable	21	10	10	10
	<b>12,824</b>	<b>5,097</b>	<b>730</b>	<b>760</b>
<b>Net current assets</b>	<b>73,775</b>	<b>72,301</b>	<b>2,572</b>	<b>2,382</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	488	488	-	488
	<b>488</b>	<b>488</b>	<b>-</b>	<b>488</b>
<b>Net assets</b>	<b>91,364</b>	<b>96,003</b>	<b>57,629</b>	<b>56,980</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	77,315	77,315	77,315	77,315
Reserves	10,003	13,808	(19,686)	(20,335)
<b>Share capital and Reserves</b>	<b>87,318</b>	<b>91,123</b>	<b>57,629</b>	<b>56,980</b>
Non-controlling interest	4,046	4,880	-	-
<b>Total equity</b>	<b>91,364</b>	<b>96,003</b>	<b>57,629</b>	<b>56,980</b>

**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 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
5,000	-	-	-

**Amount repayable after one year**

In RMB'000

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The bank borrowing is 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 2014**

	Group			
	3 months ended 31.12.2014 RMB'000	3 months ended 31.12.2013 RMB'000	12 months ended 31.12.2014 RMB'000	12 months ended 31.12.2013 RMB'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(2,898)	2,012	(4,602)	963
Adjustments for:				
(Reversal of)/allowance for doubtful debts – trade	(696)	(497)	82	(163)
Depreciation and amortisation	599	771	2,756	3,516
Interest income	(805)	(82)	(3,093)	(159)
Interest expense	142	-	392	-
Loss of disposal of property, plant and equipment	-	-	17	-
Inventories written off	-	-	209	-
Allowance for stock obsolescence	74	-	74	-
Product rights written off	3,670	-	3,670	-
Operating profit/(loss) before changes in working capital	86	2,204	(495)	4,157
Changes in working capital				
Trade receivables	157	(4,080)	6,201	(2,835)
Prepayments, deposits and other receivables	2,872	797	528	349
Inventories	(881)	113	64	1,144
Trade payables	530	(2)	245	(598)
Accrued liabilities and other payables	1,965	(498)	2,471	(567)
Cash generated from/(used in) operations	4,729	(1,466)	9,014	1,650
Interest received	28	62	100	139
Interest paid	(142)	-	(392)	-
Income tax paid	(26)	-	(26)	(28)
<b>Net cash flows from/(used in) operating activities</b>	<b>4,589</b>	<b>(1,404)</b>	<b>8,696</b>	<b>1,761</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(235)	(145)	(529)	(596)
Placement of structured deposit	-	(15,000)	-	(15,000)
Proceeds from maturity of structured deposit	-	-	-	11,000
Proceeds from disposal of property, plant and equipment	9	-	199	-
<b>Net cash flows used in investing activities</b>	<b>(226)</b>	<b>(15,145)</b>	<b>(330)</b>	<b>(4,596)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowing	-	-	5,000	-
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	4,363	(16,549)	13,366	(2,835)
Cash and cash equivalents at beginning of period	31,953	39,499	22,950	25,785
<b>Cash and cash equivalents at end of period</b>	<b>36,316</b>	<b>22,950</b>	<b>36,316</b>	<b>22,950</b>

- 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

<u>Group</u> <u>In RMB'000</u>	Attributable to equity holders of the Company					Non- controlling Interest	Total Equity
	Share Capital	Employee Share Options Reserve	Statutory Reserve	Accumulated losses	Total		
<b>At 1 January 2014</b>	77,315	4,431	11,924	(2,547)	91,123	4,880	96,003
Total comprehensive income	-	-	-	(459)	(459)	(667)	(1,126)
At 31 March 2014	77,315	4,431	11,924	(3,006)	90,664	4,213	94,877
Total comprehensive income	-	-	-	(119)	(119)	(237)	(356)
At 30 June 2014	77,315	4,431	11,924	(3,125)	90,545	3,976	94,521
Total comprehensive income	-	-	-	(121)	(121)	(127)	(248)
At 30 September 2014	77,315	4,431	11,924	(3,246)	90,424	3,849	94,273
Total comprehensive income	-	-	-	(3,106)	(3,106)	197	(2,909)
<b>At 31 December 2014</b>	<b>77,315</b>	<b>4,431</b>	<b>11,924</b>	<b>(6,352)</b>	<b>87,318</b>	<b>4,046</b>	<b>91,364</b>
<b>At 1 January 2013</b>	77,315	5,061	11,568	(3,296)	90,648	4,392	95,040
Total comprehensive income	-	-	-	(1,005)	(1,005)	(119)	(1,124)
At 31 March 2013	77,315	5,061	11,568	(4,301)	89,643	4,273	93,916
Total comprehensive income	-	-	-	(1,135)	(1,135)	(111)	(1,246)
At 30 June 2013	77,315	5,061	11,568	(5,436)	88,508	4,162	92,670
Total comprehensive income	-	-	-	852	852	469	1,321
At 30 September 2013	77,315	5,061	11,568	(4,584)	89,360	4,631	93,991
Total comprehensive income	-	-	-	1,763	1,763	249	2,012
Transfer to statutory reserve	-	-	356	(356)	-	-	-
Expiry of employee share options	-	(630)	-	630	-	-	-
<b>At 31 December 2013</b>	<b>77,315</b>	<b>4,431</b>	<b>11,924</b>	<b>(2,547)</b>	<b>91,123</b>	<b>4,880</b>	<b>96,003</b>

# **UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**

<b>Company In RMB'000</b>	<b>Share Capital</b>	<b>Employee Share Options Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
<b>At 1 January 2014</b>	77,315	4,431	(24,766)	56,980
Total comprehensive income	-	-	(853)	(853)
At 31 March 2014	77,315	4,431	(25,619)	56,127
Total comprehensive income	-	-	(804)	(804)
At 30 June 2014	77,315	4,431	(26,423)	55,323
Total comprehensive income	-	-	(949)	(949)
At 30 September 2014	77,315	4,431	(27,372)	54,374
Total comprehensive income	-	-	3,255	3,255
<b>At 31 December 2013</b>	<b>77,315</b>	<b>4,431</b>	<b>(24,117)</b>	<b>57,629</b>
<b>At 1 January 2013</b>	77,315	5,061	(25,928)	56,448
Total comprehensive income	-	-	(862)	(862)
At 31 March 2013	77,315	5,061	(26,790)	55,586
Total comprehensive income	-	-	(753)	(753)
At 30 June 2013	77,315	5,061	(27,543)	54,833
Total comprehensive income	-	-	2,878	2,878
At 30 September 2013	77,315	5,061	(24,665)	57,711
Total comprehensive income	-	-	(731)	(731)
Expiry of employee share options	-	(630)	630	-
<b>At 31 December 2013</b>	<b>77,315</b>	<b>4,431</b>	<b>(24,766)</b>	<b>56,980</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Share Capital**

There is no change in the Company's issued share capital since the previous financial period ended 30 September 2014.

**Share Options**

During 4Q 2014, there was no share option (4Q 2013: nil) granted under the Pharmesis Share Option Scheme. As at 31 December 2014, there were unexercised options for 10,200,000 (31 December 2013: 10,200,000) of ordinary shares under the Company's Share Option Scheme.

- 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 2014 and 31 December 2013 - 200,000,000 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 under item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2013.



5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for financial periods beginning 1 January 2014. The adoption of these new and revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

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:-**

In RMB cents	Year ended 31.12.2014	Year ended 31.12.2013
(i) Based on weighted average number of shares	(1.90)	0.24
Weighted average number of shares	200,000,000	200,000,000
(ii) On a fully diluted basis*	(1.90)	0.24
Adjusted weighted average number of shares	200,000,000	200,000,000

\*As at balance sheet date, the Company has outstanding share options granted to employees amounted to 10,200,000 (31 December 2013: 10,200,000). Since the exercise price of these share options is above the quoted market price of the Company's shares for the financial years, the options are non-dilutive. As such, the options have no dilution effect on the earnings per share of the Group for the financial years.

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.

In RMB cents	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net asset value per ordinary share	43.66	45.56	28.81	28.49
No. of shares in computing NAV	200,000,000	200,000,000	200,000,000	200,000,000

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 2014

The Group's revenue for 4Q 2014 decreased by 14.1% from RMB 17.6 million for 4Q 2013 to RMB 15.1 million mainly due to lower sales of key products (namely ATT and Gansu) and discontinued production of Huangke as management had decided to terminate production as it was no longer economically viable to produce because of escalated cost for a key raw material and inability to raise prices.

Gross profit margin decreased from 60.6% in 4Q 2013 to 57.3% in 4Q 2014 mainly due to higher raw material costs and contribution from low-margin non-prescribed drugs.

Other income increased by 120.3% mainly due to government grant provided by the local authority to a subsidiary.

Selling and distribution costs increased from RMB 5.6 million in 4Q 2013 to RMB 6.6 million in 4Q 2014 due to more marketing activities in promoting sales of the Group's products. Administrative costs decreased by RMB 1.0 million from RMB 3.1 million in 4Q 2013 to RMB 2.1 million in 4Q 2014 mainly due to decrease in rental and salaries as a result of streamlining operations.

Other costs of RMB 3.7 million was attributed to product rights written off in 4Q 2014 arising from the discontinued production of Huangke.

Finance income increased for 4Q 2014 mainly due to interest income on the structured deposit. The finance cost was mainly attributed to the interest expense for the RMB 5.0 million bank borrowing.

### Full Year Ended 31 December 2014

The Group's FY 2014 revenue decreased by 5.9% due to lower sales of ATT tablets and Gansu granules. However the drop of sales of these products was leveraged by increased sales of Er Ding granules.

Gross profit margin decreased from 60.2% in FY 2013 to 55.4% in FY 2014. The decrease was due to higher costs of materials and expired inventories written off.

Other income increased by 120.0% mainly due government grant provided by the local authority to a subsidiary.

Selling and distribution costs increased by RMB 1.5 million or 6.6% from FY 2013 due to more efforts in marketing and promoting the Group's products. Administrative costs decreased by RMB 2.2 million or 15.1% mainly due to streamlining of operation resulting in lower staff costs and rental expenses.

Other costs of RMB 3.7 million was attributed to the product rights written off for discontinued production of Huangke.

The increase in finance income of RMB 2.9 million was mainly due to the interest income on the structured deposit. The finance cost was mainly the interest expense for the RMB 5.0 million bank borrowing.

## **STATEMENT OF FINANCIAL POSITION**

The Group's non-current assets were RMB 18.1 million as at 31 December 2014, a decrease of RMB 6.1 million from RMB 24.2 million as at 31 December 2013. This was mainly due to product rights written off, depreciation of property, plant and equipment, and amortisation of its land use rights and intangible assets.

The Group's current assets were RMB 86.6 million as at 31 December 2014, an increase of RMB 9.2 million from RMB 77.4 million as at 31 December 2013. This was mainly due to higher cash and cash equivalents and other receivables. Cash and cash equivalents increased mainly due to proceeds from bank borrowing and better collections from trade receivables. Other receivables increased due to interest receivable from structured deposit amounting to RMB 3.0 million. Improved collections attributed to lower trade receivables during the year.

The Group's current liabilities were RMB 12.9 million, an increase of RMB 7.8 million from RMB 5.1 million as at 31 December 2013. The increase was mainly due to RMB 5.0 million bank borrowing obtained by Longlife to repay Kinna. An increase of accrued liabilities and other payables of RMB 2.5 million was mainly due to payable for development costs of Gansu.

## **STATEMENT OF CASH FLOWS**

The Group's net cash flow from operating activities was RMB 8.7 million for FY 2014 as compared to RMB 1.8 million generated in FY 2013. Despite an operating loss of RMB 4.6 million, net cash from operating activities was higher for the current financial year mainly due to better collections from trade receivables.

Net cash used by investing activities was RMB 0.3 million for FY 2014 as compared to RMB 4.6 million used in FY 2013 as there was no cash outflows from placement of structured deposit.

Net cash inflow of RMB 5.0 million from financing activities was proceeds from a bank borrowing.

As at the end of 31 December 2014, the Group had a cash and cash equivalents of RMB 36.3 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 2014.

**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.**

Healthcare reforms and competition in PRC continued to pose challenges to the Group's development. Over the years, the Group has been focusing on diversifying sales strategies and streamlining its operations. Though the operating environment remains tough, management is committed to growing the business and enhancing shareholders' value.

**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/recommendeded, a statement to that effect.**

No dividends have been recommended for the current financial year ended 31 December 2014.

**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.

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

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Analysis by business segment

<b>Year ended 31 December 2014</b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	23,179	20,999	16,670	-	60,848
Inter segment	575	9,020	-	(9,595)	-
<b>Total Revenue</b>	<b>23,754</b>	<b>30,019</b>	<b>16,670</b>	<b>(9,595)</b>	<b>60,848</b>
<b>Result</b>					
Segment result	(2,699)	(1,307)	73		(3,933)
Unallocated corporate expenses					(3,338)
Loss from operations					(7,271)
Finance income	3,082	6	5		3,093
Finance costs	(18)	(403)	(3)		(424)
Income tax expense	-	-	(37)		(37)
Loss before non-controlling interest					(4,639)
Non-controlling interest					834
Net loss attributable to equity holders of the Company					(3,805)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	71,258	26,234	5,326		102,818
Unallocated corporate assets					1,858
<b>Total assets</b>					<b>104,676</b>
<b>Segment liabilities</b>	1,493	10,125	476		12,094
Unallocated corporate liabilities					1,218
<b>Total liabilities</b>					<b>13,312</b>
<b>Other segment information</b>					
Capital expenditure	56	467	6		529
Depreciation and amortisation	1,823	869	64		2,756
Interest income	(3,082)	(6)	(5)		(3,093)
Interest expense	-	392	-		392
(Reversal of)/allowance for doubtful debts – trade	(183)	77	188		82
Allowance for stock obsolescence	74	-	-		74
Inventories written off	-	209	-		209
Loss on disposal of property, plant and equipment	17	-	-		17
Product rights written off	3,670	-	-		3,670

<b>Year ended 31 December 2013</b>	<b>Western drugs RMB'000</b>	<b>TCM formulated drugs RMB'000</b>	<b>Distribution RMB'000</b>	<b>Elimination RMB'000</b>	<b>Group RMB'000</b>
<b>Revenue</b>					
External customers	26,514	23,078	15,087	-	64,679
Inter segment	1,192	5,909	-	(7,101)	-
<b>Total Revenue</b>	<b>27,706</b>	<b>28,987</b>	<b>15,087</b>	<b>(7,101)</b>	<b>64,679</b>
<b>Result</b>					
Segment result	2,395	1,002	430		3,827
Unallocated corporate expenses					(2,969)
Profit from operations					858
Finance income	151	5	3		159
Finance costs	(42)	(9)	(3)		(54)
Income tax expense	-	-	-		-
Profit before non-controlling interest					963
Non-controlling interest					(488)
Net profit attributable to equity holders of the Company					475
<b>Assets and liabilities</b>					
<b>Segment assets</b>	66,128	27,312	4,919		98,359
Unallocated corporate assets					3,229
Total assets					101,588
<b>Segment liabilities</b>	1,401	2,055	881		4,337
Unallocated corporate liabilities					1,248
Total liabilities					5,585
<b>Other segment information</b>					
Capital expenditure	78	501	17		596
Depreciation and amortisation	1,981	1,468	67		3,516
(Reversal of)/allowance for doubtful debts – trade	(53)	49	(159)		(163)

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.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to item 8 of Part I above.

**16. A breakdown of sales.**

	Group		
	2014	2013	Increase / (Decrease)
	RMB'000	RMB'000	%
<b>First Half</b>			
(a) Revenue	27,986	30,272	(7.6)
(b) Operating loss after tax before non-controlling interest	(1,482)	(2,370)	(37.5)
<b>Second Half</b>			
(a) Revenue	32,862	34,407	(4.5)
(b) Operating (loss)/profit after tax before non-controlling interest	(3,157)	3,333	n.m.

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

Not applicable.

**18. Interested Person Transaction.**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Nil	Nil

**19. 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.**

None of the person occupying a managerial position of the Company or any of its principal subsidiaries 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

27 February 2015