

**PHARMESIS INTERNATIONAL LTD.**

Co. Registration No. 200309641E

**Financial Statements and Dividend Announcement for the 12 months ended 31 December 2018**
**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 2018**

|  | Group                                   |   |              | Group                                    |  |              |
|--|---|---|--------------|--|--|--------------|
|  | 3 months ended<br>31.12.2018<br>RMB'000 | 3 months ended<br>31.12.2017<br>RMB'000 | + / (-)<br>% | 12 months ended<br>31.12.2018<br>RMB'000 | 12 months ended<br>31.12.2017<br>RMB'000 | + / (-)<br>% |
| Revenue                                  | 16,385                                  | 18,714                                  | (12.4)       | 64,332                                   | 69,727                                   | (7.7)        |
| Cost of sales                            | (8,305)                                 | (11,773)                                | (29.5)       | (33,045)                                 | (38,265)                                 | (13.6)       |
| <b>Gross profit</b>                      | <b>8,080</b>                            | <b>6,941</b>                            | 16.4         | <b>31,287</b>                            | <b>31,462</b>                            | (0.6)        |
| Other income                             | 3,010                                   | (18)                                    | n.m.         | 5,084                                    | 597                                      | n.m.         |
| Selling and distribution costs           | (4,671)                                 | (5,754)                                 | (18.8)       | (20,043)                                 | (21,616)                                 | (7.3)        |
| Administrative costs                     | (1,665)                                 | (2,453)                                 | (32.1)       | (9,450)                                  | (10,732)                                 | (11.9)       |
| Other costs                              | -                                       | (257)                                   | n.m.         | -  | (257)                                    | n.m.         |
| <b>Profit/(loss) from operations</b>     | <b>4,754</b>                            | <b>(1,541)</b>                          | n.m.         | <b>6,878</b>                             | <b>(546)</b>                             | n.m.         |
| Finance income                           | 28                                      | 32                                      | (12.5)       | 119                                      | 134                                      | (11.2)       |
| Finance costs                            | (225)                                   | (228)                                   | (1.3)        | (885)                                    | (874)                                    | 1.3          |
| <b>Net finance costs</b>                 | <b>(197)</b>                            | <b>(196)</b>                            | 0.5          | <b>(766)</b>                             | <b>(740)</b>                             | 3.4          |
| <b>Profit/(loss) before tax</b>          | <b>4,557</b>                            | <b>(1,737)</b>                          | n.m.         | <b>6,112</b>                             | <b>(1,286)</b>                           | n.m.         |
| Income tax expense                       | (603)                                   | (67)                                    | n.m.         | (1,053)                                  | (540)                                    | 95.1         |
| <b>Profit/(loss) for the period/year</b> | <b>3,954</b>                            | <b>(1,804)</b>                          | n.m.         | <b>5,059</b>                             | <b>(1,826)</b>                           | n.m.         |
| <b>Attributable to:</b>                  |   |   |              |  |  |              |
| <b>Equity holders of the Company</b>     | <b>2,319</b>                            | <b>(1,396)</b>                          | n.m.         | <b>1,289</b>                             | <b>(2,477)</b>                           | n.m.         |
| Non-controlling interest                 | 1,635                                   | (408)                                   | n.m.         | 3,770                                    | 651                                      | n.m.         |
| <b>Profit/(loss) for the period/year</b> | <b>3,954</b>                            | <b>(1,804)</b>                          | n.m.         | <b>5,059</b>                             | <b>(1,826)</b>                           | 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 | 3 months ended | + / (-)<br>% | 12 months ended | 12 months ended | + / (-)<br>% |
|   | 31.12.2018     | 31.12.2017     |              | 31.12.2018      | 31.12.2017      |              |
| RMB'000   | RMB'000        |                | RMB'000      | RMB'000         |                 |              |
| Interest income                                       | 28             | 32             | (12.5)       | 119             | 134             | (11.2)       |
| Interest expense                                      | (225)          | (228)          | (1.3)        | (885)           | (874)           | 1.2          |
| Write-back of/ (Allowance for) doubtful debts – trade | 853            | (99)           | n.m.         | 984             | (369)           | n.m.         |
| Write-back of allowance for stock obsolescence        | 33             | -              | n.m.         | 33              | -               | n.m.         |
| Depreciation and amortisation                         | (638)          | (468)          | 36.3         | (1,675)         | (1,668)         | 0.4          |
| Government grants                                     | 3,017          | 32             | n.m.         | 3,699           | 544             | n.m.         |
| Foreign exchange (loss)/gain                          | (7)            | (38)           | (81.6)       | 109             | 53              | n.m.         |
| Impairment loss on property, plant and equipment      | -              | (257)          | n.m.         | -               | (257)           | n.m.         |

n.m. denotes not meaningful

## 2. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

|   | Group          |                |                 |                 |
|---|----------------|----------------|-----------------|-----------------|
|   | 3 months ended | 3 months ended | 12 months ended | 12 months ended |
|   | 31.12.2018     | 31.12.2017     | 31.12.2018      | 31.12.2017      |
|   | RMB'000        | RMB'000        | RMB'000         | RMB'000         |
| <b>Profit/(loss) for the period/year</b>              | <b>3,954</b>   | <b>(1,804)</b> | <b>5,059</b>    | <b>(1,826)</b>  |
| <b>Other comprehensive income for the period/year</b> | -              | -              | -               | -               |
| <b>Total comprehensive income for the period/year</b> | <b>3,954</b>   | <b>(1,804)</b> | <b>5,059</b>    | <b>(1,826)</b>  |
| Total comprehensive income attributable to:           |                |                |                 |                 |
| <b>Equity holders of the Company</b>                  | <b>2,319</b>   | <b>(1,396)</b> | <b>1,289</b>    | <b>(2,477)</b>  |
| Non-controlling interest                              | 1,635          | (408)          | 3,770           | 651             |
|   | <b>3,954</b>   | <b>(1,804)</b> | <b>5,059</b>    | <b>(1,826)</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**

|   | GROUP                          |                                |                              | COMPANY                        |                                |                              |
|---|--------------------------------|--------------------------------|------------------------------|--------------------------------|--------------------------------|------------------------------|
|   | As at<br>31.12.2018<br>RMB'000 | As at<br>31.12.2017<br>RMB'000 | As at<br>1.1.2017<br>RMB'000 | As at<br>31.12.2018<br>RMB'000 | As at<br>31.12.2017<br>RMB'000 | As at<br>1.1.2017<br>RMB'000 |
| <b>Non-current assets</b>                           |                                |                                |                              |                                |                                |                              |
| Property, plant and equipment                       | 12,176                         | 11,077                         | 11,338                       | -                              | -                              | 3                            |
| Land use rights                                     | 7,620                          | 7,892                          | 2,849                        | -                              | -                              | -                            |
| Construction-in-progress                            | 28,408                         | 26,225                         | -                            | -                              | -                              | -                            |
| Investments in subsidiaries                         | -                              | -                              | -                            | 54,999                         | 54,999                         | 54,999                       |
| Goodwill on consolidation                           | 1,323                          | 1,323                          | 1,323                        | -                              | -                              | -                            |
|   | <b>49,527</b>                  | <b>46,517</b>                  | <b>15,510</b>                | <b>54,999</b>                  | <b>54,999</b>                  | <b>55,002</b>                |
| <b>Current assets</b>                               |                                |                                |                              |                                |                                |                              |
| Inventories   | 9,725                          | 7,239                          | 7,167                        | -                              | -                              | -                            |
| Trade receivables                                   | 19,527                         | 21,411                         | 20,944                       | -                              | -                              | -                            |
| Prepaid expenses                                    | 167                            | 1,374                          | 436                          | 73                             | 74                             | 73                           |
| Other receivables                                   | 14,530                         | 12,177                         | 34,352                       | 21                             | 29                             | 3,895                        |
| Tax recoverable                                     | 107                            | 406                            | 328                          | -                              | -                              | -                            |
| Cash and cash equivalents                           | 34,715                         | 35,485                         | 44,857                       | 3,040                          | 6,651                          | 6,484                        |
|   | <b>78,771</b>                  | <b>78,092</b>                  | <b>108,084</b>               | <b>3,134</b>                   | <b>6,754</b>                   | <b>10,452</b>                |
| <b>Current liabilities</b>                          |                                |                                |                              |                                |                                |                              |
| Bank borrowings                                     | 15,000                         | 15,000                         | 15,000                       | -                              | -                              | -                            |
| Trade payables                                      | 3,380                          | 1,907                          | 3,782                        | -                              | -                              | -                            |
| Accrued liabilities and other payables              | 9,872                          | 13,061                         | 8,176                        | 837                            | 757                            | 764                          |
| Tax payable   | 312                            | 235                            | 404                          | 3                              | 7                              | 11                           |
|   | <b>28,564</b>                  | <b>30,203</b>                  | <b>27,362</b>                | <b>840</b>                     | <b>764</b>                     | <b>775</b>                   |
| <b>Net current assets</b>                           | <b>50,207</b>                  | <b>47,889</b>                  | <b>80,722</b>                | <b>2,294</b>                   | <b>5,990</b>                   | <b>9,677</b>                 |
| <b>Non-current liabilities</b>                      |                                |                                |                              |                                |                                |                              |
| Deferred tax liabilities                            | 757                            | 488                            | 488                          | -                              | -                              | -                            |
|   | <b>757</b>                     | <b>488</b>                     | <b>488</b>                   | <b>-</b>                       | <b>-</b>                       | <b>-</b>                     |
| <b>Net assets</b>                                   | <b>98,977</b>                  | <b>93,918</b>                  | <b>95,744</b>                | <b>57,293</b>                  | <b>60,989</b>                  | <b>64,679</b>                |
| <b>Equity attributable to owners of the Company</b> |                                |                                |                              |                                |                                |                              |
| Share capital                                       | 83,714                         | 83,714                         | 83,714                       | 83,714                         | 83,714                         | 83,714                       |
| Reserves  | 6,548                          | 5,259                          | 7,736                        | (26,421)                       | (22,725)                       | (19,035)                     |
| <b>Share capital and Reserves</b>                   | <b>90,262</b>                  | <b>88,973</b>                  | <b>91,450</b>                | <b>57,293</b>                  | <b>60,989</b>                  | <b>64,679</b>                |
| Non-controlling interest                            | 8,715                          | 4,945                          | 4,294                        | -                              | -                              | -                            |
| <b>Total equity</b>                                 | <b>98,977</b>                  | <b>93,918</b>                  | <b>95,744</b>                | <b>57,293</b>                  | <b>60,989</b>                  | <b>64,679</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 2018 |           | As at 31 December 2017 |           |
|------------------------|-----------|------------------------|-----------|
| Secured                | Unsecured | Secured                | Unsecured |
| 15,000                 | -         | 15,000                 | -         |

**Amount repayable after one year**

In RMB'000

| As at 31 December 2018 |           | As at 31 December 2017 |           |
|------------------------|-----------|------------------------|-----------|
| Secured                | Unsecured | Secured                | Unsecured |
| -                      | -         | -                      | -         |

**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 2018**

|   | Group                           |                                 |                                  |                                  |
|---|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
|   | 3 months<br>ended<br>31.12.2018 | 3 months<br>ended<br>31.12.2017 | 12 months<br>ended<br>31.12.2018 | 12 months<br>ended<br>31.12.2017 |
|   | RMB'000                         | RMB'000                         | RMB'000                          | RMB'000                          |
| <b>Cash flows from operating activities</b>               |                                 |                                 |                                  |                                  |
| Profit/(loss) before tax                                  | 4,557                           | (1,737)                         | 6,112                            | (1,286)                          |
| Adjustments for:  |                                 |                                 |                                  |                                  |
| (Write-back of)/allowance for doubtful debts – trade      | (853)                           | 99                              | (984)                            | 369                              |
| Write-back of allowance for stock obsolescence            | (33)                            | -                               | (33)                             | -                                |
| Depreciation and amortisation                             | 638                             | 468                             | 1,675                            | 1,668                            |
| Interest income   | (28)                            | (32)                            | (119)                            | (134)                            |
| Interest expense  | 225                             | 228                             | 885                              | 874                              |
| Impairment loss on property, plant and equipment          | -                               | 257                             | -                                | 257                              |
| Operating profit/(loss) before changes in working capital | 4,506                           | (717)                           | 7,536                            | 1,748                            |
| Changes in working capital                                |                                 |                                 |                                  |                                  |
| Trade receivables   | (3,822)                         | (4,227)                         | 2,868                            | (836)                            |
| Prepayments, deposits and other receivables               | (3,386)                         | (2,926)                         | (1,146)                          | 356                              |
| Inventories   | 2,163                           | 1,833                           | (2,453)                          | (72)                             |
| Trade payables  | (1,844)                         | 911                             | 1,473                            | (893)                            |
| Accrued liabilities and other payables                    | 4,117                           | 4,193                           | (3,189)                          | 3,903                            |
| Cash generated from operations                            | 1,734                           | (933)                           | 5,089                            | 4,206                            |
| Interest received   | 28                              | 32                              | 119                              | 134                              |
| Interest paid   | (225)                           | (228)                           | (885)                            | (874)                            |
| Income tax paid   | (154)                           | (475)                           | (408)                            | (787)                            |
| <b>Net cash flows from/(used in) operating activities</b> | <b>1,383</b>                    | <b>(1,604)</b>                  | <b>3,915</b>                     | <b>2,679</b>                     |
| <b>Cash flows from investing activities</b>               |                                 |                                 |                                  |                                  |
| Acquisition of property, plant and equipment              | (875)                           | (340)                           | (2,554)                          | (1,392)                          |
| Acquisition of a subsidiary (Note 1)                      | -                               | -                               | -                                | (8,585)                          |
| Additions to construction in progress                     | (1,746)                         | (2,030)                         | (2,183)                          | (2,074)                          |
| Proceeds from disposal of property, plant & equipment     | -                               | -                               | 52                               | -                                |
| <b>Net cash flows used in investing activities</b>        | <b>(2,621)</b>                  | <b>(2,370)</b>                  | <b>(4,685)</b>                   | <b>(12,051)</b>                  |
| <b>Cash flows from financing activities</b>               |                                 |                                 |                                  |                                  |
| Proceeds from bank borrowing                              | -                               | -                               | 15,000                           | 15,000                           |
| Repayment of bank borrowing                               | -                               | -                               | (15,000)                         | (15,000)                         |
| <b>Net cash flows from financing activities</b>           | <b>-</b>                        | <b>-</b>                        | <b>-</b>                         | <b>-</b>                         |
| Net decrease in cash and cash equivalents                 | (1,238)                         | (3,974)                         | (770)                            | (9,372)                          |
| Cash and cash equivalents at beginning of period/year     | 35,953                          | 39,459                          | 35,485                           | 44,857                           |
| <b>Cash and cash equivalents at end of period/year</b>    | <b>34,715</b>                   | <b>35,485</b>                   | <b>34,715</b>                    | <b>35,485</b>                    |

Note 1

The fair value of net assets of subsidiary acquired at the acquisition date was as follows:

|  |          |          |          |              |
|--|----------|----------|----------|--------------|
| Cash and cash equivalents                        | -        | -        | -        | 46           |
| Land use rights                                  | -        | -        | -        | 5,317        |
| Construction-in-progress                         | -        | -        | -        | 24,151       |
| Trade and other payables                         | -        | -        | -        | (20,883)     |
| Net assets acquired                              | -        | -        | -        | 8,631        |
| Less: cash and cash equivalents acquired         | -        | -        | -        | (46)         |
| <b>Cash outflow on acquisition of subsidiary</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>8,585</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**

| <b>Group<br/>In RMB'000</b>                | <b>Attributable to equity holders of the Company</b> |   |                              |                               |               | <b>Non-<br/>controlling<br/>Interest</b> | <b>Total<br/>Equity</b> |
|--|--|---|------------------------------|-------------------------------|---------------|--|-------------------------|
|  | <b>Share<br/>capital</b>                             | <b>Employee<br/>share<br/>options<br/>reserve</b> | <b>Statutory<br/>reserve</b> | <b>Accumulated<br/>losses</b> | <b>Total</b>  |  |                         |
| <b>At 1 January 2018</b>                   |  |   |                              |                               |               |  |                         |
| - 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)                         | -             | -  | -                       |
| <b>At 31 December 2018</b>                 | <b>83,714</b>  | <b>-</b>  | <b>12,392</b>                | <b>(5,844)</b>                | <b>90,262</b> | <b>8,715</b>                             | <b>98,977</b>           |
| <b>At 1 January 2017</b>                   |  |   |                              |                               |               |  |                         |
| - As previously reported                   | 83,714   | 4,431   | 11,924                       | (8,543)                       | 91,526        | 4,313                                    | 95,839                  |
| - Effects of adopting of SFRS(I)9          | -  | -   | -                            | (76)                          | (76)          | (19)                                     | (95)                    |
| - As restated                              | 83,714   | 4,431   | 11,924                       | (8,619)                       | 91,450        | 4,294                                    | 95,744                  |
| Total comprehensive income                 | -  | -   | -                            | (477)                         | (477)         | 656                                      | 179                     |
| At 31 March 2017                           | 83,714   | 4,431   | 11,924                       | (9,096)                       | 90,973        | 4,950                                    | 95,923                  |
| Total comprehensive income                 | -  | -   | -                            | (406)                         | (406)         | 286                                      | (120)                   |
| At 30 June 2017                            | 83,714   | 4,431   | 11,924                       | (9,502)                       | 90,567        | 5,236                                    | 95,803                  |
| Total comprehensive income                 | -  | -   | -                            | (198)                         | (198)         | 117                                      | (81)                    |
| At 30 September 2017                       | 83,714   | 4,431   | 11,924                       | (9,700)                       | 90,369        | 5,353                                    | 95,722                  |
| Total comprehensive income                 | -  | -   | -                            | (1,396)                       | (1,396)       | (408)                                    | (1,804)                 |
| <b>At 31 December 2017<br/>(restated)*</b> | <b>83,714</b>  | <b>4,431</b>                                      | <b>11,924</b>                | <b>(11,096)</b>               | <b>88,973</b> | <b>4,945</b>                             | <b>93,918</b>           |

\*Prior period figures were restated upon the adoption of SFRS(I) 9 Financial Instruments with effect from 1 January 2018.

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

| <b><u>Company</u></b><br><b><u>In RMB'000</u></b> | <b>Share<br/>Capital</b> | <b>Employee<br/>Share Options<br/>Reserve</b> | <b>Accumulated<br/>Losses</b> | <b>Total Equity</b> |
|---|--------------------------|---|-------------------------------|---------------------|
| <b>At 1 January 2018</b>                          | 83,714                   | 4,431   | (27,156)                      | 60,989              |
| Expiry of employee share options                  | -                        | (4,431)                                       | 4,431                         | -                   |
| Total comprehensive income                        | -                        | -   | (1,001)                       | (1,001)             |
| <b>At 31 March 2018</b>                           | 83,714                   | -   | (23,726)                      | 59,988              |
| Total comprehensive income                        | -                        | -   | (869)                         | (869)               |
| <b>At 30 June 2018</b>                            | 83,714                   | -   | (24,595)                      | 59,119              |
| Total comprehensive income                        | -                        | -   | (830)                         | (830)               |
| <b>At 30 September 2018</b>                       | 83,714                   | -   | (25,425)                      | 58,289              |
| Total comprehensive income                        | -                        | -   | (996)                         | (996)               |
| <b>At 31 December 2018</b>                        | <b>83,714</b>            | <b>-</b>                                      | <b>(26,421)</b>               | <b>57,293</b>       |
| <b>At 1 January 2017</b>                          | 83,714                   | 4,431   | (23,466)                      | 64,679              |
| Total comprehensive income                        | -                        | -   | (868)                         | (868)               |
| <b>At 31 March 2017</b>                           | 83,714                   | 4,431   | (24,334)                      | 63,811              |
| Total comprehensive income                        | -                        | -   | (1,014)                       | (1,014)             |
| <b>At 30 June 2017</b>                            | 83,714                   | 4,431   | (25,348)                      | 62,797              |
| Total comprehensive income                        | -                        | -   | (1,106)                       | (1,106)             |
| <b>At 30 September 2017</b>                       | 83,714                   | 4,431   | (26,454)                      | 61,691              |
| Total comprehensive income                        | -                        | -   | (702)                         | (702)               |
| <b>At 31 December 2017</b>                        | <b>83,714</b>            | <b>4,431</b>                                  | <b>(27,156)</b>               | <b>60,989</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 year ended 31 December 2017.

**Share Options**

As at 31 December 2018, no (31 December 2017: 1,020,000) share options remained unexercised under the Company's Share Option Scheme which had expired in August 2014. The share options had expired on 11 March 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: 23,000,000 ordinary shares

31 December 2017: 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 2017.

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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its financial information under SFRS(I)s.

On 1 January 2018, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

The adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s have no material impact to the results and financial position of the Group and of the Company for the year ended 31 December 2018.

**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<br>31.12.2018 | Year ended<br>31.12.2017 |
|--|--------------------------|--------------------------|
| (i) Based on weighted average number of shares | 5.3                      | (10.8)                   |
| Weighted average number of shares              | 23,000,000               | 23,000,000               |
| (ii) On a fully diluted basis <sup>(1)</sup>   | N.A                      | (10.8)                   |
| Adjusted weighted average number of shares     | 23,000,000               | 23,000,000               |

<sup>1</sup> As at 31.12.2017, the Company had outstanding share options granted to employees. Since the exercise price of these share options was above the quoted market price of the Company's shares for the financial periods in 2017, the options were non-dilutive. As such, the options had no dilution effect on the earnings per share of the Group for the financial periods in 2017. NA denotes "Not Applicable" as there are no outstanding share options as at 31.12.2018.

**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                             | Group      |            |            |
|------------------------------------|------------|------------|------------|
|                                    | 31.12.2018 | 31.12.2017 | 1.1.2017   |
| Net asset value per ordinary share | 3.92       | 3.87       | 3.98       |
| No. of shares in computing NAV     | 23,000,000 | 23,000,000 | 23,000,000 |
| In RMB                             | Company    |            |            |
|                                    | 31.12.2018 | 31.12.2017 | 1.1.2017   |
| Net asset value per ordinary share | 2.49       | 2.65       | 2.81       |
| No. of shares in computing NAV     | 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 2018

The Group's revenue decreased by RMB 2.3 million or 12.4% from RMB 18.7 million for 4Q 2017 to RMB 16.4 million for 4Q 2018. Revenue from Group's non-prescribed drugs/distribution segment decreased by RMB 2.9 million and revenue from prescribed drugs segment increased by RMB 0.6 million.

Gross profit margin increased from 37.1% in 4Q 2017 to 49.1% in 4Q 2018 mainly due to higher contributions from higher margin prescribed drugs segment. Other income was RMB 3.0 million in 4Q 2018, mainly due to government grant.

Selling and distribution costs decreased by RMB 1.1 million or 18.8% to RMB 4.7 million for 4Q 2018 mainly due to lower corresponding sales. Administrative costs decreased by RMB 0.8 million or 32.1% to RMB 1.7 million for 4Q 2018 mainly due to write-back of allowance for doubtful debts.

Finance income for 4Q 2018 decreased from RMB 32,000 in 4Q 2017 to RMB 28,000, mainly due to lower interest income from cash and cash equivalents. Finance costs was slightly lower for 4Q 2018 by RMB 3,000 as compared to 4Q 2017.

As a result of the above, the Group recorded net profit after tax attributable to equity holders of the Company of RMB 2.3 million for 4Q 2018, as compared to a net loss after tax of RMB 1.4 million for 4Q 2017.

### Full Year Ended 31 December 2018

The Group's FY 2018 revenue decreased by RMB 5.4 million or 7.7% from RMB 69.7 million in FY 2017 to RMB 64.3 million in FY 2018. Revenue from Group's non-prescribed drugs/distribution segment decreased by RMB 3.6 million and revenue from prescribed drugs segment decreased by RMB 1.8 million.

Gross profit margin increased from 45.1% in FY 2017 to 48.6% in FY 2018 mainly due to higher contributions from higher margin prescribed drugs segment.

Other income increased by RMB 4.5 million from RMB 0.6 million in FY 2017 to RMB 5.1 million in FY 2018 mainly due to higher government grant, one-off relocation compensation and foreign exchange gain in FY2018.

Selling and distribution costs decreased by RMB 1.6 million or 7.3% from RMB 21.6 million in FY 2017 to RMB 20.0 million in FY 2018 mainly due to lower revenue. Administrative costs decreased by RMB 1.2 million or 11.9% from RMB 10.7 million in FY 2017 to RMB 9.5 million in FY 2018 mainly due to write-back of allowance for doubtful debts.

Finance income decreased from RMB 134,000 in FY 2017 to RMB 119,000 in FY 2018, mainly due to lower interest income from cash and cash equivalents. Finance costs remained constant at RMB 0.9 million in FY 2018 as compared to FY 2017.

As a result of the above, the Group recorded a net profit attributable to shareholders of RMB 1.3 million for FY 2018 compared to a loss of RMB 2.5 million for FY 2017.

## STATEMENT OF FINANCIAL POSITION

The Group's non-current assets were RMB 49.5 million as at 31 December 2018, an increase of RMB 3.0 million from RMB 46.5 million as at 31 December 2017. This was mainly due to the increase in property, plant and equipment and construction-in-progress.

The Group's current assets were RMB 78.8 million as at 31 December 2018, an increase of RMB 0.7 million from RMB 78.1 million as at 31 December 2017. This was mainly due to higher inventories, other receivables, lower trade receivables, prepaid expenses and cash and cash equivalents. Inventories increased mainly due to higher inventory levels for Er Ding granules.

The Group's current liabilities were RMB 28.6 million as at 31 December 2018, a decrease of RMB 1.5 million from RMB 30.1 million as at 31 December 2017 mainly due to lower accrued liabilities & other payables and higher trade payables and tax payable.

## STATEMENT OF CASH FLOWS

The Group's net cash flow from operating activities of RMB 3.9 million for the FY 2018 was mainly brought by its operating profit, changes in working capital and interest and income tax paid.

Net cash used in investing activities amounted to RMB 4.7 million, incurred mainly for the construction of the Jiangyou facility and purchase of property, plant and machinery.

As at the end of 31 December 2018, the Group had a cash and cash equivalents of RMB 34.7 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 2018.

**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.**

The Group continues to face a challenging business environment in the prescribed drugs industry in the People's Republic of China. The Group will continue to grow its non-prescribed drugs business. The construction of the Jiangyou facility is expected to be completed in first half of FY2019. As announced on 31 December 2018, the Group is also working on the acquisition of an additional 30% shares in its 51% owned subsidiary, Sichuan Longlife Pharmaceutical Co. Ltd ("Longlife"). This acquisition provides an opportunity for the Group to increase its investment in the non-prescribed drugs portfolio as well as consolidate a higher percentage of Longlife's profits.

**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 and the reason(s) for the decision.**

No dividend has been declared for the current financial year ended 31 December 2018 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

| <b>Year ended 31 December 2018</b>                       | Western<br>drugs<br>RMB'000 | TCM<br>formulated<br>drugs<br>RMB'000 | Distribution<br>RMB'000 | Elimination<br>RMB'000 | Group<br>RMB'000 |
|--|-----------------------------|---------------------------------------|-------------------------|------------------------|------------------|
| <b>Revenue</b>   |                             |                                       |                         |                        |                  |
| External customers                                       | 16,430                      | 14,716                                | 33,186                  | -                      | 64,332           |
| Inter segment  | 3,132                       | 29,960                                | -                       | (33,092)               | -                |
| <b>Total Revenue</b>                                     | <b>19,562</b>               | <b>44,676</b>                         | <b>33,186</b>           | <b>(33,092)</b>        | <b>64,332</b>    |
| <b>Result</b>  |                             |                                       |                         |                        |                  |
| Segment result   | 1,674                       | 8,813                                 | 88                      |                        | 10,575           |
| Unallocated corporate expenses                           |                             |                                       |                         |                        | (3,697)          |
| Profits 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            |
| <b>Assets and liabilities</b>                            |                             |                                       |                         |                        |                  |
| <b>Segment assets</b>                                    | 47,680                      | 68,696                                | 8,788                   |                        | 125,164          |
| Unallocated corporate assets                             |                             |                                       |                         |                        | 3,134            |
| Total assets   |                             |                                       |                         |                        | 128,298          |
| <b>Segment liabilities</b>                               | 5,187                       | 22,887                                | 407                     |                        | 28,481           |
| Unallocated corporate liabilities                        |                             |                                       |                         |                        | 840              |
| Total liabilities  |                             |                                       |                         |                        | 29,321           |
| <b>Other segment information</b>                         |                             |                                       |                         |                        |                  |
| 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       | (234)                       | (385)                                 | (265)                   |                        | (984)            |
| Write-back of allowance for stock obsolescence           | (33)                        | -                                     | -                       |                        | (33)             |

| <b>Year ended 31 December 2017</b>                        | Western<br>drugs<br>RMB'000 | TCM<br>formulated<br>drugs<br>RMB'000 | Distribution<br>RMB'000 | Elimination<br>RMB'000 | Group<br>RMB'000 |
|---|-----------------------------|---------------------------------------|-------------------------|------------------------|------------------|
| <b>Revenue</b>  |                             |                                       |                         |                        |                  |
| External customers  | 18,274                      | 15,798                                | 35,655                  | -                      | 69,727           |
| Inter segment   | 1,447                       | 29,587                                | -                       | (31,034)               | -                |
| <b>Total Revenue</b>                                      | <b>19,721</b>               | <b>45,385</b>                         | <b>35,655</b>           | <b>(31,034)</b>        | <b>69,727</b>    |
| <b>Result</b>   |                             |                                       |                         |                        |                  |
| Segment result  | 57                          | 2,259                                 | 827                     |                        | 3,143            |
| Unallocated corporate expenses                            |                             |                                       |                         |                        | (3,689)          |
| Loss from operations                                      |                             |                                       |                         |                        | (546)            |
| Finance income  | 91                          | 3                                     | 40                      |                        | 134              |
| Finance costs   | -                           | (873)                                 | (1)                     |                        | (874)            |
| Income tax expense  | -                           | (308)                                 | (232)                   |                        | (540)            |
| Loss before non-controlling interest                      |                             |                                       |                         |                        | (1,826)          |
| Non-controlling interest                                  |                             |                                       |                         |                        | (651)            |
| Net loss attributable to equity holders of<br>the Company |                             |                                       |                         |                        | (2,477)          |
| <b>Assets and liabilities</b>                             |                             |                                       |                         |                        |                  |
| <b>Segment assets</b>                                     | 46,686                      | 65,402                                | 5,767                   |                        | 117,855          |
| Unallocated corporate assets                              |                             |                                       |                         |                        | 6,754            |
| Total assets  |                             |                                       |                         |                        | 124,609          |
| <b>Segment liabilities</b>                                | 3,762                       | 24,800                                | 1,365                   |                        | 29,927           |
| Unallocated corporate liabilities                         |                             |                                       |                         |                        | 764              |
| Total liabilities   |                             |                                       |                         |                        | 30,691           |
| <b>Other segment information</b>                          |                             |                                       |                         |                        |                  |
| Capital expenditure                                       | 199                         | 3,239                                 | 28                      |                        | 3,466            |
| Depreciation and amortisation                             | 845                         | 806                                   | 17                      |                        | 1,668            |
| Interest income   | (91)                        | (3)                                   | (40)                    |                        | (134)            |
| Interest expense  | -                           | 872                                   | 1                       |                        | 873              |
| Allowance for doubtful<br>debts – trade                   | 253                         | 31                                    | 85                      |                        | 369              |
| Impairment loss on property, plant and<br>equipment       | 257                         | -                                     | -                       |                        | 257              |

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.**

| <b>Group</b>   |                |                |                                  |
|--|----------------|----------------|----------------------------------|
|  | <b>2018</b>    | <b>2017</b>    | <b>Increase /<br/>(Decrease)</b> |
|  | <b>RMB'000</b> | <b>RMB'000</b> | <b>%</b>                         |
| <b>First Half</b>  |                |                |                                  |
| (a) Revenue  | 34,656         | 33,696         | 2.8                              |
| (b) Operating profit after tax before<br>non-controlling interest        | 1,646          | 59             | n.m.                             |
| <b>Second Half</b>   |                |                |                                  |
| (a) Revenue  | 29,676         | 36,031         | (17.6)                           |
| (b) Operating profit/(loss) after tax before<br>non-controlling interest | 3,413          | (1,885)        | 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

28 February 2019