

**PHARMESIS INTERNATIONAL LTD.**

 Co. Registration No. 200309641E
 

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**Unaudited Condensed Interim Financial Statements for the 6 months ended 30 June 2021**


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**A. UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF ENDED 30 JUNE 2021**

	Group		
	6 months ended 30.06.2021	6 months ended 30.06.2020	
	RMB'000	RMB'000	
<b>Revenue</b>	25,159	19,670	27.9
Cost of sales	(12,910)	(10,309)	25.2
<b>Gross Profit</b>	<b>12,249</b>	<b>9,361</b>	30.9
Other income	183	170	7.6
Selling and distribution costs	(7,844)	(7,533)	4.1
Administrative costs	(4,176)	(5,425)	(23.0)
<b>Profit/(loss) from operations</b>	<b>412</b>	<b>(3,427)</b>	n.m.
Finance income	18	18	–
Finance costs	(488)	(445)	9.7
<b>Net finance costs</b>	<b>(470)</b>	<b>(427)</b>	10.1
<b>Loss before tax</b>	<b>(58)</b>	<b>(3,854)</b>	(98.5)
Income tax expense	(1)	–	n.m.
<b>Loss for the period</b>	<b>(59)</b>	<b>(3,854)</b>	(98.5)
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>(299)</b>	<b>(3,670)</b>	(91.9)
Non-controlling interest	240	(184)	n.m.
<b>Loss for the period</b>	<b>(59)</b>	<b>(3,854)</b>	(98.5)
<b>Loss per share (RMB cents)</b>			
Basic and diluted	1.3	16.0	

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

	Group		+ / (-) %
	6 months ended	6 months ended	
	30.06.2021	30.06.2020	
	RMB'000	RMB'000	
Finance Income	18	18	—
Government grant	170	164	3.7
Allowance for expected credit loss - trade	(4)	(82)	(95.1)
Depreciation and amortisation	(871)	(1,068)	(18.4)
Foreign exchange loss	(2)	(12)	(83.3)

n.m. denotes not meaningful

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	6 months ended	6 months ended
	30.06.2021	30.06.2020
	RMB'000	RMB'000
<b>Loss for the period</b>	<b>(59)</b>	<b>(3,854)</b>
<b>Other comprehensive income</b>	—	—
<b>Total comprehensive income</b>	<b>(59)</b>	<b>(3,854)</b>
Total comprehensive income attributable to:		
<b>Equity holders of the Company</b>	<b>(299)</b>	<b>(3,670)</b>
Non-controlling interest	240	(184)
	<b>(59)</b>	<b>(3,854)</b>

## B. UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 30.6.2021 RMB'000	As at 31.12.2020 RMB'000	As at 30.6.2021 RMB'000	As at 31.12.2020 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	44,745	44,221	2	4
Right-of-use assets	7,376	7,622	150	183
Investments in subsidiaries	–	–	54,999	54,999
Goodwill on consolidation	1,323	1,323	–	–
Other current assets	1,095	1,095	–	–
	<b>54,539</b>	<b>54,261</b>	<b>55,151</b>	<b>55,186</b>
<b>Current assets</b>				
Inventories	9,278	8,533	–	–
Trade receivables	9,682	11,164	–	–
Prepaid expenses	221	552	26	72
Other receivables	1,837	1,456	19	39
Tax recoverable	106	106	–	–
Cash and cash equivalents	13,225	15,187	1,040	596
	<b>34,349</b>	<b>36,998</b>	<b>1,085</b>	<b>707</b>
<b>Current liabilities</b>				
Bank borrowings	15,000	15,000	–	–
Trade payables	6,199	4,287	–	–
Accrued liabilities and other payables	8,819	12,912	519	691
Lease liabilities	206	206	67	67
Tax payable	–	12	–	12
	<b>30,224</b>	<b>32,417</b>	<b>586</b>	<b>770</b>
<b>Net current assets</b>	<b>4,125</b>	<b>4,581</b>	<b>499</b>	<b>(63)</b>
<b>Non-current liabilities</b>				
Lease liabilities	548	667	85	117
	<b>548</b>	<b>667</b>	<b>85</b>	<b>117</b>
<b>Net assets</b>	<b>58,116</b>	<b>58,175</b>	<b>55,565</b>	<b>55,006</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	83,714	83,714	83,714	83,714
Reserves	(27,720)	(27,421)	(28,149)	(28,708)
<b>Share capital and Reserves</b>	<b>55,994</b>	<b>56,293</b>	<b>55,565</b>	<b>55,006</b>
Non-controlling interest	2,122	1,882	–	–
<b>Total equity</b>	<b>58,116</b>	<b>58,175</b>	<b>55,565</b>	<b>55,006</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 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
15,000	–	15,000	–

**Amount repayable after one year**

In RMB'000

As at 30 June 2021		As at 31 December 2020	
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.

**C. UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021**

	Group	
	6 months ended 30.06.2021 RMB'000	6 months ended 30.06.2020 RMB'000
<b>Cash flows from operating activities</b>		
Loss before tax	(58)	(3,854)
Adjustments for:		
Allowance for expected credit loss - trade	4	82
Depreciation and amortisation	871	1,068
Loss on disposal of property, plant and equipment	6	–
Interest expense	488	445
Interest income	(18)	(18)
Operating profit/(loss) before changes in working capital	1,293	(2,277)
Changes in working capital		
Trade receivables	1,478	1,624
Prepayments, deposits and other receivables	(50)	489
Inventories	(745)	(1,182)
Trade payables	1,912	2,048
Accrued liabilities and other payables	(4,094)	(1,596)
Cash used in operations	(206)	(894)
Interest received	18	18
Interest paid	(488)	(445)
Income tax paid	(13)	–
<b>Net cash flows used in operating activities</b>	<b>(689)</b>	<b>(1,321)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,154)	(11)
<b>Net cash flows used in investing activities</b>	<b>(1,154)</b>	<b>(11)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	15,000	15,000
Repayment of bank borrowings	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	(119)	(37)
<b>Net cash flows used in financing activities</b>	<b>(119)</b>	<b>(37)</b>
Net decrease in cash and cash equivalents	(1,962)	(1,369)
Cash and cash equivalents at beginning of period	15,187	14,688
<b>Cash and cash equivalents at end of period</b>	<b>13,225</b>	<b>13,319</b>

**D. UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

<u>Group</u> <u>In RMB'000</u>	Attributable to equity holders of the Company						Total Equity
	Share Capital	Premium paid on acquisition of non-controlling interest	Statutory Reserve	Accumulated Losses	Total	Non-controlling interest	
<b>At 1 January 2021</b>	83,714	(10,471)	11,602	(28,552)	56,293	1,882	58,175
Total comprehensive income	–	–	–	(299)	(299)	240	(59)
<b>At 30 June 2021</b>	<b>83,714</b>	<b>(10,471)</b>	<b>11,602</b>	<b>(28,851)</b>	<b>55,994</b>	<b>2,122</b>	<b>58,116</b>
<b>At 1 January 2020</b>	83,714	(10,471)	11,602	(22,725)	62,120	1,900	64,020
Total comprehensive income	–	–	–	(3,670)	(3,670)	(184)	(3,854)
<b>At 30 June 2020</b>	<b>83,714</b>	<b>(10,471)</b>	<b>11,602</b>	<b>(26,395)</b>	<b>58,450</b>	<b>1,716</b>	<b>60,166</b>

<u>Company</u> <u>In RMB'000</u>	Share Capital	Accumulated Losses	Total Equity
<b>At 1 January 2021</b>	83,714	(28,708)	55,006
Total comprehensive income	–	559	559
<b>At 30 June 2021</b>	<b>83,714</b>	<b>(28,149)</b>	<b>55,565</b>
<b>At 1 January 2020</b>	83,714	(28,473)	55,241
Total comprehensive income	–	(158)	(158)
<b>At 30 June 2020</b>	<b>83,714</b>	<b>(28,631)</b>	<b>55,083</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **E1. Corporate information**

Pharmesis International Ltd. (the "Company") is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange. The registered office and principal place of business of the Company is located at 5 Kallang Sector #03-02, Singapore 349279.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 of the financial statements. There have been no significant changes in the nature of these activities during the year.

The Group operates principally in the People's Republic of China ("PRC").

### **E2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial period, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The condensed interim financial statements are presented in Renminbi ("RMB") which is the Company's functional currency and all values are rounded to the nearest thousands, except when otherwise indicated.

#### **E2.1. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **E2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **E3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### E4. Segment information and revenue information

For management purposes, the Group is organised into business units based on their products, and has 3 reportable operating segments as follows:

- (i) **Western drugs** - refer mainly to chemically formulated drugs.
- (ii) **TCM formulated drugs** - refer to Traditional Chinese Medicine.
- (iii) **Distribution** - This segment refers to agency products and internally manufactured products which are marketed through the distribution arm. Starting from FY2021, the Western drugs and TCM formulated drugs segments will be fully responsible for their own distributions and no longer marketed through the distribution arm.

##### Analysis by business segment

<b>6 months ended 30.06.2021</b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	7,347	17,812	–	–	25,159
Inter segment	–	–	–	–	–
<b>Total Revenue</b>	<b>7,347</b>	<b>17,812</b>	<b>–</b>	<b>–</b>	<b>25,159</b>
<b>Result</b>					
Segment result	122	1,631	(81)		1,672
Unallocated corporate expenses					(1,260)
Profit from operations					412
Finance income	5	13	–		18
Finance costs	(29)	(459)	–		(488)
Income tax expense	(1)	–	–		(1)
Loss before non-controlling interest					(59)
Non-controlling interest					(240)
Net loss attributable to equity holders of the Company					(299)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	19,910	67,430	310		87,650
Unallocated corporate assets					1,238
<b>Total assets</b>					<b>88,888</b>
<b>Segment liabilities</b>	2,904	27,000	197		30,101
Unallocated corporate liabilities					671
<b>Total liabilities</b>					<b>30,772</b>
<b>Other segment information</b>					
Capital expenditure	9	1,145	–		1,154
Depreciation and amortisation	413	419	39		871
Finance income	(5)	(13)	–		(18)
Finance expense	29	459	–		488
Allowance for expected credit loss - trade	102	(93)	(5)		4
Loss on disposal of property, plant and equipment	–	6	–		6



<b><u>6 months ended 30.06.2020</u></b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	6,710	9,017	3,943	–	19,670
Inter segment	93	3,367	–	(3,460)	–
<b>Total Revenue</b>	<b>6,803</b>	<b>12,384</b>	<b>3,943</b>	<b>(3,460)</b>	<b>19,670</b>
<b>Result</b>					
Segment result	(222)	(1,167)	(611)		(2,000)
Unallocated corporate expenses					(1,427)
Loss from operations					(3,427)
Finance income	13	4	1		18
Finance costs	(33)	(411)	(1)		(445)
Income tax expense	–	–	–		–
Loss before non-controlling interest					(3,854)
Non-controlling interest					184
Net loss attributable to equity holders of the Company					(3,670)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	22,364	66,983	262		89,609
Unallocated corporate assets					831
Total assets					90,440
<b>Segment liabilities</b>	2,728	26,639	99		29,466
Unallocated corporate liabilities					808
Total liabilities					30,274
<b>Other segment information</b>					
Capital expenditure	8	3	–		11
Depreciation and amortisation	570	456	42		1,068
Finance income	(13)	(4)	(1)		(18)
Finance expense	33	411	1		445
Allowance for expected credit loss - trade	(133)	320	(105)		82

#### E4. Disaggregation of Revenue

	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
<b>6 months ended 30.06.2021</b>				
<b>Revenue</b>				
Western drugs	7,347	–	–	7,347
TCM formulated drugs	–	17,812	–	17,812
<b>Total Revenue</b>	<b>7,347</b>	<b>17,812</b>	<b>–</b>	<b>25,159</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	7,347	17,812	–	25,159
<b>Primary geographical market</b>				
People's Republic of China	7,347	17,812	–	25,159
<b>6 months ended 30.06.2020</b>				
<b>Revenue</b>				
Western drugs	6,711	–	406	7,117
TCM formulated drugs	–	9,016	3,537	12,553
<b>Total Revenue</b>	<b>6,711</b>	<b>9,016</b>	<b>3,943</b>	<b>19,670</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	6,711	9,016	3,943	19,670
<b>Primary geographical market</b>				
People's Republic of China	6,711	9,016	3,943	19,670

#### E5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	As at 30.06.21 RMB'000	As at 31.12.20 RMB'000	As at 30.06.21 RMB'000	As at 31.12.20 RMB'000
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	9,682	11,164	–	–
Other receivables	1,837	1,456	19	39
Cash and cash equivalents	13,225	15,187	1,040	596
<b>Total</b>	<b>24,744</b>	<b>27,807</b>	<b>1,059</b>	<b>635</b>
<b>Financial liabilities</b>				
Bank borrowings	15,000	15,000	–	–
Trade and other payables and accrued liabilities	15,018	17,199	519	691
Lease liabilities	754	873	152	184
<b>Total</b>	<b>30,772</b>	<b>33,072</b>	<b>671</b>	<b>875</b>

## **E6. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

### **Other information**

- 1(a) 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 31 December 2020.

- 1(b) 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 30 June 2021 and 31 December 2020: 23,000,000 ordinary shares

- 1(c) 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 2020.

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 2021. The adoption of these new SFRS(I) did not have any material impact on the financial statements 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	Group	
	6 months ended 30.06.2021	6 months ended 30.06.2020
(i) Based on weighted average number of shares	(1.3)	(16.0)
Weighted average number of shares	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.

In RMB	Group		Company	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Net asset value("NAV") per ordinary share	2.53	2.53	2.42	2.39
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**

The Group's revenue increased by RMB 5.5 million or 27.9% from RMB 19.7 million in 1H 2020 to RMB 25.2 million in 1H 2021. Revenue from prescribed drugs increased by RMB 0.2 million mainly due to higher revenue from ATT products. Revenue from non-prescribed drugs segment increased by RMB 5.3 million mainly due to higher revenue from Er Ding products.

Gross profit margin increased slightly from 47.6% in 1H 2020 to 48.7% in 1H 2021. Other income was RMB 0.2 million for both 1H 2021 and 1H 2020, which was mainly due to government grants.

Selling and distribution costs increased from RMB 7.5 million in 1H 2020 to RMB 7.8 million in 1H 2021 mainly due to increase in revenue. Administrative costs decreased from RMB 5.4 million in 1H 2020 to RMB 4.2 million for 1H 2021 mainly due to lower research & development expenses.

Finance income remains at RMB 18,000 for both 1H 2021 and 1H 2020. Finance costs increased from RMB 445,000 in 1H 2020 to RMB 488,000 for 1H 2021.

As a result of the above, the Group recorded a net loss after tax attributable to equity holders of the Company of RMB 0.3 million in 1H 2021, as compared to a net loss after tax of RMB 3.7 million in 1H 2020.

### **STATEMENT OF FINANCIAL POSITION**

The Group's non-current assets were RMB 54.5 million as at 30 June 2021, an increase of RMB 0.2 million from RMB 54.3 million as at 31 December 2020. This was mainly due to the increase in property, plant and equipment and offset by decrease in right-of-use assets.

The Group's current assets were RMB 34.3 million as at 30 June 2021, a decrease of RMB 2.7 million from RMB 37.0 million as at 31 December 2020. This was mainly due to lower trade receivables, prepaid expenses, cash and cash equivalents and offset by higher inventories and other receivables.

The Group's current liabilities were RMB 30.2 million as at 30 June 2021, a decrease of RMB 2.2 million from RMB 32.4 million as at 31 December 2020 mainly due to increase in trade payables and offset by decrease in accrued liabilities & other payables and lease liabilities.

The Group's non-current liabilities were RMB 0.6 million as at 30 June 2021, a decrease of RMB 0.1 million from RMB 0.7 million as at 31 December 2020.

### **STATEMENT OF CASH FLOWS**

The Group's net cash flow used in operating activities for the first half was RMB 0.7 million, mainly due to cash used in its operations and interest paid.

Net cash used in investing activities for the first half amounted to RMB 1.2 million, incurred mainly for the acquisition of plant and equipment.

Net cash used in financing activities for the first half amounted to RMB 0.1 million, incurred mainly for the repayment of lease liabilities.

As at 30 June 2021, the Group had cash and cash equivalents of RMB 13.2 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 4Q 2020.

**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.**

In January 2021, the China government has decided to advance the coordinated reforms of medical services, medical insurance and pharmaceuticals, and put centralized bulk-buying on a regular and institutionalized basis. The outlook of the year ahead remains challenging as our drugs continue to face intense competition and pricing pressure along with the global and domestic economic uncertainties due to the COVID-19 pandemic. The highly transmissible delta variant has caused a renewed surge in Covid-19 infections globally including China. The Group maintains a "cautious outlook", amid the fluid, evolving situation of the Covid-19 pandemic. Management will continue to operate cautiously, improving sales and managing costs effectively.

**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 dividends have been recommended for the current financial period ended 30 June 2021 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. Negative confirmation pursuant to Rule 705(5).**

The Board of Directors of Pharmesis International Ltd. hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the first half ended 30 June 2021 to be false or misleading in any material aspect.

**15. 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).

**16. 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 approximately 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.

**BY ORDER OF THE BOARD**

**WU XUEDAN  
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

**13 August 2021**