

PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

Unaudited Condensed Financial Statements for the 12 months ended 31 December 2023
A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2023

	Group			Group		
	6 months ended	6 months ended	+ / (-) %	12 months ended	12 months ended	+ / (-) %
	31.12.2023 RMB'000	31.12.2022 RMB'000		31.12.2023 RMB'000	31.12.2022 RMB'000	
Revenue	17,939	31,602	(43.2)	45,636	50,369	(9.4)
Cost of sales	(9,367)	(17,139)	(45.3)	(24,821)	(26,358)	(5.8)
Gross profit	8,572	14,463	(40.7)	20,815	24,011	(13.3)
Other income	3,464	279	1,142	3,570	293	1,118
Selling and distribution costs	(5,857)	(8,447)	(30.7)	(12,326)	(15,112)	(18.4)
Administrative costs	(5,145)	(5,874)	(12.4)	(11,285)	(11,427)	(1.2)
Other costs	(4,752)	–	n.m.	(4,752)	–	n.m.
(Loss)/profit from operations	(3,718)	421	n.m.	(3,978)	(2,235)	78.0
Finance income	6	14	(57.1)	15	28	(46.4)
Finance costs	(419)	(484)	(13.4)	(895)	(951)	(5.9)
Net finance costs	(413)	(470)	(12.1)	(880)	(923)	(4.7)
Loss before tax	(4,131)	(49)	8,330.6	(4,858)	(3,158)	53.8
Income tax expense	(46)	(6)	666.7	(46)	(18)	155.6
Loss for the period/year	(4,177)	(55)	7,494.5	(4,904)	(3,176)	54.4
Attributable to:						
Equity holders of the Company	(3,916)	(508)	670.9	(4,958)	(3,560)	39.3
Non-controlling interest	(261)	453	n.m.	54	384	(85.9)
Loss for the period/year	(4,177)	(55)	7,494.5	(4,904)	(3,176)	54.4
Loss per share (RMB cents)						
Basic and diluted	(14.2)	(2.2)		(18.8)	(15.5)	

NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

	Group			Group		
	6 months ended	6 months ended	+ / (-)	12 months ended	12 months ended	+ / (-)
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Finance income	6	14	(57.1)	15	28	(46.4)
Finance expense	(419)	(484)	(13.4)	(895)	(951)	(5.9)
Allowance for expected credit loss – trade	(82)	(46)	78.3	(168)	(196)	(14.3)
Depreciation of right-of-use assets	331	330	0.3	662	661	0.2
Depreciation of property, plant, and equipment	571	666	(14.3)	1,181	1,338	(11.7)
Inventory written off	(3,477)	–	n.m.	(3,477)	–	n.m.
Insurance proceeds	3,300	–	n.m.	3,300	–	n.m.
Government grants	112	239	(53.1)	162	258	(37.2)
Foreign exchange gain/(loss)	5	8	(37.5)	53	(6)	n.m.

n.m. denotes not meaningful

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period/year	(4,177)	(55)	(4,904)	(3,176)
Other comprehensive income for the period/year	–	–	–	–
Total comprehensive income for the period/year	(4,177)	(55)	(4,904)	(3,176)
Total comprehensive income attributable to:				
Equity holders of the Company	(3,916)	(508)	(4,958)	(3,560)
Non-controlling interest	(261)	453	54	384
	(4,177)	(55)	(4,904)	(3,176)

B. UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 31.12.2023 RMB'000	As at 31.12.2022 RMB'000	As at 31.12.2023 RMB'000	As at 31.12.2022 RMB'000
Non-current assets				
Property, plant and equipment	42,652	43,396	–	–
Right-of-use assets	7,544	7,930	188	50
Investments in subsidiaries	–	–	54,999	54,999
Goodwill on consolidation	1,323	1,323	–	–
Other current assets	1,095	1,095	–	–
	52,614	53,744	55,187	55,049
Current assets				
Inventories	15,369	11,086	–	–
Trade receivables	6,761	11,642	–	–
Prepaid expenses	125	421	1	16
Other receivables	1,443	1,179	20	19
Tax recoverable	106	106	–	–
Cash and cash equivalents	9,477	19,718	1,030	1,495
	33,281	44,152	1,051	1,530
Current liabilities				
Bank borrowings	15,000	15,000	–	–
Trade payables	5,976	5,165	–	–
Accrued liabilities and other payables	9,064	19,053	987	1,057
Lease liabilities	448	198	52	51
Tax payable	141	179	6	4
	30,629	39,595	1,045	1,112
Net current assets	2,652	4,557	6	418
Non-current liabilities				
Lease liabilities	1,076	1,335	137	–
	1,076	1,335	137	–
Net assets	54,190	56,966	55,056	55,467
Equity attributable to equity holders of the Company				
Share capital	85,842	83,714	85,842	83,714
Reserves	(34,769)	(29,811)	(30,786)	(28,247)
Share capital and Reserves	51,073	53,903	55,056	55,467
Non-controlling interest	3,117	3,063	–	–
Total equity	54,190	56,966	55,056	55,467

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 2023		As at 31 December 2022	
Secured	Unsecured	Secured	Unsecured
15,000	–	15,000	–

Amount repayable after one year

In RMB'000

As at 31 December 2023		As at 31 December 2022	
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 CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2023

	Group			
	6 months ended 31.12.2023	6 months ended 31.12.2022	12 months ended 31.12.2023	12 months ended 31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Loss before tax	(4,131)	(49)	(4,858)	(3,158)
Adjustments for:				
Allowance for expected credit loss – trade	82	46	168	196
Inventory written off	3,477	–	3,477	–
Write-back of allowance for inventory obsolescence	(2)	–	(2)	–
Depreciation of right-of-use assets	331	330	662	661
Depreciation of property, plant, and equipment	571	666	1,181	1,338
Loss on disposal of property, plant & equipment	67	11	67	11
Finance income	(6)	(14)	(15)	(28)
Finance costs	419	484	895	951
Operating profit/(loss) before changes in working capital	808	1,474	1,575	(29)
Changes in working capital				
Trade receivables	(2,357)	(5,021)	4,713	964
Prepayments, deposits and other receivables	2,206	916	31	(150)
Inventories	(4,397)	230	(7,759)	(2,280)
Trade payables	2,329	1,021	811	735
Accrued liabilities and other payables	2,966	10,025	(9,988)	8,306
Cash generated from operations	1,555	8,645	(10,617)	7,546
Finance income received	6	14	15	28
Finance costs paid	(419)	(484)	(895)	(951)
Income tax paid	–	(8)	(83)	(59)
Net cash flows from operating activities	1,142	8,167	(11,580)	6,563
Cash flows from investing activities				
Acquisition of property, plant and equipment	(141)	101	(585)	(238)
Acquisition of right-of-use assets	(71)	–	(71)	–
Proceeds from disposal of property, plant and equipment	81	21	81	21
Net proceeds from issue of shares	–	–	2,128	–
Net cash flows from/(used in) investing activities	(131)	122	1,553	(217)
Cash flows from financing activities				
Proceeds from bank borrowing	15,000	15,000	15,000	30,000
Repayment of bank borrowing	(15,000)	(15,000)	(15,000)	(30,000)
Repayment of principal portion of lease liabilities	(17)	(407)	(214)	(604)
Net cash flows used in financing activities	(17)	(407)	(214)	(604)
Net increase/(decrease) in cash and cash equivalents	994	7,882	(10,241)	5,742
Cash and cash equivalents at beginning of period/year	8,483	11,836	19,718	13,976
Cash and cash equivalents at end of period/year	9,477	19,718	9,477	19,718

D. UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY

<u>Group</u> <u>In RMB'000</u>	Attributable to equity holders of the Company						<u>Total Equity</u>
	<u>Share capital</u>	<u>Premium paid on acquisition of non-controlling interest</u>	<u>Statutory reserve</u>	<u>Accumulated losses</u>	<u>Total</u>	<u>Non-controlling Interest</u>	
At 1 January 2023	83,714	(10,471)	11,979	(31,319)	53,903	3,063	56,966
Issue of new shares	2,128	–	–	–	2,128	–	2,128
Total comprehensive income	–	–	–	(1,042)	(1,042)	315	(727)
At 30 June 2023	85,842	(10,471)	11,979	(32,361)	54,989	3,378	58,367
Total comprehensive income	–	–	–	(3,916)	(3,916)	(261)	(4,177)
At 31 December 2023	85,842	(10,471)	11,979	(36,277)	51,073	3,117	54,190
At 1 January 2022	83,714	(10,471)	11,979	(27,759)	57,463	2,679	60,142
Total comprehensive income	–	–	–	(3,052)	(3,052)	(69)	(3,121)
At 30 June 2022	83,714	(10,471)	11,979	(30,811)	54,411	2,610	57,021
Total comprehensive income	–	–	–	(508)	(508)	453	(55)
At 31 December 2022	83,714	(10,471)	11,979	(31,319)	53,903	3,063	56,966

<u>Company</u> <u>In RMB'000</u>	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total Equity</u>
At 1 January 2023	83,714	(28,247)	55,467
Issue of new shares	2,128	–	2,128
Total comprehensive income	–	(1,293)	(1,293)
At 30 June 2023	85,842	(29,540)	56,302
Total comprehensive income	–	(1,246)	(1,246)
At 31 December 2023	85,842	(30,786)	55,056
At 1 January 2022	83,714	(29,239)	54,475
Total comprehensive income	–	2,108	2,108
At 30 June 2022	83,714	(27,131)	56,583
Total comprehensive income	–	(1,116)	(1,116)
At 31 December 2022	83,714	(28,247)	55,467

E. Notes to the condensed 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 financial statements for the twelve months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Financial Reporting issued by the Accounting Standards Council Singapore. The condensed 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 2022.

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 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

The condensed 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 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 2022.

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.

Analysis by business segment

<u>From 1.1.2023 to 31.12.2023</u>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	9,225	26,673	9,738	–	45,636
Inter segment	1,844	8,226	–	(10,070)	–
Total Revenue	11,069	34,899	9,738	(10,070)	45,636
Result					
Segment result	(2,470)	780	247		(1,443)
Unallocated corporate expenses					(2,535)
Profit from operations					(3,978)
Finance income	3	11	1		15
Finance costs	(116)	(777)	(2)		(895)
Income tax expense	–	(46)	–		(46)
Profit before non-controlling interest					(4,904)
Non-controlling interest					(54)
Net loss attributable to equity holders of the Company					(4,958)
Assets and liabilities					
Segment assets	13,042	68,558	2,717		84,317
Unallocated corporate assets					1,578
Total assets					85,895
Segment liabilities	2,933	27,049	613		30,595
Unallocated corporate liabilities					1,110
Total liabilities					31,705
Other segment information					
Capital expenditure	292	293	–		585
Depreciation and amortisation	863	980	–		1,843
Finance income	(3)	(11)	(1)		(15)
Finance costs	116	777	2		895
Inventory written off	–	3,477	–		3,477
Insurance proceeds	–	(3,300)	–		(3,300)
(Write-back of)/allowance for expected credit loss – trade	(25)	193	–		168
Write-back of allowance for inventory obsolescence	–	(2)	–		(2)

<u>From 1.1.2022 to 31.12.2022</u>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	13,653	36,716	–	–	50,369
Inter segment	–	–	–	–	–
Total Revenue	13,653	36,716	–	–	50,369
Result					
Segment result	(1,954)	2,275	(166)		155
Unallocated corporate expenses					(2,390)
Profit from operations					(2,235)
Finance income	15	13	–		28
Finance costs	(132)	(819)	–		(951)
Income tax expense	–	(18)	–		(18)
Loss before non-controlling interest					(3,176)
Non-controlling interest					(384)
Net loss attributable to equity holders of the Company					(3,560)
Assets and liabilities					
Segment assets	17,560	78,728	28		96,316
Unallocated corporate assets					1,580
Total assets					97,896
Segment liabilities	4,711	34,857	250		39,818
Unallocated corporate liabilities					1,112
Total liabilities					40,930
Other segment information					
Capital expenditure	92	146	–		238
Depreciation and amortisation	1,018	978	3		1,999
Finance income	(15)	(13)	–		(28)
Finance costs	132	819	–		951
(Write-back of) /allowance for expected credit loss – trade	(30)	226	–		196
Loss on disposal of property, plant and equipment	11	–	–		11

<u>From 1.7.2023 to 31.12.2023</u>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	2,497	6,409	9,033	–	17,939
Inter segment	1,307	7,914	–	(9,221)	–
Total Revenue	3,804	14,323	9,033	(9,221)	17,939
Result					
Segment result	(1,512)	(1,195)	232		(2,475)
Unallocated corporate expenses					(1,243)
Loss from operations					(3,718)
Finance income	1	4	1		6
Finance costs	(51)	(366)	(2)		(419)
Income tax expense	–	(46)	–		(46)
Profit before non-controlling interest					(4,177)
Non-controlling interest					261
Net loss attributable to equity holders of the Company					(3,916)
Other segment information					
Capital expenditure	34	107	–		141
Depreciation and amortisation	414	489	(1)		902
Finance income	(1)	(4)	(1)		(6)
Finance costs	51	366	2		419
Inventory written off	–	3,477	–		3,477
Insurance proceeds	–	(3,300)	–		(3,300)
(Write-back of) /allowance for expected credit loss – trade	(69)	151	–		82
Write-back of allowance for inventory obsolescence	–	(2)	–		(2)

From 1.7.2022 to 31.12.2022

	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
External customers	7,622	23,980	–	–	31,602
Inter segment	–	–	–	–	–
Total Revenue	7,622	23,980	–	–	31,602
Result					
Segment result	(720)	2,337	(85)		1,532
Unallocated corporate expenses					(1,110)
Loss from operations					422
Finance income	6	7	–		13
Finance costs	(70)	(414)	–		(484)
Income tax expense	12	(18)	–		(6)
Loss before non-controlling interest					(55)
Non-controlling interest					(453)
Net loss attributable to equity holders of the Company					(508)
Other segment information					
Capital expenditure	–	(100)	–		(100)
Depreciation and amortisation	505	524	(33)		996
Finance income	(6)	(7)	–		(13)
Finance costs	70	414	–		484
(Write-back of) /allowance for expected credit loss – trade	(86)	132	–		46
Loss on disposal of property, plant and equipment	11	–	–		11

E4. Disaggregation of Revenue

	Western drugs	TCM formulated drugs	Distribution	Group
	RMB'000	RMB'000	RMB'000	RMB'000
12 months ended 31.12.2023				
Revenue				
Western drugs	9,225	–	2,077	11,302
TCM formulated drugs	–	26,673	7,661	34,334
Total Revenue	9,225	26,673	9,738	45,636

Timing of transfer of goods or services

At a point in time	9,225	26,673	9,738	45,636
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Primary geographical market

People's Republic of China	9,225	26,673	9,738	45,636
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	Western drugs	TCM formulated drugs	Distribution	Group
	RMB'000	RMB'000	RMB'000	RMB'000
12 months ended 31.12.2022				
Revenue				
Western drugs	13,653	–	–	13,653
TCM formulated drugs	–	36,716	–	36,716
Total Revenue	13,653	36,716	–	50,369

Timing of transfer of goods or services

At a point in time	13,653	36,716	–	50,369
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Primary geographical market

People's Republic of China	13,653	36,716	–	50,369
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	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
6 months ended 31.12.2023				
Revenue				
Western drugs	2,497	–	1,666	4,163
TCM formulated drugs	–	6,409	7,367	13,776
Total Revenue	2,497	6,409	9,033	17,939
Timing of transfer of goods or services				
At a point in time	2,497	6,409	9,033	17,939
Primary geographical market				
People's Republic of China	2,497	6,409	9,033	17,939
6 months ended 31.12.2022				
Revenue				
Western drugs	7,622	–	–	7,622
TCM formulated drugs	–	23,980	–	23,980
Total Revenue	7,622	23,980	–	31,602
Timing of transfer of goods or services				
At a point in time	7,622	23,980	–	31,602
Primary geographical market				
People's Republic of China	7,622	23,980	–	31,602

E5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	<u>Group</u>		<u>Company</u>	
	As at 31.12.23 RMB'000	As at 31.12.22 RMB'000	As at 31.12.23 RMB'000	As at 31.12.22 RMB'000
Group				
Financial assets				
Trade receivables	6,761	11,642	–	–
Other receivables	1,443	1,179	20	19
Cash and cash equivalents	9,477	19,718	1,030	1,495
Total	17,681	32,539	1,050	1,514
Financial liabilities				
Bank borrowings	15,000	15,000	–	–
Trade and other payables and accrued liabilities	15,040	24,218	987	1,057
Lease liabilities	1,524	1,533	189	51
Total	31,564	40,751	1,176	1,108

E6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Income tax expense	46	6	46	18
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	46	6	46	18

E7. Subsequent events

There are no known subsequent events which have led to adjustments to this set of 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

The Company's issued share capital has increased by RMB 2.1 million from RMB 83.7 million in the previous financial period ended 31 December 2022 to RMB 85.8 million due to the issuance of 4,600,000 new ordinary shares on 5 April 2023.

- 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 31 December 2022 : 23,000,000 ordinary shares
Issue of new shares via private placement : 4,600,000 ordinary shares
Total number of issued shares as at 31 December 2023 : 27,600,000 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 2022.

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 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 2023. 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:-**

Profit/(loss) per ordinary share	Group			
	6 months ended		Year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Based on weighted average number of shares (RMB cents)	(14.2)	(2.2)	(18.8)	(15.5)
Weighted average number of shares	27,600,000	23,000,000	26,415,342	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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Net asset value("NAV") per ordinary share	1.96	2.48	1.99	2.41
No. of shares in computing NAV	27,600,000	23,000,000	27,600,000	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

Six Months Ended 31 December 2023 (2nd Half 2023)

As announced on 27 July 2023, torrential rain has caused flooding at one of its manufacturing facilities located in Gulin county, Luzhou City, Sichuan Province, Peoples' Republic of China ("PRC") ("Longlife Plant"). Production at Longlife Plant was disrupted for more than two months.

The Group's revenue decreased by RMB 13.7 million or 43.2% from RMB 31.6 million in 2H 2022 to RMB 17.9 million in 2H 2023 mainly due to the above incident. Revenue from Group's non-prescribed drugs segment decreased by RMB 10.2 million and revenue from prescribed drugs segment decreased by RMB 3.5 million.

Gross profit margin increased from 45.8% in 2H 2022 to 47.8% in 2H 2023 mainly due to the higher contribution from higher margin prescribed drugs segment. Other income increased from RMB 0.3 million in 2H 2022 to RMB 3.5 million in 2H 2023, mainly due to insurance proceeds of RMB 3.3 million for the flood incident.

Selling and distribution costs decreased by RMB 2.5 million or 30.7% from RMB 8.4 million in 2H 2022 to RMB 5.9 million for 2H 2023 corresponding to lower revenue. Administrative costs decreased by RMB 0.9 million or 12.4% from RMB 5.9 million in 2H 2022 to RMB 5.1 million for 2H 2023 mainly due to lower personnel expenses, social insurance expenses, depreciation and others. Other costs of RMB 4.8 million were losses arising from the flood incident.

Finance income decreased from RMB 14,000 in 2H 2022 to RMB 6,000 in 2H 2023, mainly due to lower finance income from cash and cash equivalents. Finance costs decreased from RMB 484,000 in 2H 2022 to RMB 419,000 in 2H 2023 mainly due to lower interest rates.

As a result of the above, the Group recorded net loss after tax attributable to equity holders of the Company of RMB 4.2 million for 2H 2023, as compared to a net loss of RMB 0.1 million for 2H 2022.

Full Year Ended 31 December 2023 (“FY 2023”)

The Group's FY 2023 revenue decreased by RMB 4.8 million or 9.4% from RMB 50.4 million in FY 2022 to RMB 45.6 million in FY 2023. Revenue from Group's non-prescribed drugs segment decreased by RMB 2.4 million and revenue from prescribed drugs segment decreased by RMB 2.4 million.

Gross profit margin decreased slightly from 47.7% in FY 2022 to 45.6% in FY 2023 mainly due to the higher contribution from lower margin non-prescribed drugs segment. Other income increased from RMB 0.3 million in FY 2022 to RMB 3.6 million in FY 2023 mainly due to insurance proceeds of RMB 3.3 million for the flood incident.

Selling and distribution costs decreased by RMB 2.8 million or 18.4% from RMB 15.1 million in FY 2022 to RMB 12.3 million in FY 2023 corresponding to lower revenue. Administrative costs decreased slightly by RMB 0.1 million or 1.2% from RMB 11.4 million in FY 2022 to RMB 11.3 million in FY 2023 mainly due to lower personnel expenses. Other costs of RMB 4.8 million were losses arising from the flood incident.

Finance income decreased from RMB 28,000 in FY 2022 to RMB 15,000 in FY 2023, mainly due to lower finance income from cash and cash equivalents. Finance costs decreased from RMB 1.0 million in FY2022 to RMB 0.9 million in FY 2023.

As a result of the above, the Group recorded a net loss attributable to shareholders of RMB 5.0 million for FY 2023 compared to a net loss of RMB 3.6 million for FY 2022.

STATEMENT OF FINANCIAL POSITION

The Group's non-current assets were RMB 52.6 million as at 31 December 2023, a decrease of RMB 1.1 million from RMB 53.7 million as at 31 December 2022. This was mainly due to the decrease in property, plant and equipment and right-of-use assets.

The Group's current assets were RMB 33.3 million as at 31 December 2023, a decrease of RMB 10.9 million from RMB 44.2 million as at 31 December 2022. This was mainly due to lower trade receivables, prepaid expenses, cash and cash equivalents partially offset by higher inventories and other receivables.

The Group's current liabilities were RMB 30.6 million as at 31 December 2023, a decrease of RMB 9.0 million from RMB 39.6 million as at 31 December 2022 mainly due to lower accrued liabilities & other payables partially offset by higher trade payables, lease liabilities and tax payable.

The Group's non-current liabilities were RMB 1.1 million as at 31 December 2023, a decrease of RMB 0.2 million from RMB 1.3 million as at 31 December 2022 due to decrease in non-current lease liabilities.

As at 31 Dec 2023, the Group had a low current ratio of 1.09 and its current assets and current liabilities were RMB 33.3 million and RMB 30.6 million respectively. The Board assessed that as at 31 Dec 2023, the Group's current assets were adequate to meet the Group's short term liabilities, as the Group was in a net current asset position of RMB 2.7 million. The Group intends to fulfil its significant payment obligations in the next 12 months by continuing to improve sales, manage costs and cash flows effectively. The Group is also exploring various other options such as equity fund-raising exercise to improve its financial position and fulfil its payment obligations in the next 12 months.

STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents amounted to RMB 9.5 million as at 31 December 2023, a decrease of RMB 10.2 million from RMB 19.7 million as at 31 December 2022 mainly due to:

- (i) cash outflow from operating activities of RMB 11.6 million;
- (ii) cash inflow from investing activities of RMB 1.6 million (net proceeds of RMB 2.1 million from issue of shares, proceeds of RMB 0.1 million from disposal of property, plant and equipment partially offset by cash outflow of RMB 0.6 million for capital expenditure);
- (iii) cash outflow from financing activities of RMB 0.2 million for the repayment of lease liabilities

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 1H FY2023.

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.

Starting from this year, the raw material cost for one of our key products, Anethole Trithione ("ATT") has increased materially. The selling price of ATT will be adjusted accordingly to market demand and production cost etc. The outlook for the year ahead remains challenging as our drugs continue to face intense competition, inflationary and pricing pressure. Management will continue to operate cautiously, improving sales, managing costs and cash flows 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/recommended, a statement to that effect and the reason(s) for the decision.

No dividends have been recommended for the current financial period ended 31 December 2023 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.**

As at 31 December 2023, the Company has fully utilised the net proceeds of approximately SGD 407,000 from the issuance of 4.6 million new ordinary shares at the issue price of SGD 0.10 per share in April 2023 as follows:

	Use of proceeds as at 31 Dec 2023 (SGD'000)	Balance of proceeds as at 31 Dec 2023 (SGD'000)
Personnel & related expenses	138	0
Directors' fees	123	0
Professional fees	146	0
Total	407	0

The above use of proceeds was in line with the Company's planned utilisation announced in March 2023.

16. **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 above for the analysis.

17. **A breakdown of sales.**

	Group		
	2023	2022	Increase / (Decrease)
First Half	RMB'000	RMB'000	%
(a) Revenue	27,697	18,767	47.6
(b) Operating loss after tax before non-controlling interest	(727)	(3,121)	(76.7)
Second Half			
(a) Revenue	17,939	31,602	(43.2)
(b) Operating loss after tax before non-controlling interest	(4,177)	(55)	7494.5

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

Not applicable.

- 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.**

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**

29 February 2024