

PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

Unaudited Condensed Financial Statements for the 12 months ended 31 December 2024

A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2024

	Group			Group		
	6 months ended	6 months ended	+ / (-) %	12 months ended	12 months ended	+ / (-) %
	31.12.2024 RMB'000	31.12.2023 RMB'000		31.12.2024 RMB'000	31.12.2023 RMB'000	
Revenue	43,766	17,939	144.0	67,650	45,636	48.2
Cost of sales	(28,324)	(9,367)	202.4	(43,501)	(24,821)	75.3
Gross profit	15,452	8,572	80.3	24,149	20,815	16.0
Other income	7,373	3,464	112.8	7,115	3,570	99.3
Selling and distribution costs	(5,312)	(5,857)	(9.3)	(10,896)	(12,326)	(11.6)
Administrative costs	(5,807)	(5,145)	12.9	(11,231)	(11,285)	(0.5)
Other costs	–	(4,752)	n.m.	–	(4,752)	n.m.
Profit/(loss) from operations	11,706	(3,718)	n.m.	9,137	(3,978)	n.m.
Finance income	1	6	(83.3)	2	15	(86.7)
Finance costs	(352)	(419)	(16.0)	(704)	(895)	(21.3)
Net finance costs	(351)	(413)	(15.0)	(702)	(880)	(20.2)
Profit/(loss) before tax	11,355	(4,131)	n.m.	8,435	(4,858)	n.m.
Income tax income/(expense)	267	(46)	n.m.	(827)	(46)	1,697.8
Profit/(loss) for the period/year	11,622	(4,177)	n.m.	7,608	(4,904)	n.m.
Attributable to:						
Equity holders of the Company	11,760	(3,916)	n.m.	8,278	(4,958)	n.m.
Non-controlling interest	(138)	(261)	(47.5)	(670)	54	n.m.
Profit/(loss) for the period/year	11,622	(4,177)	n.m.	7,608	(4,904)	n.m.
Profit/(loss) per share (RMB cents)						
Basic and diluted	37.1	(14.2)		27.7	(18.8)	

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	+ / (-)
	31.12.2024	31.12.2023		31.12.2024	31.12.2023	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Finance income	1	6	(83.3)	2	15	(86.7)
Finance expense	(352)	(419)	(16.0)	(704)	(895)	(21.3)
Allowance for expected credit loss – trade	(502)	(82)	512.2	(445)	(168)	164.9
Depreciation of right-of-use assets	381	331	15.1	709	662	7.1
Depreciation of property, plant, and equipment	595	571	4.2	1,213	1,181	2.7
Impairment loss of property, plant and equipment	(69)	–	n.m.	(69)	–	n.m.
Reversal of impairment loss of CIP	6,910	–	n.m.	6,910	–	n.m.
Inventory written off	–	(3,477)	n.m.	–	(3,477)	n.m.
Insurance proceeds	–	3,300	n.m.	–	3,300	n.m.
Government grants	89	112	(20.5)	113	162	(30.2)
Foreign exchange gain/(loss)	27	5	440.0	2	53	(96.2)

n.m. denotes not meaningful

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RMB'000	RMB'000	RMB'000	RMB'000
Profit/(loss) for the period/year	11,622	(4,177)	7,608	(4,904)
Other comprehensive income for the period/year	–	–	–	–
Total comprehensive income for the period/year	11,622	(4,177)	7,608	(4,904)
Total comprehensive income attributable to:				
Equity holders of the Company	11,760	(3,916)	8,278	(4,958)
Non-controlling interest	(138)	(261)	(670)	54
	11,622	(4,177)	7,608	(4,904)

B. UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 31.12.2024 RMB'000	As at 31.12.2023 RMB'000	As at 31.12.2024 RMB'000	As at 31.12.2023 RMB'000
Non-current assets				
Property, plant and equipment	49,408	42,652	–	–
Right-of-use assets	6,835	7,544	120	188
Investments in subsidiaries	–	–	54,999	54,999
Goodwill on consolidation	1,323	1,323	–	–
Deferred tax assets	315	–	–	–
Other non-current assets	1,095	1,095	–	–
	58,976	52,614	55,119	55,187
Current assets				
Inventories	14,154	15,369	–	–
Trade receivables	36,011	6,761	–	–
Prepaid expenses	16	125	–	1
Other receivables	1,735	1,443	21	20
Tax recoverable	–	106	–	–
Cash and cash equivalents	4,604	9,477	800	1,030
	56,520	33,281	821	1,051
Current liabilities				
Bank borrowings	15,000	15,000	–	–
Trade payables	25,056	5,976	–	–
Accrued liabilities and other payables	12,812	9,064	959	987
Lease liabilities	571	448	72	52
Tax payable	142	141	20	6
	53,581	30,629	1,051	1,045
Net current assets/(liabilities)	2,939	2,652	(230)	6
Non-current liabilities				
Lease liabilities	343	1,076	50	137
	343	1,076	50	137
Net assets	61,572	54,190	54,838	55,056
Equity attributable to equity holders of the Company				
Share capital	88,446	85,842	88,446	85,842
Reserves	(26,874)	(34,769)	(30,608)	(30,786)
Share capital and Reserves	61,572	51,073	54,838	55,056
Non-controlling interest	–	3,117	–	–
Total equity	61,572	54,190	54,838	55,056

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 2024		As at 31 December 2023	
Secured	Unsecured	Secured	Unsecured
15,000	–	15,000	–

Amount repayable after one year

In RMB'000

As at 31 December 2024		As at 31 December 2023	
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 2024

	Group			
	6 months ended 31.12.2024	6 months ended 31.12.2023	12 months ended 31.12.2024	12 months ended 31.12.2023
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit/(loss) before tax	11,355	(4,131)	8,435	(4,858)
Adjustments for:				
Allowance for expected credit loss – trade	502	82	445	168
Inventory written off	–	3,477	–	3,477
Impairment loss of property, plant and equipment	69	–	69	–
Reversal of impairment loss of CIP	(6,910)	–	(6,910)	–
Write-back of allowance for inventory obsolescence	–	(2)	–	(2)
Depreciation of right-of-use assets	381	331	709	662
Depreciation of property, plant, and equipment	595	571	1,213	1,181
(Gain)/loss on disposal of property, plant & equipment	(161)	67	(161)	67
Finance income	(1)	(6)	(2)	(15)
Finance costs	352	419	704	895
Operating profit before changes in working capital	6,182	808	4,502	1,575
Changes in working capital				
Trade receivables	(29,823)	(2,357)	(29,695)	4,713
Prepayments, deposits and other receivables	(59)	2,206	(182)	31
Inventories	1,114	(4,397)	1,216	(7,759)
Trade payables	19,648	2,329	19,080	811
Accrued liabilities and other payables	8,534	2,966	3,746	(9,988)
Cash generated from operations	5,596	1,555	(1,333)	(10,617)
Finance income received	1	6	2	15
Finance costs paid	(359)	(419)	(704)	(895)
Income tax paid	107	–	(1,035)	(83)
Net cash flows from/(used in) operating activities	5,345	1,142	(3,070)	(11,580)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,140)	(141)	(1,167)	(585)
Acquisition of right-of-use assets	–	(71)	–	(71)
Proceeds from disposal of property, plant and equipment	200	81	200	81
Acquisition of non-controlling interest	(2,830)	–	(2,830)	–
Net proceeds from issue of shares	–	–	2,604	2,128
Net cash flows (used in)/from investing activities	(3,770)	(131)	(1,193)	1,553
Cash flows from financing activities				
Proceeds from bank borrowing	15,000	15,000	15,000	15,000
Repayment of bank borrowing	(15,000)	(15,000)	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	(414)	(17)	(610)	(214)
Net cash flows used in financing activities	(414)	(17)	(610)	(214)
Net increase/(decrease) in cash and cash equivalents	1,161	994	(4,873)	(10,241)
Cash and cash equivalents at beginning of period/year	3,443	8,483	9,477	19,718
Cash and cash equivalents at end of period/year	4,604	9,477	4,604	9,477

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 2024	85,842	(10,471)	11,979	(36,277)	51,073	3,117	54,190
Issue of new shares	2,604	–	–	–	2,604	–	2,604
Total comprehensive income	–	–	–	(3,482)	(3,482)	(532)	(4,014)
At 30 June 2024	88,446	(10,471)	11,979	(39,759)	50,195	2,585	52,780
Acquisition of NCI	–	(383)	–	–	(383)	(2,447)	(2,830)
Transfer of reserve	–	–	(2,472)	2,472	–	–	–
Total comprehensive income	–	–	–	11,760	11,760	(138)	11,622
At 31 December 2024	88,446	(10,854)	9,507	(25,527)	61,572	–	61,572
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

<u>Company</u> <u>In RMB'000</u>	<u>Share Capital</u>	<u>Accumulated Losses</u>	<u>Total Equity</u>
At 1 January 2024	85,842	(30,786)	55,056
Issue of new shares	2,604	–	2,604
Total comprehensive income	–	(1,379)	(1,379)
At 30 June 2024	88,446	(32,165)	56,281
Total comprehensive income	–	(1,443)	(1,443)
At 31 December 2024	88,446	(33,608)	54,838
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

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 2024 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 2023.

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 2024. 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 2023.

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. **TCH Procurement** – refers to procurement and processing of Traditional Chinese Herbs (“TCH”)
- (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

From 1.1.2024 to 31.12.2024	Western drugs / TCH Procurement RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	33,513	13,108	21,029	–	67,650
Inter segment	10,489	5,734	–	(16,223)	–
Total Revenue	44,002	18,842	21,029	(16,223)	67,650
Result					
Segment result	6,841	4,445	658		11,944
Unallocated corporate expenses					(2,807)
Profit from operations					9,137
Finance income	1	1	–		2
Finance costs	(133)	(569)	(2)		(704)
Income tax expense	–	(827)	–		(827)
Profit before non-controlling interest					7,608
Non-controlling interest					670
Net loss attributable to equity holders of the Company					8,278
Assets and liabilities					
Segment assets	43,705	67,801	3,156		114,662
Unallocated corporate assets					940
Total assets					115,602
Segment liabilities	26,773	25,272	885		52,930
Unallocated corporate liabilities					1,100
Total liabilities					54,030
Other segment information					
Capital expenditure	10	1,219	–		1,229
Depreciation and amortisation	1,010	912	–		1,922
Finance income	(1)	(1)	–		(2)
Finance costs	133	569	2		704
Impairment loss of property, plant and equipment	69	–	–		69
Reversal of impairment loss of CIP (Write-back of)/allowance for expected credit loss – trade	–	(6,910)	–		(6,910)
	484	(79)	40		445

<u>From 1.1.2023 to 31.12.2023</u>	Western drugs / TCH Procurement 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)
Loss 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 1.7.2024 to 31.12.2024</u>	Western drugs / TCH Procurement RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	30,686	5,947	7,143	–	43,776
Inter segment	5,895	3,736	–	(9,631)	–
Total Revenue	36,581	9,683	7,143	(9,631)	43,776
Result					
Segment result	7,010	5,956	168		13,135
Unallocated corporate expenses					(1,429)
Loss from operations					11,706
Finance income	1	–	–		1
Finance costs	(68)	(284)	(1)		(353)
Income tax expense	–	267	–		267
Profit before non-controlling interest					11,621
Non-controlling interest					137
Net profit attributable to equity holders of the Company					11,758
Other segment information					
Capital expenditure	10	1,192	–		1,202
Depreciation and amortisation	375	522	–		897
Finance income	(1)	–	–		(1)
Finance costs	68	284	1		353
Impairment loss of property, plant and equipment	69	–	–		69
Reversal of impairment loss of CIP (Write-back of) /allowance for expected credit loss – trade	–	(6,910)	–		(6,910)
	563	(59)	(2)		502

<u>From 1.7.2023 to 31.12.2023</u>	Western drugs / TCH Procurement 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)
Loss 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)

E4. Disaggregation of Revenue

	Western drugs / TCH Procurement	TCM formulated drugs	Distribution	Group
	RMB'000	RMB'000	RMB'000	RMB'000
12 months ended 31.12.2024				
Revenue				
Western drugs	4,658	–	12,561	17,219
TCM formulated drugs	–	13,108	8,468	21,576
TCH procurement	28,855	–	–	28,855
Total Revenue	33,513	13,108	21,029	67,650
Timing of transfer of goods or services				
At a point in time	33,513	13,108	21,029	67,650
Primary geographical market				
People's Republic of China	33,513	13,108	21,029	67,650
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
Primary geographical market				
People's Republic of China	9,225	26,673	9,738	45,636

	Western drugs / TCH Procurement RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
6 months ended 31.12.2024				
Revenue				
Western drugs	1,831	–	2,413	4,244
TCM formulated drugs	–	5,946	4,731	10,677
TCH procurement	28,855	–	–	28,855
Total Revenue	30,686	5,946	7,144	43,776
Timing of transfer of goods or services				
At a point in time	30,686	5,946	7,144	43,776
Primary geographical market				
People's Republic of China	30,686	5,946	7,144	43,776
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

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 2024 and 31 December 2023:

	<u>Group</u>		<u>Company</u>	
	As at 31.12.24 RMB'000	As at 31.12.23 RMB'000	As at 31.12.24 RMB'000	As at 31.12.23 RMB'000
Group				
Financial assets				
Trade receivables	36,011	6,761	–	–
Other receivables	1,735	1,443	21	20
Cash and cash equivalents	4,604	9,477	800	1,030
Total	42,350	17,681	821	1,050
Financial liabilities				
Bank borrowings	15,000	15,000	–	–
Trade and other payables and accrued liabilities	37,868	15,040	959	987
Lease liabilities	914	1,524	122	189
Total	53,782	31,564	1,081	1,176

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 31.12.2024 RMB'000	6 months ended 31.12.2023 RMB'000	12 months ended 31.12.2024 RMB'000	12 months ended 31.12.2023 RMB'000
Income tax income/(expense)	267	(46)	(827)	(46)
	267	(46)	(827)	(46)

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 from RMB 85.8 million in the previous financial period ended 31 December 2023 to RMB 88.4 million due to the issuance of 4,100,000 new ordinary shares on 13 June 2024.

- 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 2024 : 27,600,000 ordinary shares
Issue of new shares via private placement : 4,100,000 ordinary shares
Total number of issued shares as at 30 June 2024 : 31,700,000 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 2023.

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 2024. 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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Based on weighted average number of shares (RMB cents)	37.1	(14.2)	27.7	(18.8)
Weighted average number of shares	31,700,000	27,600,000	29,869,041	26,415,342

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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Net asset value(“NAV”) per ordinary share	1.94	1.85	1.73	1.99
No. of shares in computing NAV	31,700,000	27,600,000	31,700,000	27,600,000

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 2024 (2nd Half 2024)

The Group has expanded into the procurement of traditional herbal medicines, sourcing Chinese herbs cultivated by planters in Sichuan for further processing before being marketed to customers through the Group's extensive and well-established industry network.

The Group's revenue increased by RMB 25.9 million or 144% from RMB 17.9 million in 2H 2023 to RMB 43.8 million in 2H 2024 mainly due to the above incident. Revenue from Group's Traditional Chinese Herbs ("TCH") procurement segment in 2H 2024 was RMB 28.9 million. Revenue from Group's non-prescribed drugs segment decreased by RMB 3.1 million and revenue from prescribed drugs segment remained the same. Non-prescribed drugs segment revenue decreased mainly due to decrease in revenue of Er Ding.

Gross profit margin decreased from 47.8% in 2H 2023 to 35.3% in 2H 2024 mainly due to the higher contribution from lower margin TCH procurement segment. Other income was RMB 7.4 million in 2H 2024, mainly due to reversal of impairment of construction in progress as compared to RMB 3.5 million in 2H 2023, which was mainly due to insurance proceeds of RMB 3.3 million for the flood incident.

Selling and distribution costs decreased by RMB 0.6 million or 9.3% from RMB 5.9 million in 2H 2023 to RMB 5.3 million for 2H 2024 corresponding to lower revenue from sales of drugs. Administrative costs increased by RMB 0.7 million or 12.9% from RMB 5.1 million in 2H 2023 to RMB 5.8 million for 2H 2024 mainly due to higher provision for expected credit loss and others. The decrease in other cost by RMB 4.8 million is due to the losses incurred arising from the flood incident in 2023.

Finance income decreased from RMB 6,000 in 2H 2023 to RMB 1,000 in 2H 2024, mainly due to lower finance income from cash and cash equivalents. Finance costs decreased from RMB 419,000 in 2H 2023 to RMB 352,000 in 2H 2024 mainly due to lower interest rates.

The decrease in income tax expense in 2H 2024 was mainly due to tax losses brought forward previously not recognized as deferred tax asset in respect of unabsorbed tax losses carried forward.

As a result of the above, the Group recorded net profit after tax attributable to equity holders of the Company of RMB 11.8 million for 2H 2024, as compared to a net loss of RMB 3.9 million for 2H 2023.

Full Year Ended 31 December 2024 ("FY 2024")

In December 2022, China ended its zero Covid policy, which led to a sudden spike in orders for Er Ding, which is used to alleviate flu-like symptoms and Shuling Hou which is used to alleviate sore throat symptoms in FY 2023. The demand for these products has decreased significantly in FY 2024 due to the elevated sales and over-stocking by customers in previous year.

The Group's FY 2024 revenue increased by RMB 22.0 million or 48.2% from RMB 45.6 million in FY 2023 to RMB 67.6 million in FY 2024. Revenue from Group's TCH procurement segment increased by RMB 28.9 million. Revenue from Group's prescribed drugs segment increased by RMB 5.9 million and revenue from non-prescribed drugs segment decreased by RMB 12.8 million. Prescribed drugs segment revenue increased mainly due to increase in revenue of ATT. Non-prescribed drugs segment revenue decreased mainly due to decrease in revenue of Er Ding.

Gross profit margin decreased from 45.6% in FY 2023 to 35.7% in FY 2024 mainly due to the higher contribution from lower margin TCH procurement segment. Other income was RMB 7.1 million in FY 2024, mainly due to reversal of impairment of construction in progress as compared to RMB 3.5 million in FY 2023, which was mainly due to insurance proceeds of RMB 3.3 million for the flood incident.

Selling and distribution costs decreased by RMB 1.4 million or 11.6% from RMB 12.3 million in FY 2023 to RMB 10.9 million in FY 2024 corresponding to lower revenue from sales of drugs. Administrative costs decreased slightly by RMB 0.1 million or 0.5% from RMB 11.3 million in FY 2023 to RMB 11.2 million in FY 2024. The decrease in other cost by RMB 4.8 million is due to the losses incurred arising from the flood incident in 2023.

Finance income decreased from RMB 15,000 in FY 2023 to RMB 2,000 in FY 2024, mainly due to lower finance income from cash and cash equivalents. Finance costs decreased from RMB 0.9 million in FY2023 to RMB 0.7 million in FY 2024.

Income tax expense for FY 2024 was RMB 0.8 million mainly arising from additional tax assessed on previous years' profits, resulting from the conclusion of regular tax reviews conducted by the PRC tax authority over the Group's PRC subsidiaries.

As a result of the above, the Group recorded a net profit attributable to shareholders of RMB 8.3 million for FY 2024 compared to a net loss of RMB 5.0 million for FY 2023.

STATEMENT OF FINANCIAL POSITION

The Group's non-current assets were RMB 59.0 million as at 31 December 2024, an increase of RMB 6.4 million from RMB 52.6 million as at 31 December 2023. This was mainly due to the increase in property, plant and equipment arising from the reversal of impairment.

The Group assesses whether there are any indicators of impairment for non-current assets (including goodwill) at each reporting date. Management recognized that sensitivity changes for instances any slight unfavorable change in the inputs (revenue growth rate, sales volume, discount rates, terminal growth rate) for the value in use amount, it would result in low headroom being obtained (i.e. value in use amount calculated is close to the carrying amount). This would indicate that there is little room for error in the assumptions being applied and there is still a chance that the non-current assets or cash generating units (CGUs) could be impaired.

The Group's current assets were RMB 56.5 million as at 31 December 2024, an increase of RMB 23.2 million from RMB 33.3 million as at 31 December 2023. This was mainly due to higher trade receivables, other receivables, partially offset by lower inventories, prepaid expenses, cash and cash equivalents. Trade receivables increased by RMB 29.3 million mainly due to the increase in trade receivables arising from the TCH procurement business which has also caused the increase in turnover days of 58 days (2024: 103 days ; 2023: 45 days). The credit terms remained the same between 90 days to 180 days. As at 31 December 2024, the RMB 28.9 million of trade receivables from the TCH procurement business was not past due.

The Group's current liabilities were RMB 53.6 million as at 31 December 2024, an increase of RMB 23.1 million from RMB 30.6 million as at 31 December 2023 mainly due to higher trade payables,

accrued liabilities & other payables, lease liabilities and tax payable. Trade payables increased by RMB 19.0 million mainly due to the increase in trade payables arising from the TCH procurement business.

The Group's non-current liabilities were RMB 0.3 million as at 31 December 2024, a decrease of RMB 0.8 million from RMB 1.1 million as at 31 December 2023 due to decrease in non-current lease liabilities.

As at 31 Dec 2024, the Group had a low current ratio of 1.05 and its current assets and current liabilities were RMB 56.5 million and RMB 53.6 million respectively. The Board assessed that as at 31 Dec 2024, 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 2.9 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.

STATEMENT OF CASH FLOWS

The Group's cash and cash equivalents amounted to RMB 4.6 million as at 31 December 2024, a decrease of RMB 4.9 million from RMB 9.5 million as at 31 December 2023 mainly due to:

- (i) cash outflow used in operating activities of RMB 3.1 million;
- (ii) cash outflow used in investing activities of RMB 1.2 million (RMB 1.2 million used in capital expenditure, RMB 2.8 million used in acquisition of non-controlling interest, partially offset by net proceeds of RMB 2.6 million from issue of shares, proceeds of RMB 0.2 million from disposal of property, plant and equipment);
- (iii) cash outflow used in financing activities of RMB 0.6 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 FY2024.

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 has expanded into the procurement of traditional herbal medicines, sourcing Chinese herbs cultivated by planters in Sichuan for further processing before being marketed to customers through the Group's extensive and well-established industry network. Recognizing the Chinese government's ongoing efforts to revitalize Traditional Chinese Medicine (TCM) and its advocacy for standardized cultivation of Chinese herbs to ensure high-quality TCM products, the Group has strategically entered this field at an opportune time. This favorable trend is anticipated to generate additional revenue and contribute to the Group's growth. From FY2025 onwards, the Group will be generating rental income from one of its properties.

Looking ahead, the Group remains committed to its two-pronged strategy: enhancing the revenue streams of its existing pharmaceutical products and growing Traditional Chinese Herbs (TCH) procurement segment to strengthen overall profitability. At the same time, the Group will remain vigilant in navigating the rapidly evolving business landscape, adapting its strategies and initiatives as needed to ensure sustained growth and operational efficiency.

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 2024 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 2024, the Company has utilised the net proceeds of approximately SGD 483,000 from the issuance of 4.1 million new ordinary shares at the issue price of SGD 0.13 per share in April 2024 as follows:

	Use of proceeds as at 31 Dec 2024 (SGD'000)
Personnel & related expenses	126
Office expenses	12
Directors' fees	100
Professional fees	134
Total	372

The above use of proceeds was in accordance with the Company's stated use and the balance of proceeds as at 31 Dec 2024 was SGD 111,000.

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		
	2024	2023	Increase / (Decrease)
	RMB'000	RMB'000	%
First Half			
(a) Revenue	23,874	27,697	(13.8)
(b) Operating loss after tax before non-controlling interest	(4,014)	(727)	452.1
Second Half			
(a) Revenue	43,766	17,939	144.0
(b) Operating profit/(loss) after tax before non-controlling interest	11,622	(4,177)	n.m.

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**

28 February 2025