

# PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

## Financial Statements and Dividend Announcement for the 12 months ended 31 December 2015

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### 1. UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

	Group			Group		
	3 months ended	3 months ended		12 months ended	12 months ended	
	31.12.2015	31.12.2014	+ / (-)	31.12.2015	31.12.2014	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	16,336	15,130	8.0	62,400	60,848	2.6
Cost of sales	(8,726)	(6,465)	35.0	(29,067)	(27,163)	7.0
<b>Gross profit</b>	<b>7,610</b>	<b>8,665</b>	(12.2)	<b>33,333</b>	<b>33,685</b>	(1.0)
Other income	2,271	163	1,293.3	2,559	176	1,354.0
Selling and distribution costs	(4,879)	(6,578)	(25.8)	(20,985)	(24,820)	(15.5)
Administrative costs	(2,729)	(2,128)	28.2	(11,579)	(12,642)	(8.4)
Other costs	(407)	(3,670)	(88.9)	(407)	(3,670)	(88.9)
<b>Profit/(loss) from operations</b>	<b>1,866</b>	<b>(3,548)</b>	n.m.	<b>2,921</b>	<b>(7,271)</b>	n.m.
Finance income	40	805	(95.0)	1,163	3,093	(62.4)
Finance costs	(283)	(155)	82.6	(950)	(424)	124.1
<b>Net finance (costs)/income</b>	<b>(243)</b>	<b>650</b>	n.m.	<b>213</b>	<b>2,669</b>	(92.0)
<b>Profit/(loss) before tax</b>	<b>1,623</b>	<b>(2,898)</b>	n.m.	<b>3,134</b>	<b>(4,602)</b>	n.m.
Income tax expense	(7)	(11)	(36.4)	(7)	(37)	(81.1)
<b>Profit/(loss) for the period</b>	<b>1,616</b>	<b>(2,909)</b>	n.m.	<b>3,127</b>	<b>(4,639)</b>	n.m.
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>1,749</b>	<b>(3,106)</b>	n.m.	<b>2,449</b>	<b>(3,805)</b>	n.m.
Non-controlling interest	(133)	197	n.m.	678	(834)	n.m.
<b>Profit/(loss) for the period</b>	<b>1,616</b>	<b>(2,909)</b>	n.m.	<b>3,127</b>	<b>(4,639)</b>	n.m.

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

	Group			Group		
	3 months ended	3 months ended		12 months ended	12 months ended	
	31.12.2015	31.12.2014	+ / (-)	31.12.2015	31.12.2014	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	40	805	(95.0)	1,163	3,093	(62.4)
Interest expense	(228)	(142)	60.6	(869)	(392)	121.7
Gain on sale of held for trading investment securities	-	-	-	288	-	100.0
(Allowance for)/reversal of doubtful debts – trade	(68)	696	n.m.	6	(82)	n.m.
Allowance for stock obsolescence	(126)	(74)	70.3	(126)	(74)	70.3
Depreciation and amortisation	(336)	(599)	(43.9)	(1,762)	(2,756)	(36.1)
Foreign exchange gain - realised	196	21	833.3	184	23	700.0
Impairment loss on property, plant and equipment	(407)	-	100.0	(407)	-	100.0
Inventories written off	-	-	-	-	(209)	(100.0)
Loss on disposal of property, plant and equipment	-	-	-	-	(17)	(100.0)
Product rights written off	-	(3,670)	(100.0)	-	(3,670)	(100.0)

n.m. denotes not meaningful

## 2. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group			
	3 months ended	3 months ended	12 months ended	12 months ended
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Net profit/(loss) for the period</b>	<b>1,616</b>	<b>(2,909)</b>	<b>3,127</b>	<b>(4,639)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>1,616</b>	<b>(2,909)</b>	<b>3,127</b>	<b>(4,639)</b>
Total comprehensive income attributable to:				
<b>Equity holders of the Company</b>	<b>1,749</b>	<b>(3,106)</b>	<b>2,449</b>	<b>(3,805)</b>
Non-controlling interest	(133)	197	678	(834)
	<b>1,616</b>	<b>(2,909)</b>	<b>3,127</b>	<b>(4,639)</b>

1(b)(i)

A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**UNAUDITED STATEMENTS OF FINANCIAL POSITION**

	GROUP		COMPANY	
	As at 31.12.2015 RMB'000	As at 31.12.2014 RMB'000	As at 31.12.2015 RMB'000	As at 31.12.2014 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	13,166	13,703	30	58
Land use rights	2,950	3,051	-	-
Intangible assets	-	-	-	-
Investment in subsidiaries	-	-	54,999	54,999
Goodwill on consolidation	1,323	1,323	-	-
	<b>17,439</b>	<b>18,077</b>	<b>55,029</b>	<b>55,057</b>
<b>Current assets</b>				
Structured deposit	-	15,000	-	-
Inventories	6,755	5,402	-	-
Trade receivables	21,071	23,279	-	-
Prepaid expenses	728	314	56	57
Other receivables	1,442	6,205	3,027	1,521
Tax recoverable	328	328	-	-
Cash and cash equivalents	77,143	36,316	6,953	1,724
	<b>107,467</b>	<b>86,844</b>	<b>10,036</b>	<b>3,302</b>
<b>Current liabilities</b>				
Bank borrowings	15,000	5,000	-	-
Trade payables	2,930	2,028	-	-
Accrued liabilities and other payables	5,587	6,020	560	720
Tax payable	11	21	11	10
	<b>23,528</b>	<b>13,069</b>	<b>571</b>	<b>730</b>
<b>Net current assets</b>	<b>83,939</b>	<b>73,775</b>	<b>9,465</b>	<b>2,572</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	488	488	-	-
	<b>488</b>	<b>488</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>100,890</b>	<b>91,364</b>	<b>64,494</b>	<b>57,629</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	83,714	77,315	83,714	77,315
Reserves	12,452	10,003	(19,220)	(19,686)
<b>Share capital and Reserves</b>	<b>96,166</b>	<b>87,318</b>	<b>64,494</b>	<b>57,629</b>
Non-controlling interest	4,724	4,046	-	-
<b>Total equity</b>	<b>100,890</b>	<b>91,364</b>	<b>64,494</b>	<b>57,629</b>

**1(b)(ii) Aggregate amount of group's borrowing and debt securities**

**Amount repayable in one year or less, or on demand**

In RMB'000

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
15,000	-	5,000	-

**Amount repayable after one year**

In RMB'000

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral**

The bank borrowings are secured over the land use rights and buildings of a subsidiary.

1(c)

**A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**UNAUDITED STATEMENT OF CASH FLOWS FOR THE FULL YEAR ENDED 31 DECEMBER 2015**

	Group			
	3 months ended 31.12.2015 RMB'000	3 months ended 31.12.2014 RMB'000	12 months ended 31.12.2015 RMB'000	12 months ended 31.12.2014 RMB'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	1,623	(2,898)	3,134	(4,602)
Adjustments for:				
Allowance for/(reversal of) doubtful debts – trade	68	(696)	(6)	82
Allowance for stock obsolescence	126	74	126	74
Depreciation and amortisation	336	599	1,762	2,756
Gain on sale of held for trading investment securities	-	-	(288)	-
Interest income	(40)	(805)	(1,163)	(3,093)
Interest expense	228	142	869	392
Inventories written off	-	-	-	209
Impairment loss on property, plant and equipment	407	-	407	-
Loss on disposal of property, plant and equipment	-	-	-	17
Product rights written off	-	3,670	-	3,670
Operating profit/(loss) before changes in working capital	2,748	86	4,841	(495)
Changes in working capital				
Trade receivables	(694)	157	2,214	6,201
Prepayments, deposits and other receivables	4,093	2,872	1,336	528
Inventories	278	(881)	(1,479)	64
Trade payables	(402)	530	902	245
Accrued liabilities and other payables	626	1,965	(433)	2,471
Cash generated from operations	6,649	4,729	7,381	9,014
Interest received	40	28	4,176	100
Interest paid	(228)	(142)	(869)	(392)
Income tax paid	(6)	(26)	(17)	(26)
<b>Net cash flows from operating activities</b>	<b>6,455</b>	<b>4,589</b>	<b>10,671</b>	<b>8,696</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(108)	(235)	(1,531)	(529)
Proceeds from gain on sale of held for trading investment securities	-	-	288	-
Proceeds from maturity of structured deposit	-	-	15,000	-
Proceeds from disposal of property, plant and equipment	-	9	-	199
<b>Net cash flows (used in)/from investing activities</b>	<b>(108)</b>	<b>(226)</b>	<b>13,757</b>	<b>(330)</b>
<b>Cash flows from financing activities</b>				
Advance against share application	-	-	2,229	-
Proceeds from issuance of shares	4,448	-	4,448	-
Shares issuance expense	(278)	-	(278)	-
Proceeds from bank borrowing	-	-	10,000	5,000
<b>Net cash flows from financing activities</b>	<b>4,170</b>	<b>-</b>	<b>16,399</b>	<b>5,000</b>
Net increase in cash and cash equivalents	10,517	4,363	40,827	13,366
Cash and cash equivalents at beginning of period	66,626	31,953	36,316	22,950
<b>Cash and cash equivalents at end of period</b>	<b>77,143</b>	<b>36,316</b>	<b>77,143</b>	<b>36,316</b>

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### UNAUDITED STATEMENTS OF CHANGES IN EQUITY

<u>Group</u> <u>In RMB'000</u>	Attributable to equity holders of the Company					Non-controlling Interest	Total Equity
	Share Capital	Employee Share Options Reserve	Statutory Reserve	Accumulated losses	Total		
<b>At 1 January 2015</b>	77,315	4,431	11,924	(6,352)	87,318	4,046	91,364
Total comprehensive income	-	-	-	296	296	(145)	151
At 31 March 2015	77,315	4,431	11,924	(6,056)	87,614	3,901	91,515
Total comprehensive income	-	-	-	150	150	443	593
At 30 June 2015	77,315	4,431	11,924	(5,906)	87,764	4,344	92,108
Total comprehensive income	-	-	-	254	254	513	767
At 30 September 2015	77,315	4,431	11,924	(5,652)	88,018	4,857	92,875
Issuance of shares pursuant to private placement	6,677	-	-	-	6,677	-	6,677
Shares issuance expense	(278)	-	-	-	(278)	-	(278)
Total comprehensive income	-	-	-	1,749	1,749	(133)	1,616
<b>At 31 December 2015</b>	<b>83,714</b>	<b>4,431</b>	<b>11,924</b>	<b>(3,903)</b>	<b>96,166</b>	<b>4,724</b>	<b>100,890</b>
<b>At 1 January 2014</b>	77,315	4,431	11,924	(2,547)	91,123	4,880	96,003
Total comprehensive income	-	-	-	(459)	(459)	(667)	(1,126)
At 31 March 2014	77,315	4,431	11,924	(3,006)	90,664	4,213	94,877
Total comprehensive income	-	-	-	(119)	(119)	(237)	(356)
At 30 June 2014	77,315	4,431	11,924	(3,125)	90,545	3,976	94,521
Total comprehensive income	-	-	-	(121)	(121)	(127)	(248)
At 30 September 2014	77,315	4,431	11,924	(3,246)	90,424	3,849	94,273
Total comprehensive income	-	-	-	(3,106)	(3,106)	197	(2,909)
<b>At 31 December 2014</b>	<b>77,315</b>	<b>4,431</b>	<b>11,924</b>	<b>(6,352)</b>	<b>87,318</b>	<b>4,046</b>	<b>91,364</b>

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

<b><u>Company</u></b> <b><u>In RMB'000</u></b>	<b>Share Capital</b>	<b>Employee Share Options Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
<b>At 1 January 2015</b>	77,315	4,431	(24,117)	57,629
Total comprehensive income	-	-	(943)	(943)
At 31 March 2015	77,315	4,431	(25,060)	56,686
Total comprehensive income	-	-	(942)	(942)
At 30 June 2015	77,315	4,431	(26,002)	55,744
Total comprehensive income	-	-	2,885	2,885
At 30 September 2015	77,315	4,431	(23,117)	58,629
Issuance of shares pursuant to private placement	6,677	-	-	6,677
Shares issuance expense	(278)	-	-	(278)
Total comprehensive income	-	-	(534)	(534)
<b>At 31 December 2015</b>	<b>83,714</b>	<b>4,431</b>	<b>(23,651)</b>	<b>64,494</b>
<b>At 1 January 2014</b>	77,315	4,431	(24,766)	56,980
Total comprehensive income	-	-	(853)	(853)
At 31 March 2014	77,315	4,431	(25,619)	56,127
Total comprehensive income	-	-	(804)	(804)
At 30 June 2014	77,315	4,431	(26,423)	55,323
Total comprehensive income	-	-	(949)	(949)
At 30 September 2014	77,315	4,431	(27,372)	54,374
Total comprehensive income	-	-	3,255	3,255
<b>At 31 December 2014</b>	<b>77,315</b>	<b>4,431</b>	<b>(24,117)</b>	<b>57,629</b>

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

**Share Capital**

During the fourth quarter of 2015, the Company issued 3 million new ordinary shares at an issue price of SGD 0.50 per share. The newly issued shares rank pari passu in all respects with the previously issued shares.

**Share Options**

As at 31 December 2015, 1,020,000\* (31 December 2014: 10,200,000) share options remained unexercised under the Company's Share Option Scheme which had expired as of August 2014.

\*Adjustments made following the 10-1 share consolidation effective as of 1 September 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Total number of issued shares as at:

31 December 2015: 23,000,000<sup>(1)</sup> ordinary shares

31 December 2014 - 200,000,000 ordinary shares

<sup>(1)</sup> After completion of the 10-1 share consolidation on 1 September 2015 and issuance of 3 million new ordinary shares on 2 October 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

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



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

The Group has adopted the new and revised FRSs and Interpretation of FRS (INT FRS) that are effective for financial periods beginning 1 January 2015. The adoption of these new and revised FRS and INT FRSs did not have material effect on the financial performance or position of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

In RMB cents	Year ended 31.12.2015	Year ended 31.12.2014 (Restated) <sup>1</sup>
(i) Based on weighted average number of shares	11.8	(19.0)
Weighted average number of shares	20,747,945	20,000,000
(ii) On a fully diluted basis <sup>(2)</sup>	11.8	(19.0)
Adjusted weighted average number of shares	20,747,945	20,000,000

<sup>1</sup> After the completion of share consolidation on 1 September 2015. The Company has consolidated 10 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share for the corresponding period in 2014 has been adjusted for the effect of the share consolidation.

<sup>2</sup> As at balance sheet date, the Company has outstanding share options granted to employees. Since the exercise price of these share options is above the quoted market price of the Company's shares for the financial years, the options are non-dilutive. As such, the options have no dilution effect on the earnings per share of the Group for the financial years.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

In RMB	Group		Company	
	31.12.2015	31.12.2014 (Restated) <sup>1</sup>	31.12.2015	31.12.2014 (Restated) <sup>1</sup>
Net asset value per ordinary share	4.18	4.36	2.80	2.88
No. of shares in computing NAV	23,000,000	20,000,000	23,000,000	20,000,000

<sup>1</sup> After the completion of share consolidation on 1 September 2015. The Company has consolidated 10 ordinary shares into 1 ordinary share in the capital of the Company and the number of ordinary shares in issue used for the calculation of net asset value per ordinary share as at 31 December 2014 has been adjusted for the effect of the share consolidation.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **INCOME STATEMENT**

### Three Months Ended 31 December 2015

The Group's revenue for 4Q 2015 increased by RMB 1.2 million or 8.0% from RMB 15.1 million for 4Q 2014 to RMB 16.3 million mainly due to higher sales from non-prescribed drugs segment contributed by ErDing granules. Sales from prescribed drugs segment fell by about RMB 1.2 million for the quarter under review as a result of continued intense competition, while non-prescribed drugs/distribution segment posted an increase in sales of about RMB 2.3 million. Bottling services contributed RMB 0.1 million to revenue for 4Q 2015.

Gross profit margin decreased from 57.3% in 4Q 2014 to 46.6% in 4Q 2015 mainly due to higher raw materials costs particularly for ATT products and contribution from low-margin non-prescribed drugs/distribution segment.

Other income for 4Q 2015 came from a one-off relocation compensation of approximately RMB 2.0 million by the landlord of the Group's rented headquarters at Yingbin Avenue, Chengdu, China, as the landlord had taken back the land for redevelopment.

Selling and distribution costs decreased from RMB 6.6 million in 4Q 2014 to RMB 4.9 million in 4Q 2015 following lower sales from prescribed drugs segment. Administrative costs increased by RMB 0.6 million from RMB 2.1 million in 4Q 2014 to RMB 2.7 million in 4Q 2015 mainly due higher provisions made for doubtful trade debts.

Other costs of RMB 0.4 million for 4Q 2015 pertained to impairment made on property, plant and equipment for the Group's oral liquid production facility, while the RMB 3.7 million impairment in 4Q 2014 was attributed to product rights written off arising from the discontinued production of Huangke.

Finance income decreased for 4Q 2015 as there was no interest from structured deposit after it had matured in 1Q 2015. Finance costs increased for 4Q 2015 primarily due to additional bank borrowing of RMB 10.0 million which Longlife obtained in 1Q 2015.

As a result of the above, the Group recorded a net profit attributable to shareholders of RMB 1.7 million for 4Q 2015 compared to a loss of RMB 3.1 million for 4Q 2014.

### Full Year Ended 31 December 2015

The Group's FY 2015 revenue increased by 2.6% due to higher sales from non-prescribed drugs segment brought on by increasing demand for ErDing granules. Overall, non-prescribed drugs/distribution segment increased by RMB 3.4 million while prescribed drugs segment decreased by RMB 2.3 million for FY 2015. Bottling services accounted for RMB 0.5 million in revenue for 2015.

Gross profit margin decreased from 55.4% in FY 2014 to 53.4% in FY 2015. The decrease was due to higher raw materials costs and higher percentage contribution from non-prescribed drugs/distribution segment.

Other income increased by RMB 2.4 million mainly due to relocation compensation of RMB 2.0 million and a RMB 0.3 million gain on sale of held for trading investment securities.

Selling and distribution costs decreased by RMB 3.8 million or 15.5% from FY 2014 due to corresponding decline in sales from prescribed drugs segment resulting in lower expenses incurred for salesperson salaries and travelling costs. Administrative costs decreased by RMB 1.1 million or

8.4% mainly due to lower amortization expenses for intangibles of about RMB 0.8 million as it was written off in 4Q 2014. Lower entertainment costs of RMB 0.1 million and expenses incurred for upkeep of premises of RMB 0.2 million also resulted in lower administrative costs for FY 2015.

Other costs of RMB 0.4 million for FY 2015 pertained to impairment made on the Group's oral liquid production facility.

Finance income decreased for FY 2015 mainly due to lower interest income from structured deposit of about RMB 2.0 million. Finance costs increased for FY 2015 due to increased bank borrowing.

As a result of the above, the Group recorded a net profit attributable to shareholders of RMB 2.4 million for FY 2015 compared to a loss of RMB 3.8 million for FY 2014.

## **STATEMENT OF FINANCIAL POSITION**

The Group's non-current assets were RMB 17.4 million as at 31 December 2015, a decrease of RMB 0.7 million from RMB 18.1 million as at 31 December 2014. This was mainly due to capital expenditure of RMB 1.5 million, offset by depreciation of the Group's property, plant and equipment and amortisation of its land use rights totalling RMB 1.8 million and impairment of RMB 0.4 million pertaining to the Group's oral liquid production facility.

The Group's current assets were RMB 107.5 million as at 31 December 2015, an increase of RMB 20.7 million from RMB 86.8 million as at 31 December 2014. This was mainly due to higher cash and cash equivalents and inventories. Cash and cash equivalents increased mainly due to proceeds from maturity of structured deposit, proceeds from bank borrowing, proceeds from issuance of new shares and improved trade collections. Inventories increased mainly due to higher level of raw materials and work-in-progress for ErDing granules in anticipation of the continued strong demand. Improved collections resulted in lower trade receivables as at 31 December 2015. Other receivables decreased mainly due to accrued interest income on structured deposit of RMB 3.0 million received in 1Q 2015, lower advances to salesmen of RMB 1.1 million and advances to staff for cash purchases of RMB 0.7 million.

The Group's current liabilities were RMB 23.5 million, an increase of RMB 10.4 million from RMB 13.1 million as at 31 December 2014 mainly due to new bank borrowing which Longlife took up. Payments to trade creditors were slower during the financial year while accrued liabilities and other payables decreased mainly due to lower deferred R&D grant as at year-end.

## **STATEMENT OF CASH FLOWS**

The Group's net cash from operating activities of RMB 10.7 million for the FY 2015 was mainly brought by higher operating profit and interest income received from structured deposit upon maturity.

Net cash inflow from investing activities of RMB 13.8 million was mainly due to proceeds from maturity of structured deposit, offset by capital expenditure mainly for acquisition of motor vehicles.

Net cash inflow from financing activities of RMB 16.4 million was due to proceeds from a bank borrowing by Longlife and issuance of new shares.

As at the end of 31 December 2015, the Group had a cash and cash equivalents of RMB 77.1 million.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

In line with the prospect statement made in 3Q FY 2015.

**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's plan to roll out new products is on track, with at least 1 new product to be launched this year. However the introduction of new products may not have immediate impact to the sales and bottom-line. Besides expanding product range, the Group will continuously sign on new distributors to expand its distribution network and market share. The Group will also ramp up branding efforts, especially for non-prescribed drugs, while being mindful of costs containment.

According to the latest forecast by IMS Health, an estimated sum of US\$165 billion will be spent on medicines by China in 2020<sup>1</sup>.

Despite the still challenging business environment, the Group is committed to enhance shareholder value and is on a lookout for new business opportunities.

<sup>1</sup>Global drug spending to hit US\$1.4 trillion in 2020,

<http://www.straitstimes.com/business/economy/global-drug-spending-to-hit-us14-trillion-in-2020>

**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.**

No dividends have been recommended for the current financial year ended 31 December 2015.

**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.**

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sichuan Neautus Traditional Chinese Medicine Co., Ltd (四川新荷花中药饮片股份有限公司)	Nil	Purchase of raw materials from Sichuan Neautus Traditional Chinese Medicine Co., Ltd RMB 3,876,531

**14. 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 utilise the net proceeds of SGD 1.43 million (approximately RMB 6.4 million) from the issuance of 3 million new ordinary shares at the issue price of SGD 0.50 per share.

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

### Analysis by business segment

<b>Year ended 31 December 2015</b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	21,918	19,941	20,541	-	62,400
Inter segment	744	13,100	-	(13,844)	-
<b>Total Revenue</b>	<b>22,662</b>	<b>33,041</b>	<b>20,541</b>	<b>(13,844)</b>	<b>62,400</b>
<b>Result</b>					
Segment result	4,126	2,306	289		6,721
Unallocated corporate expenses					(3,800)
Profit from operations					2,921
Finance income	1,152	7	4		1,163
Finance costs	(16)	(930)	(4)		(950)
Income tax expense	-	-	(7)		(7)
Profit before non-controlling interest					3,127
Non-controlling interest					(678)
Net profit attributable to equity holders of the Company					2,449
<b>Assets and liabilities</b>					
<b>Segment assets</b>	87,277	25,388	5,175		117,840
Unallocated corporate assets					7,066
<b>Total assets</b>					<b>124,906</b>
<b>Segment liabilities</b>	1,336	21,021	600		22,957
Unallocated corporate liabilities					1,059
<b>Total liabilities</b>					<b>24,016</b>
<b>Other segment information</b>					
Capital expenditure	1,430	93	8		1,531
Depreciation and amortisation	993	724	45		1,762
Interest income	(1,152)	(7)	(4)		(1,163)
Interest expense	-	869	-		869
Allowance for/(reversal of) doubtful debts – trade	89	(47)	(48)		(6)
Allowance for stock obsolescence	-	126	-		126
Impairment loss on property, plant and equipment	407	-	-		407

<b>Year ended 31 December 2014</b>	<b>Western drugs RMB'000</b>	<b>TCM formulated drugs RMB'000</b>	<b>Distribution RMB'000</b>	<b>Elimination RMB'000</b>	<b>Group RMB'000</b>
<b>Revenue</b>					
External customers	23,179	20,999	16,670	-	60,848
Inter segment	575	9,020	-	(9,595)	-
<b>Total Revenue</b>	<b>23,754</b>	<b>30,019</b>	<b>16,670</b>	<b>(9,595)</b>	<b>60,848</b>
<b>Result</b>					
Segment result	(2,699)	(1,307)	73		(3,933)
Unallocated corporate expenses					(3,338)
Loss from operations					(7,271)
Finance income	3,082	6	5		3,093
Finance costs	(18)	(403)	(3)		(424)
Income tax expense	-	-	(37)		(37)
Loss before non-controlling interest					(4,639)
Non-controlling interest					834
Net loss attributable to equity holders of the Company					(3,805)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	<b>71,289</b>	<b>26,448</b>	<b>5,326</b>		<b>103,063</b>
Unallocated corporate assets					1,858
Total assets					104,921
<b>Segment liabilities</b>	<b>1,524</b>	<b>10,339</b>	<b>476</b>		<b>12,339</b>
Unallocated corporate liabilities					1,218
Total liabilities					13,557
<b>Other segment information</b>					
Capital expenditure	56	467	6		529
Depreciation and amortisation	1,823	869	64		2,756
Interest income	(3,082)	(6)	(5)		(3,093)
Interest expense	-	392	-		392
(Reversal of)/allowance for doubtful debts – trade	(183)	77	188		82
Allowance for stock obsolescence	74	-	-		74
Inventories written off	-	209	-		209
Loss on disposal of property, plant and equipment	17	-	-		17
Product rights written off	3,670	-	-		3,670

No segmented analysis by geographical segment is provided as the principal assets employed by the Group are located in the PRC and the Group's turnover and profits were mainly derived from the sale of medicines to domestic customers in the PRC.

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 of Part I above.

17. **A breakdown of sales.**

Group		
2015	2014	Increase / (Decrease)
RMB'000	RMB'000	%
<b>First Half</b>		
(a) Revenue	30,050	27,986 7.4
(b) Operating profit/(loss) after tax before non-controlling interest	744	(1,482) n.m.
<b>Second Half</b>		
(a) Revenue	32,350	32,862 (1.6)
(b) Operating profit/(loss) after tax before non-controlling interest	2,383	(3,157) 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.**

None of the person occupying a managerial position of the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

JIANG YUN  
EXECUTIVE DIRECTOR

29 February 2016