Pharmesis International Ltd.
5 Kallang Sector
#03-02
Singapore 349279
Company registration no.: 200309641E

Press Release

Pharmesis returns to profitability with a net profit attributable to shareholders of RMB2.4 million for FY2015

- Revenue increased 2.6% to RMB62.4 million mainly due to higher sales from non-prescribed drugs segment arising from increasing demand for ErDing granules
- Gross profit decreased by 2% mainly attributable to higher raw materials cost and higher percentage contribution from non-prescription drugs segment
- The Group strives to expand its revenue stream by optimising its product mix and improving its existing products

Singapore, 29 February 2016 – SGX Mainboard-listed Pharmesis International Ltd. ("Pharmesis", together with its subsidiaries, the "Group"), a manufacturer of Western medicine and Traditional Chinese Medicine in China, reported a net profit attributable to shareholders of RMB2.4 million for the financial year ended 31 December 2015 ("FY2015") from a net loss of RMB3.8 million for the financial year ended 31 December 2014 ("FY2014").

Financial Highlights

Financial Highlights (RMB' million)	FY2015	FY2014	Change
Gross revenue	63.2	61.7	2.4%
Revenue	62.4	60.8	2.6%
Gross profit	33.3	33.7	(1.0%)
Gross profit margin	53.4%	55.4%	(2.0pp)
Net profit attributable to shareholders	2.4	(3.8)	n.m
Net profit margin	3.9%	(6.3%)	n.m
EPS (cents)*	11.8	(19.0)	n.m

p.p denotes percentage point
*Based on weighted average number of 20,000,000 shares for FY2014 and 20,747,945 shares for FY2015.

Revenue increased by RMB1.6 million from RMB60.8 million for FY2014 to RMB62.4 million for FY2015 mainly attributable to higher sales from non-prescribed drugs segment arising from increasing demand for ErDing granules, partially offset by lower contribution from prescribed drugs segment.

Following higher raw materials cost and higher percentage contribution from non-prescribed drugs segment which have lower gross profit margin, gross profit margin decreased from 55.4% for FY2014 to 53.4% for FY2015.

Other income increased by RMB2.4 million year-on-year ("yoy") mainly due to relocation compensation of RMB2.0 million as the Group's rented headquarters at Yingbin Avenue, Chengdu, China has been taken back by landlord for redevelopment and gain on sale of held for trading investment securities of RMB0.3 million.

Selling and distribution costs declined by 15.5% yoy to RMB21.0 million for FY2015 due to lower sales from prescribed drugs segment resulting in lower expenses incurred for salesperson salaries and travelling costs. Administrative costs decreased by 8.4% yoy to RMB11.6 million for FY2015 largely due to lower amortization expenses for intangibles, lower entertainment costs and expenses incurred for up keeping of premises.

Furthermore, finance income declined by 62.4% yoy for FY2015 mainly attributable to lower interest income from structured deposit. On the other hand, finance costs increased by RMB0.5 million to RMB1.0 million for FY2015 primarily due to increased bank borrowing.

As a result of the above factors, the Group recorded net profit attributable to shareholders of RMB2.4 million for FY2015 compared to a net loss of RMB3.8 million for FY2014.

The Group's balance sheet remained strong with cash and cash equivalents of RMB77.1 million as at 31 December 2015.

Business Outlook

The competition in the China's prescribed drug market still remains fierce. In light of the challenges that the Group may face in the prescribed drug market, the Group intends to expand its product portfolio by introducing new non-prescribed products in order to reduce reliance on the prescribed drug segment. Besides that, the Group will engage more distributors to expand its distribution network and ramp up its branding efforts for its products.

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According to the latest forecast by IMS Health, an estimated sum of US$165 billion will be spent on medicines by China in 2020[1]. Besides that, China, currently the second largest drugs market eyes on producing its own medicine with a "Made in China" label to cater to the needs of huge pool of aging population in China[2]. In view of these favourable trends, greater business opportunities can be anticipated in the pharmaceutical industry in China.

Mr Jiang Yun, the Group's Executive Chairman added, **"We started to see the fruits of seeds we sowed in the past few quarters as we have successfully achieved a stellar set of result in FY2015 from a net loss last year. This commendable performance is a testament to our strategies and hard work. Looking ahead, we will remain committed to R&D investments and new products innovation to cater to the emerging needs of the consumers. We also strive to maximise shareholder values by expanding our revenue stream via optimising our product mix and improving our existing products. We are confident that our growth momentum would continue to gain pace."**

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About Pharmesis International Ltd.

Listed on Main Board of Singapore Exchange in 2004, Pharmesis International Ltd., specialises in the research and development, production, sale and marketing of Western medicine and Traditional Chinese Medicine (TCM) formulated products for the treatment of illnesses relating to the liver and gall bladder in People Republic of China (PRC). With Pharmesis's quality products and established marketing network, the Group and its "国嘉" brand have received wide acceptance and numerous awards.

The Group emphasises strict control procedures to build quality into the products at every stage of the production process, from raw materials selection right up to finished products. Leading products of Pharmesis include ATT tablets, Gulin Gansu, ErDing granules and others. ATT tablets was the first product sold by the Group in China while Gulin Gansu is under the National TCM Protection List and also the first TCM formulated products to be awarded the "Product of Designation of Origin and Geographical Indications of the PRC". Leveraging on Pharmesis's established extensive sales and marketing network across the PRC, the Group's products can be found in more than 2,000 hospitals located in many cities within the PRC.

The Group will make concerted effort in innovating new products and improving the quality of existing products to cater to the needs of different patients. Besides, the Group will continue to develop new revenue streams and optimise sales mix to achieve greater heights.

Issued for and on behalf of Pharmesis International Ltd.
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[1]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

[2]Beijing aims to refill medicine chest with "Made in China" drugs
http://www.reuters.com/article/us-china-pharmaceuticals-idUSKBN0TI00J20151130