

**PHARMESIS INTERNATIONAL LTD.**

Co. Registration No. 200309641E

**Unaudited Condensed Financial Statements for the 12 months ended 31 December 2021**
**A. UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF ENDED 31 DECEMBER 2021**

	Group			Group		
	6 months ended	6 months ended	+ / (-) %	12 months ended	12 months ended	+ / (-) %
	31.12.2021	31.12.2020		31.12.2021	31.12.2020	
RMB'000	RMB'000		RMB'000	RMB'000		
Revenue	27,613	27,442	0.6	52,772	47,112	12.0
Cost of sales	(14,860)	(12,943)	14.8	(27,769)	(23,252)	19.4
<b>Gross profit</b>	<b>12,753</b>	<b>14,499</b>	(12.0)	<b>25,003</b>	<b>23,860</b>	4.8
Other income	1,900	557	241.1	2,082	727	186.4
Selling and distribution costs	(6,880)	(10,253)	(32.9)	(14,724)	(17,786)	(17.2)
Administrative costs	(5,040)	(4,971)	1.4	(9,216)	(10,396)	(11.4)
Other costs	—	(1,344)	n.m.	—	(1,344)	n.m.
<b>Profit/(loss) from operations</b>	<b>2,733</b>	<b>(1,512)</b>	n.m.	<b>3,145</b>	<b>(4,939)</b>	n.m.
Finance income	12	19	(36.8)	30	37	(18.9)
Finance costs	(571)	(491)	16.3	(1,059)	(936)	13.1
<b>Net finance costs</b>	<b>(559)</b>	<b>(472)</b>	18.4	<b>(1,029)</b>	<b>(899)</b>	14.5
<b>Profit/(loss) before tax</b>	<b>2,174</b>	<b>(1,984)</b>	n.m.	<b>2,116</b>	<b>(5,838)</b>	n.m.
Income tax expense	(148)	(7)	2,214.3	(149)	(7)	2,028.6
<b>Profit/(loss) for the period/year</b>	<b>2,026</b>	<b>(1,991)</b>	n.m.	<b>1,967</b>	<b>(5,845)</b>	n.m.
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>1,469</b>	<b>(2,157)</b>	n.m.	<b>1,170</b>	<b>(5,827)</b>	n.m.
Non-controlling interest	557	166	235.7	797	(18)	n.m.
<b>Profit/(loss) for the period/year</b>	<b>2,026</b>	<b>(1,991)</b>	n.m.	<b>1,967</b>	<b>(5,845)</b>	n.m.
<b>Profit/(loss) per share (RMB cents)</b>						
Basic and diluted	6.4	(9.4)		5.1	(25.3)	

## 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	+ / (-)
	31.12.2021	31.12.2020		31.12.2021	31.12.2020	
RMB'000	RMB'000	%	RMB'000	RMB'000	%	
Finance income	12	19	(37.0)	30	37	(18.9)
Finance expense	(571)	(491)	16.3	(1,059)	(936)	13.1
Write back of/ (allowance) for expected credit loss – trade	(1)	195	n.m.	(5)	112	n.m.
Write-back of stock obsolescence	–	124	n.m.	–	124	n.m.
Depreciation of right-of-use assets	330	249	32.5	577	498	15.9
Depreciation of property, plant, and equipment	644	504	27.8	1,268	1,323	(4.2)
Government grants	1,552	554	180.1	1,722	718	139.8
Foreign exchange gain/(loss)	16	5	220.0	14	(7)	n.m.
Reversal of impairment loss on right-of-use assets	–	205	n.m.	–	205	n.m.
Impairment loss on property, plant and equipment	–	(1,344)	n.m.	–	(1,344)	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
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Profit/(loss) for the period/year</b>	<b>2,026</b>	<b>(1,991)</b>	<b>1,967</b>	<b>(5,845)</b>
<b>Other comprehensive income for the period/year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period/year</b>	<b>2,026</b>	<b>(1,991)</b>	<b>1,967</b>	<b>(5,845)</b>
Total comprehensive income attributable to:				
<b>Equity holders of the Company</b>	<b>1,469</b>	<b>(2,157)</b>	<b>1,170</b>	<b>(5,827)</b>
Non-controlling interest	557	166	797	(18)
	<b>2,026</b>	<b>(1,991)</b>	<b>1,967</b>	<b>(5,845)</b>

## B. UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 31.12.2021 RMB'000	As at 31.12.2020 RMB'000	As at 31.12.2021 RMB'000	As at 31.12.2020 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	44,528	44,221	1	4
Right-of-use assets	8,616	7,622	116	183
Investments in subsidiaries	—	—	54,999	54,999
Goodwill on consolidation	1,323	1,323	—	—
Other current assets	1,095	1,095	—	—
	<b>55,562</b>	<b>54,261</b>	<b>55,116</b>	<b>55,186</b>
<b>Current assets</b>				
Inventories	8,806	8,533	—	—
Trade receivables	12,803	11,164	—	—
Prepaid expenses	156	552	14	72
Other receivables	1,294	1,456	18	39
Tax recoverable	106	106	—	—
Cash and cash equivalents	13,976	15,187	339	596
	<b>37,141</b>	<b>36,998</b>	<b>371</b>	<b>707</b>
<b>Current liabilities</b>				
Bank borrowings	15,000	15,000	—	—
Trade payables	4,430	4,287	—	—
Accrued liabilities and other payables	10,774	12,912	893	691
Lease liabilities	392	206	67	67
Tax payable	220	12	—	12
	<b>30,816</b>	<b>32,417</b>	<b>960</b>	<b>770</b>
<b>Net current assets</b>	<b>6,325</b>	<b>4,581</b>	<b>(590)</b>	<b>(63)</b>
<b>Non-current liabilities</b>				
Lease liabilities	1,745	667	51	117
	<b>1,745</b>	<b>667</b>	<b>51</b>	<b>117</b>
<b>Net assets</b>	<b>60,142</b>	<b>58,175</b>	<b>54,475</b>	<b>55,006</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	83,714	83,714	83,714	83,714
Reserves	(26,251)	(27,421)	(29,239)	(28,708)
<b>Share capital and Reserves</b>	<b>57,463</b>	<b>56,293</b>	<b>54,475</b>	<b>55,006</b>
Non-controlling interest	2,679	1,882	—	—
<b>Total equity</b>	<b>60,142</b>	<b>58,175</b>	<b>54,475</b>	<b>55,006</b>

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

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

In RMB'000

As at 31 December 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
15,000	–	15,000	–

**Amount repayable after one year**

In RMB'000

As at 31 December 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
–	–	–	–

The above does not include the lease liabilities recognised under SFRS(I) 16.

**Details of any collateral**

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

C. **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Group			
	6 months ended 31.12.2021	6 months ended 31.12.2020	12 months ended 31.12.2021	12 months ended 31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	2,348	(1,984)	2,116	(5,838)
Adjustments for:				
(Write-back of)/ allowance for expected credit loss – trade	1	(195)	5	(112)
Write-back of for stock obsolescence	–	(124)	–	(124)
Depreciation of right-of-use assets	330	249	577	498
Depreciation of property, plant, and equipment	644	504	1,268	1,323
Loss on disposal of property, plant & equipment	6	–	6	–
Finance income	(12)	(19)	(30)	(37)
Finance costs	571	491	1,059	936
Reversal of impairment loss on right-of-use assets	–	(205)	–	(205)
Impairment loss on property, plant and equipment	–	1,344	–	1,344
Operating profit/(loss) before changes in working capital	3,714	61	5,001	(2,215)
Changes in working capital				
Trade receivables	(3,122)	882	(1,644)	2,505
Prepayments, deposits and other receivables	608	51	558	540
Inventories	472	(351)	(273)	(1,534)
Trade payables	(1,769)	586	143	2,634
Accrued liabilities and other payables	2,068	2,328	(2,020)	732
Cash generated from operations	1,971	3,557	1,765	2,662
Finance income received	12	19	30	37
Finance costs paid	(571)	(491)	(1,059)	(936)
Income tax paid	(47)	(72)	(60)	(72)
<b>Net cash flows from operating activities</b>	<b>1,365</b>	<b>3,013</b>	<b>676</b>	<b>1,691</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(427)	(907)	(1,581)	(919)
<b>Net cash flows used in investing activities</b>	<b>(427)</b>	<b>(907)</b>	<b>(1,581)</b>	<b>(919)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowing	–	–	15,000	15,000
Repayment of bank borrowing	–	–	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	(187)	(238)	(306)	(274)
<b>Net cash flows used in financing activities</b>	<b>(187)</b>	<b>(238)</b>	<b>(306)</b>	<b>(274)</b>
Net increase/(decrease) in cash and cash equivalents	751	1,868	(1,211)	499
Cash and cash equivalents at beginning of period/year	13,225	13,319	15,187	14,688
<b>Cash and cash equivalents at end of period/year</b>	<b>13,976</b>	<b>15,187</b>	<b>13,976</b>	<b>15,187</b>

**D. UNAUDITED CONDENSED 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	Premium paid on acquisition of non- controlling interest	Statutory reserve	Accumulated losses	Total			
<b>At 1 January 2021</b>	83,714	(10,471)	11,602	(28,552)	56,293	1,882	58,175	
Total comprehensive income	–	–	–	(299)	(299)	240	(59)	
At 30 June 2021	83,714	(10,471)	11,602	(28,851)	55,994	2,122	58,116	
Total comprehensive income	–	–	–	1,469	1,469	557	2,026	
<b>At 31 December 2021</b>	<b>83,714</b>	<b>(10,471)</b>	<b>11,602</b>	<b>(27,382)</b>	<b>57,463</b>	<b>2,679</b>	<b>60,142</b>	
<b>At 1 January 2020</b>	83,714	(10,471)	11,602	(22,725)	62,120	1,900	64,020	
Total comprehensive income	–	–	–	(3,670)	(3,670)	(184)	(3,854)	
At 30 June 2020	83,714	(10,471)	11,602	(26,395)	58,450	1,716	60,166	
Total comprehensive income	–	–	–	(2,157)	(2,157)	166	(1,991)	
<b>At 31 December 2020</b>	<b>83,714</b>	<b>(10,471)</b>	<b>11,602</b>	<b>(28,552)</b>	<b>56,293</b>	<b>1,882</b>	<b>58,175</b>	

<u>Company</u> <u>In RMB'000</u>	Share Capital	Accumulated Losses	Total Equity
<b>At 1 January 2021</b>	83,714	(28,708)	55,006
Total comprehensive income	–	559	559
At 30 June 2021	83,714	(28,149)	55,565
Total comprehensive income	–	(1,090)	(1,090)
<b>At 31 December 2021</b>	<b>83,714</b>	<b>(29,239)</b>	<b>54,475</b>
<b>At 1 January 2020</b>	83,714	(28,473)	55,241
Total comprehensive income	–	(158)	(158)
At 30 June 2020	83,714	(28,631)	55,083
Total comprehensive income	–	(77)	(77)
<b>At 31 December 2020</b>	<b>83,714</b>	<b>(28,708)</b>	<b>55,006</b>

## **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 2021 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 2020.

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

The condensed 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 2020.

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

### **E3. Seasonal operations**

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

#### E4. Segment information and revenue information

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

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

##### Analysis by business segment

<b>From 1.1.2021 to 31.12.2021</b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	15,260	37,512	-	-	52,772
Inter segment	-	-	-	-	-
<b>Total Revenue</b>	<b>15,260</b>	<b>37,512</b>	<b>-</b>	<b>-</b>	<b>52,772</b>
<b>Result</b>					
Segment result	817	4,925	(246)		5,496
Unallocated corporate expenses					(2,351)
Profit from operations					3,145
Finance income	7	22	1		30
Finance costs	(141)	(917)	(1)		(1,059)
Income tax expense	-	(149)	-		(149)
Profit before non-controlling interest					2,141
Non-controlling interest					(797)
Net profit attributable to equity holders of the Company					1,344
<b>Assets and liabilities</b>					
<b>Segment assets</b>	22,273	69,695	247		92,215
Unallocated corporate assets					488
Total assets					92,703
<b>Segment liabilities</b>	4,243	27,004	302		31,549
Unallocated corporate liabilities					1,012
Total liabilities					32,561
<b>Other segment information</b>					
Capital expenditure	13	1,568	-		1,581
Depreciation and amortisation	910	859	76		1,845
Finance income	(7)	(22)	(1)		(30)
Finance costs	141	917	1		1,059
(Write-back of) /allowance for expected credit loss – trade	(32)	33	4		5
Loss on disposal of property, plant and equipment	-	6	-		6



<b><u>From 1.1.2020 to 31.12.2020</u></b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	14,278	28,847	3,987	–	47,112
Inter segment	93	3,406	–	(3,499)	–
<b>Total Revenue</b>	<b>14,371</b>	<b>32,254</b>	<b>3,987</b>	<b>(3,499)</b>	<b>47,112</b>
<b>Result</b>					
Segment result	(1,333)	(271)	(838)		(2,442)
Unallocated corporate expenses					(2,497)
Profit from operations					(4,939)
Finance income	19	17	1		37
Finance costs	(3)	(923)	(10)		(936)
Income tax expense	(7)	–	–		(7)
Loss before non-controlling interest					(5,845)
Non-controlling interest					18
Net loss attributable to equity holders of the Company					(5,827)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	22,701	67,171	493		90,365
Unallocated corporate assets					894
Total assets					91,259
<b>Segment liabilities</b>	3,952	27,945	300		32,197
Unallocated corporate liabilities					887
Total liabilities					33,084
<b>Other segment information</b>					
Capital expenditure	347	571	–		918
Depreciation and amortisation	869	869	83		1,821
Finance income	(19)	(17)	(1)		(37)
Finance costs	3	923	10		936
Impairment loss on property, plant and equipment	507	837	–		1,344
Reversal of impairment loss on right-of-use assets	–	(205)	–		(205)
(Write back of)/allowance for expected credit loss – trade	(209)	199	(102)		(112)
Write-back of stock obsolescence	–	(9)	(115)		(124)

<b><u>From 1.7.2021 to 31.12.2021</u></b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	7,913	19,700	–	–	27,613
Inter segment	–	–	–	–	–
<b>Total Revenue</b>	<b>7,913</b>	<b>19,700</b>	<b>–</b>	<b>–</b>	<b>27,613</b>
<b>Result</b>					
Segment result	695	3,294	(166)		3,824
Unallocated corporate expenses					(1,091)
Profit from operations					2,733
Finance income	2	9	1		12
Finance costs	(112)	(458)	(1)		(571)
Income tax expense	1	(149)	–		(148)
Profit before non-controlling interest					2,026
Non-controlling interest					(557)
Net profit attributable to equity holders of the Company					1,469
<b>Other segment information</b>					
Capital expenditure	4	423	–		427
Depreciation and amortisation	497	440	37		974
Finance income	(2)	(9)	(1)		(12)
Finance costs	112	458	1		571
(Write-back of) /allowance for expected credit loss – trade	(134)	126	9		1
Loss on disposal of property, plant and equipment	–	6	–		6

<b><u>From 1.7.2020 to 31.12.2020</u></b>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>					
External customers	7,568	19,830	44	–	27,442
Inter segment	–	39	–	(39)	–
<b>Total Revenue</b>	<b>7,568</b>	<b>19,869</b>	<b>44</b>	<b>(39)</b>	<b>27,442</b>
<b>Result</b>					
Segment result	(1,111)	896	(227)		(442)
Unallocated corporate expenses					(1,070)
Loss from operations					(1,512)
Finance income	6	13	–		19
Finance costs	30	(512)	(9)		(491)
Income tax expense	–	–	–		–
Loss before non-controlling interest					(1,991)
Non-controlling interest					(166)
Net loss attributable to equity holders of the Company					(2,157)

**Other segment information**

Capital expenditure	339	568	–	907
Depreciation and amortisation	299	413	41	753
Finance income	(6)	(13)	–	(19)
Finance costs	(30)	512	9	491
Impairment loss on property, plant and equipment	507	837	–	1,344
Reversal of impairment loss on right-of-use assets	–	(205)	–	(205)
(Write-back of) /allowance for expected credit loss – trade	(77)	(121)	3	(195)

**E4. Disaggregation of Revenue**

	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
<b>12 months ended 31.12.2021</b>				
<b>Revenue</b>				
Western drugs	15,260	–	–	15,260
TCM formulated drugs	–	37,512	–	37,512
<b>Total Revenue</b>	<b>15,260</b>	<b>37,512</b>	<b>–</b>	<b>52,772</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	15,260	37,512	–	52,772
<b>Primary geographical market</b>				
People's Republic of China	15,260	37,512	–	52,772
	Western drugs	TCM formulated drugs	Distribution	Group
<b>12 months ended 31.12.2020</b>				
<b>Revenue</b>				
Western drugs	14,278	–	406	14,684
TCM formulated drugs	–	28,847	3,581	32,428
<b>Total Revenue</b>	<b>14,278</b>	<b>28,847</b>	<b>3,987</b>	<b>47,112</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	14,278	28,847	3,987	47,112
<b>Primary geographical market</b>				
People's Republic of China	14,278	28,847	3,987	47,112

	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
<b>6 months ended 31.12.2021</b>				
<b>Revenue</b>				
Western drugs	7,913	–	–	7,913
TCM formulated drugs	–	19,700	–	19,700
<b>Total Revenue</b>	<b>7,913</b>	<b>19,700</b>	<b>–</b>	<b>27,613</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	7,913	19,700	–	27,613
<b>Primary geographical market</b>				
People's Republic of China	7,913	19,700	–	27,613
<b>6 months ended 31.12.2020</b>				
<b>Revenue</b>				
Western drugs	7,567	–	–	7,567
TCM formulated drugs	–	19,831	44	19,875
<b>Total Revenue</b>	<b>7,567</b>	<b>19,831</b>	<b>44</b>	<b>27,442</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	7,567	19,831	44	27,442
<b>Primary geographical market</b>				
People's Republic of China	7,567	19,831	44	27,442

## 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 2021 and 31 December 2020:

	<u>Group</u>		<u>Company</u>	
	As at 31.12.21 RMB'000	As at 31.12.20 RMB'000	As at 31.12.21 RMB'000	As at 31.12.20 RMB'000
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	12,803	11,164	–	–
Other receivables	1,294	1,456	18	39
Cash and cash equivalents	13,976	15,187	339	596
<b>Total</b>	<b>28,073</b>	<b>27,807</b>	<b>357</b>	<b>635</b>
<b>Financial liabilities</b>				
Bank borrowings	15,000	15,000	–	–
Trade and other payables and accrued liabilities	15,204	17,199	893	691
Lease liabilities	2,137	873	118	184
<b>Total</b>	<b>32,341</b>	<b>33,072</b>	<b>1,011</b>	<b>875</b>

## 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:

	<b>Group</b>			
	<b>6 months ended 31.12.2021 RMB'000</b>	<b>6 months ended 31.12.2020 RMB'000</b>	<b>12 months ended 31.12.2021 RMB'000</b>	<b>12 months ended 31.12.2020 RMB'000</b>
Income tax expense	148	7	149	7
Deferred tax	–	–	–	–
	<u>148</u>	<u>7</u>	<u>149</u>	<u>7</u>

## 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**

There is no change in the Company's issued share capital since the previous financial period ended 31 December 2020.

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

Total number of issued shares as at 31 December 2021 and 31 December 2020: 23,000,000 ordinary shares

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

Not applicable.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2020.

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

The Group and the Company adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)", amendments and interpretations of SFRS(I)s effective for annual periods beginning on or after 1 January 2021. The adoption of these new SFRS(I) did not have any material impact on the financial statements of the Group.

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

Profit/(loss) per ordinary share	Group			
	6 months ended		Year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Based on weighted average number of shares (RMB cents)	6.4	(9.4)	5.1	(25.3)
Weighted average number of shares	23,000,000	23,000,000	23,000,000	23,000,000

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

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

In RMB	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Net asset value("NAV") per ordinary share	2.61	2.53	2.37	2.39
No. of shares in computing NAV	23,000,000	23,000,000	23,000,000	23,000,000

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

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

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

### **INCOME STATEMENT**

#### **Six Months Ended 31 December 2021 (2<sup>nd</sup> Half 2021)**

The Group's revenue increased by RMB 0.2 million or 0.6% from RMB 27.4 million in 2H 2020 to RMB 27.6 million in 2H 2021. Revenue from Group's non-prescribed drugs segment decreased by RMB 0.1 million and revenue from prescribed drugs segment increased by RMB 0.3 million.

Gross profit margin decreased from 52.8% in 2H 2020 to 46.2% in 2H 2021 mainly due to rising costs from both segments. Other income increased from RMB 0.4 million in 2H 2020 to RMB 1.9 million in 2H 2021, mainly due to higher government grant.

Selling and distribution costs decreased by RMB 3.4 million or 32.9% to RMB 10.3 million for 2H 2021 mainly due to lower advertising and selling expenses. Administrative costs remained at RMB 5.0 million for 2H 2021 and 2H 2020.

Other costs for 2H 2021 was nil. Unlike 2H2020, there was other costs of RMB 1.3 million impairment loss on property, plant and equipment.

Finance income decreased from RMB 19,000 in 2H 2020 to RMB 12,000 in 2H 2021, mainly due to lower finance income from cash and cash equivalents. Finance costs increased from RMB 491,000 in 2H 2020 to RMB 571,000 in 2H 2021.

As a result of the above, the Group recorded net profit after tax attributable to equity holders of the Company of RMB 1.5 million for 2H 2021, as compared to a net loss after tax of RMB 2.2 million for 2H 2020.

#### Full Year Ended 31 December 2021

The Group's FY 2021 revenue increased by RMB 5.7 million or 12.0% from RMB 47.1 million in FY 2020 to RMB 52.8 million in FY 2021. Revenue from Group's non-prescribed drugs segment increased by RMB 5.1 million and revenue from prescribed drugs segment increased by RMB 0.6 million.

Gross profit margin decreased from 50.6% in FY 2020 to 47.4% in FY 2021 mainly due to rising costs from both segments. Other income increased by RMB 1.6 million from RMB 0.5 million in FY 2020 to RMB 2.1 million in FY 2021 mainly due to higher government grant in FY2021.

Selling and distribution costs decreased by RMB 3.1 million or 17.2% from RMB 17.8 million in FY 2020 to RMB 14.7 million in FY 2021 mainly due to lower advertising and selling expenses. Administrative costs decreased by RMB 1.2 million or 11.4% from RMB 10.4 million in FY 2020 to RMB 9.2 million in FY 2021 mainly due to RMB 0.5 million decrease in R&D expenses, RMB 0.3 million in entertainment expenses, RMB 0.2 million decrease in repairs & maintenance expenses, RMB 0.2 million decrease in personnel expenses.

Other costs for FY 2021 was nil. Unlike FY 2020, there was other costs of RMB 1.3 million impairment loss on property, plant and equipment. Finance income decreased from RMB 37,000 in FY 2020 to RMB 30,000 in FY 2021, mainly due to lower finance income from cash and cash equivalents. Finance costs increased from RMB 0.9 million in FY2020 to RMB 1.1 million in FY 2021.

As a result of the above, the Group recorded a net profit attributable to shareholders of RMB 1.2 million for FY 2021 compared to a net loss of RMB 5.8 million for FY 2020.

#### **STATEMENT OF FINANCIAL POSITION**

The Group's non-current assets were RMB 55.6 million as at 31 December 2021, an increase of RMB 1.3 million from RMB 54.3 million as at 31 December 2020. This was mainly due to the increase in property, plant and equipment and right-of-use assets.

The Group's current assets were RMB 37.1 million as at 31 December 2021, an increase of RMB 0.1 million from RMB 37.0 million as at 31 December 2020. This was mainly due to higher inventories, trade receivables and lower prepaid expenses, other receivables, cash and cash equivalents.

The Group's current liabilities were RMB 30.8 million as at 31 December 2021, a decrease of RMB 1.6 million from RMB 32.4 million as at 31 December 2020 mainly due to increase in trade payables, lease liabilities, tax payable and decrease in accrued liabilities & other payables.

The Group's non-current liabilities were RMB 1.7 million as at 31 December 2021, an increase of RMB 1.0 million from RMB 0.7 million as at 31 December 2020 due to increase in lease liabilities.



## **STATEMENT OF CASH FLOWS**

The Group's net cash flow from operating activities for FY2021 was RMB 0.7 million, mainly due to cash generated from operations and finance costs paid.

Net cash used in investing activities for FY2021 amounted to RMB 1.6 million, incurred mainly for the acquisition of plant and equipment.

Net cash used in financing activities for FY2021 amounted to RMB 0.3 million, incurred mainly for the repayment of lease liabilities.

As at 31 December 2021, the Group had cash and cash equivalents of RMB 14.0 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 1H FY2021.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In February 2022, the China government said that it will continue to expand the list of drugs and medical consumables included in China's bulk-buy program, which is expected to cover traditional Chinese medicines and more orthopedic and dental implants this year. The outlook for the year ahead remains challenging as our drugs continue to face intense competition, inflationary and pricing pressure, along with the global and domestic economic uncertainties due to the COVID-19 pandemic. The highly transmissible omicron variant has caused a renewed surge in Covid-19 infections globally including China which maintains a zero Covid-19 policy. The Group maintains a "cautious outlook", amid the fluid, evolving situation of the Covid-19 pandemic. Management will continue to operate cautiously, improving sales and managing costs effectively.

**11. Dividend**

**(a) Current Financial Period Reported On**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/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 2021 in view of the accumulated losses.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for IPTs.

**14. 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.**

The Company has fully utilised the net proceeds of approximately SGD 1.4 million from the issuance of 3 million new ordinary shares at the issue price of SGD 0.50 per share in 2015 as follows:

	Use of proceeds as at 31 Dec 2021 (SGD million)	Balance of proceeds as at 31 Dec 2021 (SGD mil)
Working capital	1.4	0.0
<b>Total</b>	<b>1.4</b>	<b>0.0</b>

The proceeds used for working capital purposes have been applied to the following uses:

- Purchase of plant and equipment
- Purchase and replenishment of inventories
- Payments to suppliers & service providers
- Payments for other day-to-day operations

The above use of proceeds was in line with the Company's planned utilisation announced on 11 November 2019.

**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.**

<b>Group</b>			
<b>2021</b>	<b>2020</b>	<b>Increase / (Decrease)</b>	
<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	
<b>First Half</b>			
(a) Revenue	25,159	19,670	27.9
(b) Operating loss after tax before non-controlling interest	(59)	(3,854)	(98.5)
<b>Second Half</b>			
(a) Revenue	27,613	27,442	0.6
(b) Operating profit/(loss) after tax before non-controlling interest	2,026	(1,991)	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**

**25 February 2022**