

**PHARMESIS INTERNATIONAL LTD.**

Co. Registration No. 200309641E

---

**Unaudited Condensed Interim Financial Statements for the 6 months ended 30 June 2024**


---

**A. UNAUDITED CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF ENDED 30 JUNE 2024**

	Group		
	6 months ended 30.06.2024	6 months ended 30.06.2023	
	RMB'000	RMB'000	+ / (-) %
<b>Revenue</b>	23,874	27,697	(13.8)
Cost of sales	(15,177)	(15,454)	(1.8)
<b>Gross Profit</b>	<b>8,697</b>	<b>12,243</b>	(29.0)
Other income	31	106	(70.8)
Selling and distribution costs	(5,585)	(6,469)	(13.7)
Administrative costs	(5,712)	(6,140)	(7.0)
<b>Loss from operations</b>	<b>(2,569)</b>	<b>(260)</b>	888.1
Finance income	1	9	(88.9)
Finance costs	(352)	(476)	(26.1)
<b>Net finance costs</b>	<b>(351)</b>	<b>(467)</b>	(24.8)
<b>Loss before tax</b>	<b>(2,920)</b>	<b>(727)</b>	301.7
Income tax expense	(1,094)	-	n.m.
<b>Loss for the period</b>	<b>(4,014)</b>	<b>(727)</b>	452.1
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>	<b>(3,482)</b>	<b>(1,042)</b>	234.2
Non-controlling interest	(532)	315	n.m.
<b>Loss for the period</b>	<b>(4,014)</b>	<b>(727)</b>	452.1
<b>Loss per share (RMB cents)</b>			
Basic and diluted	(12.4)	(4.1)	

## NOTES TO THE CONSOLIDATED INCOME STATEMENT

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

	Group		+ / (-) %
	6 months ended	6 months ended	
	30.06.2024	30.06.2023	
	RMB'000	RMB'000	
Finance income	1	9	(88.9)
Government grant	24	50	(52.0)
Reversal of allowance/(Allowance) for expected credit loss - trade	57	(86)	n.m.
Depreciation and amortisation	(946)	(941)	0.5
Foreign exchange (loss)/gain	(25)	48	n.m.

n.m. denotes not meaningful

## UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	6 months ended	6 months ended
	30.06.2024	30.06.2023
	RMB'000	RMB'000
<b>Loss for the period</b>	<b>(4,014)</b>	<b>(727)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(4,014)</b>	<b>(727)</b>
Total comprehensive income attributable to:		
<b>Equity holders of the Company</b>	<b>(3,482)</b>	<b>(1,042)</b>
Non-controlling interest	(532)	315
	<b>(4,014)</b>	<b>(727)</b>

## B. UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	GROUP		COMPANY	
	As at 30.6.2024 RMB'000	As at 31.12.2023 RMB'000	As at 30.6.2024 RMB'000	As at 31.12.2023 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	42,061	42,652	–	–
Right-of-use assets	7,217	7,544	154	188
Investments in subsidiaries	–	–	54,999	54,999
Goodwill on consolidation	1,323	1,323	–	–
Other current assets	1,095	1,095	–	–
	<b>51,696</b>	<b>52,614</b>	<b>55,153</b>	<b>55,187</b>
<b>Current assets</b>				
Inventories	15,267	15,369	–	–
Trade receivables	6,690	6,761	–	–
Prepaid expenses	117	125	–	1
Other receivables	1,575	1,443	38	20
Tax recoverable	106	106	–	–
Cash and cash equivalents	3,443	9,477	2,138	1,030
	<b>27,198</b>	<b>33,281</b>	<b>2,176</b>	<b>1,051</b>
<b>Current liabilities</b>				
Bank borrowings	15,000	15,000	–	–
Trade payables	5,407	5,976	–	–
Accrued liabilities and other payables	4,286	9,064	886	987
Lease liabilities	467	448	72	52
Tax payable	93	141	6	6
	<b>25,253</b>	<b>30,629</b>	<b>964</b>	<b>1,045</b>
<b>Net current assets</b>	<b>1,945</b>	<b>2,652</b>	<b>1,212</b>	<b>6</b>
<b>Non-current liabilities</b>				
Lease liabilities	861	1,076	84	137
	<b>861</b>	<b>1,076</b>	<b>84</b>	<b>137</b>
<b>Net assets</b>	<b>52,780</b>	<b>54,190</b>	<b>56,281</b>	<b>55,056</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	88,446	85,842	88,446	85,842
Reserves	(38,251)	(34,769)	(32,165)	(30,786)
<b>Share capital and Reserves</b>	<b>50,195</b>	<b>51,073</b>	<b>56,281</b>	<b>55,056</b>
Non-controlling interest	2,585	3,117	–	–
<b>Total equity</b>	<b>52,780</b>	<b>54,190</b>	<b>56,281</b>	<b>55,056</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 30 June 2024		As at 31 December 2023	
Secured	Unsecured	Secured	Unsecured
15,000	–	15,000	–

**Amount repayable after one year**

In RMB'000

As at 30 June 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 INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024**

	Group	
	6 months ended 30.06.2024 RMB'000	6 months ended 30.06.2023 RMB'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,920)	(727)
Adjustments for:		
(Reversal of allowance)/ Allowance for expected credit loss - trade	(57)	86
Depreciation and amortisation	946	941
Interest expense	345	476
Interest income	(1)	(9)
Operating (loss)/profit before changes in working capital	<u>(1,687)</u>	<u>767</u>
Changes in working capital		
Trade receivables	128	7,070
Prepayments, deposits and other receivables	(123)	(2,175)
Inventories	102	(3,362)
Trade payables	(568)	(1,518)
Accrued liabilities and other payables	(4,781)	(12,954)
Cash used in operations	<u>(6,929)</u>	<u>(12,172)</u>
Interest received	1	9
Interest paid	(345)	(476)
Income tax paid	(1,142)	(83)
<b>Net cash flows used in operating activities</b>	<b><u>(8,415)</u></b>	<b><u>(12,722)</u></b>
<b>Cash flows from investing activities</b>		
Net proceeds from issue of shares	2,604	2,128
Acquisition of property, plant and equipment	(27)	(444)
<b>Net cash flows generated from investing activities</b>	<b><u>2,577</u></b>	<b><u>1,684</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	-	-
Repayment of bank borrowings	-	-
Repayment of principal portion of lease liabilities	(196)	(197)
<b>Net cash flows used in financing activities</b>	<b><u>(196)</u></b>	<b><u>(197)</u></b>
Net decrease in cash and cash equivalents	(6,034)	(11,235)
Cash and cash equivalents at beginning of period	9,477	19,718
<b>Cash and cash equivalents at end of period</b>	<b><u>3,443</u></b>	<b><u>8,483</u></b>

**D. UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

<u>Group</u> <u>In RMB'000</u>	Attributable to equity holders of the Company						Total Equity
	Share Capital	Premium paid on acquisition of non- controlling interest	Statutory Reserve	Accumulated Losses	Total	Non- controlling interest	
<b>At 1 January 2024</b>	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)
<b>At 30 June 2024</b>	<b>88,446</b>	<b>(10,471)</b>	<b>11,979</b>	<b>(39,759)</b>	<b>50,195</b>	<b>2,585</b>	<b>52,780</b>
<b>At 1 January 2023</b>	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)
<b>At 30 June 2023</b>	<b>85,842</b>	<b>(10,471)</b>	<b>11,979</b>	<b>(32,361)</b>	<b>54,989</b>	<b>3,378</b>	<b>58,367</b>

<u>Company</u> <u>In RMB'000</u>	Share Capital	Accumulated Losses	Total Equity
<b>At 1 January 2024</b>	85,842	(30,786)	55,056
Issue of new shares	2,604	–	2,604
Total comprehensive income	–	(1,379)	(1,379)
<b>At 30 June 2024</b>	<b>88,446</b>	<b>(32,165)</b>	<b>56,281</b>
<b>At 1 January 2023</b>	83,714	(28,247)	55,467
Issue of new shares	2,128	–	2,128
Total comprehensive income	–	(1,293)	(1,293)
<b>At 30 June 2023</b>	<b>85,842</b>	<b>(29,540)</b>	<b>56,302</b>

## **E. Notes to the condensed interim 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 Group are development, manufacture, packaging and sale of western medicine, Traditional Chinese Medicine ("TCM"), health tonic products, wholesale of drugs, raw products, antibiotics and antibiotics agents. 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 interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 interim 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 interim 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.
- (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

<b>6 months ended 30.06.2024</b>	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
<b>Revenue</b>					
External customers	7,418	7,161	9,295	–	23,874
Inter segment	3	1,998	–	(2,001)	–
<b>Total Revenue</b>	<b>7,421</b>	<b>9,159</b>	<b>9,295</b>	<b>(2,001)</b>	<b>23,874</b>
<b>Result</b>					
Segment result	(169)	(1,511)	490		(1,191)
Unallocated corporate expenses					(1,378)
Loss from operations					(2,569)
Finance income	–	1	–		1
Finance costs	(65)	(285)	(1)		(351)
Income tax expense	–	(1,094)	–		(1,094)
Loss before non-controlling interest					(4,013)
Non-controlling interest					533
Net loss attributable to equity holders of the Company					(3,480)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	15,873	57,647	3,794		77,314
Unallocated corporate assets					1,580
Total assets					78,894
<b>Segment liabilities</b>	2,292	23,339	435		25,066
Unallocated corporate liabilities					1,048
Total liabilities					26,114
<b>Other segment information</b>					
Capital expenditure	–	27	–		27
Depreciation and amortisation	488	458	–		946
Finance income	–	1	–		(9)
Finance costs	65	285	1		351
Allowance for expected credit loss - trade	(79)	(20)	42		(57)



<b><u>6 months ended 30.06.2023</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	6,728	20,264	705	–	27,697
Inter segment	537	312	–	(849)	–
<b>Total Revenue</b>	<b>7,265</b>	<b>20,576</b>	<b>705</b>	<b>(849)</b>	<b>27,697</b>
<b>Result</b>					
Segment result	(958)	1,975	15		1,032
Unallocated corporate expenses					(1,292)
Profit from operations					(260)
Finance income	1	8	–		9
Finance costs	(65)	(411)	–		(476)
Income tax expense	–	–	–		–
Loss before non-controlling interest					(727)
Non-controlling interest					(315)
Net loss attributable to equity holders of the Company					(1,042)
<b>Assets and liabilities</b>					
<b>Segment assets</b>	15,691	66,701	574		82,966
Unallocated corporate assets					1,580
Total assets					84,546
<b>Segment liabilities</b>	1,582	23,099	386		25,067
Unallocated corporate liabilities					1,112
Total liabilities					26,179
<b>Other segment information</b>					
Capital expenditure	258	186	–		444
Depreciation and amortisation	449	491	1		941
Finance income	(1)	(8)	–		(9)
Finance costs	65	411	–		476
Allowance for expected credit loss - trade	44	42	–		86

#### E4. Disaggregation of Revenue

	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Group RMB'000
<b>6 months ended 30.06.2024</b>				
<b>Revenue</b>				
Western drugs	7,418	–	5,557	12,975
TCM formulated drugs	–	7,161	3,738	10,899
<b>Total Revenue</b>	<b>7,418</b>	<b>7,161</b>	<b>9,295</b>	<b>23,874</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	7,418	7,161	9,295	<b>23,874</b>
<b>Primary geographical market</b>				
People's Republic of China	7,418	7,161	9,295	<b>23,874</b>
<b>6 months ended 30.06.2023</b>				
<b>Revenue</b>				
Western drugs	6,728	–	411	7,139
TCM formulated drugs	–	20,264	294	20,558
<b>Total Revenue</b>	<b>6,728</b>	<b>20,264</b>	<b>705</b>	<b>27,697</b>
<b>Timing of transfer of goods or services</b>				
At a point in time	6,728	20,264	705	<b>27,697</b>
<b>Primary geographical market</b>				
People's Republic of China	6,728	20,264	705	<b>27,697</b>

#### E5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	<u>Group</u>		<u>Company</u>	
	As at 30.06.24 RMB'000	As at 31.12.23 RMB'000	As at 30.06.24 RMB'000	As at 31.12.23 RMB'000
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	6,690	6,761	–	–
Other receivables	1,575	1,443	38	20
Cash and cash equivalents	3,443	9,477	2,138	1,030
<b>Total</b>	<b>11,708</b>	<b>17,681</b>	<b>2,176</b>	<b>1,050</b>
<b>Financial liabilities</b>				
Bank borrowings	15,000	15,000	–	–
Trade and other payables and accrued liabilities (excluding VAT payable and advances from customers)	8,012	14,280	886	987
Lease liabilities	1,328	1,646	156	197
<b>Total</b>	<b>24,340</b>	<b>30,926</b>	<b>1,042</b>	<b>1,184</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>6 months ended 30.06.2024 RMB'000</b>	<b>6 months ended 30.06.2023 RMB'000</b>
Income tax expense	1,094	–
	<hr/>	<hr/>
	1,094	–
	<hr/>	<hr/>

## E7. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim 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 2023: 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 following 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:-**

In RMB cents	Group	
	6 months ended 30.06.2024	6 months ended 30.06.2023
(i) Based on weighted average number of shares	(12.4)	(4.1)
Weighted average number of shares	28,007,735	25,211,050

**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	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Net asset value ("NAV") per ordinary share	1.58	1.96	1.78	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**

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 1H 2023. The demand for these products has decreased significantly due to the elevated sales and over-stocking by customers in previous year. Since the beginning of FY2024, the core raw material cost for one of our key products, Anethole Trithione (“ATT”) has increased materially and the selling price of ATT was adjusted accordingly to market demand and production cost.

As a result, the Group’s revenue decreased by RMB 3.8 million or 13.8% from RMB 27.7 million in 1H 2023 to RMB 23.9 million in 1H 2024. Revenue from prescribed western drugs increased by RMB 6.9 million mainly due to higher revenue from increase in selling prices of ATT products. Revenue from non-prescribed TCM drugs decreased by RMB 10.7 million mainly due to lower revenue from Er Ding and Shuling Hou products.

Gross profit margin decreased from 44.2% in 1H 2023 to 36.4% in 1H 2024, mainly due to lower gross profit margin from ATT products, impacted by raw material cost. Other income was RMB 31,000 in 1H 2024 as compared to RMB 106,000 in 1H 2023, following lower government grants and forex loss in 1H 2024.

Selling and distribution costs decreased from RMB 6.5 million in 1H 2023 to RMB 5.6 million in 1H 2024 mainly due to decrease in revenue. Administrative costs decreased from RMB 6.1 million in 1H 2023 to RMB 5.7 million for 1H 2024 mainly due to lower personnel expenses and allowance for expected credit loss.

Finance income decreased from RMB 9,000 in 1H 2023 to RMB 1,000 in 1H 2024 due to lower interest income. Finance costs decreased from RMB 467,000 in 1H 2023 to RMB 352,000 in 1H 2024 mainly due to lower interest.

Income tax expense for 1H 2024 was RMB 1.1 million arising from additional tax assessed on previous years’ profits, resulting from the recent 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 loss after tax attributable to equity holders of the Company of RMB 3.5 million in 1H 2024, as compared to a net loss after tax of RMB 1.0 million in 1H 2023.

## **STATEMENT OF FINANCIAL POSITION**

The Group’s non-current assets were RMB 51.7 million as at 30 June 2024, a decrease of RMB 0.9 million from RMB 52.6 million as at 31 December 2023. This was mainly due to the decrease in property, plant and equipment and right-of-use assets.

The Group’s current assets were RMB 27.2 million as at 30 June 2024, a decrease of RMB 6.1 million from RMB 33.3 million as at 31 December 2023. This was mainly due to lower inventories, trade receivables, prepaid expenses, cash, and higher other receivables.

The Group’s current liabilities were RMB 25.3 million as at 30 June 2024, a decrease of RMB 14.6 million from RMB 30.6 million as at 31 December 2023 mainly due to decrease in trade payables, accrued liabilities and other payables and tax payables with small increase in current lease liabilities. Accrued liabilities and other payables decreased from RMB 9.1 million as at 31 December 2023 to RMB 4.3 million as at 30 June 2024 mainly due to decrease in other payables.

The Group’s non-current liabilities were RMB 0.9 million as at 30 June 2024, a decrease of RMB 0.2 million from RMB 1.1 million as at 31 December 2023 due to decrease in lease liabilities.

As at 30 Jun 2024, the Group had a low current ratio of 1.08 and its current assets and current liabilities were RMB 27.2 million and RMB 25.3 million respectively. The Board assessed that as at 30 Jun 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 1.9 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. The Group is also exploring various other options such as equity fund-raising exercise to improve its financial position and fulfil its payment obligations in the next 12 months.

### **STATEMENT OF CASH FLOWS**

The Group's net cash flow used in operating activities for 1H 2024 was RMB 8.4 million, mainly due to cash used in its operations and interest paid.

Net cash received from investing activities for 1H 2024 amounted to RMB 2.6 million, mainly from proceeds from issue of shares and cash used for the acquisition of plant and equipment.

Net cash used in financing activities for 1H 2024 amounted to RMB 0.2 million, incurred mainly for the repayment of lease liabilities.

As a result of the above, cash and cash equivalents decreased from RMB 9.5 million as at 31 December 2023 to RMB 3.4 million as at 30 June 2024.

**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 4Q 2023.

**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.**

Since the beginning of FY2024, the core raw material cost for one of our key products, Anethole Trithione ("ATT") has increased materially and will continue to increase in the 2H 2024. The selling price of ATT will be adjusted accordingly to market demand and production cost. However, the margins of ATT will continue to impact the group's performance in the next 12 months. Our other drugs will continue to face intense competition and pricing pressure along with the domestic economic uncertainties. The outlook of the year ahead remains challenging and 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 30 June 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. Negative confirmation pursuant to Rule 705(5) of the Listing Manual.**

The Board of Directors of Pharmesis International Ltd. hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the first half ended 30 June 2024 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.**

The Company has procured all the required undertakings as required under Rule 720(1).

- 16. 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 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 June 2024 as follows:

	Use of proceeds as at 30 June 2024 (SGD'000)
Personnel & related expenses	14
Directors fees	25
Professional fees	54
Office expenses	2
<b>Total</b>	<b>95</b>

The above use of proceeds was in accordance with the Company's stated use and the balance of proceeds as at 30 June 2024 was SGD 388,000.

**BY ORDER OF THE BOARD**

**WU XUEDAN  
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER**

**12 August 2024**