

PHARMESIS INTERNATIONAL LTD.

Co. Registration No. 200309641E

Financial Statements and Dividend Announcement for the 12 months ended 31 December 2020
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 SECOND HALF AND FULL YEAR ENDED 31 DECEMBER 2020

	Group			Group		
	6 months ended	6 months ended		12 months ended	12 months ended	
	31.12.2020	31.12.2019	+ / (-)	31.12.2020	31.12.2019	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	27,442	18,759	46.3	47,112	37,203	26.6
Cost of sales	(12,943)	(8,823)	46.7	(23,252)	(17,333)	34.1
Gross profit	14,499	9,936	45.9	23,860	19,870	20.1
Other income	352	120	193.3	522	100	422.0
Selling and distribution costs	(10,253)	(8,926)	14.9	(17,786)	(18,131)	(1.9)
Administrative costs	(4,971)	(6,549)	(24.1)	(10,396)	(12,567)	(17.3)
Other costs	(1,139)	(7,910)	(85.6)	(1,139)	(7,910)	(85.6)
Loss from operations	(1,512)	(13,329)	(88.7)	(4,939)	(18,638)	(73.5)
Finance income	19	20	(5.0)	37	65	(43.1)
Finance costs	(491)	(494)	(0.6)	(936)	(961)	(2.6)
Net finance costs	(472)	(474)	(0.4)	(899)	(896)	0.3
Loss before tax	(1,984)	(13,803)	(85.6)	(5,838)	(19,534)	(70.1)
Income tax (expense)/credit	(7)	308	n.m.	(7)	277	n.m.
Loss for the period/year	(1,991)	(13,495)	(85.2)	(5,845)	(19,257)	(69.6)
Attributable to:						
Equity holders of the Company	(2,157)	(12,747)	(83.1)	(5,827)	(17,671)	(67.0)
Non-controlling interest	166	(748)	n.m.	(18)	(1,586)	(98.9)
Loss for the period/year	(1,991)	(13,495)	(85.2)	(5,845)	(19,257)	(69.6)

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	
	31.12.2020	31.12.2019	+ / (-)	31.12.2020	31.12.2019	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Interest income	19	20	(5.0)	37	65	(43.1)
Interest expense	(491)	(494)	(0.6)	(936)	(961)	(2.6)
Write-back of doubtful debts – trade & non trade	195	1	19,400.0	113	1	11,200.0
Write-back of /(allowance for) stock obsolescence	124	(107)	n.m.	124	(107)	n.m.
Depreciation of right-of-use assets	249	427	(41.7)	498	623	(20.1)
Depreciation of property, plant, and equipment	504	678	(25.7)	1,323	1,418	(6.7)
Government grants	554	35	1,482.9	718	42	1,609.5
Foreign exchange gain/(loss)	5	24	(79.2)	(7)	(6)	16.7
Inventories written off	-	(847)	n.m.	-	(847)	n.m.
Impairment loss on right-of-use assets	-	(493)	n.m.	-	(493)	n.m.
Reversal of impairment loss on right-of-use assets	205	-	n.m.	205	-	n.m.
Impairment loss on construction-in-progress	(837)	(6,073)	(86.2)	(837)	(6,073)	(86.2)
Impairment loss on property, plant and equipment	(507)	(497)	2.0	(507)	(497)	2.0
n.m. denotes not meaningful						

2. UNAUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2020

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period/year	(1,991)	(13,495)	(5,845)	(19,257)
Other comprehensive income for the period/year	-	-	-	-
Total comprehensive income for the period/year	(1,991)	(13,495)	(5,845)	(19,257)
Total comprehensive income attributable to:				
Equity holders of the Company	(2,157)	(12,747)	(5,827)	(17,671)
Non-controlling interest	166	(748)	(18)	(1,586)
	(1,991)	(13,495)	(5,845)	(19,257)

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 31.12.2020 RMB'000	As at 31.12.2019 RMB'000	As at 31.12.2020 RMB'000	As at 31.12.2019 RMB'000
Non-current assets				
Property, plant and equipment	44,221	45,970	4	6
Right-of-use assets	7,622	7,716	183	55
Investments in subsidiaries	-	-	54,999	54,999
Other non-current assets	1,095	-	-	-
Goodwill on consolidation	1,323	1,323	-	-
	54,261	55,009	55,186	55,060
Current assets				
Inventories	8,533	6,875	-	-
Trade receivables	11,164	13,557	-	-
Prepaid expenses	552	225	72	75
Other receivables	1,456	3,418	39	21
Tax recoverable	106	107	-	-
Cash and cash equivalents	15,187	14,688	596	824
	36,998	38,870	707	920
Current liabilities				
Bank borrowings	15,000	15,000	-	-
Trade payables	4,287	1,653	-	-
Accrued liabilities and other payables	12,912	12,180	691	678
Lease liabilities	206	259	67	56
Tax payable	12	78	12	5
	32,417	29,170	770	739
Net current assets/(liabilities)	4,581	9,700	(63)	181
Non-current liabilities				
Lease liabilities	667	689	117	-
	667	689	117	-
Net assets	58,175	64,020	55,006	55,241
Equity attributable to equity holders of the Company				
Share capital	83,714	83,714	83,714	83,714
Reserves	(27,421)	(21,594)	(28,708)	(28,473)
Share capital and reserves	56,293	62,120	55,006	55,241
Non-controlling interest	1,882	1,900	-	-
Total equity	58,175	64,020	55,006	55,241

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 2020		As at 31 December 2019	
Secured	Unsecured	Secured	Unsecured
15,000	-	15,000	-

Amount repayable after one year

In RMB'000

As at 31 December 2020		As at 31 December 2019	
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.

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 2020

	Group			
	6 months ended 31.12.2020 RMB'000	6 months ended 31.12.2019 RMB'000	12 months ended 31.12.2020 RMB'000	12 months ended 31.12.2019 RMB'000
Cash flows from operating activities				
Loss before tax	(1,984)	(13,803)	(5,838)	(19,534)
Adjustments for:				
Write-back of doubtful debts – trade & non trade	(195)	(1)	(113)	(1)
(Write-back of)/allowance for stock obsolescence	(124)	107	(124)	107
Depreciation of right-of-use assets	249	427	498	623
Depreciation of property, plant, and equipment	504	678	1,323	1,418
Inventories written off	-	847	-	847
Loss on disposal of property, plant & equipment	-	12	-	12
Interest income	(19)	(20)	(37)	(65)
Interest expense	491	494	936	961
Impairment loss on right-of-use assets	-	493	-	493
Reversal of impairment loss on right-of-use assets	(205)	-	(205)	-
Impairment loss on property, plant and equipment	1,344	6,570	1,344	6,570
Operating profit/(loss) before changes in working capital	61	(4,196)	(2,216)	(8,569)
Changes in working capital				
Trade receivables	882	390	2,506	6,132
Prepayments, deposits and other receivables	51	1,442	540	3,920
Inventories	(351)	2,899	(1,533)	1,896
Trade payables	586	(627)	2,634	(1,727)
Accrued liabilities and other payables	2,328	6,448	732	2,308
Cash generated from operations	3,557	6,356	2,663	3,960
Interest received	19	20	37	65
Interest paid	(491)	(494)	(936)	(961)
Income tax paid	(72)	-	(72)	(714)
Net cash flows from operating activities	3,013	5,882	1,692	2,350
Cash flows from investing activities				
Acquisition of property, plant and equipment	(907)	(6,348)	(918)	(6,413)
Acquisition of non-controlling interest	-	-	-	(15,700)
Net cash flows used in investing activities	(907)	(6,348)	(918)	(22,113)
Cash flows from financing activities				
Proceeds from bank borrowing	-	-	15,000	15,000
Repayment of bank borrowing	-	-	(15,000)	(15,000)
Repayment of principal portion of lease liabilities	(238)	(264)	(275)	(264)
Net cash flows used in financing activities	(238)	(264)	(275)	(264)
Net increase/(decrease) in cash and cash equivalents	1,868	(730)	499	(20,027)
Cash and cash equivalents at beginning of period/year	13,319	15,418	14,688	34,715
Cash and cash equivalents at end of period/year	15,187	14,688	15,187	14,688

- 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

Group In RMB'000	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	
At 1 January 2020	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)
Transfer to statutory reserve	-	-	-	-	-	-	-
At 31 December 2020	83,714	(10,471)	11,602	(28,552)	56,293	1,882	58,175
At 1 January 2019	83,714	-	12,392	(5,844)	90,262	8,715	98,977
Acquisition of non-controlling interest	-	(10,860)	-	-	(10,860)	(4,840)	(15,700)
Total comprehensive income	-	-	-	(4,924)	(4,924)	(838)	(5,762)
At 30 June 2019	83,714	(10,860)	12,392	(10,768)	74,478	3,037	77,515
Total comprehensive income	-	-	-	(12,747)	(12,747)	(748)	(13,495)
Acquisition of non-controlling interest	-	389	(909)	909	389	(389)	-
Transfer to statutory reserve	-	-	119	(119)	-	-	-
At 31 December 2019	83,714	(10,471)	11,602	(22,725)	62,120	1,900	64,020

UNAUDITED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company In RMB'000	Share Capital	Employee Share Options Reserve	Accumulated Losses	Total Equity
At 1 January 2020	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)
At 31 December 2020	83,714	-	(28,708)	55,006
At 1 January 2019	83,714	-	(26,421)	57,293
Total comprehensive income	-	-	(1,133)	(1,133)
At 30 June 2019	83,714	-	(27,554)	56,160
Total comprehensive income	-	-	(919)	(919)
At 31 December 2019	83,714	-	(28,473)	55,241

- 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

There is no change in the Company's issued share capital since the previous financial year ended 31 December 2019.

- 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 2019 and 31 December 2020: 23,000,000 ordinary shares

- 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 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 2019.

- 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 2020. 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:-**

Loss per ordinary share	Group			
	6 months ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(i) Based on weighted average number of shares (RMB cents)	(9.4)	(55.4)	(25.3)	(76.8)
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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net asset value per ordinary share	2.45	2.70	2.39	2.40
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 2020 (2nd Half 2020)

The Group's revenue increased by RMB 8.6 million or 46.3% from RMB 18.8 million in 2H 2019 to RMB 27.4 million in 2H 2020. Revenue from Group's non-prescribed drugs/distribution segment increased by RMB 6.6 million and revenue from prescribed drugs segment increased by RMB 2.0 million.

Gross profit margin decreased from 53.0% in 2H 2019 to 52.8% in 2H 2020 mainly due to the larger increase in revenue from lower margin non-prescribed drugs/distribution segment as compared to the increase in revenue from the prescribed drugs segment. Other income increased from RMB 0.1 million in 2H 2019 to RMB 0.4 million in 2H 2020, mainly due to higher government grant.

Selling and distribution costs increased by RMB 1.3 million or 14.9% to RMB 10.3 million for 2H 2020 mainly due to higher corresponding sales. Administrative costs decreased by RMB 1.6 million to RMB 5.0 million for 2H 2020 mainly due to the RMB0.1 million write-back of allowance for stock obsolescence, RMB 0.1 million write-back of allowance for doubtful debts, RMB 1.2 million losses incurred following temporary closure of Longlife's plant as a result of severe flooding in FY2019.

Other costs of RMB 1.1 million in 2H 2020 were RM 0.8 million impairment loss on Jiangyou's construction-in-progress, RMB 0.5 million impairment loss on property, plant and equipment and RMB 0.2 million reversal of impairment loss on right-of-use assets.

Finance income decreased from RMB 20,000 in 2H 2019 to RMB 19,000 in 2H 2020, mainly due to lower interest income from cash and cash equivalents. Finance costs decreased slightly from RMB 494,000 in 2H 2019 to RMB 491,000 in 2H 2020.

As a result of the above, the Group recorded net loss after tax attributable to equity holders of the Company of RMB 2.1 million for 2H 2020, as compared to a net loss after tax of RMB 12.7 million for 2H 2019.

Full Year Ended 31 December 2020

The Group's FY 2020 revenue increased by RMB 9.9 million or 26.6% from RMB 37.2 million in FY 2019 to RMB 47.1 million in FY 2020. Revenue from Group's non-prescribed drugs/distribution segment increased by RMB 9.1 million and revenue from prescribed drugs segment increased by RMB 0.8 million.

Gross profit margin decreased from 53.4% in FY 2019 to 50.6% in FY 2020 mainly due to the larger increase in revenue from lower margin non-prescribed drugs/distribution segment as compared to the lower increase in revenue from the higher margin prescribed drugs segment.

Other income increased by RMB 0.4 million from RMB 0.1 million in FY 2019 to RMB 0.5 million in FY 2020 mainly due to higher government grant in FY2020.

Selling and distribution costs decreased by RMB 0.3 million or 1.9% from RMB 18.1 million in FY 2019 to RMB 17.8 million in FY 2020 mainly due to lower travelling expenses. Administrative costs decreased by RMB 2.2 million or 17.3% from RMB 12.6 million in FY 2019 to RMB 10.4 million in FY 2020 mainly due to the RMB0.1 million write-back of allowance for stock obsolescence, RMB0.6 million decrease in social security expenses, RMB 0.1 million write-back of allowance for doubtful debts and RMB 1.2 million losses incurred following temporary closure of Longlife's plant as a result of severe flooding incurred in FY2019.

Other costs of RMB 1.1 million in 2H 2020 were RM 0.8 million impairment loss on Jiangyou's construction-in-progress, RMB 0.5 million impairment loss on property, plant and equipment and RMB 0.2 million reversal of impairment loss on right-of-use assets. Finance income decreased from RMB 65,000 in FY 2019 to RMB 37,000 in FY 2020, mainly due to lower interest income from cash and cash equivalents. Finance costs decreased slightly from RMB 1.0 million in FY2019 to RMB 0.9 million in FY 2020.

As a result of the above, the Group recorded a net loss attributable to shareholders of RMB 5.8 million for FY 2020 compared to a net loss of RMB 17.7 million for FY 2019.

STATEMENT OF FINANCIAL POSITION

The Group's non-current assets were RMB 54.3 million as at 31 December 2020, a decrease of RMB 0.7 million from RMB 55.0 million as at 31 December 2019. This was mainly due to the decrease in property, plant and equipment, right of use assets and increase in other non-current assets.

The Group's current assets were RMB 37.0 million as at 31 December 2020, a decrease of RMB 1.9 million from RMB 38.9 million as at 31 December 2019. This was mainly due to lower trade receivables, other receivables and higher inventories, cash and cash equivalents.

The Group's current liabilities were RMB 32.4 million as at 31 December 2020, an increase of RMB 3.2 million from RMB 29.2 million as at 31 December 2019 mainly due to higher trade payables, accrued liabilities & other payables, and lower lease liabilities and tax payable.

The Group's non-current liabilities were RMB 0.7 million as at 31 December 2020, mainly due to long term lease liabilities.

STATEMENT OF CASH FLOWS

The Group's net cash flow from operating activities of RMB 1.7 million for the FY 2020 was mainly brought by its operating loss, changes in working capital and interest and income tax paid.

Net cash used in investing activities amounted to RMB 0.9 million, incurred mainly for the acquisition of property, plant and equipment.

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

As at the end of 31 December 2020, the Group had a cash and cash equivalents of RMB 15.2 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 FY 2020.

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.

China has undertaken the major reform of bulk-buying and use of drugs in recent years, to make medical treatment more affordable to the public. By the end of last year, three rounds of such bulk-buying were conducted, and the fourth round of procurement will start soon in this year. In January 2021, China has decided to advance the coordinated reforms of medical services, medical insurance and pharmaceuticals, and put centralized bulk-buying on a regular and institutionalized basis.

The outlook of the year ahead remains challenging as our drugs continue to face intense competition and pricing pressure along with the global and domestic economic uncertainties due to the COVID-19 pandemic. The Group will continue to operate cautiously, ensure it has sufficient resources, improving sales and keeping operating costs low and the business viable.

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/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared for the current financial year ended 31 December 2020 in view of the current year 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 not utilised the net proceeds of 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. 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

Year ended 31 December 2020	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	14,278	28,847	3,987	-	47,112
Inter segment	93	3,406	-	(3,499)	-
Total Revenue	14,371	32,254	3,987	(3,499)	47,112
Result					
Segment result	(1,333)	(271)	(838)		(2,442)
Unallocated corporate expenses					(2,497)
Loss 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)
Assets and liabilities					
Segment assets	22,701	67,171	493		90,365
Unallocated corporate assets					894
Total assets					91,259
Segment liabilities	3,952	27,945	300		32,197
Unallocated corporate liabilities					887
Total liabilities					33,084
Other segment information					
Capital expenditure	347	571	-		918
Depreciation and amortisation	869	869	83		1,821
Interest income	(19)	(17)	(1)		(37)
Interest expense	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 doubtful debts – trade & non-trade	(210)	199	(102)		(113)
Write-back of stock obsolescence	-	(9)	(115)		(124)

Year ended 31 December 2019	Western drugs RMB'000	TCM formulated drugs RMB'000	Distribution RMB'000	Elimination RMB'000	Group RMB'000
Revenue					
External customers	13,400	12,980	10,823	-	37,203
Inter segment	2,902	6,634	-	(9,536)	-
Total Revenue	16,302	19,614	10,823	(9,536)	37,203
Result					
Segment result	(1,631)	(10,256)	(2,707)		(14,594)
Unallocated corporate expenses					(4,044)
Loss from operations					(18,638)
Finance income	56	5	4		65
Finance costs	(74)	(879)	(8)		(961)
Income tax expense	757	(480)	-		277
Loss before non-controlling interest					(19,257)
Non-controlling interest					1,586
Net loss attributable to equity holders of the Company					(17,671)
Assets and liabilities					
Segment assets	24,753	65,174	2,970		92,897
Unallocated corporate assets					982
Total assets					93,879
Segment liabilities	3,067	25,569	484		29,120
Unallocated corporate liabilities					739
Total liabilities					29,859
Other segment information					
Capital expenditure	7,759	5,619	8		13,386
Depreciation and amortisation	958	998	85		2,041
Interest income	(56)	(5)	(4)		(65)
Interest expense	74	879	8		961
Inventories written off	-	847	-		847
Impairment loss on property, plant and equipment	497	6,073	-		6,570
Impairment loss on right-of-use assets	-	493	-		493
(Write-back of)/allowance for doubtful debts – trade & non-trade	(125)	(49)	173		(1)
Allowance for stock obsolescence	-	(8)	115		107

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.

17. **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.

18. **A breakdown of sales.**

	Group		
	2020	2019	Increase / (Decrease)
	RMB'000	RMB'000	%
First Half			
(a) Revenue	19,670	18,444	6.6
(b) Operating loss after tax before non-controlling interest	(3,854)	(5,762)	(33.1)
Second Half			
(a) Revenue	27,442	18,759	46.3
(b) Operating loss after tax before non-controlling interest	(1,991)	(13,495)	(85.2)

19. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

20. **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

24 February 2021